VSBLTY

VSBLTY GROUPE TECHNOLOGIES CORP.

ANNUAL INFORMATION FORM

For the Financial Year Ended December 31, 2022

Dated: July 6, 2023

Suite 206, 595 Howe Street
Vancouver, British Columbia
V6C 2T5

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INTRODUCTORY NOTES

Date of Information

All information contained in this Annual Information Form ("**AIF**") is current as of December 31, 2022 with subsequent events disclosed to July 6, 2023.

Meaning of Certain References

In this AIF, unless the context otherwise dictates, references to the "Company", "VSBLTY", "we" and "our" refer to VSBLTY Groupe Technologies Corp.

Currency and Exchange Rates

In this AIF, references to "$", "dollars" or "Canadian dollars" are to Canadian dollars and references to "US$" are to United States dollars.

Financial Information

This AIF should be read in conjunction with the Company's audited annual financial statements and accompanying notes for the year ended December 31, 2022, and the related management's discussion and analysis thereon, which are available under the Company's issuer profile on SEDAR at www.sedar.com. The Company presents its financial statements and management's discussion and analysis in accordance with International Financial Reporting Standards (IFRS).

Forward-Looking Information and Financial Outlook

This AIF contains certain statements, which may constitute "forward-looking information" within the meaning of Canadian securities law requirements ("**forward-looking statements**"). These forward-looking statements are made as of the date of this AIF and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "pipeline", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Certain forward-looking statements in this AIF include, but are not limited to the following:

- the Company's expectations regarding its revenue, operating losses, expenses and research and development operations;
- the Company's anticipated cash needs and its needs for additional financing;
- the Company's intention to grow its business and operations;
- the Company's plans to grow sales and offer new products;
- expectations with respect to future production costs and capacity;

- expectations regarding the Company's growth rates and growth plans and strategies;
- the Company's competitive position and the regulatory environment in which the Company operates;
- the Company's plans with respect to the payment of dividends;
- the ability of the Company's products to access markets;
- the Company's ability to expand into international markets;
- the Company's relationship with its distribution partners;
- conditions in the financial markets generally, and with respect to the prospects for small capitalization commercial/technologies companies specifically;
- the expected demand for the Company's services;
- the Company's future cash requirements;
- the timing, pricing, completion, and regulatory approval of proposed financings;
- the Company's expectations as to the effect of the COVID-19 pandemic on its business and operations;
- the Company's expectations with respect to the overall value and revenue created by the Joint Venture (as defined herein) and the Company's agreement with Wireless Guardian (as defined herein);
- the Company's expectations with respect to the growth and expansion of Winkel Media (as defined herein) and the JV Media Network (as defined herein);
- the Company's expectations with respect to the growth and expansion of its SaaS (as defined herein) and SaaM (as defined herein) networks and deployments; and
- the Company's expectation that the annual gross revenue of the SaaM network to the Company may be greater than $30M once the 2,800 store network is fully deployed.

The above and other aspects of the Company's anticipated future operations are forward-looking in nature and, as a result, are subject to certain risks and uncertainties. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them as actual results may differ materially from the forward-looking statements. Such forward-looking statements are estimates reflecting the Company's best judgment based upon current information and involve a number of risks and uncertainties, and there can be no assurance that other factors will not affect the accuracy of such forward-looking statements. Such factors include but are not limited to:

- the Company's ability to obtain the necessary financing and the general impact of financial market conditions;
- the demand for the Company's services;
- the Company's ability to attract new customers;
- reliance on strategic partnerships;
- the success of the Company's current and future development efforts;

