Direct Communication Solutions, Inc.

Condensed Consolidated Interim Financial Statements
(Expressed in US Dollars)

As at and for the three and nine months ended
September 30, 2024 and 2023

Direct Communication Solutions, Inc.

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

November 17, 2024

Direct Communication Solutions, Inc.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in US dollars - Unaudited)
As at September 30, 2024 and December 31, 2023

	Notes	**September 30, 2024**	December 31, 2023
		(Unaudited)	(Audited)
		$	$
ASSETS			
Current			
Cash		**94,451**	30,723
Restricted cash	**4**	**466**	-
Accounts and other receivables	**15**	**846,848**	1,393,093
Inventory	**5**	**567,113**	955,939
Prepaid expenses		**80,344**	104,685
Current assets		**1,589,222**	2,484,440
Equipment	**6**	**8,064**	15,018
Security deposit		**50,056**	50,056
Right-of-use assets	**10**	**374,626**	509,491
Total assets		**2,021,968**	3,059,005
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current			
Accounts payable	**7**	**1,149,746**	6,665,085
Accrued liabilities	**7**	**329,856**	887,938
Credit facility	**8**	**190,138**	244,015
Current debt	**9**	**1,981,194**	1,525,914
Deferred revenue	**9**	**185,606**	89,374
Derivative instrument	**9**	**480,011**	1,092
Lease liabilities	**10**	**200,879**	181,441
Current liabilities		**4,517,430**	9,594,859
Lease liabilities	**10**	**249,574**	402,528
Long term debt	**9**	**3,990,172**	44,161
Long term accounts payable	**7**	**-**	625,019
Total liabilities		**8,757,176**	10,666,567
Shareholders' deficiency			
Common stock	**11**	**61**	61
Reserves	**11**	**7,331,127**	7,344,901
Accumulated deficit		**(14,066,396)**	(14,952,524)
Total shareholders' deficiency		**(6,735,208)**	(7,607,562)
Total liabilities and shareholders' deficiency		**2,021,968**	3,059,005

Nature of operations and going concern (Note 1)
Commitments (Note 18)
Subsequent events (Note 20)

Approved on November 17, 2024 on behalf of the Board:

"Chris Bursey"
Chris Bursey – CEO & Director

"Bill Epsley"
Bill Epsley – Director

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

Direct Communication Solutions, Inc.

Condensed Consolidated Interim Statements of Operating Loss and Comprehensive Loss

(Expressed in US dollars - Unaudited)

Three Month and Nine Month Periods Ended September 30, 2024 and 2023

	Notes	For the three months ended September 30, 2024	For the three months ended September 30, 2023	For the nine months ended September 30, 2024	For the nine months ended September 30, 2023
		$	$	**$**	$
Revenues:					
Products		**819,015**	2,815,266	**2,719,152**	9,310,100
Solutions and other services		**735,737**	609,096	**2,171,247**	1,895,972
Total Revenues	12	**1,554,752**	3,424,362	**4,890,399**	11,206,072
Cost of Revenues					
Products		**721,931**	2,178,638	**2,213,781**	6,987,292
Solutions and other services		**279,119**	221,629	**850,467**	628,298
Total cost of revenues		**1,001,050**	2,400,267	**3,064,248**	7,615,590
Gross Profit		**553,702**	1,024,095	**1,826,151**	3,590,482
OPERATING EXPENSES					
Research and development		**77,852**	70,808	**214,757**	436,096
General and administrative					
Compensation and benefits		**550,201**	943,215	**1,796,432**	2,798,228
Depreciation and amortization	6, 10	**46,849**	106,252	**141,819**	320,566
Professional fees		**334,796**	588,120	**463,536**	2,228,493
Bank fees		**31,123**	65,157	**123,929**	173,862
Bad debt expense (recovery)	15	**(47,605)**	31,828	**(139,189)**	131,051
Facilities		**20,019**	18,948	**68,989**	59,790
Information technology		**28,850**	44,126	**124,455**	144,773
Advertising and marketing		**20,567**	39,462	**90,674**	188,292
Other	17	**57,325**	123,016	**296,999**	574,173
Total Operating Expenses		**1,119,977**	2,030,932	**3,182,401**	7,055,324
Net Operating Loss		**(566,275)**	(1,006,837)	**(1,356,250)**	(3,464,842)
OTHER INCOME (EXPENSES)					
Changes in fair value of derivative	9	**(39,227)**	4,877	**(47,435)**	349,311
Rental Income		**3,000**	-	**9,000**	-
Gain on debt extinguishment		**2,914,776**	-	**2,914,776**	-
Interest expense and accretion	8, 9, 10	**(299,291)**	(123,088)	**(633,964)**	(358,688)
Net income (loss) for the period		**2,012,983**	(1,125,048)	**886,127**	(3,474,219)
Weighted Average number of common shares:					
Basic		**2,305,079**	2,305,091	**2,305,079**	2,305,079
Diluted		**2,696,438**	2,305,091	**2,818,123**	2,305,079
Income (loss) per share – basic and diluted					
Basic		**$0.87**	$(0.49)	**$0.38**	$(1.51)
Diluted		**$0.75**	$(0.49)	**$0.31**	$(1.51)

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

Direct Communication Solutions, Inc.
Condensed Consolidated Interim Statements of Changes in Shareholders Deficiency
(Expressed in US dollars - Unaudited)
As at September 30, 2024 and 2023

