VSBLTY Groupe Technologies Corp.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2021 and 2020

(Expressed in United States dollars)
(Unaudited)

VSBLTY Groupe Technologies Corp.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in United States dollars)

As at	Notes		September 30, 2021		December 31, 2020
			(Unaudited)		
ASSETS					
Current assets					
Cash		$	3,884,629	$	1,917,763
Trade and other receivables	5		274,112		134,981
Prepaid expenses	6		376,930		313,315
Inventory	7		456,735		-
			4,992,406		2,366,059
Equipment, net	8		72,728		32,146
Right-of-use assets	13		141,102		178,809
Deposits	6		10,916		10,916
Long-term receivables	5		606,586		-
Loan receivable	9		616,100		-
Long term investment	10		994,718		-
Total assets		$	7,434,556	$	2,587,930
LIABILITIES AND SHAREHOLDERS' DEFICIENCY					
Current liabilities					
Accounts payable and accrued liabilities	11, 20	$	1,313,602	$	1,224,088
Deferred revenue			4,191		8,251
Current portion of lease liability	13		53,411		48,447
Convertible debentures	12		828,897		2,439,536
			2,200,101		3,720,322
Lease liability	13		114,561		155,299
Convertible debentures	12		-		1,062,193
Total liabilities			2,314,662		4,937,814
SHAREHOLDERS' EQUITY (DEFICIENCY)					
Share capital	14		29,283,441		15,703,032
Reserves	14		8,080,665		2,843,867
Obligation to issue warrants			19,127		19,127
Accumulated deficit			(31,858,420)		(20,705,606)
Accumulated other comprehensive loss			(404,919)		(210,304)
Total shareholders' equity (deficiency)			5,119,894		(2,349,884)
Total liabilities and shareholders' equity (deficiency)		$	7,434,556	$	2,587,930

Nature of operations and going concern	1
Contingency	20
Subsequent events	21

APPROVED BY THE BOARD OF DIRECTORS:

"Jay Hutton" Director *"Tom Hayden"* Director

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

VSBLTY Groupe Technologies Corp.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in United States dollars)
(Unaudited)

	Notes	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Revenue					
License fees		$ 91,900	$ 40,950	$ 163,986	$ 122,643
Professional services		24,016	7,000	60,760	21,000
Software license development		-	-	-	815,000
Hardware and other		406,767	47,551	720,703	54,261
		522,683	95,501	945,449	1,012,904
Cost of sales		(386,809)	(37,548)	(666,740)	(868,096)
Gross profit		135,874	57,953	278,709	144,808
Sales and marketing expenses	15, 16	(401,117)	(278,177)	(1,302,256)	(972,123)
General and administrative expenses	15, 16	(1,454,177)	(588,809)	(3,098,262)	(1,929,568)
Research and development expenses	15, 16	(381,475)	(219,603)	(1,182,555)	(623,682)
Share-based payments	14(c)	(1,727,721)	8,191	(5,453,995)	(104,216)
Loss on disposal of equipment		-	-	-	(28,609)
Operating loss		(3,697,407)	(1,020,445)	(10,758,359)	(3,513,390)
Finance costs	12, 13	(92,182)	(258,031)	(392,329)	(672,125)
Interest income		-	1	-	98
Foreign exchange loss		(695)	(13,358)	(2,126)	(46,182)
Net loss for the period		(3,828,616)	(1,291,833)	(11,152,814)	(4,201,599)
Foreign currency translation		(109,275)	(122,206)	(194,615)	(35,751)
Comprehensive loss for the period		$ (4,030,768)	$ (1,414,039)	$ (11,347,429)	$ (4,237,350)
Loss per share – Basic and diluted		$ (0.02)	$ (0.01)	$ (0.07)	$ (0.05)
Weighted average shares outstanding – Basic and diluted		183,468,233	99,855,861	166,746,164	81,551,693

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

VSBLTY Groupe Technologies Corp.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Expressed in United States dollars)
(Unaudited)

