



**nextech AR**  
s o l u t i o n s

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

**Condensed Interim Consolidated Financial Statements**

**For the three and nine months ended September 30, 2023 and 2022**

(Unaudited - Expressed in Canadian dollars)

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

	Note	September 30, 2023	December 31, 2022
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	6	2,988,700	3,777,117
Receivables	8	102,749	744,331
Deferred asset	9	91,168	256,818
Contract asset	18(c)	218,100	332,197
Prepaid expenses and deposits		407,591	310,906
Inventory		-	45,289
Assets classified as held for sale		-	501,188
		<b>3,808,308</b>	<b>5,967,846</b>
Equipment	10	291,637	278,463
Deferred consideration	7	206,850	-
Right-of-use asset	11	-	829,278
Net investment in sublease	11	898,578	-
Intangible assets	12(a)	1,688,111	3,313,741
Goodwill	12(b)	6,560,040	6,746,378
<b>Total assets</b>		<b>13,453,524</b>	<b>17,135,706</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	13, 17	3,484,625	2,641,918
Factoring liability	14	505,847	-
Deferred revenue	18(b)	299,222	437,746
Current portion of lease liability	11	148,037	222,250
Liabilities classified as held for sale		-	92,532
		<b>4,437,731</b>	<b>3,394,446</b>
Lease liability	11	516,511	582,586
Deferred income tax liability		12,000	29,974
<b>Total liabilities</b>		<b>4,966,242</b>	<b>4,007,006</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	15(b)	90,530,169	83,271,707
Reserves	15	16,234,630	12,754,706
Accumulated other comprehensive income		883,405	827,101
Accumulated deficit		(102,334,982)	(85,898,862)
Equity attributable to shareholders of the Company		5,313,222	10,954,652
Non-controlling interest		3,174,060	2,174,048
<b>Total shareholders' equity</b>		<b>8,487,282</b>	<b>13,128,700</b>
<b>Total liabilities and shareholders' equity</b>		<b>13,453,524</b>	<b>17,135,706</b>

Nature of operations and going concern (Note 1)

Subsequent events (Note 25)

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

*/s/ "Evan Gappelberg"*

Director

*/s/ "Belinda Tyldesley"*

Director

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

**NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)**  
**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**  
(Unaudited - Expressed in Canadian dollars)

	Note	Three months ended September 30, 2023	September 30, 2022 <i>Revised</i>	Nine months ended September 30, 2023	September 30, 2022 <i>Revised</i>
		\$	\$	\$	\$
Revenue	18	1,178,377	908,227	3,882,804	1,970,383
Cost of sales	19(a)	(1,035,692)	(348,447)	(2,678,033)	(950,233)
<b>Gross profit</b>		<b>142,685</b>	<b>559,780</b>	<b>1,204,771</b>	<b>1,020,150</b>
<b>Operating expenses</b>					
Sales and marketing	19(b)	867,586	1,177,539	3,876,879	4,079,251
General and administrative	19(c)	1,992,096	2,112,681	7,376,579	9,075,983
Research and development	19(d)	1,063,667	1,157,408	2,820,833	3,064,874
Stock-based compensation	17	1,305,299	311,301	3,560,441	1,768,392
Amortization of intangible assets	12	565,064	597,354	1,595,817	2,076,161
Amortization of right-of-use asset	11	-	166,023	55,728	204,476
Depreciation	10	19,580	47,943	64,457	111,182
<b>Operating loss</b>		<b>(5,670,607)</b>	<b>(5,010,469)</b>	<b>(18,145,963)</b>	<b>(19,360,169)</b>
<b>Other income (expenses)</b>					
Gain on recognition of sublease	11	-	-	120,626	-
Loss on asset write-off	10	-	-	(85,679)	-
Gain on short-term investment		-	90,744	-	90,744
Foreign exchange gain (loss)		519,944	529,564	(43,542)	931,587
Loss before taxes from continuing operations		(5,150,663)	(4,390,161)	(18,154,558)	(18,337,838)
Current income tax expense		-	(7,128)	(18,039)	(21,384)
Deferred income tax (expense) recovery		(203,306)	126,777	-	387,562
<b>Net loss from continuing operations</b>		<b>(5,353,969)</b>	<b>(4,270,512)</b>	<b>(18,172,597)</b>	<b>(17,971,660)</b>
Net loss from discontinued operations	7	(108,451)	(133,252)	(452,697)	(3,129,201)
<b>Net loss</b>		<b>(5,462,420)</b>	<b>(4,403,764)</b>	<b>(18,625,294)</b>	<b>(21,100,861)</b>
<b>Other comprehensive loss</b>					
Exchange gain or (loss) on translation of foreign operations		(301,569)	(173,184)	56,304	(188,316)
<b>Total comprehensive loss</b>		<b>(5,763,989)</b>	<b>(4,576,948)</b>	<b>(18,568,990)</b>	<b>(21,289,177)</b>
<b>Net loss from continuing operations:</b>					
Attributed to shareholders of the Company		(3,609,011)	(4,270,512)	(15,233,423)	(17,971,660)
Attributed to non-controlling interest		(1,744,958)	-	(2,939,174)	-
<b>Net loss from discontinued operations:</b>					
Attributed to shareholders of the Company		(108,451)	(133,252)	(452,697)	(3,129,201)
Attributed to non-controlling interest		-	-	-	-
<b>Total comprehensive loss:</b>					
Attributed to shareholders of the Company		(4,019,031)	(4,576,948)	(15,629,816)	(21,289,177)
Attributed to non-controlling interest		(1,744,958)	-	(2,939,174)	-
<b>Loss per share from continuing operations</b>					
Basic and diluted		(0.03)	(0.04)	(0.14)	(0.18)
<b>Loss per share from discontinued operations</b>					
Basic and diluted		(0.00)	(0.00)	(0.00)	(0.03)
<b>Weighted average number of common shares</b>					
Basic and diluted		116,483,966	98,641,286	111,118,475	99,201,669