	Number of Common stocks (1)	Common Stock Amount	Reserves	Accumulated Deficit	Total Shareholders' (Deficiency)
		$	$	$	$
Balance, January 1, 2023	**2,305,091**	**61**	**7,301,027**	**(9,864,500)**	**(2,563,412)**
Stock-based compensation expense	-	-	39,421	-	39,421
Share consolidation ratio adjustment	(12)	-	-	-	-
Net loss for the period	-	-	-	(3,474,219)	(3,474,219)
Balance, September 30, 2023	**2,305,079**	**61**	**7,340,448**	**(13,338,719)**	**(5,998,210)**
Stock-based compensation expense	-	-	4,453	-	4,453
Net loss for the period	-	-	-	(1,613,804)	(1,613,804)
Balance, January 1, 2024	**2,305,079**	**61**	**7,344,901**	**(14,952,523)**	**(7,607,561)**
Stock-based compensation expense	-	-	(13,774)	-	(13,774)
Net income for the period	-	-	-	886,127	886,127
Balance, September 30, 2024	**2,305,079**	**61**	**7,331,127**	**(14,066,396)**	**(6,735,208)**

(1) As of February 9, 2023, the Company proceeded with a Share Consolidation of the Company's shares at a consolidation ratio of 7-for-1. As a result, the comparative periods have been retroactively restated to reflect the Share Consolidation for numbers of shares and warrants. See Note 11 – Share Capital for more information.

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

Direct Communication Solutions, Inc.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in US dollars - Unaudited)
Nine Month Periods Ended September 30, 2024 and 2023

	2024	2023
	$	$
Cash provided by / (used for):		
Operating Activities:		
Net income (loss) for the period	**886,127**	(3,474,219)
Items not affecting cash:		
Accretion and interest on liabilities	**247,686**	305,708
Bad debt expense	**(139,189)**	(54,085)
Depreciation	**141,819**	320,567
Derivative adjustment to fair market value	**47,435**	(349,311)
Stock-based compensation	**(13,774)**	39,421
Provision for excess and obsolete inventory	**55,315**	(86,904)
Finance costs for right-of-use assets	**37,980**	50,435
Gain on debt extinguishment	**(2,914,776)**	-
Net change in non-cash working capital items:		
Accounts and other receivables	**685,434**	278,490
Inventory	**333,511**	(196,259)
Prepaid expenses	**24,341**	695,530
Contract assets	**-**	541
Accounts payable	**(25,582)**	(1,740,564)
Accrued liabilities	**(464,924)**	43,462
Deferred revenue	**96,232**	(12,419)
Net cash used in operating activities	**(1,002,365)**	(4,179,607)
Investing Activities:		
Purchase of property and equipment	**-**	(5,214)
Net cash used in investing activities	**-**	(5,214)
Financing Activities:		
Lease payments	**(171,495)**	(166,500)
Payment on convertible debentures	**(60,000)**	-
Net (repayments) borrowings on credit facility	**(53,877)**	1,052,787
Proceeds from promissory notes	**675,000**	-
Proceeds from loan	**799,835**	-
Payments on loan	**(122,904)**	-
Net cash provided by financing activities	**1,066,559**	886,287
Change in cash for the period	**64,194**	(3,298,534)
Cash, beginning of the period	**30,723**	3,567,274
Cash and restricted cash, end of the period	**94,917**	268,740

	2024	2023
Supplemental disclosure of cash flow information:	**$**	$
Cash paid during the period for:		
Interest expense:	**115,871**	-
Income taxes	**-**	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Direct Communication Solutions, Inc. (the "Company" or "DCS") was incorporated in Florida on September 9, 2006 and reincorporated in Delaware in April 2017. The Company is a provider of solutions for the Internet of Things ("IoT"), including monitoring-as-a-service ("MaaS") solutions for the telematics market. The Company's range of products includes GPS devices, modems, embedded modules, routers and mobile tracking machine-to-machine ("M2M") devices, communications and applications software and cloud services.

The Company's M2M products and solutions enable devices to communicate with each other and with server or cloud-based application infrastructures and include M2M embedded modules, integrated M2M communications devices and SaaS delivery platforms, including MiFleet, which provides fleet and vehicle SaaS telematics, MiSensors, which provides easy M2M device management and service enablement for wireless sensors and MiFailover which provides high-speed wireless internet failover to small and medium sized businesses as a redundancy solution to continue to run their business in the event the internet isn't available.

The Company's shares trade on the Canadian security exchange ("CSE") under the symbol DCSI. The Company's shares also trade on the OTCQ markets, a U.S. trading platform, under the symbol DCSX, and on the Frankfurt Stock Exchange market under the symbol 7QU0.

Going Concern

The accompanying condensed consolidated interim financial states have been prepared assuming that the Company will continue as a going concern. This basis of accounting contemplates the recovery of the Company's assets and the satisfaction of its liabilities in the normal course of business.

The Company has historically incurred losses and has an accumulated deficit of $14,066,396. As at September 30, 2024, the Company has a working capital deficit of $2,928,208 which is not considered sufficient to fund operations at their current levels for the next twelve months. Therefore, the Company will be required to generate additional funding through operations or external financing, which cannot be assured. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements of the Company have been prepared on the historical cost basis, except for financial instruments classified at fair value through profit and loss, which are stated at their fair value. In addition, the condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The condensed consolidated interim financial statements have been prepared in conformity with IAS 34 Interim Financial Reporting and do not include all the information required for full annual consolidated financial statements in accordance with IFRS and should be read in conjunction with the audited consolidated financials for the year ended December 31, 2023.

2. BASIS OF PREPARATION (cont'd)

Basis of consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries:

Name of Subsidiary	Place of Incorporation	Ownership
Direct Communication Solutions, Canada ("DCS Canada")	British Columbia, Canada	100%

DCS Canada has been inactive since being acquired in October 2017.

These condensed consolidated interim financial statements of the Company are presented in United States dollars. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The condensed consolidated interim financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. The functional currency of both entities are United States dollars. All intercompany transactions and balances have been eliminated.