	Notes	Number of common shares	Share capital	Reserves	Obligation to issue warrants	Accumulated deficit	Accumulated other comprehensive (loss)	Total shareholders' deficiency
Balance, December 31, 2019		80,313,071	$ 9,948,497	$ 2,357,422	$ 19,127	$ (14,173,281)	$ (51,231)	$ (1,899,466)
Units issued for cash	14(a)	52,180,741	3,935,838	377,293	-	-	-	4,313,131
Convertible debt issuance	12	-	-	193,011	-	-	-	193,011
Convertible debt issuance costs	14(a)	107,000	17,198	(2,755)	-	-	-	14,443
Convertible debt conversion	12, 14(a)	1,210,951	210,432	24,422	-	-	-	234,854
Performance share issuance	14(d)	1,000,002	227,268	(227,268)	-	-	-	-
Share-based payments	14(c)	-	-	104,216	-	-	-	104,216
Foreign currency translation		-	-	-		-	(35,751)	(35,751)
Loss for the period		-	-	-		(4,201,599)	-	(4,201,599)
Balance, September 30, 2020		134,811,765	$ 14,339,233	$ 2,826,341	$ 19,127	$ (18,374,880)	$ (86,982)	$ (1,277,161)
Balance, December 31, 2020		143,180,368	$ 15,703,032	$ 2,843,867	$ 19,127	$ (20,705,606)	$ (210,304)	$ (2,349,884)
Shares issued for public offering	14(a)	18,400,000	6,506,140	347,560	-	-	-	6,853,700
Shares issued for private placement	14(a)	1,162,384	475,466	-		-	-	475,466
Shares issued for warrant exercises	14(b)	14,468,689	3,293,146	(222,179)				3,070,967
Shares issued for option exercises	14(c)	325,000	152,383	(87,661)	-	-	-	64,722
Convertible debt conversion	12, 14(b)	8,488,770	3,153,274	(254,918)	-	-	-	2,898,356
Share-based payments	14(c)	-	-	5,453,996	-	-	-	5,453,996
Foreign currency translation		-	-	-	-	-	(194,615)	(194,615)
Loss for the period		-	-	-	-	(11,152,814)	-	(11,152,814)
Balance, September 30, 2021		186,025,211	$ 29,283,441	$ 8,080,665	$ 19,127	$ (31,858,420)	$ (404,919)	$ 5,119,894

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

VSBLTY Groupe Technologies Corp.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in United States dollars)
(Unaudited)

	Nine months ended September 30 2021	2020
Cash flows from operating activities		
Loss for the period	$ (11,152,814)	$ (4,201,599)
Adjustments for non-cash items:		
Depreciation	54,525	46,783
Accretion expense	215,714	332,812
Share-based payments	5,453,996	104,216
Foreign exchange gain	(127,474)	(80,782)
Loss on disposal of equipment	-	28,609
Changes in non-cash working capital items:		
Trade and other receivables	(745,717)	(523,375)
Prepaid expenses and deposits	(63,615)	(921)
Accounts payable and accrued liabilities	37,366	758,723
Inventory	(456,735)	-
Deferred revenue	(4,060)	16,675
Net cash used in operating activities	(6,788,814)	(3,518,859)
Cash flows from investing activities		
Acquisition of equipment	(57,400)	(5,058)
Purchase of investment	(1,000,000)	-
Payment of loan proceeds	(616,000)	-
Net cash used in investing activities	(1,673,400)	(5,058)
Cash flows from financing activities		
Principal portion of lease payments	(35,774)	(28,205)
Proceeds from issuance of convertible debt	-	1,389,667
Convertible debt transactions costs	-	(136,637)
Proceeds from exercise of options	64,722	-
Proceeds from exercise of warrants	3,070,966	-
Proceeds from equity financing, net of share issuance costs	7,329,166	4,210,715
Repayment of promissory notes	-	(200,000)
Proceeds from issuance of promissory notes	-	503,509
Net cash provided by financing activities	10,429,081	5,739,049
Net increase in cash	1,966,866	2,215,132
Cash and cash equivalents, beginning of period	1,917,763	499,435
Cash and cash equivalents, end of period	$ 3,884,629	$ 2,714,567
Supplemental cash flow disclosures:		
Interest paid	$ 302,371	$ 278,167
Promissory notes and accrued interest settled for shares	102,416	102,416
Convertible debt converted into shares	$ 2,939,952	$ 210,432

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

VSBLTY Groupe Technologies Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on August 1, 2018. The Company's head office is located at Suite 206, 595 Howe Street, Vancouver, British Columbia, V6C 2T5 and its registered office is located at The Corporation Trust Center, 1201 Orange Street, City of Wilmington, New Castle County, DE 19801. The Company is the world leader in Proactive Digital Display™, which transforms retail and public spaces as well as place-based media networks with SaaS-based audience measurement and security software that uses artificial intelligence and machine learning. The Company's shares trade on the Canadian Securities Exchange under the symbol "VSBY", on the OTC Markets under the symbol "VSBGF" and the Frankfurt stock exchange under the symbol "5VS".

These condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and discharge of liabilities in the normal course of business. As at September 30, 2021, the Company had not yet achieved profitable operations and has an accumulated deficit of $31,858,420 since its inception. The continuing operations of the Company are dependent upon its ability to develop a viable business and to attain profitable operations and generate funds there from. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs with capital market equity financings. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

The outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. During the nine months ended September 30, 2021, the Company was affected by the adverse impact of the COVID-19. Projects the Company was actively involved in during the year were delayed or put on hold. The Company's collection of receivables was delayed relating to the effects of COVID-19 on the Company's customers.

2. BASIS OF PRESENTATION

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

2. BASIS OF PRESENTATION (continued)

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 24, 2021.

b) Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information. The condensed consolidated interim financial statements are presented in United States dollars, unless otherwise noted.

The preparation of these condensed consolidated interim financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amount of expenses during the period. Actual results could differ from these estimates.

These condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout these condensed consolidated interim financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

c) Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary, VSBLTY, Inc. All inter-company balances, transactions, income and expenses have been eliminated upon consolidation.

Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an entity, when the Company is exposed, or has rights, to variable returns from the entity and when the Company has the ability to affect those returns through its power over the entity. Subsidiaries are included in the condensed consolidated interim financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control. Where necessary, adjustments are made to the condensed consolidated interim financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with the accounting policies disclosed in Note 3 of the audited financial statements for the year ended December 31, 2020 except for the policies below. These condensed consolidated interim statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2020.

a) Investment in associates

Associates are entities over which the Company has significant influence, but not control. Significant influence is generally presumed to exist where the Company has between 20 percent and 50 percent of the voting rights, but can also arise where the Company holds less than 20 percent of the voting rights, but it has power to be actively involved and influential in policy decisions affecting the entity. The Company accounts for its investment in associates using the equity method. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's shares of profit or loss of the associate. The Company's share of income or loss of associates is recognized in the consolidated statement of income(loss) prior to the date that it became an investment entity.

Dilution gains and losses arising from changes in interests in investments in associates where significant influence is retained are recognized in the consolidated statements of income(loss).

At each reporting date, the Company determines whether there is any objective evidence that the investment in the associate is impaired or if previously recorded impairment should be reversed. If impairment is determined to exist, the amount of the impairment is recognized in the statement of income (loss). The amount of impairment is calculated as the difference between the recoverable amount of the investment in the associate and its carrying value.

If objective evidence of reversal exists, the reversal is recognized in net income in the period the reversal occurs, and is limited by the carrying value that would have been determined, from the application of equity accounting method, had no impairment charge been recognized in prior periods.

b) Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and determined that there are no standards that are relevant to the Company.

4. USE OF JUDGMENTS AND ESTIMATES

In preparing these condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the applicable of the Company's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

In preparing these condensed consolidated interim financial statements, the significant estimates and critical judgments were the same as those applied to the financial statements as at and for the year ended December 31, 2020 except for the following:

Significant Influence of Investments

Management has assessed the level of influence that the Company has on its investment in Austin GIS Inc. and determined that it does not have significant influence though its shareholding of 11.11% of fully diluted outstanding Series A Preferred shares. The Company has one common director, out of the seven total directors of Austin GIS and is not considered to have a significant impact on influence over the entity.

Impairment of long-term investments

At each reporting date, the Company determines whether there is any objective evidence that the investment is impaired or if previously recorded impairment should be reversed. This determination requires significant judgment. In making this judgment, management evaluates among other factors, any recent financings completed by the entity, and overall operations of the entity compared to internal forecasts.

If impairment is determined to exist, the amount of the impairment is recognized in the statement of income (loss). The amount of impairment is calculated as the difference between the recoverable amount of the investment in the associate and its carrying value. If objective evidence of reversal exists, the reversal is recognized in net income in the period the reversal occurs, and is limited by the carrying value that would have been determined, from the application of equity accounting method, had no impairment charge been recognized in prior periods.

(Expressed in United States dollars)

4. USE OF JUDGMENTS AND ESTIMATES (continued)

Fair value of investments measured at FVTPL

The Company's investments are recorded in the Condensed Consolidated Interim Statements of Financial Position at fair value. Management uses their judgment to select a variety of methods and make assumptions that are not always supported by quantifiable market prices or rates. Judgment is required in order to determine the appropriate valuation methodology under this standard and subsequently in determining the inputs into the valuation model used. These judgments include assessing the future earnings potential of investee companies, appropriate earnings multiples to apply, adjustments to comparable multiples, liquidity and net assets. In making estimates and judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates have been applied in a manner consistently and there are no known trends, commitments, events or uncertainties that the Company believes will materially affect the methodology or assumptions utilized in making these estimates in these Financial Statements. Accordingly, actual values realized in future market transactions may differ from the estimates presented in these Financial Statements and the differences may be material. The use of different market assumptions and/or valuation methodologies may have a material effect on the estimated fair values of various assets and liabilities. The fair values of financial instruments with quoted bid and ask prices are based on the price within the bid-ask spread that are most representative of fair value and may include closing prices in exchange markets. The fair value of the other financial instruments is determined using the valuation techniques described in Note 16.

5. ACCOUNTS AND OTHER RECIEVABLES

	September 30, 2021	December 31, 2020
Accounts receivable	$ 302,493	$ 91,128
Allowance for doubtful accounts	(67,472)	(12,675)
Sales tax and other receivables	39,091	56,528
	274,112	134,981
Long-term accounts receivable	606,586	-
	$ 880,698	$ 134,981

6. PREPAID EXPENSES

	September 30, 2021	December 31, 2020
Prepaid services and subscriptions	$ 260,262	$ 274,776
Prepaid insurance and rent	116,668	38,539
	376,930	313,315
Lease deposit	10,916	10,916
	$ 387,846	$ 324,231

7. INVENTORY

Inventory consists of finished goods of hardware kits related to the installation of software in stores.