- the Company is a development stage company with little operating history, a history of losses and the Company cannot assure profitability;
- the Company is subject to changes in Canadian laws regulations and guidelines which could adversely affect the Company's future business and financial performance;
- the Company may not be able to effectively manage its growth and operations, which could materially and adversely affect its business;
- the Company may be unable to obtain additional financing on acceptable terms or not at all;
- the effectiveness Company's technology and the Company's ability to bring its technology into commercial production cannot be assured;
- the Company may become subject to litigation, including for possible product liability claims, which may have a material adverse effect on the Company's reputation, business, results from operations and financial condition;
- the Company faces competition from other companies where it will conduct business and those companies may have a higher capitalization, more experienced management or may be more mature as a business;
- the Company is reliant on management and if the Company is unable to attract and retain key personnel, it may not be able to compete effectively;
- the Company's industry is experiencing rapid growth and consolidation that may cause the Company to lose key relationships and intensify competition;
- the Company expects to sell additional equity securities or secure debt facilities to fund operations, for capital expansion, and for mergers and acquisitions, which would have the effect of diluting the ownership positions of the Company's current shareholders;
- the Company's officers and directors may be engaged in a range of business activities resulting in conflicts of interest;
- regulatory scrutiny of the Company's industry may negatively impact its ability to raise additional capital;
- COVID-19 and its potential effects on the Company's third-party suppliers, service providers and distributors; and
- other risks as set out under "Risk Factors" below.

This AIF contains future-oriented financial information and financial outlook information (collectively, "**FOFI**") regarding the Company's prospective revenue, operating losses, expenses and research and development operations, which are subject to the same assumptions, risk factors, limitations and qualifications as set forth above. FOFI contained in this AIF was prepared using the same accounting principles that the Company expects to use in preparing its financial statements for the applicable periods covered by such FOFI. FOFI was made as of the date of this AIF and was provided for the purpose of describing anticipated sources, amounts and timing of revenue generation, and are not an estimate of profitability or any other measure of financial performance. In particular, revenue estimates do not take into account the cost of such estimated revenue, including the cost of goods and the cost of sales. VSBLTY disclaims any intention or obligation to update or revise any FOFI contained in this AIF, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. FOFI contained in this AIF should not be used for purposes other than for which it is disclosed herein. See "Risk Factors".

An investor should read this AIF with the understanding that the Company's actual future results may be materially different from what is expected.

Use of Market and Industry Data

This AIF includes market and industry data that has been obtained from third party sources, including industry publications, as well as industry data prepared by the Company's management on the bases of its knowledge of and experience in the industry in which the Company operates (including management's estimates and assumptions relating to the industry based on that knowledge). Management's knowledge of the industry has been developed through its experience and lengthy participation in the industry. Management believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the Company's management believes it to be reliable, it has not independently verified any of the data from third party sources referred to in this AIF or ascertained the underlying economic assumptions relied upon by such sources.

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this AIF:

"**2020 Concurrent Private Placement**" has the meaning set forth under the heading "General Development of the Business";

"**2020 Offering**" has the meaning set forth under the heading "General Development of the Business";

"**2020 Over-Allotment Option**" has the meaning set forth under the heading "General Development of the Business";

"**2021 Concurrent Private Placement**" has the meaning set forth under the heading "General Development of the Business";

"**2021 Offering**" has the meaning set forth under the heading "General Development of the Business";

"**2022 Annual Filings**" has the meaning set forth under the heading "General Development of the Business";

"**2022 Offering**" has the meaning set forth under the heading "General Development of the Business";

"**2022 Private Placement**" has the meaning set forth under the heading "General Development of the Business";

"**Acquisition**" has the meaning set forth under the heading "Corporate Structure – Name, Address and Incorporation";

"**AIF**" has the meaning set forth under the heading "Introductory Notes";

"**Audit Committee**" means a committee established by and among the Board for the purpose of assisting the Board in fulfilling its financial oversight responsibilities;

"**Audit Committee Charter**" has the meaning set forth under the heading "Audit Committee – Audit Committee Charter";

"**Auditor**" has the meaning set forth under the heading "Interests of Experts – Names of Experts";

"**AustinGIS**" has the meaning set forth under the heading "General Development of the Business";

"**BCBCA**" means the *Business Corporations Act* (British Columbia);

"**BCSC**" means the British Columbia Securities Commission;

"**Binding Agreement**" has the meaning set forth under the heading "Description of Business";

"**Board**" or "**Board of Directors**" means the board of directors of the Company;