Foreign currency translation

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency") and has been determined for each entity within the Company. The functional currency of Direct Communication Solutions, Inc., is the U.S dollar. DCS Canada's functional currency is the U.S dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21 *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the entity's functional currency are translated at the exchange rates in effect on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect as at the statement of financial position date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities. Foreign currency differences arising on translation are recognized in the statement of operating loss.

Use of estimates and judgements

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

i) Critical accounting estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical estimates in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements are, but not limited to the following:

- Allowance for doubtful accounts receivable - The Company makes allowances for doubtful accounts based on its best estimate of the amount of probable credit losses in existing accounts receivable. These are determined based on analyzing known uncollectible accounts, aged receivables, economic conditions, historical losses, and changes in customer payment cycles and the customers' creditworthiness.

2. BASIS OF PREPARATION (cont'd)

i) Critical accounting estimates (cont'd)

- Provision for excess and obsolete inventory - Inventory is valued at the lower of cost and net realizable value. Net realizable value for inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. All of these estimates involve uncertainty relating to future pricing, demand and market conditions. Provisions are made in profit or loss of the current period on any difference between book value and net realizable value.

- Fair value of stock options and warrants and derivative liability - Determining the fair value of warrants and stock options requires judgements related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of shareholders' deficiency.

- Income taxes - Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and future periods. Deferred tax assets, if any, are recognized to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse.

- Estimated product returns - Revenue from product sales is recognized net of estimated sales discounts, credits, returns, rebates and allowances. The return allowance is determined based on an analysis of the historical rate of returns, industry return data, and current market conditions, which is applied directly against sales. The Company recognizes product returns when incurred due to the infrequent occurrence of returns.

ii) Critical accounting judgements

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

- Deferred income taxes – judgements are made by management to determine the likelihood of whether deferred income tax assets at the end of the reporting period will be realized from future taxable earnings. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

- Going concern – As disclosed in Note 1 to the condensed consolidated interim financial statements.

- Revenue Recognition - The Company sells several telematics devices bundled with a multi-year software licenses under the same contractual arrangement, giving rise to considerations on whether there are distinct performance obligations requiring separate recognition and whether the Company is acting as principal or agent in the contract. Key considerations in determining whether the performance obligations are distinct are whether the promise to deliver the hardware component of the contract is separately identifiable from other contractual promises as well as the level of interdependency between the components of the contract. The Company has concluded the bundled contract represents one performance obligation and that the Company is acting as principal in the arrangement, resulting in the Company recognizing revenue and cost of sales on a gross basis on delivery of the telematics device. Significant judgment is involved in the assessments made by management.

(Expressed in US dollars - Unaudited)

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies followed in these condensed interim consolidated financial statements are the same as those applied in the Company's most recent audited consolidated financial statements for the years ended December 31, 2023 and 2022.

Accounting standards and amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. RESTRICTED CASH

As of September 30, 2024, the Company has a restricted cash of $466 (December 31, 2023 - $Nil), which will be subsequently used to offset the TAB Bank credit facility (Note 8).

5. INVENTORY

Inventory consists of the following:

	September 30, 2024	December 31, 2023
Components and raw materials	$ 900,234	$ 1,224,163
Allowance for components and raw materials	(335,652)	(291,774)
Assemblies	30,840	40,422
Allowance for assemblies	(28,309)	(16,872)
	$ 567,113	$ 955,939

Inventory has been reduced by $363,961 and $308,646 as a provision for excess and obsolete inventory at September 30, 2024 and December 31, 2023, respectively. Additionally, a total of $2,213,781 (2023 - $6,987,292) inventory was expensed as cost of sales during the year.

As discussed in Note 8, TAB has a lien on all the Company's assets which includes inventory. As at September 30, 2024, the Company had pledged $344,844 (December 31, 2023- $110,532) of inventory as collateral for four (December 31, 2023 – two) loans (Note 9).

6. EQUIPMENT

Equipment consists of the following:

	September 30, 2024	December 31, 2023
Computer equipment and purchased software	$ 152,938	$ 152,938
Furniture and fixtures	51,427	51,427
Tooling	59,300	59,300
	263,665	263,665
Accumulated depreciation	(255,601)	(248,647)
	$ 8,064	$ 15,018

Depreciation expenses were $6,954 and $28,162 for the nine months ended September 30, 2024, and 2023, respectively.

(Expressed in US dollars - Unaudited)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	September 30, 2024	December 31, 2023
Payroll related expenses	$ 186,819	$ 186,385
Interest accrued (Note 9)	103,037	213,592
Other	40,000	487,961
	$ 329,856	$ 887,938

Accounts payable consist of the following:

	September 30, 2024	December 31, 2023
Vendor payable due within 12 months	$ 1,149,746	$ 6,665,085
Vendor payable not due within 12 months	$ -	$ 625,019

During the year ended December 31, 2023, a vendor (Note 15) changed its terms with the Company from billing devices and device management subscriptions from a payment term of 36 months down to 30 days reducing the frequency of occurrence for long term payables. The Company renegotiated the terms of outstanding balance into a long term loan (Note 9).

8. CREDIT FACILITY

In January 2020, the Company entered into a two-year agreement with TAB Bank (“TAB”) for a $2,500,000 credit facility. Under the TAB Bank credit facility, the Company is obligated to assign all its accounts receivables and the Company may request advances up to 90% of domestic accounts less than 90 days from the invoice date and not subject to offset up to $2,000,000. Interest is payable monthly at a rate the greater of (a) 90-Day SOFR rate plus 4.50% and (b) 6.41%. In addition, there is an administration fee equal to 0.008% per diem of the outstanding daily obligations.