(Expressed in United States dollars)

8. EQUIPMENT

	Computer equipment	Equipment	Total
Cost			
Balance, December 31, 2019	$ 21,177	$ 64,284	$ 85,461
Additions	13,437	1,024	14,461
Disposal	(9,997)	(32,583)	(42,580)
Balance, December 31, 2020	$ 24,617	$ 32,725	$ 57,342
Additions	46,758	10,642	57,400
Balance, September 30, 2021	$ 71,375	$ 43,367	$ 114,742
	Computer equipment	**Equipment**	**Total**
Accumulated depreciation			
Balance, December 31, 2019	$ 13,470	$ 12,541	$ 26,011
Additions	2,996	10,161	13,157
Disposal	(9,997)	(3,975)	(13,972)
Balance, December 31, 2020	6,469	18,727	25,196
Additions	8,377	8,441	16,818
Balance, September 30, 2021	$ 14,846	$ 27,168	$ 42,014
	Computer equipment	**Equipment**	**Total**
Net book value			
Balance, December 31, 2020	$ 18,148	$ 13,998	$ 32,146
Balance, September 30, 2021	$ 56,529	$ 16,199	$ 72,728

9. LOAN RECEIVABLE

On January 27, 2021, the Company entered into a loan agreement whereby the Company provided $300,000 to fund developments through the purchase of equipment and deploy the first phase of a digital store network. The loan has the following terms:

- In the event that a project is not executed within 90 days from the execution of this agreement, the funds shall be returned to the Company bearing no interest;
- In the event that a project materializes within 12 months from execution of this agreement, then the funds will be transferred to a joint venture that will involve the two entities to be registered at a later date.

For the nine month period ending September 30, 2021, the Company loaned $316,100 in additional funds under the same terms above.

On July 9, 2021, the Company formed a joint venture and the balance of the loan receivable will be repaid from the joint venture (Note 10 (b)).

(Expressed in United States dollars)

10. LONG-TERM INVESTMENTS

a) On September 8, 2021, the Company acquired 12.33% or 1,000,000 shares of Series A Preferred Stock of Austin GIS Inc. ("Austin GIS"), a privately held American corporation, at $1.00 per share for a total investment of $1,000,000. Management has determined that the Company does not have significant influence over the investment in Austin GIS, and the investment has been accounted for as a financial instrument.

b) On July 9, 2021, the Company entered into an agreement with Retailigent Media, and Grupo Modelo to create a joint venture as a 33% participant ("Joint Venture"). As a participant, the Company will supply proprietary software for analytics, security and visual displays and will earn 33% of all profits. The Company will also earn Software as a Service revenue directly from the Joint Venture. As of September 30, 2021, the Company had $616,100 in a loan receivable outstanding from Retailigent, the loan is expected to be paid back from the proceeds of the Joint Venture.

   As at September 30, 2021, the Company has a 33% equity interest in the Joint Venture. Management has determined that the Company has significant influence over the Joint Venture and accordingly is using the equity method to account for this investment.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		September 30, 2021		December 31, 2020
Accounts payable	$	1,062,227	$	814,877
Accrued liabilities		183,992		187,894
Accrued interest		67,383		221,317
	$	1,313,602	$	1,224,088

12. CONVERTIBLE DEBENTURES

A continuity of the Company's convertible debt is as follows:

		2020 Debentures		2019 Debentures		Total
Balance, December 31, 2019	$	-	$	2,357,980	$	2,357,980
Issued during the year		1,389,667		-		1,389,667
Conversion feature		(193,011)		-		(193,011)
Transaction costs		(141,276)		-		(141,276)
Accretion		122,696		339,648		462,344
Foreign exchange loss		58,233		55,434		113,667
Converted to common shares		(174,116)		(313,526)		(487,642)
Balance, December 31, 2020	**$**	**1,062,193**		**2,439,536**	**$**	**3,501,729**
Accretion		24,075		191,639		215,714
Foreign exchange loss		14,031		37,375		51,406
Converted to common shares		(747,398)		(2,192,554)		(2,939,952)
Balance, September 30, 2021	**$**	**352,901**	**$**	**475,996**	**$**	**828,897**

(Expressed in United States dollars)

12. CONVERTIBLE DEBENTURES (continued)

During the nine months ended September 30, 2021, the Company recorded $162,232 (2020: $282,947) in interest expense included in finance costs. As at September 30, 2021, there was accrued interest of $19,302 (2020: $135,175) included in accounts payable and accrued liabilities.

During the nine months ended September 30, 2021, $885,171 (CAD$1,107,540) of 2020 Debentures were converted in 3,715,831 common shares and 3,715,831 warrants. The fair value of the warrants was determined to be $nil. Upon conversion, the carrying value of debt which is $747,398 and equity conversion feature of $106,051 were transferred to share capital and warrant reserves with no gain or loss recorded.

During the nine months ended September 30, 2021, $2,276,573 (CAD$2,848,483) of 2019 Debentures were converted in 4,772,939 common shares and 2,386,469 warrants of the Company. The fair value of the warrants was determined to be $104,063. Upon conversion, the carrying value of debt $2,192,554 and equity conversion feature of $277,475 were transferred to share capital and warrant reserves with no gain or loss recorded.