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

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

	Number of shares	Share capital	Reserves	Accumulated other comprehensive income	Accumulated deficit	Non- controlling interest	Total
	#	\$	\$	\$	\$	\$	\$
Balance, December 31, 2021	90,880,791	70,570,760	11,390,048	1,259,946	(58,958,737)	-	24,262,017
Shares issued for services	1,438,420	1,300,530	146,322	-	-	-	1,446,852
Shares issued for employee pay program	1,664,026	1,397,782	-	-	-	-	1,397,782
Shares issued from short form prospectus	8,130,082	10,000,001	-	-	-	-	10,000,001
Share issuance costs	-	(1,083,368)	21,772	-	-	-	(1,061,596)
Stock-based compensation	-	-	1,768,392	-	-	-	1,768,392
Exchange loss on translation of foreign operations	-	-	-	(188,316)	-	-	(188,316)
Net loss for the period	-	-	-	-	(21,100,861)	-	(21,100,861)
<b>Balance, September 30, 2022</b>	<b>102,113,319</b>	<b>82,185,705</b>	<b>13,326,534</b>	<b>1,071,630</b>	<b>(80,059,598)</b>	<b>-</b>	<b>16,524,271</b>
Balance, December 31, 2022	103,437,469	83,271,707	12,754,706	827,101	(85,898,862)	2,174,048	13,128,700
Shares issued for services	1,030,237	641,392	7,500	-	-	-	648,892
Shares issued for employee pay program	4,445,938	2,629,241	(32,353)	-	-	-	2,596,888
Treasury shares	-	(208,190)	-	-	-	-	(208,190)
Shares issued from short form prospectus	9,426,847	5,049,963	391,240	-	-	-	5,441,203
Share issuance costs	-	(853,944)	121,158	-	-	-	(732,786)
Stock-based compensation	-	-	2,777,335	-	-	783,106	3,560,441
Distribution to shareholders	-	-	(1,000,000)	-	(750,000)	1,750,000	-
Other net changes in capitalization	-	-	1,215,044	-	-	1,406,080	2,621,124
Exchange gain on translation of foreign operations	-	-	-	56,304	-	-	56,304
Net loss for the period	-	-	-	-	(15,686,120)	(2,939,174)	(18,625,294)
<b>Balance, September 30, 2023</b>	<b>118,340,491</b>	<b>90,530,169</b>	<b>16,234,630</b>	<b>883,405</b>	<b>(102,334,982)</b>	<b>3,174,060</b>	<b>8,487,282</b>

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

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

	Nine months ended September 30,	
	2023	2022
		<i>Revised</i>
	\$	\$
<b>Operating activities:</b>		
Net loss	<b>(18,625,294)</b>	(21,100,861)
Items not affecting cash:		
Amortization of intangible assets	<b>1,595,817</b>	2,076,161
Amortization of right-of-use asset	<b>55,728</b>	204,476
Depreciation	<b>64,457</b>	111,182
Expenses paid with common shares of the Company (Note 15(b))	<b>474,250</b>	1,446,852
Interest expense from lease (Note 11, 19(c))	<b>21,623</b>	22,043
Interest income from sublease (Note 11, 18)	<b>(26,774)</b>	-
Impairment of intangible assets and goodwill (Note 7)	<b>184,097</b>	2,702,313
Current income tax expense	<b>18,039</b>	-
Deferred income tax recovery	-	(387,562)
Gain on short-term investment	-	(90,744)
Gain on recognition of sublease	<b>(120,626)</b>	-
Loss on asset write-off	<b>85,679</b>	-
Loss on PET disposal (Note 7)	<b>173,534</b>	-
Stock-based compensation	<b>3,560,441</b>	1,768,392
Changes in working capital items other than cash:		
Receivables	<b>641,582</b>	438,862
Deferred asset	<b>165,650</b>	(260,639)
Contract asset	<b>114,097</b>	124,510
Prepaid expenses and deposits	<b>(96,685)</b>	277,032
Inventory	<b>45,289</b>	2,251,124
Accounts payable and accrued liabilities	<b>914,842</b>	(451,613)
Factoring liability	<b>505,847</b>	-
Deferred revenue	<b>(138,524)</b>	(137,166)
<b>Cash used in operating activities</b>	<b>(10,386,931)</b>	(11,005,638)
<b>Investing activities:</b>		
Purchase of equipment	<b>(162,813)</b>	(83,606)
Payments received from sublease	<b>16,577</b>	-
<b>Cash used in investing activities</b>	<b>(146,236)</b>	(83,606)
<b>Financing activities:</b>		
Net proceeds from private placements	<b>4,778,060</b>	8,938,406
Proceeds from employee pay program	<b>2,388,698</b>	1,488,526
Proceeds from securities issuance to non-controlling interest	<b>2,682,260</b>	-
Repayment of loan	-	(90,896)
Repayment of lease liability	<b>(157,224)</b>	(282,787)
<b>Cash provided by financing activities</b>	<b>9,691,794</b>	10,053,249
Effect of foreign exchange on cash and cash equivalents	<b>52,956</b>	(910,835)
Change in cash and cash equivalents	<b>(841,373)</b>	(1,035,995)
Cash and cash equivalents, beginning of period	<b>3,777,117</b>	7,237,296
<b>Cash and cash equivalents, end of period</b>	<b>2,988,700</b>	5,290,466
Income taxes paid	-	21,790
Lease interest expense included in repayment of lease liability	<b>21,623</b>	23,457
Interest income included in payments received from sublease	<b>4,510</b>	-
Interest income received from investment in GIC	<b>78,246</b>	73,721

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

## **1. NATURE OF OPERATIONS AND GOING CONCERN**

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.) (“NexTech” or the “Company”) is a metaverse company that provides augmented reality experience technologies, wayfinding technologies, and 3D model services. The Company was incorporated in the province of British Columbia, Canada on January 12, 2018. The Company’s registered and head office is located at PO Box 64039 RPO Royal Bank Plaza, Toronto, Ontario, M5J 2T6. The Company’s shares are traded on the Canadian Securities Exchange (the “CSE”) under the trading symbol “NTAR”, on the Frankfurt Stock Exchange under the trading symbol “EP2”, and in the United States of America on the OTCQX under the trading symbol “NEXCF”.

On June 16, 2022, the Company announced the winding down of its eCommerce businesses to focus on augmented reality solutions. On October 26, 2022, the Company completed the spinout of ARway Corporation which began trading on the CSE under the symbol “ARWY”. ARway provides no-code spatial mapping platform for the metaverse. On June 13, 2023, the Company completed its spinout of Toggle3D.ai.Inc., an AI-powered 3D design studio, which began trading on the CSE under the symbol “TGGL”.