The agreement is further extended automatically for successive one-year term. As of September 30, 2024, the expiry date is January 23, 2025.

The Company may also borrow an amount limited to the lesser of: (a) 50% of the cost of eligible inventory, (b) 50% of funds employed and, (c) $500,000 (the “Inventory Advance”). Under the Inventory Advance, interest is payable monthly at a rate the greater of (a) 90-Day SOFR rate plus 4.50% and (b) 6.41%. In addition, there is an administration fee equal to 0.01% per diem of the outstanding daily obligations.

The Company does not retain any legal or equitable interest in any accounts receivable account sold under this credit facility. The Company assumes full risk of non-payment and guarantees full payment of all accounts. The Company granted a security interest in all its assets as collateral for its obligations under the facility. The credit facility consists of the following balances as at September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
Carrying amount of available credit limit in connection to the credit facility	$ 225,312	$ 406,808
Outstanding balance	190,138	244,015

(Expressed in US dollars - Unaudited)

9. DEBT

Convertible Promissory Debentures

On April 7, 2022, the Company received convertible debenture financing for the aggregate amount of $100,000. Subscribers may convert all or part of the principal amount outstanding under the debentures into units of the Company. The debentures are convertible into units at the higher of $8.33 or a price equal to the price of the shares or units of the next financing carried out before the second anniversary of the closing date less a 30% discount.

The units comprise a share and one-half of one warrant, where a whole warrant shall be exercisable at $2.80 per common stock for a two-year term. The debentures have a maturity date of the second anniversary of the closing date and bear an interest rate of 10% per annum, payable semi-annually. At September 30, 2024, the Company recorded $20,835 accrued interest associated with the convertible debentures (December 31, 2023 - $17,343), which had been paid off during the nine months ended September 30, 2024.

In September 2022, the Company issued additional convertible promissory debentures totaling $1,500,000, bearing interest at 10% per annum (accruing annually and payable at maturity), and maturing on September 9, 2024, or a period of 24-months. The Debentures are convertible, at the option of the holder, to common stocks of DCS at a price of $8.33 or a price equal to the price of the shares of the next financing carried out before the second anniversary of the closing date at 25% premium. Upon issuance of the debentures, the Company also issued 107,143 share purchase warrants. Each warrant entitles the holder to purchase one common stock at a price of $6.02 per share for a period of 24 months from the date of issuance of the debentures. At September 30, 2024, the Company settled indebtedness by issuing additional convertible promissory debentures and paid off during the nine months ended September 30, 2024.

On September 14, 2024, the Company issued replacement convertible promissory debentures totaling $1,741,589, bearing interest at 15% per annum (accruing annually and payable at maturity), and maturing on September 9, 2025, or a period of 12-months to settle indebtedness related to the convertible debentures issued in 2022. The Debentures are convertible, at the option of the holder, to common stocks of DCS at a price of $6. Upon issuance of the debentures, the Company agreed to issue 196,582 share purchase warrants as additional compensation subject to CSE approval. Each warrant entitles the holder to purchase one common stock at a price of $2.36 per share for a period of 24 months from the date of issuance of the warrant. The warrants had been issued subsequent to September 30, 2024.

The Company records the fair value of the conversion features with variable exercise prices as an embedded derivative separate from the host contract. The fair value of the derivative liabilities is revalued on each Statement of Financial Position date with corresponding gains and losses recorded in profit or loss. The Company uses a derivative valuation technique to fair value the components of the hybrid contract on initial recognition, including the debt component, the embedded derivative, and the warrants. The following significant inputs and assumptions were used in the model:

	September 30, 2024	**December 31, 2023**
Expected term (years)	0.96	0.69
Risk-free interest rate	3.98%	4.834%
Expected volatility	220.26%	100%
Dividend yield	0.00%	0.00%
Estimated forfeitures	0.00%	0.00%

(Expressed in US dollars - Unaudited)

9. DEBT (cont'd)

Convertible Promissory Debentures (cont'd)

The following table presents the Company's embedded conversion features of its convertible debt measured at fair value on a recurring basis as of September 30, 2024 and December 31, 2023, determined based on "Level 3" inputs.

	Derivative
	$
Balance at December 31, 2022 and 2023	**-**
Initial recognition	355,905
Net changes in fair value included in net loss	26,891
Balance at September 30, 2024	**382,796**

The debt component of the convertible debenture is subsequently measured at amortized costs. The following table presents the debt component of the convertible debt measured at its fair value on initial recognition of $1,385,684 and subsequently carried at amortized cost using the interest rate of 37% per annum over the 12 months period. As of September 30, 2024, the total accrued interest was $11,452 (December 31, 2023 - $Nil) recorded in accrued liabilities.

Date	**Beg. Balance**	**Additions**	**Accretion**	**End. Balance**
	$	$	$	$
September 14, 2024	-	1,385,684	-	1,385,684
September 30, 2024	1,385,684	-	11,257	1,396,941

Loans

In April 2024, the Company entered into a promissory note agreement of $100,000, bearing interest at 19% per annum (accruing semi - annually and payable every six months), and maturing on April 15, 2026, or a period of 24-months. As additional consideration, the Company issued 10,000 purchase warrants on September 11, 2024. Each warrant entitles the holder to purchase one common stock at a price of $1.48 (CAD $2.00) per share for a period of 24 months from the date of issuance.

In May 2024, the Company entered into a promissory note of $100,000, bearing interest at 19% per annum (accruing annually and payable at maturity date), and maturing on May 24, 2026, or a period of 24-months. As additional consideration, the Company issued 10,000 purchase warrants on September 11, 2024. Each warrant entitles the holder to purchase one common stock at a price of $1.48 (CAD $2.00) per share for a period of 24 months from the date of issuance.