During the nine months ended September 30, 2021, $351,411 (CAD$439,690) of 2019 Debentures matured unconverted and are payable on demand.

The following is a schedule of future minimum repayments of convertible debentures as of September 30, 2021:

2021	$	476,648
2022		364,106
	$	**840,754**

13. LEASES

The Company leases certain assets under lease agreements. The lease liability consists of a single lease for office space. The leases have an imputed interest rate of 10% per annum and expire in 2024.

Right-of-use assets		
At December 31, 2019	$	229,085
Depreciation expense		(50,276)
At December 31, 2020		178,809
Depreciation expense		(37,707)
At September 30, 2021	$	141,102

The Company's lease liability related to office leases is as follows:

Lease liability		**September 30, 2021**		**December 31, 2020**
Current portion	$	53,411	$	48,447
Long-term portion		114,561		155,299
Total lease liability	$	167,972	$	203,746

(Expressed in United States dollars)

13. LEASES (continued)

At September 30, 2021, the Company is committed to minimum lease payments as follows:

Maturity analysis	September 30, 2021	September 30, 2020
Less than one year	$ 67,814	$ 66,262
One to five years	126,084	193,898
Total undiscounted lease liabilities	$ 193,898	$ 260,160

Amounts recognized in profit or loss	September 30, 2021	September 30, 2020
Interest on lease liabilities	$ 14,104	$ 17,393

Amounts recognized in the statement of cash flows	September 30, 2021	September 30, 2020
Interest paid	$ 14,104	$ 17,393
Principal payments on lease liabilities	35,774	28,206
Total cash outflows for leases	$ 49,878	$ 45,599

14. SHAREHOLDERS' EQUITY

a) Share capital

Authorized share capital of the Company consists of an unlimited number of common shares with no par value.

During the nine months ended September 30, 2021, the Company issued an aggregate of:

- 18,400,000 units at $0.50 CAD per unit for gross proceeds of $7,436,250 (CAD$9,200,000) pursuant to a public offering. Each unit consists of one Common Share and one-half of one share purchase warrant. Each warrant entitles the holder to purchase one Common Share at a price of $0.65 CAD for a period of 60 months from the closing date. Cash finder's fee of $582,549 (CAD$720,720) was paid and 1,288,000 agent warrants were issued. Each agent warrant entitles the holder to purchase one Common Share at a price of $0.50 CAD for a period of 60 months from the closing date.
- 1,162,384 units at $0.50 per unit for gross proceeds of $469,771 (CAD$581,192) pursuant to a concurrent private placement to the public offering. Each unit consists of one Common Share and one-half of one share purchase warrant. Each warrant entitles the holder to purchase one Common Share at a price of $0.65 CAD for a period of 60 months from the closing date.
- 8,488,770 common shares on conversion of the Company's Debentures (see note 10);
- 14,468,689 common shares for the exercise of warrants for proceeds of $3,070,966 (CAD $3,839,572), as a result $218,129 has been reclassed from reserves; and
- 325,000 common shares for the exercise of options for proceeds of $64,722 (CAD$81,250), as a result $87,661 has been reclassed from reserves.

14. SHAREHOLDERS' EQUITY (continued)

During the nine months ended September 30, 2020, the Company issued an aggregate of:

- 42,619,345 units in a short-term prospectus filing for gross proceeds of $3,896,776 (CAD$5,114,321). Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into one common share at CAD$0.17 per share for a period of 24 months. The warrants were allocated a fair value of $183,247 (CAD$240,892) using the residual method. In connection with the issuance the Company:
  - Issued 2,983,354 broker warrants, valued at $157,544 (CAD$206,747) based on their grant date fair value determined using Black-Scholes Option Pricing Model with the following weighted average assumptions: expected dividend yield - 0%, expected volatility - 100%, risk-free interest rate – 0.32% and an expected life - 3 years. Each broker warrant issued entitles the holder to purchase one share at a price of CAD$0.12 per share for a period of 24 months from the closing date; and
  - Incurred $454,473 (CAD$596,447) in directly attributable cash transaction costs for consulting fees, agent commissions, legal fees and out-of-pocket expenses.
- 9,561,396 units in a non-brokered private placement for gross proceeds of $876,059 (CAD$1,147,368). Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into one common share at CAD$0.17 per share for a period of 24 months. The warrants were allocated a fair value of $36,502 (CAD$47,897) using the residual method. In connection with the issuance the Company incurred $5,231 (CAD$6,851) in legal fees and out-of-pocket expenses;
- 1,210,951 common shares on conversion of the Company's Debentures (see note 10);
- 107,000 common shares granted to brokers as transaction costs for the Company's debentures at fair value of $17,198 (see note 10); and
- 1,000,002 common shares upon the completion of certain bonus related to the issuance of performance shares.