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

### **Going concern**

These unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2023 and 2022 (“financial statements”) have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. As at September 30, 2023, the Company has working capital deficiency of \$629,423 (December 31, 2022 - working capital of \$2,573,400) and an accumulated deficit of \$102,334,982 (December 31, 2022 - \$85,898,862). For the three and nine months ended September 30, 2023, the Company incurred a net loss of \$5,462,420 and \$18,625,294 (2022 - \$4,403,764 and \$21,100,861), respectively. During the nine months ended September 30, 2023, the Company used total cash in operations of \$10,386,931 (2022 - \$11,005,638). These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern. As a result, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company’s ability to continue as a going concern is dependent upon its ability to generate positive cash flows from operations, and/or raise adequate funding through equity or debt financing to discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

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

## **2. BASIS OF PREPARATION**

### **a) Statement of compliance**

These financial statements were approved by the Board of Directors and authorized for issue on November 29, 2023.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company’s audited financial statements for the years ended December 31, 2022 and 2021 (“Annual Financial Statements”).

### **b) Basis of presentation**

The financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS, as well as information presented in the condensed interim consolidated statements of cash flows. These financial statements have been prepared on an accrual basis, except for information presented in the condensed interim consolidated statements of cash flows.

**NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)**  
**Notes to the Condensed interim Consolidated Financial Statements**  
**For the three and nine months ended September 30, 2023 and 2022**  
(Unaudited - Expressed in Canadian dollars)

**2. BASIS OF PREPARATION (continued)**

**c) Functional and presentation currency**

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

**d) Basis of consolidation**

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

A summary of the Company's subsidiaries included in these financial statements as at September 30, 2023 is as follows:

<b>Name of Subsidiary</b>	<b>Country of incorporation</b>	<b>Percentage ownership</b>	<b>Functional currency</b>	<b>Principal activity</b>
NexTech AR Solutions USA LLC	United States	100%	USD	Holding company
NexTech AR Solutions Inc. (formerly Jolokia Corporation)	United States	100%	USD	Technology services
AR Ecommerce LLC ("VCM")	United States	100%	USD	E-Commerce platforms
Threedy.ai Inc	United States	100%	USD	Technology services
ARway Ltd.	England	100%	USD	Holding company
ARway Corporation ("ARway") <sup>(1)</sup>	Canada	48%	CAD	Technology services
Toggle3D.ai Inc. ("Toggle") <sup>(1)</sup>	Canada	45%	CAD	Technology services

(1) The decision to consolidate is based on the Company's assessment that it possesses the majority of voting rights through its board composition, enabling the Company to exercise control over these subsidiaries.

**e) Reclassification and change in presentation of comparative figures**

Comparative figures for condensed interim consolidated statements of loss and comprehensive loss

During the fourth quarter of the year ended December 31, 2022, the Company discontinued its vacuumcleanermarket.com and TruLye product lines, resulting in the financial performance of VCM being reclassified to discontinued operations. As a result of this reclassification, the comparative figures in the condensed interim consolidated statements of loss and comprehensive loss, as well as certain items within the notes, have been revised to conform with current presentation.

A summary of the effects of this revision on the comparative figures of condensed interim consolidated statements of loss and comprehensive loss for the nine months ended September 30, 2022 is as follows:

<b>Description of items</b>	<b>Previously reported</b>	<b>Change</b>	<b>Currently reported</b>
Revenue	8,755,637	(6,785,254)	1,970,383
Cost of sales	(5,159,245)	4,209,012	(950,233)
Sales and marketing expense	6,022,831	(1,943,580)	4,079,251
General and administrative expense	10,903,087	(1,827,104)	9,075,983
Impairment of intangible assets and goodwill	(2,702,313)	2,702,313	-
Foreign exchange gain (loss)	965,988	(34,401)	931,587

Comparative figures for condensed interim consolidated statements of cash flows

The comparative figures in the condensed interim consolidated statements of cash flows are revised to reflect the reclassification on the condensed interim consolidated statements of loss and comprehensive loss and to conform with current presentation.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

In the preparation of these financial statements, the Company used the same accounting policies as well as accounting estimates and assumptions as in the Annual Financial Statements.

Recent accounting pronouncements issued by the International Accounting Standards Board did not have a material effect on the Company's present or future financial statements.

### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT**

In the preparation of these financial statements, the Company used the same critical accounting estimates and judgements as in the Annual Financial Statements.

### **5. SPINOUT TRANSACTIONS**

On June 16, 2022, the Company announced the discontinuation of its eCommerce segment to focus on augmented reality solutions. On October 26, 2022, the Company successfully completed the spinout of ARway Corporation, trading on the CSE under the symbol "ARWY". ARway specializes in offering a no-code spatial mapping platform for the metaverse, an immersive virtual environment.

As part of the spinout of ARway, ARway issued a total of 26,629,552 shares ("ARway shares") in exchange for cash and intangible assets. The Company transferred intangible assets with carrying value of \$448,293 to ARway in exchange for 19,999,900 ARway shares. The remaining 6,629,552 ARway shares were issued to non-controlling interest at a subscription price of \$0.25 per share for gross proceeds of \$1,657,389. The Company distributed 4,000,000 of the 19,999,900 ARway shares to its shareholders on a pro rata basis and transferred another 3,000,000 shares as compensation for past services. As these transactions are among the equity holders of ARway, there was no impact on the consolidated statements of loss and comprehensive loss for the year ended December 31, 2022. As of September 30, 2023, the Company holds 13,000,000 ARway shares, consisting of 100 shares received upon ARway's incorporation and 12,999,900 shares retained after the spinout transaction.

On June 13, 2023, the Company completed its spinout of Toggle3D.ai Inc., an AI-powered 3D design studio, which began trading on the CSE under the symbol "TGGL".

As part of the spinout of Toggle, Toggle issued a total of 28,632,473 shares ("Toggle shares"), of which 19,999,900 Toggle shares were issued to the Company in exchange for intangible assets of the Company. The remaining 8,632,573 was issued to the non-controlling interest for cash proceeds of \$2,158,356. The Company distributed 4,000,000 of the 19,999,900 Toggle shares to its shareholders on a pro rata basis, which is presented as distribution to shareholders of \$1,000,000 on condensed interim consolidated statements of changes in shareholders' equity. In addition, the Company transferred another 3,000,000 Toggle shares to its shareholders as compensation for past services at the fair value of \$750,000. This transfer resulted in an increase in non-controlling interest. As these transactions are among the equity holders of Toggle, there was no impact on the condensed interim consolidated statements of loss and comprehensive loss. As of September 30, 2023, the Company holds 13,000,000 Toggle shares, consisting of 100 shares received upon Toggle's incorporation and 12,999,900 shares retained after the spinout transaction.