In June 2024, the Company entered into a promissory note of $100,000, bearing interest at 15% per annum (accruing annually and payable at maturity date), and maturing on June 28, 2026, or a period of 24-months. As additional consideration, the Company issued 20,000 purchase warrants on September 11, 2024. Each warrant entitles the holder to purchase one common stock at a price of CAD $2.00 per share for a period of 24 months from the date of issuance.

In July 2024, the Company entered into a promissory note of $50,000, bearing interest at 15% per annum (accruing annually and payable at maturity date), and maturing on July 8, 2026, or a period of 24-months. As additional consideration, the Company issued 10,000 purchase warrants on September 11, 2024. Each warrant entitles the holder to purchase one common stock at a price of CAD $2.00 per share for a period of 24 months from the date of issuance.

In August 2024, the Company entered into a promissory note of $75,000, bearing interest at 15% per annum (accruing annually and payable at maturity date), and maturing on August 31, 2026, or a period of 24-months. As additional consideration, the Company issued 15,000 purchase warrants subject to CSE approval. Each warrant entitles the holder to purchase one common stock at a price of CAD $3.14 per share for a period of 24 months from the date of issuance.

(Expressed in US dollars - Unaudited)

9. DEBT (cont'd)

Loans (cont'd)

In August 2024, the Company entered into another promissory note of $250,000, bearing interest at 19% per annum (accruing annually and payable at maturity date), and maturing on August 24, 2026, or a period of 24-months. As additional consideration, the Company issued 50,000 purchase warrants subject to CSE approval. Each warrant entitles the holder to purchase one common stock at a price of CAD $3.09 per share for a period of 24 months from the date of issuance.

The Company records the fair value of the warrants exercisable with a variable amount of cash receivable due to foreign exchange as an embedded derivative separate from the host contract. The fair value of the derivative liabilities is revalued on each

Statement of Financial Position date with corresponding gains and losses recorded in profit or loss. The Company uses a derivative valuation technique to fair value the components of the hybrid contract on initial recognition, including the debt component and the warrants. The following significant inputs and assumptions were used in the model:

	September 30, 2024	September 11, 2024
Expected term (years)	1.95	2
Risk-free interest rate	3.82%	3.62%
Expected volatility	186.37%	184.25%
Dividend yield	0.00%	0.00%
Estimated forfeitures	0.00%	0.00%

The following table presents the Company's embedded conversion features of its convertible debt measured at fair value on a recurring basis as of June 30, 2024 and December 31, 2023, determined based on "Level 3" inputs.

	Derivative
	$
Balance at December 31, 2022 and 2023	**-**
Initial recognition September 11, 2024	75,580
Net changes in fair value included in net loss	21,635
Balance at June 30, 2024	**97,215**

The debt component of the loans subsequently measured at amortized costs. The following table presents the debt component of the loans measured at its fair value on initial recognition of face value and subsequently adjusted with the issuance of warrants component and carried at amortized cost using the interest rate per annum over the loan period. As of September 30, 2024, the total accrued interest was recorded in current debt and long-term debt respectively.

Date	Beg. Balance	Additions	Interest & Accretion	End. Balance	Total Interest accrued
	$	$	$	$	$
April 15, 2024	-	100,000	-	100,000	-
September 30, 2024	100,000	(16,514)	633	84,119	8,745

Date	Beg. Balance	Additions	Interest & Accretion	End. Balance	Total Interest accrued
	$	$	$	$	$
May 24, 2024	-	100,000	-	100,000	-
September 30, 2024	100,000	(16,514)	312	83,798	6,715

(Expressed in US dollars - Unaudited)

9. DEBT (cont'd)

Loans (cont'd)

	Beg. Balance	Additions	Interest & Accretion	End. Balance	Total Interest accrued
	$	$	$	$	$
June 28, 2024	-	100,000	-	100,000	-
September 30, 2024	100,000	(28,372)	475	72,103	3,863

Date	Beg. Balance	Additions	Interest & Accretion	End. Balance	Total Interest accrued
	$	$	$	$	$
July 8, 2024	-	50,000	-	50,000	-
September 30, 2024	50,000	(14,180)	228	36,048	1,726

Date	Beg. Balance	Additions	Interest & Accretion	End. Balance	Total Interest accrued
	$	$	$	$	$
August 31, 2024	-	75,000	-	75,000	-
September 30, 2024	75,000	-	-	75,000	926

Date	Beg. Balance	Additions	Interest & Accretion	End. Balance	Total Interest accrued
	$	$	$	$	$
August 24, 2024	-	250,000	-	250,000	-
September 30, 2024	250,000	-	-	250,000	4,815

In May 2024, the Company entered into a loan agreement with a third party for proceeds of $250,000. The proceeds will be used for operating purposes. The loan is repayable in 24 monthly payments starting May 2024, bearing interest at 22.2%, and is secured by a general security agreement on the Company's assets.

In August 2024, the Company entered into two loan agreements with third parties for proceeds of $174,221 and $200,000. The proceeds will be used for operating purposes. The loans are repayable in 65 and 35 weekly payments, respectively, starting August 2024, bearing interest at 23.5% and 37.24% respectively, and is secured by a general security agreement on the Company's assets.

Pursuant to a vendor changing its terms with the Company from billing devices and device management subscriptions from a payment term of 36 months down to 30 days reducing the frequency of occurrence for long term payables, the Company entered into an agreement to restructure the payables into a long-term loan with a principal of $3,200,000, bearing interest at 10%. The interest is payable quarterly, and the principal will be due in 5 years. The balance of $2,914,776 of the payables was forgiven and recognized in the Company's condensed consolidated interim statement of operating loss and comprehensive loss. As at September 30, 2024, the Company recorded $103,037 of accrued interest and a carrying balance of $3,303,037 of the loan was outstanding.