"**BPIH**" has the meaning set forth under the heading "General Development of the Business";

"**CEO**" means Chief Executive Officer;

"**CFO**" means Chief Financial Officer;

"**CCO**" means Chief Compliance Officer;

"**CMS**" " has the meaning set forth under the heading "Description of Business";

"**company**" means unless specifically indicated otherwise, a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

"**Common Shares**" means common shares in the capital of the Company;

"**Company**" or "**VSBLTY**" means VSBLTY Groupe Technologies Corp., a company organized under the laws of British Columbia;

"**CTO**" means Chief Technology Officer;

"**Delaware General Corporation Law**" means the Delaware General Corporation Law (Title 8, Chapter 1);

"**DOOH**" " has the meaning set forth under the heading "Description of Business";

"**Eligible Persons**" has the meaning set forth under the heading "Description of Capital Structure – Restricted Share Units";

"**Energetika**" has the meaning set forth under the heading "Description of Business";

"**EV**" has the meaning set forth under the heading "Description of Business";

"**Exchange**" or the "**CSE**" means the Canadian Securities Exchange;

"**IFRS**" means the International Financial Reporting Standards as issued by the International Accounting Standards Board from time to time that are applicable to public issuers in Canada;

"**Imbera**" has the meaning set forth under the heading "General Development of the Business";

"**JCI**" has the meaning set forth under the heading "General Development of the Business";

"**Joint Venture**" has the meaning set forth under the heading "Description of Business";

"**JV Media Network**" has the meaning set forth under the heading "Description of Business";

"**Lenovo**" has the meaning set forth under the heading "General Development of the Business";

"**Materials**" has the meaning set forth under the heading "Directors and Officers – Cease Trade Orders, Bankruptcies, Penalties or Sanctions";

"**MD&A**" means Management Discussion and Analysis;

"**Merger Agreement**" has the meaning set forth under the heading "Corporate Structure – Name, Address and Incorporation";

"**Modelo**" has the meaning set forth under the heading "Description of Business";

"**NI 52-110**" has the meaning set forth under the heading "Audit Committee";

"**Onyx**" has the meaning set forth under the heading "General Development of the Business";

"**Option Plan**" has the meaning set forth under the heading "Description of Capital Structure – Options";

"**Options**" means incentive stock options to purchase Common Shares issued pursuant to the Option Plan;

"**Participants**" has the meaning set forth under the heading "Description of Capital Structure – Restricted Share Units";

"**Perpetual**" has the meaning set forth under the heading "General Development of the Business";

"**Phoenix Vision**" has the meaning set forth under the heading "General Development of the Business";

“**Pro-Active Digital Display**” has the meaning set forth under the heading “Description of Business”;

“**RADAR USA**” has the meaning set forth under the heading “Description of Business”;

“**Retailigent Media**” has the meaning set forth under the heading “Description of Business”;

“**RSU Plan**” has the meaning set forth under the heading “Description of Capital Structure – Restricted Share Units”;

“**SaaM**” has the meaning set forth under the heading “General Development of the Business”;

“**SaaS**” ” has the meaning set forth under the heading “Description of Business”;

“**Shareholders**” means the holders of the Common Shares;

“**United States**” or “**U.S.**” means the United States of America, its territories or its possessions, any state of the United States or the District of Columbia;

“U.S. Subco” has the meaning set forth under the heading “Corporate Structure – Name, Address and Incorporation”;

“**Warrants**” means Common Share purchase warrants in the capital of the Company;

“**Wireless Guardian**” has the meaning set forth under the heading “Description of Business”;

“**VSBLTY Converting Debt**” has the meaning set forth under the heading “General Development of the Business”;

“**VSBLTY, Inc.**” means VSBLTY, Inc., a corporation organized under the laws of Delaware;

“**VSBLTY, L.P.**” means VSBLTY, L.P., a limited partnership existing under the laws of Delaware which is the predecessor entity of VSBLTY, Inc.;

“**WestRock**” has the meaning set forth under the heading “General Development of the Business”; and