### **6. CASH AND CASH EQUIVALENTS**

#### **a) Cash held in Guaranteed Investment Certificates**

As at September 30, 2023, cash and cash equivalents included \$2,100,000 held in Guaranteed Investment Certificates ("GIC") with an annual interest rate of 4.70% (December 31, 2022 - \$1,676,981 at 1.82%). During the three and nine months ended September 30, 2023, interest income from the GIC is \$19,356 and \$78,246 (2022 - \$16,194 and \$55,523), respectively, and is included in revenue.

#### **b) Cash held in relation to share-based employee pay program**

As at September 30, 2023, in connection with the share-based employee pay program (Note 15(c)), the Company had cash held in a trust account of \$34,323 (December 31, 2022 - \$4,049). The cash does not earn interest and is used to complete salaries and wages remittances.



**NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)**  
**Notes to the Condensed interim Consolidated Financial Statements**  
**For the three and nine months ended September 30, 2023 and 2022**  
(Unaudited - Expressed in Canadian dollars)

**7. DISCONTINUED OPERATIONS**

Discontinued operations are comprised of the operations of eCommerce platforms from VCM and Infinite Pet, LLC ("PET"). On March 9, 2023, the Company completed the sale of PET for a purchase price of \$206,850 (US\$150,000). The purchase consideration is to be paid to the Company each month from 50% profits generated by PET after closing of the sale until the purchase price is fully paid. The purchase consideration is presented as deferred consideration on the condensed interim consolidated statements of financial position. Prior to the sale, PET had goodwill of \$184,097. During the nine months ended September 30, 2023, the goodwill was impaired to \$nil.

A summary of the results of discontinued operations is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022 <i>Revised</i>	2023	2022 <i>Revised</i>
	\$	\$	\$	\$
Revenue	-	2,130,735	29,053	7,800,208
Cost of sales	-	(1,359,902)	(50,557)	(4,305,532)
<b>Gross margin</b>	-	770,833	(21,504)	3,494,676
<b>Operating expenses</b>				
Sales and marketing	-	325,526	12,093	2,106,267
General and administrative	224	412,592	52,037	1,849,698
<b>Operating income (loss)</b>	(224)	32,715	(85,634)	(461,289)
<b>Other income (expenses)</b>				
Foreign exchange gain (loss)	(108,227)	(165,967)	(9,432)	34,401
Impairment of goodwill	-	-	(184,097)	(2,702,313)
Loss on disposal of PET	-	-	(173,534)	-
<b>Loss before tax from discontinued operations</b>	(108,451)	(133,252)	(452,697)	(3,129,201)
Income tax expense	-	-	-	-
<b>Net loss from discontinued operations</b>	(108,451)	(133,252)	(452,697)	(3,129,201)

A summary of cash flows from discontinued operations for the nine months ended September 30, 2023 and 2022 is as follows:

	2023	2022
	\$	\$
Cash used in operating activities from discontinued operations	(22,689)	(178,526)
	(22,689)	(178,526)

A summary of the sale of PET as at March 9, 2023 is as follows:

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

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## 8. RECEIVABLES

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

	<b>September 30,</b>	December 31,
	<b>2023</b>	2022
	\$	\$
Trade receivables	<b>41,819</b>	538,863
Other receivables	-	133,718
GST receivables	<b>60,930</b>	71,750
	<b>102,749</b>	744,331

## 9. DEFERRED ASSETS

Deferred asset consists of capitalized costs that are identifiable and specifically attributable to certain revenue contracts. The capitalized expenditures are mainly comprised of labour and consulting costs. These costs are capitalized and then systematically expensed as the associated customer contracts are recognized in revenue.

## 10. EQUIPMENT

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

	<b>Computer</b>	<b>Trade show</b>	<b>Office</b>	
	<b>equipment</b>	<b>equipment</b>	<b>furniture and</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Cost</b>				
Balance, December 31, 2021	370,074	16,440	251,761	638,275
Additions	96,763	-	5,021	101,784
Assets write-off	(22,253)	-	(91,531)	(113,784)
Currency translation effects	16,680	-	35,298	51,978
Balance, December 31, 2022	461,264	16,440	200,549	678,253
Additions	156,165	-	6,648	162,813
Assets write-off	(156,352)	(16,440)	(122,908)	(295,700)
Currency translation effects	303	-	(67)	236
<b>Balance, September 30, 2023</b>	<b>461,380</b>	<b>-</b>	<b>84,222</b>	<b>545,602</b>
<b>Accumulated depreciation</b>				
Balance, December 31, 2021	120,843	12,331	127,859	261,033
Depreciation	91,057	3,288	49,222	143,567
Assets write-off	(10,899)	-	(30,942)	(41,841)
Currency translation effects	32,892	-	4,139	37,031
Balance, December 31, 2022	233,893	15,619	150,278	399,790
Depreciation	52,779	821	10,857	64,457
Assets write-off	(81,109)	(16,440)	(112,472)	(210,021)
Currency translation effects	(200)	-	(61)	(261)
<b>Balance, September 30, 2023</b>	<b>205,363</b>	<b>-</b>	<b>48,602</b>	<b>253,965</b>
<b>Carrying value</b>				
Balance, December 31, 2022	227,371	821	50,271	278,463
<b>Balance, September 30, 2023</b>	<b>256,017</b>	<b>-</b>	<b>35,620</b>	<b>291,637</b>

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**11. LEASES**

The Company entered into long-term lease agreements for warehouse space, store space, and office space with lease terms ranging from 2-8 years. The present value of future lease payments was measured using an incremental borrowing rate of 6% per annum.

In March 2023, the Company entered into a sublease agreement for a warehouse, commencing on April 1, 2023, and expiring on June 20, 2028. The Company classified this sublease as a finance lease, leading to the derecognition of the right-of-use asset with carrying value of \$778,350. Accordingly, the Company recognized a net investment in the sublease of \$898,976, calculated as the present value of future lease payments at a 6% discount rate, corresponding to the Company's incremental borrowing rate applied to the head lease. On the condensed interim consolidated statements of loss and comprehensive loss, the Company reported a gain of \$120,626 upon recognizing the sublease.