Deferred Revenue

Deferred revenue consisted of payments made by certain clients at the end of the reporting period prepaying for the Company's subscriptions, services, or products. As of September 30, 2024, the Company held deferred revenue of $185,606 (December 31, 2023 - $89,374).

(Expressed in US dollars - Unaudited)

9. DEBT (cont'd)

Loans with collateral

During the year ended December 31, 2023, the Company entered into two loan agreements and pledged $110,532 (2022- $Nil) of inventory as collateral. The Company entered into two additional loan agreements during the nine months ended September 30, 2024 and pledged an additional $234,312 of inventory as collateral. The loans have the following terms as of September 30, 2024.

	Loan 1	Loan 2	Loan 3	Loan 4
Expected term (months)	12	60	36	24
Interest rate	35.28%	6.77%	19.02%	16%
Payable within 12 months	$28,452	$11.300	$20,142	$57,594
Payable not due in 12 months	-	$37,018	$14,956	$40,114

During the nine months ended September 30, 2024, the Company recorded $ (2023- $Nil) of interest expense and finance charges in the consolidated statement of loss and comprehensive loss in connection to the four loan agreements. As of September 30, 2024, a carrying balance of $209,577 of the loans were outstanding.

10. RIGHT-OF-USE ASSETS & LEASE LIABILITIES

On May 27, 2021, the Company entered into a lease agreement whereby the Company will lease premises in San Diego, California effective November 1, 2021. The lease ("Lease") has an initial 60-month term. Not less than nine months prior to the expiration of the Lease, the Company has an option to extend the Lease term for an additional five years at market rates prevailing at that time. The right of use leased asset was measured at the amount of the lease liability of $899,102 using the Company's current incremental borrowing rate of 10% at the time of initial recognition.

The following table presents the right-of-use-assets as at September 30, 2024 and December 31, 2023:

Balance at December 31, 2022	$	689,311
Depreciation		(179,820)
Balance at December 31, 2023	$	509,491
Depreciation		(134,865)
Balance at September 30, 2024	$	374,626

Lease liabilities

Balance at December 31, 2022	$	741,815
Cash flows:		
Lease payments		(223,110)
Non-cash changes:		
Interest expenses		65,264
Balance at December 31, 2023	$	583,969
Cash flows:		
Lease payments		(171,495)
Non-cash changes:		
Interest expenses		37,980
Balance at September 30, 2024	$	450,454
Less Lease liabilities - current		(200,879)
Lease liabilities – non-current	$	249,574

(Expressed in US dollars - Unaudited)

10. RIGHT-OF-USE ASSETS & LEASE LIABILITIES (cont'd)

The Company lease consists of office space in San Diego, California under non-cancelable operating lease that expires October 2026. Future minimum lease payments under the lease agreement as of September 30, 2024 are as follows:

Years ending December 31:	
2024	$ 58,309
2025	236,702
2026	202,160
	$ 497,171

The Company does not have any short-term or low value leases.

11. SHARE CAPITAL

Effective February 9, 2023, the Company consolidated 7 common stocks for 1 common stock (the "Stock Consolidation"). The Stock Consolidation was affected in the form of cancelling 6 common stocks for each common stock owned by shareholders of record at the close of business on February 9, 2023. All share data and stock-based compensation plans presented herein have been retroactively adjusted to give effect to the Stock Consolidation.

(a) Authorized and escrowed shares

5,714,286 common stocks authorized with a par value of $0.00001.

(b) Common stocks transactions

Transactions for the nine months ended September 30, 2024

There were no transactions affecting share capital during the nine months ended September 30, 2024.

Transactions for the year ended December 31, 2023

There were no transactions affecting share capital during the year ended December 31, 2023.

(c) Stock options

In October 2017, the Company's board of directors and stockholders approved the 2017 Stock Plan under which 500,000 shares of common stock are reserved for the granting of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock and performance awards to employees, directors, and consultants. Recipients of stock option awards are eligible to purchase shares of the Company's common stock at an exercise price equal to no less than the estimated fair market value of such stock on the date of grant. The maximum term of awards granted under the 2017 Plan is ten years and vesting is determined by the board of directors. Stock awards are generally not exercisable prior to the applicable vesting date, unless otherwise accelerated under the terms of the applicable stock plan agreement. Unvested shares of the Company's common stock issued in connection with an early exercise allowed by the Company may be repurchased by the Company upon termination of the optionee's service with the Company. The vesting terms of each option grant are at the discretion of the Board of Directors.

(Expressed in US dollars - Unaudited)

11. SHARE CAPITAL (cont'd)

(c) Stock options (cont'd)

In December 2023, the Board of Directors and a majority of the stockholders approved to replace the 2017 Stock Plan with the 2023 Omnibus Plan. Any previously granted stock options shall continue to exist under the 2023 Omnibus plan, and the number of authorized shares for issuance as of September 30, 2024 is 1,000,000.