b) Warrants

On March 15, 2021, the Company entered into a letter of intent with Mexico's Grupo Modelo ("Modelo") and Retailigent Media formalizing an agreement (the "Agreement") to enter into a joint venture by the end of June 2021 to install and manage an international in-store media network of up to 50,000 Modelorama stores and independent neighborhood bodegas in Mexico and across Latin America by the end of 2024. In connection with the Agreement, the Company issued 15,500,000 warrants. Each warrant is exercisable for one common share at $0.63 (CAD 0.84) per share for a period of five years subject to the following vesting conditions:

- 15% vested immediately upon execution (vested);
- 15% vest upon the execution of a definitive agreement for the formation of a joint venture (vested);
- 20% vest upon the joint venture installed and operating in at least 1,500 locations;
- 20% vest upon the joint venture installed and operating in at least 5,000 locations;
- 15% will vest upon the joint venture installed and operating in at least 20,000 locations; and
- 15% will vest upon the joint venture installed and operating in at least 30,000 locations.

(Expressed in United States dollars)

14. SHAREHOLDERS' EQUITY (continued)

The vesting conditions are not related to the market price of the equity instruments of the Company and, as a result, they are non-market performance conditions. At September 30, 2021, management estimated when certain conditions will be met. These warrants had a fair value of $0.57 per warrant using the Black Scholes model with the following inputs: i) exercise price: $0.84; ii) share price: $0.78; iii) term: 5.00 years; iv) volatility: 100%; v) discount rate: 0.74%. As a result, $4,096,272 (CAD$5,139,849) has been recorded to share-based payments expense during the nine month period ending September 30, 2021. As of September 30, 2021, 4,650,000 of the warrants had vested and 10,850,000 remained unvested.

Continuity of the Company's Canadian dollar denominated warrants is as follows:

	Number of warrants		Weighted average exercise price ($CAD)		Weighted average exercise price ($USD)
Outstanding, December 31, 2019	8,405,425	$	0.43	$	0.33
Granted	57,169,777		0.18		0.14
Exercised	(7,147,179)		0.16		0.13
Expired	(6,407,088)		0.40		0.31
Outstanding, December 31, 2020	52,020,940		0.20		0.16
Granted	32,653,008		0.72		0.57
Exercised	(14,468,689)		0.27		0.21
Expired	(1,321,336)		0.59		0.47
Outstanding, September 30, 2021	**68,883,923**	**$**	**0.42**	**$**	**0.33**

As at September 30, 2021, the following warrants were outstanding and exercisable:

Number of warrants outstanding		Exercise price ($CAD)	Exercise price ($USD)	Expiry date	Number of warrants exercisable
184,259		0.60	0.48	October 22, 2021	184,259
134,000		0.30	0.24	February 26, 2022	134,000
3,920,540		0.60	0.48	February 26, 2022	3,920,540
53,333		0.30	0.24	April 9, 2022	53,333
641,663		0.60	0.48	April 9, 2022	641,663
4,350		0.35	0.28	October 22, 2022	4,350
1,541,669		0.12	0.10	August 28, 2023	1,541,669
30,232,360		0.17	0.14	August 28, 2023	30,232,360
43,512		0.12	0.10	September 22, 2023	43,512
5,559,045		0.17	0.14	September 22, 2023	5,559,045
9,781,192		0.65	0.52	June 29, 2024	9,781,192
1,288,000		0.50	0.40	June 29, 2024	1,288,000
15,500,000		0.84	0.68	March 18, 2026	4,650,000
68,883,923	**$**	**0.42**	**0.33**		**58,033,923**

As at September 30, 2021, the weighted average remaining contractual life of outstanding warrants is 2.52 years.

(Expressed in United States dollars)

14. SHAREHOLDERS' EQUITY (continued)

c) Options

The Company has adopted an incentive stock option plan (the "Plan") under which the aggregate number of securities reserved for issuance will be 10% of the number of common shares of the Company issued and outstanding. The Plan is administered by the Board of Directors (the "Board"), which has full and final authority with respect to the granting of all options thereunder. Options may be granted under the Plan to such service providers of the Company and its affiliates, if any, as the Board may from time to time designate. The exercise prices will be determined by the Board, but will, in no event, be less than the closing market price of Common Shares on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options. All options granted under the Plan will expire not later than the date that is ten years from the date that such options are granted or sooner. Options granted under the Plan are not transferable or assignable other than by testamentary instrument or pursuant to the laws of succession.