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

	\$
Balance, December 31, 2021	1,079,319
Amortization	(261,101)
Currency translation effects	11,060
Balance, December 31, 2022	829,278
Amortization	(55,728)
Derecognition	(778,350)
Currency translation effects	4,800
<b>Balance, September 30, 2023</b>	<b>-</b>

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

	\$
Balance, December 31, 2021	1,077,112
Interest expense	(28,668)
Lease payments	(360,136)
Currency translation effects	116,528
Balance, December 31, 2022	804,836
Interest expense	21,623
Lease payments	(157,224)
Currency translation effects	(4,687)
<b>Balance, September 30, 2023</b>	<b>664,548</b>
Current portion	148,037
Non-current portion	516,511

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

	\$
Less than one year	185,753
One to three years	388,390
Three to five years	358,623
Total undiscounted lease liability	932,766
Amount representing implicit interest	(268,218)
<b>Balance, September 30, 2023</b>	<b>664,548</b>

Interest expense from leases for the three and nine months ended September 30, 2023 was \$7,678 and \$21,623 (2022 - \$8,441 and \$22,043), respectively.

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**11. LEASES (continued)**

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

	\$
Balance, December 31, 2022	-
Additions	898,976
Interest income	26,774
Lease payments	(16,577)
Currency translation effects	(10,595)
<b>Balance, September 30, 2023</b>	<b>898,578</b>

The maturity analysis of the net investment in lease is as follows:

	\$
Less than one year	202,878
One to five years	816,300
Total undiscounted lease receivables	1,019,178
Amount representing implicit interest	(120,600)
<b>Balance, September 30, 2023</b>	<b>898,578</b>

Interest income from leases for the three and nine months ended September 30, 2023 was 13,406 and \$26,774 respectively, (2022 - \$nil and \$nil, respectively) and was recorded within revenue on consolidated statements of loss.

**12. INTANGIBLE ASSETS AND GOODWILL**

**a) Intangible assets**

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

	Customer relationship	Supplier relationship	Brand	Technology	Total
	\$	\$	\$	\$	\$
<b>Cost</b>					
Balance, December 31, 2021	1,432,146	313,409	1,142,281	6,510,811	9,398,647
Impairment	(241,781)	(318,551)	(1,034,622)	(708,730)	(2,303,684)
Disposals	-	-	-	(709,903)	(709,903)
Currency translation effects	90,002	5,142	14,547	394,255	503,946
Balance, December 31, 2022	1,280,367	-	122,206	5,486,433	6,889,006
Currency translation effects	(2,269)	-	5,333	(15,271)	(12,207)
<b>Balance, September 30, 2023</b>	<b>1,278,098</b>	<b>-</b>	<b>127,539</b>	<b>5,471,162</b>	<b>6,876,799</b>
<b>Accumulated amortization</b>					
Balance, December 31, 2021	489,874	94,023	775,032	1,619,784	2,978,713
Amortization	280,253	15,928	171,918	2,187,553	2,655,652
Impairment	(137,230)	(110,523)	(854,916)	(642,538)	(1,745,207)
Disposals	-	-	-	(272,119)	(272,119)
Currency translation effects	(17,268)	572	1,529	(26,607)	(41,774)
Balance, December 31, 2022	615,629	-	93,563	2,866,073	3,575,265
Amortization	198,573	-	28,959	1,368,285	1,595,817
Currency translation effects	(142)	-	(27)	17,775	17,606
<b>Balance, September 30, 2023</b>	<b>814,060</b>	<b>-</b>	<b>122,495</b>	<b>4,252,133</b>	<b>5,188,688</b>
<b>Carrying value</b>					
Balance, December 31, 2022	664,738	-	28,643	2,620,360	3,313,741
<b>Balance, September 30, 2023</b>	<b>464,038</b>	<b>-</b>	<b>5,044</b>	<b>1,219,029</b>	<b>1,688,111</b>

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**12. INTANGIBLE ASSETS AND GOODWILL (continued)**

On June 16, 2022, the Company announced it would wind down its legacy eCommerce operations which includes vacuumcleanermarket.com, trulyfesupplements.com and infinitedpetlife.com as well as the plan to sell PET. This change resulted in an impairment of \$558,477 for intangible assets attributed to eCommerce operations during the year ended December 31, 2022.

**b) Goodwill**

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

	\$
Balance, December 31, 2021	8,790,529
Impairment of goodwill	(2,619,949)
Currency translation effects	575,798
Balance, December 31, 2022	6,746,378
Impairment of goodwill	(184,097)
Currency translation effects	(2,241)
<b>Balance, September 30, 2023</b>	<b>6,560,040</b>

As at September 30, 2023, goodwill balance consists of (i) goodwill from acquisition of NexTech AR Solutions Inc. of \$2,219,098 (US\$1,641,345), (ii) goodwill from acquisition of Threedly.ai Inc of \$3,716,253 (US\$2,748,708), and (iii) goodwill from acquisition of Map Dynamics of \$624,689 (US\$462,048).

The Company estimates annually the recoverable amount of goodwill based on value-in-use method of the cash-generating units that the goodwill contributes to. The sale of legacy eCommerce operations resulted in a goodwill impairment of \$2,619,949 during the year ended December 31, 2022.

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

**13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

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

	September 30, 2023	December 31, 2022
	\$	\$
Accounts payables	2,029,646	1,218,898
Accrued liabilities	1,454,979	1,423,020
	<b>3,484,625</b>	<b>2,641,918</b>

**14. FACTORING LIABILITY**

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

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

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**14. FACTORING LIABILITY (continued)**

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

	\$
Balance, December 31, 2022 and 2021	-
Addition	2,429,789
Interest expense	262,275
Settlements	(2,192,686)
Currency translation effects	6,469
<b>Balance, September 30, 2023</b>	<b>505,847</b>

During the three and nine months ended September 30, 2023, the Company made settlements of factoring liability through the transfer of \$1,498,747 and \$2,192,686 (2022 - \$nil and \$nil), respectively, of accounts receivable. During the three and nine months ended September 30, 2023, the Company incurred interest expense of \$229,957 and \$262,275 (2022 - \$nil and \$nil), respectively, which was included in general and administrative expense (Note 19(c)).