The following table summarizes stock option transactions under the 2017 Plan:

	Number of Options	Weighted average exercise price
Outstanding, December 31, 2022	542,286	$ 4.03
Forfeited	(1,429)	2.87
Outstanding, December 31, 2023	540,857	$ 4.03
Forfeited	(269,428)	3.65
Outstanding, September 30, 2024	271,429	$ 4.40

At September 30, 2024, the Company had outstanding and exercisable stock options as follows:

Date of Expiry	Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Weighted Average Remaining Life (years)
October 5, 2027	178,572	178,572	$3.29	3.01
February 4, 2032	6,427	5,714	$2.87	7.35
February 24, 2032	10,715	10,715	$2.87	7.41
March 14, 2032	8,572	6,295	$4.13	7.46
May 9, 2027	52,857	52,857	$8.40	2.61
May 9, 2027	14,286	14,286	$5.53	2.61

The Company uses a Black-Scholes option valuation model to determine the fair value of stock-based compensation. The expected volatility is based on the historical volatility of a peer group of publicly traded companies. The risk-free interest rate is based on the yield on the measurement date of a zero-coupon U.S. Treasury bond whose maturity period approximately equals the option's expected term. The expected life represents the time the options granted are expected to be outstanding. Forfeitures are estimated at the time of grant and adjusted, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The total stock-based compensation recognized in consolidated statements of profit or loss from the recovery of unvested options during the nine months ended September 30, 2024 was an adjustment of $13,774 (2023 – vested options expense $35,574). During the nine month period ended September 30, 2024, 269,428 (2023 – Nil) options with an exercise price between $2.87 to $6.79 were forfeited.

Forfeitures are adjusted in the period when forfeitures occur.

(Expressed in US dollars - Unaudited)

11. SHARE CAPITAL (cont'd)

(d) Warrants

In September 2022, the Company issued convertible promissory debentures (Note 9) and upon issuance of the debentures, the company also issued 107,143 share purchase warrants. Each warrant entitles the holder to purchase one common stock at a price of $6.02 per share for a period of 24 months from the date of issuance of the debentures. In September 2024, the issued 107,143 share purchase warrants expired.

In September 2024, the Company issued convertible promissory debentures (Note 9) and upon issuance of the debentures, the company agreed to issue 196,582 share purchase warrants subsequent to September 30, 2024, subject to CSE approval. Each warrant entitles the holder to purchase one common stock at a price of $2.36 per share for a period of 12 months from the date of issuance of the warrant.

From April to July 2024, the Company entered into promissory note agreements (Note 9) and issued 50,000 purchase warrants. Each warrant entitles the holder to purchase one common stock at various price of $1.48 to CAD $3.14 per share for a period of 24 months from the date of issuance depending on the promissory notes term. The Company determined the warrants represent an embedded derivative and has accounted for the warrants in derivative liability.

The following table summarizes the warrant activity for the period ended September 30, 2024 and December 31, 2023:

	Number of warrants	Weighted average exercise price
Outstanding, December 31, 2022 and 2023	107,143	$ 6.02
Granted	50,000	1.48
Expired	(107,143)	6.02
Outstanding, September 2024	50,000	$ 4.58

Date of Expiry	Number of Warrants Outstanding	Exercise Price	Weighted Average Remaining Life (years)
September 11, 2026	20,000	$1.48	1.95
September 11, 2026	30,000	CAD $2.00	1.95

12. SEGMENT INFORMATION

Operating segments are defined as components of an enterprise (business activity from which it earns revenue and incurs expenses) for which discrete financial information is available and regularly reviewed by the chief decision maker in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker (CODM) is its Chief Executive Officer. The Company views its operations and manages its business as a single operating and reporting segment.

12. SEGMENT INFORMATION (cont'd)

Although all operations are based in the U.S., the Company generated a portion of its revenue from customers outside of the U.S. Information about the Company's revenue from different geographic regions for the nine months ended September 30, 2024 and 2023 is as follows:

	Nine months ended September 30			
	2024		2023	
	$	%	$	%
United States	$4,574,882	93.6%	10,728,422	95.7%
Canada	$246,328	5.0%	379,637	3.4%
Others combined	$69,189	1.4%	98,013	0.9%
Total Revenue	$4,890,399	100.0%	11,206,072	100.0%

Revenue Type (in '000)	**2024**		**2023**	
	$	%	$	%
Product	2,719.2	55.6%	9,310.0	83.1%
Software as a Service (SaaS)	1,661.7	34.0%	1,361.7	12.2%
Engineering/Support Service	212.9	4.4%	204.9	1.8%
Wireless Data	280.0	5.7%	312.6	2.8%
Commission Income	16.6	0.3%	16.8	0.1%
Other	-	0.0%	0.1	0.0%
Total Revenue	4,890.4	100.0%	11,206.1	100.0%

All of the Company's significant identifiable assets were located in the United States as of September 30, 2024 and December 31, 2023.

13. CONCENTRATION RISK

The Company derived revenue from one customer totaling 27% and 39% of the Company's total revenue for nine months ended September 30, 2024 and 2023, respectively. At September 30, 2024 and December 31, 2023, one customer accounted for a total of 26% and 19% of accounts receivable, respectively.

To manage the concentration of customer risk, the Company continuously looks for opportunities to diverse revenue streams and expand client base via marketing. All contracts with customers are signed for a term, and the Company ensures the customer needs are being met by building exceptional customer service relationships.

The Company has concentrations in the purchases with its suppliers. For the nine month period ended September 30, 2024 and 2023, the two largest suppliers accounted for a total of 86% and 87% of total purchases, respectively.

14. CAPITAL MANAGEMENT

The CEO has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company defines capital as consisting of loans, credit facility and shareholder's deficiency. The Company's objectives when managing capital are to support the creation of shareholder value, as well as to ensure that the Company is able to meet its financial obligations as they become due.

(Expressed in US dollars - Unaudited)

14. CAPITAL MANAGEMENT (cont'd)

The Company manages its capital structure to maximize its financial flexibility by making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business.

At September 30, 2024 and December 31, 2023, the Company is not subject to any externally imposed capital requirements or debt covenants. There were no changes to the Company's approach to capital management for the nine months ended September 30, 2024.

The Company has in place a credit facility whereby the Company assigns all its accounts receivable and can request advances up to 90% of eligible accounts up to $2,000,000 and inventory advances up to $500,000 (Note 8).