Continuity of the Company's stock options is as follows:

	Number of options	Weighted average exercise price ($CAD)	Weighted average exercise price ($USD)
Outstanding, December 31, 2019	6,055,000	$ 0.31	$ 0.24
Granted	4,100,000	0.18	0.14
Expired	(200,000)	0.60	0.47
Forfeited	(775,000)	0.32	0.25
Outstanding, December 31, 2020	9,180,000	$ 0.25	$ 0.20
Granted	3,775,000	0.53	0.41
Exercised	(325,000)	0.25	0.20
Forfeited	(450,000)	0.30	0.24
Outstanding, September 30, 2021	**12,180,000**	**$ 0.33**	**$ 0.26**
Exercisable, September 30, 2021	**10,484,167**	**$ 0.33**	**$ 0.26**

(Expressed in United States dollars)

14. SHAREHOLDERS' EQUITY (continued)

As at September 30, 2021, the following stock options were outstanding and exercisable:

Number of options outstanding	Exercise price ($CAD)	Exercise price ($USD)	Expiry date	Number of options exercisable
4,130,000	$ 0.30	$ 0.24	February 15, 2023	4,130,000
75,000	0.41	0.33	August 8, 2022	75,000
125,000	0.30	0.24	November 2, 2021	125,000
50,000	0.30	0.24	November 7, 2021	50,000
50,000	0.30	0.24	December 15, 2024	50,000
250,000	0.30	0.24	January 12, 2025	250,000
2,725,000	0.17	0.14	October 6, 2025	2,075,000
700,000	0.17	0.14	October 9, 2025	612,500
300,000	0.25	0.20	November 24, 2025	225,000
150,000	0.73	0.59	March 8, 2026	75,000
3,175,000	0.51	0.40	August 10, 2026	2,500,000
200,000	0.60	0.47	August 20, 2026	66,667
250,000	0.57	0.45	August 23, 2026	250,000
12,180,000	**$ 0.33**	**$ 0.26**		**10,484,167**

As at September 30, 2021, the weighted average remaining contractual life of outstanding options is 3.29 years.

During the nine months ended September 30, 2021, the Company granted 3,775,000 options with a fair value of $1,935,189. Share-based payments relating to options vesting during the year using the Black- Scholes option pricing model was $1,530,071.

Employee options were measured at fair value on the grant date and recognized over the vesting period from the date of grant. Nonemployee options were measured indirectly with reference to the fair value of the equity instruments granted as the fair value of goods and services received cannot be measured reliably. Nonemployee options are measured at the end of each reporting period over the term that goods and services are received.

The fair value of stock options granted during the nine months ended September 30, 2021 and the year ended December 31, 2020 was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	September 30, 2021	December 31, 2020
Risk-free interest rate	0.74 – 0.90%	0.31 – 1.62%
Expected volatility	100%	100%
Dividend yield	0%	0%
Expected life	5.00 years	5.00 years

(Expressed in United States dollars)

14. SHAREHOLDERS' EQUITY (continued)

c) Restricted Share Units ("RSU")

During the nine months ended September 30, 2021, the Company granted 233,500 RSUs with a fair value of $122,107. Share-based payments relating to options vesting during the year using the Black- Scholes option pricing model was $39,417. Of the total 233,500 RSUs, 133,500 vest 50% on December 31, 2021 and 50% on December 31, 2022 and 100,000 RSUs vest 33% on August 23, 2022, 33% on August 23, 2023 and 33% on August 23, 2024.

The fair value of stock options granted during the nine months ended September 30, 2021 and the year ended December 31, 2020 was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	September 30, 2021
Risk-free interest rate	0.23%-0.57%
Expected volatility	100%
Dividend yield	0%
Expected life	3.00-3.30 years

15. EXPENSES BY NATURE

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Marketing expenses	$ 307,280	$ 193,096	$ 1,100,677	$ 639,305
Meals and entertainment	5,426	706	7,752	16,115
Tradeshow expenses	33,411	-	34,244	44,091
Salaries and wages	55,000	84,375	159,583	272,612
Total sales and marketing expense	$ 401,117	$ 278,177	$ 1,302,256	$ 972,123
General and administrative expenses	$ 190,717	$ 104,014	$ 474,848	$ 278,543
Professional fees	86,517	45,785	248,230	174,163
Consulting fees	439,405	180,852	845,693	554,287
Management fees	244,160	134,737	591,264	431,871
Rent	3,006	(3,117)	9,178	7,159
Salaries and wages	218,479	82,437	534,414	277,407
Travel	34,666	1,661	49,274	50,940
Depreciation (note 5)	7,379	3,701	16,818	9,076
Lease-related depreciation (note 11)	12,569	12,569	37,707	37,707
Utilities	12,743	10,562	33,030	35,318
Bad debt expenses	51,360	-	54,797	-
Investor relations	-	248	-	32,061
Penalties and fees	(4)	-	961	-
Transfer agent and filing fees	153,180	15,360	202,048	41,036
Total general and administrative expense	$ 1,454,177	$ 588,809	$ 3,098,262	$ 1,929,568

(Expressed in United States dollars)

15. EXPENSES BY NATURE (continued)

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Research and development contract labour expense	$ 200,108	$ 147,522	$ 674,440	$ 484,370
Consulting fees	68,867	-	237,407	-
Salaries and wages	112,500	72,081	270,708	139,312
Total research and development expenses	$ 381,475	$ 219,603	$ 1,182,555	$ 623,682

16. RELATED PARTY TRANSACTIONS

Key management compensation

During the nine months ended September 30, 2021, remuneration of the Company's key management personnel consisted of management fees of $706,500 (2020 - $300,667) and share-based payments of $899,742 (2020 - $24,756). Management fees are included in general and administrative expenses and sales and marketing expense.