**15. SHARE CAPITAL**

**a) Authorized**

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

**b) Share capital**

During the nine months ended September 30, 2023, the Company had the following share transactions:

- The Company issued 4,445,938 shares upon the exercise of 4,445,938 warrants related to the employee pay program (Note 15(c)). Of the shares issued, 3,642,438 shares were sold for cash proceeds of \$2,465,678. As at September 30, 2023, treasury shares consist of 803,500 shares with a reserve value of \$208,190.
- In January 2023, the Company closed a private placement in which the Company issued 3,614,457 units for gross proceeds of \$3,000,000. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$1.03 until January 31, 2025. Applying the residual method, \$2,783,133 was allocated to share capital and \$216,867 was allocated to reserves.
- In connection with the private placement in January 2023, the Company paid \$354,617 in cash for transaction fees. In addition, the Company granted 253,011 warrants to a broker. Each warrant entitles the holder to acquire one common share at an exercise price of \$0.83 until January 31, 2025. The fair value of these warrants at grant date was \$101,787.
- On July 25, 2023, the Company closed a private placement in which the Company issued 5,812,390 units for gross proceeds of \$2,441,203. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$0.52 until July 25, 2026. Applying the residual method, \$2,266,830 was allocated to share capital and \$174,373 was allocated to reserves.
- In connection with the private placement in July 2023, the Company paid cash transaction fees of \$308,526, issued 178,571 units to certain brokers and issued 467,133 warrants to brokers. The warrants issued to the brokers are exercisable at \$0.52 until July 25, 2026, and had the fair value of \$19,371 at grant date.
- On July 25, 2023, the Company issued 250,000 units to the Chief Executive Officer (the "CEO") of the Company as remuneration for past services provided by the CEO, pursuant to a contractor agreement (Note 17). Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$0.52 until July 25, 2026. Applying the residual method, \$97,500 was allocated to share capital and \$7,500 to reserves.
- The Company issued 601,666 common shares as payment for investor relations expense of \$474,250. The fair value of the common shares was determined by reference to the fair value of the services provided.

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**15. SHARE CAPITAL (continued)**

During the year ended December 31, 2022, the Company had the following share transactions:

- The Company issued in total 1,454,420 shares with a fair value of \$1,313,971 for shares for services.
- The Company issued 2,972,176 shares with a fair value of \$2,496,628 as part of the employee pay program.
- On January 25, 2022, the Company raised \$10,000,000 in total gross proceeds (\$8,936,496 net of issuance costs) and by issuing 8,130,182 common shares and warrants to purchase up to an aggregate of 8,130,182 common shares at a purchase price of \$1.23 per common share and associated warrant. Each warrant entitles the holder to purchase one common share at an exercise price of \$1.54 for a period of three years following the issuance date. In connection with the closing, 650,407 warrants with an exercise price of \$1.5375 were issued to a broker. The fair value of the broker warrants was \$21,772.

**c) Employee pay program**

On July 12, 2022, the Company introduced a CSE approved share-based employee pay program (“employee pay program”) for the purpose of maintaining a sustainable cash position by allowing the Company to pay employee salaries through the issuance and sale of the Company’s shares. Through this program, the Company is allowed to issue warrants to its employees. The warrants convert to common shares pursuant to services being completed by employees. A third-party program administrator subsequently completes the sale of the common shares as proceeds are required for the Company to facilitate cash disbursements in connection with employee salaries and wages.

The Company does not recognize the warrants issued to the employees. Recognition occurs only when the warrants are converted into shares, with the Company then recording an increase in share capital at the fair value of the shares. At the end of the reporting period, any difference between the historical value and the fair value of the remaining unsold shares is recognized as a gain or loss within reserves. These unsold shares are categorized and presented as treasury shares.

During the year ended December 31, 2022, as part of the employee pay program, the Company granted 6,814,591 warrants to its employees. As at September 30, 2023, all of these warrants have been converted into common shares and 803,500 common shares remained unsold.

On August 25, 2023, the Company granted 6,275,062 warrants to its employees. As at September 30, 2023, none of these warrants have been converted into common shares.

**d) Warrants**

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

	Number of warrants	Weighted average exercise price
	#	\$
Balance, December 31, 2021	4,411,264	4.00
Granted	15,892,597	1.23
Expired	(3,616,002)	0.84
Balance, December 31, 2022	16,687,859	1.69
Granted	16,850,624	0.65
Exercised	(4,445,938)	0.83
Expired	(1,703,856)	5.84
<b>Balance, September 30, 2023</b>	<b>27,388,689</b>	<b>1.02</b>

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**15. SHARE CAPITAL (continued)**

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

<b>Expiry date</b>	<b>Number</b>	<b>Weighted average exercise price</b>	<b>Weighted average remaining life</b>
	<b>#</b>	<b>\$</b>	<b>Years</b>
November 3, 2023 (note 25)	1,757,576	1.94	0.09
August 25, 2024	6,275,062	0.55	0.90
January 25, 2025	8,780,489	1.54	1.32
January 31, 2025	3,867,468	1.02	1.34
July 25, 2026	6,708,094	0.52	2.82
	<b>27,388,689</b>	<b>1.02</b>	<b>1.52</b>

**e) Stock options**

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

	<b>Number of stock options</b>	<b>Weighted average exercise price</b>
	<b>#</b>	<b>\$</b>
Balance, December 31, 2021	3,924,900	2.69
Granted	29,789,649	0.73
Expired	(17,761,052)	1.14
Balance, December 31, 2022	15,953,497	0.76
Granted	850,000	0.58
Forfeited	(49,000)	0.64
Expired	(1,002,345)	1.49
<b>Balance outstanding, September 30, 2023</b>	<b>15,752,152</b>	<b>0.56</b>
<b>Balance exercisable, September 30, 2023</b>	<b>1,277,600</b>	<b>0.60</b>

During the year ended December 31, 2022, the Company granted 11,956,152 options to the CEO of the Company. The options have exercise price of \$0.55 with maturity of five years. These options only become exercisable when specific market capitalization milestones are achieved. There are twelve such milestones, and upon the achievement of each milestone, 996,346 options will vest. In addition, it is a requirement that the CEO remains in the same position when each milestone is achieved for the options to vest. Due to the implied service condition associated with the options, they are considered vesting throughout the entire five-year duration of the options.

During the nine months ended September 30, 2023, the Company granted 850,000 options to its employees as share-based compensation. These options vest in five equal tranches, with the first tranche vesting six months after the grant date. The fair value of all options granted is estimated on the grant date using the Black-Scholes option pricing model. The weighted average fair value of options granted during the nine months ended September 30, 2023 was \$0.58 (2022 - \$1.06).