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

15. FINANCIAL INSTRUMENTS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values.

Financial instruments measured at fair value are classified into three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;
Level 3 – Inputs that are not based on observable market data.

The fair values of the Company's cash, restricted cash, trade receivables, accounts payable, accrued liabilities, current debt, lease liabilities, and credit facility and long-term debt approximate carrying value, which is the amount recorded on the consolidated statement of financial position.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy. As at September 30, 2024 and December 31, 2023:

	Level 1	Level 2	Level 3
September 30, 2024:			
Derivative instruments	$ -	$ -	$ 480,011
December 31, 2023:			
Derivative instrument	$ -	$	$ 1,092

The Company is exposed to varying degrees to a variety of financial instrument related risks:

(Expressed in US dollars - Unaudited)

15. FINANCIAL INSTRUMENTS (cont'd)

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company places its cash with institutions of high credit worthiness. Management has assessed there to be a low level of credit risk associated with its cash balances.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The Company has established a credit policy under which each major new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Purchase limits and terms are established for each customer and reviewed periodically. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the Company's wholesale and retail customers.

Trade and other receivables consist of:

	September 30, 2024	December 31, 2023
Accounts receivable	$ 780,180	$ 1,484,380
Other receivables	77,586	83,996
Allowance for doubtful accounts	(10,918)	(175,283)
Total	$ 846,848	$ 1,393,093

During the nine months ended September 30, 2024, $139,189 (2023 – expense of $131,051) of bad debt recovery had been recognized in the consolidated statement of operating loss and comprehensive loss.

Aged trade receivable listing:

Days outstanding	**September 30, 2024**	**December 31, 2023**
Current	$ 695,520	$ 885,831
1 – 30	83,753	304,421
31 – 60	14,326	61,931
61 - 90	20,971	42,478
> 90	(34,390)	189,719
Total	$ 780,180	$ 1,484,380

The company's maximum exposure to credit risk is the combined carrying amount of its financial assets as at September 30, 2024 is $941,765 (December 31, 2023 - $1,423,816).

15. FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company examines current forecasts of its liquidity requirements so as to make certain that there is sufficient cash for its operating needs. These forecasts take into consideration matters such as the Company's plan to use debt for financing its activity, compliance with any required financial covenants and liquidity ratios, and compliance with external requirements such as laws or regulation.

The Company has a factoring agreement with external funding (Note 8). The Company's accounts payable and accrued liabilities have contractual terms of 30 to 90 days. During the year ended December 31, 2023, a vendor (Note 7) changed its terms with the Company from billing devices and device management subscriptions from a payment term of 36 months down to 30 days reducing the frequency of occurrence for long term payables.

Market risk

a) Currency Risk

The Company is located in the United States and virtually all transactions including the company's sales and debt are denominated in US dollars.

b) Interest Rate Risk

The Company's debt has fixed interest rates and are not exposed to interest rate risk until maturity. The Company's credit facility is variable based on the 90 day SOFR rate. A 1% increase in the 90 day SOFR rate would not have a significant impact on profit and loss.

c) Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk, financial market risk or currency risk. The Company is not exposed to significant price risk.

16. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

(Expressed in US dollars - Unaudited)

16. RELATED PARTY TRANSACTIONS (cont'd)

Remuneration attributed to key management personnel can be summarized as follows:

	Nine months ended September 30,	
	2024	**2023**
	$	$
Salary	584,903	792,405
Consulting fees	417,500	497,300
Marketing Service	6,000	-
Share-based compensation	960	8,093
Total	1,009,363	1,297,798

As at September 30, 2024, $14,550 (December 31, 2023 – $32,000) was included in accounts payable and accrued liabilities for fees owed to related parties, and $62,000 (December 31, 2023 - $Nil) was included in accounts payable and accrued liabilities for fees owed to former directors.

17. OTHER EXPENSES

During the nine months ended September 30, 2024 and 2023, the Company had the following expenses in other expenses:

	Nine months ended September 30	
	2024	2023
	$	$
Insurance	101,412	269,936
Licenses and fees	39,626	52,167
Office expenses	38,020	72,013
Automobile expense	1,165	1,586
Meals and entertainment	25,436	72,406
Travel expense	25,565	103,475
Utilities	42,450	49,418
Tax filing fees	12,335	2,689
Software expense	10,990	12,189
Cost recovery - Tetlit	-	(75,000)
Other	-	13,294
Total	**296,999**	**574,173**

18. COMMITMENTS

Effective October 1, 2021, the Company has agreed to an annual purchase commitment for a period of three years with a significant vendor. The Company's obligation to the vendor shall be satisfied by the submission of non-cancelable orders for each contract year with an aggregate value equal to or in excess of $8 million. Effective October 2023, the Company revised the agreement with the significant vendor by eliminating the minimum spend to "Forecast" and waiving the penalty fees.

19. CONTINGENT ASSET

The Company initiated legal actions in Ontario against AirIQ for breach of contract and breach of confidence, and in California against former executive Michael Lawless for breach of fiduciary duty, breach of contract, and conversion. The assessment of contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events. As a result of the assessment, management believes that no significant contingent asset exists, taking into account of all available evidence.

20. SUBSEQUENT EVENTS

Subsequent to September 30, 2024, the Company:

- Issued 196,582 warrants pursuant to issuance of convertible debenture. Each warrant entitles the holder to purchase one common stock at a price of $2.36 per share for a period of 24 months from the date of issuance of the warrant;

- Issued 65,000 warrants pursuant to promissory note consideration. Each warrant entitles the holder to purchase one common stock at a price of CAD $3.09 to CAD $3.14 per share for a period of 24 months from the date of issuance of the warrant; and

- 14,285 options with an exercise price of $5.53 were forfeited.