Other related party transactions

During the nine months ended September 30, 2021 and 2020, other related party transactions consisted of the following:

	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Creative services paid to a related entity controlled by an officer, included in cost of sales	$ 12,675	$ -
Marketing expenses paid to a related entity, included in sales and marketing expenses	$ 322,519	$ 235,474
Accounting and administrative fees paid to related entities, included in general and administrative expenses	$ 1,425	$ 40,804
Contract project development labour paid to a related entity, included in research and development expenses	$ 185,000	$ 15,000
Contract project development labour paid to a related entity, cost of sales	$ -	$ 809,999
Interest expense for notes payable to related parties, excluding discount accretion	$ 12,711	$ 26,462

Related party balances

At September 30, 2021, $602,693 (December 31, 2020 - $353,740) was due to related parties and is included in accounts payable and accrued liabilities. The amounts were non-interest bearing and due on demand.

At September 30, 2021, $Nil (December 31, 2020 - $276,622) in convertible debentures were due to related parties, excluding discounts.

17. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue its operations and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Company considers its capital for this purpose to be its equity, promissory notes and convertible debt.

The Company's primary source of capital is through the issuance of common shares. The Company manages and adjusts its capital structure when changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding. The Company may require additional capital resources to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required in the long term but recognizes there will be risks involved that may be beyond its control. There are no external restrictions on the management of capital.

18. FINANCIAL RISK MANAGEMENT

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

Foreign exchange risk
Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. Foreign exchange risks are closely monitored, and attempts are made to match foreign cash inflows and outflows. As at September 30, 2021, the Company is primarily exposed to foreign exchange risk through its cash and cash equivalents denominated in Canadian dollars. The Company mitigates foreign exchange risk by monitoring foreign exchange rate trends and evaluating reinvestment opportunities when possible. The Company does not currently hedge its foreign exchange risk. Based on current exposures as at September 30, 2021 and assuming that all other variables remain constant, a 10% appreciation or depreciation of the Canadian dollar against the United States dollar would result in a gain or loss of approximately $347,000 in the Company's condensed consolidated statements of loss and comprehensive loss.

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and trade and other receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. The Company mitigates credit risk by evaluating the creditworthiness of customers prior to conducting business with them and monitoring its exposure for credit losses with existing customers. Trade and other receivables also include refundable goods and services tax which bears minimal credit risk as it is receivable from the Canadian government. The Company has determined that no allowance is required as all amounts outstanding are considered collectible. During the nine months ended September 30, 2021, the Company incurred $54,797 in bad debt expense (2020 - $Nil).

(Expressed in United States dollars)

18. FINANCIAL RISK MANAGEMENT (continued)

The following table provides disclosures about credit risk exposure and expected credit losses on individual trade and other receivables as at September 30, 2021.

	Gross carrying amount	Weightedaverage loss rate	Loss allowance	Impaired
Current	$ 263,598	0.3%	$ (791)	No
31-60 days	10,152	1.6%	(162)	No
61-90 days	79,200	3.6%	(2,851)	No
More than 90 days	556,838	11.43%	(63,668)	No
Total	$ 909,788		$ (67,472)	

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at September 30, 2021, the Company is not exposed to significant interest rate risk.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Company addresses its liquidity through equity financing obtained through the issuance of equity and common shares. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

19. BASIS OF FAIR VALUE

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable marker data (unobservable inputs).

The Company's financial instruments consist of cash, trade and other receivables, accounts payable, lease liabilities, convertible debentures, long-term investments and notes payable. With the exception of convertible debentures and notes payable, the carrying value of the Company's financial instruments approximate their fair values due to their short-term maturities. The fair value of convertible debentures and notes payable approximate their carrying value, excluding discounts, due to minimal changes in interest rates and the Company's credit risk since issuance of the instruments.

20. CONTINGENCY

In the ordinary course of business, the Company and its subsidiary may become involved in various legal and regulatory actions. The Company establishes legal provisions when it becomes probable that the Company will incur a loss and the amount can be reliably estimated.

During the year ended December 31, 2020, a demand letter was received by the Company from Interknowlogy, LLC ("Interknowlogy"), a related company, pertaining to outstanding payment and corresponding late charges. The Company had contested the work performed by Interknowlogy and is in the midst of negotiating with Interknowlogy on the payable. As at September 30, 2021, included in accounts payable is a liability of $587,758 (including $150,186 late payment interest charges), based on the statement of work.

21. SUBSEQUENT EVENTS

a) Subsequent to September 30, 2021, the Company issued 8,790,862 common shares related to the exercise of warrants for proceeds of $2,856,049 (CAD $3,630,518).

b) Subsequent to September 30, 2021, the Company issued 725,000 common shares related to the exercise of options for proceeds of $109,742 (CAD $139,500).

c) Subsequent to September 30, 2021, $130,903 (CAD$166,400) in principal of Debentures were converted into 277,331 common shares and 138,665 warrants of the Company.

d) Subsequent to September 30, 2021, 50,000 stock options expired unexercised.