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**15. SHARE CAPITAL (continued)**

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

Expiry date	Number of options outstanding	Number of options exercisable	Weighted average exercise price	Weighted average remaining life
	#	#	\$	Years
December 11, 2023	2,000	2,000	6.51	0.20
November 1, 2024	25,000	15,000	1.92	1.09
May 20, 2025	100,000	40,000	0.50	1.64
June 20, 2025	2,779,000	1,111,600	0.55	1.72
November 1, 2025	65,000	13,000	1.23	2.09
February 8, 2026	400,000	80,000	0.80	2.36
March 31, 2026	80,000	16,000	0.73	2.50
June 1, 2026	20,000	-	0.65	2.67
September 12, 2026	25,000	-	0.36	2.95
September 28, 2026	300,000	-	0.26	3.00
June 20, 2027	11,956,152	-	0.55	3.72
	<b>15,752,152</b>	<b>1,277,600</b>	<b>0.56</b>	<b>3.29</b>

A summary of the Company's assumptions used in the Black-Scholes option pricing model for stock options granted during the nine months ended September 30, 2023 and 2022 is as follows:

	2023	2022
Weighted average share price	<b>0.58</b>	0.66
Weighted average risk-free rate	<b>4.16%</b>	0.65%
Weighted average life	<b>3 years</b>	3 years
Weighted average volatility	<b>102%</b>	135%
Weighted average dividend yield	<b>0%</b>	0%

Included in the stock-based compensation expense is the amount from stock options granted to the non-controlling interest of ARway and Toggle as part of their option plans. During the three and nine months ended September 30, 2023, \$1,305,299 and \$3,560,411 (2022 - \$311,301 and \$1,768,392), respectively, was recognized as stock-based compensation from vested options.

A summary of the Company's stock-based compensation expense by function is as follows:

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
	\$	\$	\$	\$
Cost of sales	<b>6,874</b>	329	<b>10,819</b>	2,885
Sales and marketing (recovery)	<b>181,587</b>	(4,889)	<b>290,010</b>	33,873
General and administrative	<b>830,546</b>	296,343	<b>2,827,197</b>	1,629,055
Research and development	<b>286,292</b>	19,518	<b>432,415</b>	102,579
	<b>1,305,299</b>	311,301	<b>3,560,441</b>	1,768,392

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**16. NON-CONTROLLING INTEREST**

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

	ARway	Toggle	Total
	\$	\$	\$
Balance, December 31, 2021	-	-	-
Distribution to shareholders	1,000,000	-	1,000,000
Shares issued for services	625,000	-	625,000
Stock-based compensation	138,983	-	138,983
Other net changes in capitalization	848,266	-	848,266
Net loss attributed to non-controlling interest	(438,201)	-	(438,201)
Balance, December 31, 2022	2,174,048	-	2,174,048
Distribution to shareholders	-	1,750,000	1,750,000
Stock-based compensation	646,637	136,468	783,105
Other net changes in capitalization	187,250	1,218,831	1,406,081
Net loss attributed to non-controlling interest	(2,238,375)	(700,799)	(2,939,174)
<b>Balance, September 30, 2023</b>	<b>769,560</b>	<b>2,404,500</b>	<b>3,174,060</b>

**17. RELATED PARTY TRANSACTIONS AND BALANCES**

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

A summary of the transactions with key management personnel is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Remuneration for services	321,480	120,198	925,421	602,084
Stock-based compensation	1,042,205	200,000	1,445,601	944,500
	<b>1,363,685</b>	320,198	<b>2,371,022</b>	1,546,584

The remuneration for services during the nine months ended on September 30, 2023 includes the compensation for the following:

- Management fees incurred to the CEO: \$711,771 (2022 - \$413,117 incurred to the President of the Company, the CEO, and the Chief Operating Officer).
- Compliance services provided by a Director of the Company: \$26,150 (2022 - \$16,003).
- Salaries of the Chief Financial Officer: \$187,500 (2022 - \$172,964).

The Company has an agreement with the CEO in which the Company will compensate the CEO for management services on monthly basis, combining cash and share issuance over a five-year term. As at September 30, 2023, accounts payable and accrued liabilities included \$804,254 owed to the CEO (December 31, 2022 - \$227,867). The amounts are non-secured, non-interest bearing, payable on demand and represent the value of shares to be issued to the CEO.

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**For the three and nine months ended September 30, 2023 and 2022**  
(Unaudited - Expressed in Canadian dollars)

**18. REVENUE FROM CONTRACTS WITH CUSTOMERS**

**a) Revenue disaggregation**

A summary of the Company's revenue disaggregation by service is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022 <i>Revised</i>	2023	2022 <i>Revised</i>
	\$	\$	\$	\$
Technology services	-	33,211	125,236	118,009
Renewable software licenses	1,145,615	858,822	3,652,548	1,796,851
Other revenue	32,762	16,194	105,020	55,523
	<b>1,178,377</b>	<b>908,227</b>	<b>3,882,804</b>	<b>1,970,383</b>

The product sales are recognized at a point in time and the technology services and renewable software licenses revenue is recognized over time.

For the nine months ended September 30, 2023, other revenue is mainly comprised of \$78,246 from interest income earned from the GIC (2022 - \$55,523) and \$26,774 interest income from sublease (2022 - \$nil).

For the three and nine months ended September 30, 2023, the renewable software licenses revenue stream has one customer who contributes 62.85% and 53.48% (2022 - nil and nil), respectively, of total revenue.

**b) Deferred revenue**

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

	\$
Balance, December 31, 2021	609,001
Revenue recognized that was included in deferred revenue	(520,772)
Amount received for revenue unearned	349,517
Balance, December 31, 2022	437,746
Revenue recognized that was included in deferred revenue	(821,278)
Amount received for revenue unearned	684,074
Currency translation effects	(1,320)
<b>Balance, September 30, 2023</b>	<b>299,222</b>

**c) Contract asset**

A summary of contract asset is as follows:

	\$
Balance, December 31, 2021	386,202
Contract asset billed over the period	(109,432)
Additions related to technology services	55,427
Balance, December 31, 2022	332,197
Contract asset billed over the period	(113,875)
Currency translation effects	(222)
<b>Balance, September 30, 2023</b>	<b>218,100</b>

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**19. EXPENSES BY NATURE**

The Company presents operating expenses by function with the exception of amortization, depreciation and foreign exchange loss. A summary of the Company's operating expenses by nature is as follows:

**a) Cost of sales**

A summary of the Company's cost of sales is as follows:

	Three months ended September 30, 2023		Nine months ended September 30, 2022	
	2023	2022 <i>Revised</i>	2023	2022 <i>Revised</i>
	\$	\$	\$	\$
Consulting fees	291,606	205,919	608,603	231,182
Employee benefits	1,475	1,647	3,196	28,093
Salaries, wages, and commissions	742,611	140,881	2,066,234	690,958
	<b>1,035,692</b>	<b>348,447</b>	<b>2,678,033</b>	<b>950,233</b>

**b) Sales and marketing**

A summary of the Company's sales and marketing expense is as follows:

	Three months ended September 30, 2023		Nine months ended September 30, 2022	
	2023	2022 <i>Revised</i>	2023	2022 <i>Revised</i>
	\$	\$	\$	\$
Advertising	81,362	163,226	453,751	661,629
Consulting fees (recovery)	75,899	(14,700)	222,208	514,992
Employee benefits	15,061	19,595	55,484	57,555
Investor relations	153,084	411,607	1,347,431	733,763
Management fees	-	-	-	289,911
Salaries, wages, and commissions	519,234	543,341	1,670,116	1,584,704
Software and other expenses	22,946	54,470	127,889	236,697
	<b>867,586</b>	<b>1,177,539</b>	<b>3,876,879</b>	<b>4,079,251</b>

**c) General and administrative**

A summary of the Company's general and administrative expense is as follows:

	Three months ended September 30, 2023		Nine months ended September 30, 2022	
	2023	2022 <i>Revised</i>	2023	2022 <i>Revised</i>
	\$	\$	\$	\$
Compliance fees	144,751	535,293	336,417	637,168
Computer, software and maintenance	187,842	210,301	647,376	848,388
Consultant fees	67,130	104,525	232,195	203,385
Employee benefits	304,267	250,262	630,937	575,221
Interest expense	237,635	8,441	283,898	22,043
Management fees	57,394	373,507	763,405	931,703
Professional fees	354,574	197,128	1,495,667	1,278,758
Salaries and wages	653,419	413,991	2,220,000	2,919,497
Office, general and other expenses (recovery)	(14,916)	19,233	766,684	1,659,820
	<b>1,992,096</b>	<b>2,112,681</b>	<b>7,376,579</b>	<b>9,075,983</b>

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**19. EXPENSES BY NATURE (continued)**

**d) Research and development**

A summary of the Company's research and development expense is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022 <i>Revised</i>	2023	2022 <i>Revised</i>
	\$	\$	\$	\$
Consulting fees	303,286	610,975	793,805	1,122,546
Employee benefits	19,072	11,165	50,956	69,675
Salaries and wages	413,256	401,961	1,169,400	1,394,938
Platform, maintenance and other expenses	328,053	133,307	806,672	477,715
	<b>1,063,667</b>	<b>1,157,408</b>	<b>2,820,833</b>	<b>3,064,874</b>

**20. SEGMENT INFORMATION**

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

During the year ended December 31, 2022, the Company decided to discontinue the eCommerce platforms, resulting in this segment being reported as discontinued operations (Note 7). As at September 30, 2023, the Company's sole continuing operation that generates revenue is technology services.

**21. SUPPLEMENTAL CASH FLOW DISCLOSURES**

A summary of the Company's supplemental cash flow disclosures for the nine months ended September 30, 2023 and 2022 is as follows:

	2023	2022 <i>Revised</i>
	\$	\$
Non-cash share issuance costs	190,801	21,772
Distribution of equity interest in Toggle to non-controlling interest	1,750,000	-
Proceeds from securities issuance to non-controlling interest:		
Proceeds from employee pay program in ARway	262,352	-
Proceeds from exercise of ARway's warrants	164,162	-
Proceeds from share issuance for Toggle spinout	2,158,356	-
Proceeds from employee pay program in Toggle	97,390	-

**22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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. 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; and
- Level 3 - Inputs that are not based on observable market data.

As at September 30, 2023, the Company's financial assets and liabilities include cash and cash equivalents, receivables, accounts payable and accrued liabilities, and factoring liability. These instruments were classified as amortized cost.

## **22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

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

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

### **a) Credit Risk**

Credit risk arises from cash as well as credit exposures to counterparties of outstanding receivables and committed transactions. There is no significant concentration of credit risk other than cash deposits, receivables, deferred assets and contract assets. The Company mitigates credit risk related to cash by placing cash with sound financial institutions. For trade receivables, the Company trades with recognized creditworthy third parties and regularly reviews the collectability of its accounts receivable.

### **b) Liquidity Risk**

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

As at September 30, 2023, the Company had cash and cash equivalents of \$2,988,700 (December 31, 2022 - \$3,777,117) and working capital deficit of \$629,423 (December 31, 2022 - working capital of \$2,573,400).

### **c) Currency Risk**

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and a portion of the Company's expenses are incurred in USD. A significant change in the currency exchange rates between the Canadian dollar relative to the USD could affect the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at September 30, 2023, the Company is exposed to currency risk through cash, receivables and accounts payable denominated in USD. A 10% change in exchange rate could increase or decrease the Company's net loss by \$80,077.

### **d) Interest Rate Risk**

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

## **23. CAPITAL MANAGEMENT**

The Company's definition of capital includes equity, comprising share capital, reserves, accumulated other comprehensive income, accumulated deficit and non-controlling interest. The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. As at September 30, 2023, the Company had shareholders' equity of \$8,487,282 (December 31, 2022 - \$13,128,700).

The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business. The Company obtains funding primarily through equity issuance. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. There were no changes to the Company's approach to capital management during the nine months ended September 30, 2023.

As at September 30, 2023, the Company was not subject to any externally imposed capital requirements.

## **24. CONTINGENCY**

During the year ended December 31, 2020, the Company has received a legal claim against the Company in respect of the acceleration term on the right to exercise certain warrants. As at September 30, 2023, the claim remains at the preliminary stage. It is premature to determine the outcome of this claim.

## **25. SUBSEQUENT EVENTS**

On November 10, 2023, the Company completed the first tranche of a private placement pursuant of which it issued of 1,667,000 units at a price of \$0.12 per unit, that raised aggregate gross proceeds of \$200,040. Each unit is comprised of one common share of the Company and one common share purchase warrant.

On November 24, 2023, the Company completed the second tranche of a private placement pursuant of which it issued of 3,631,722 units at a price of \$0.12 per unit, that raised aggregate gross proceeds of \$435,806. Each unit is comprised of one common share of the Company and one common share purchase warrant.