“**Winkel Media**” has the meaning set forth under the heading “General Development of the Business”.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated under the BCBCA on August 1, 2018 under the name "1174237 B.C. Ltd." On September 21, 2018, the Company changed its name to "VSBLTY Groupe Technologies Corp." On December 12, 2018, the Company, VSBLTY, Inc. and VSBLTY Merger Co., a wholly-owned subsidiary of the Company incorporated in Delaware, U.S. ("**U.S. Subco**"), entered into a Merger Agreement (the "**Merger Agreement**"), pursuant to which the Company acquired all of the issued and outstanding common shares of VSBLTY, Inc. (the "**Acquisition**"). The Acquisition closed on February 15, 2019 and VSBLTY, Inc. became a wholly-owned subsidiary of the Company.

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 Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7. The Company is a retail technology and marketing company with a variety of applications to drive brand engagement and puts insights in motion to drive sales.

The Company's shares trade on the Exchange under the symbol "VSBY", the Frankfurt stock exchange under the symbol "5VS" and are quoted on the OTCQB Venture Market under the symbol "VSBGF". The Company is a reporting issuer in Canada in the Provinces of British Columbia, Alberta, Saskatchewan and Ontario.

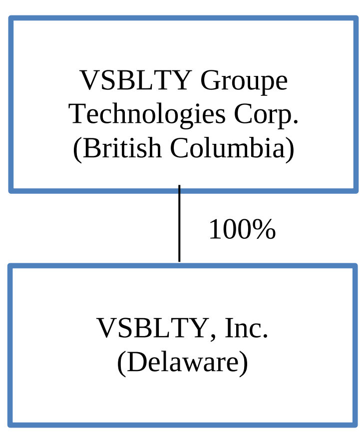
Intercorporate Relationships

The Company has one wholly-owned subsidiary, VSBLTY, Inc., a corporation formed under the Delaware General Corporation Law on December 12, 2018 in the State of Delaware under the name "VSBLTY, Inc." Prior to entering into the Merger Agreement, VSBLTY, L.P. was converted into a C corporation, VSBLTY, Inc., under Delaware law which was accomplished through the formless conversion statute (DE conversion from unincorporated entity to DE Corp – DGCL 265), thereby converting all partnership units in VSBLTY, L.P. to common stock in VSBLTY, Inc. VSBLTY, L.P. was then merged into VSBLTY, Inc. by filing a certificate of merger and distributing the common stock held by VSBLTY L.P. proportionately to the other common stock holders of VSBLTY, Inc. so that ownership interests remained substantially intact after such distribution. On February 15, 2019, VSBLTY, Inc. merged with U.S. Subco, with VSBLTY, Inc. being the surviving entity.

Prior to the Acquisition, the Company did not carry on any active business or operations. The principal business of the Company had been to identify and evaluate businesses and assets with a view to completing a going public transaction and, having identified and evaluated such opportunities, to negotiate an acquisition or participation subject to acceptance by the Exchange.

After the completion of the Acquisition, the principal business of the Company became the business of VSBLTY, Inc.

The organizational chart for the Company is as follows:



GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year History

Background

On February 15, 2019, the Company completed the Acquisition with VSBLTY, Inc. whereby each share of VSBLTY, Inc. was exchanged, on a 7.21228396 for one basis, for the issued and outstanding common shares of the Company, with VSBLTY, Inc. becoming a wholly-owned subsidiary of the Company.

Prior to the Closing of the Acquisition, all of the outstanding debentures of VSBLTY, L.P. were converted into VSBLTY, Inc. common shares in accordance with their terms and all of the outstanding VSBLTY, Inc. common share purchase warrants were exercised for VSBLTY, Inc. common shares for no additional consideration. The VSBLTY, Inc. common shares issued upon conversion of the VSBLTY, L.P. debentures and exercise of the VSBLTY, Inc. common share purchase warrants were exchanged for Common Shares pursuant to the Acquisition. The holders of VSBLTY, Inc. common shares as of the effective time of the Acquisition received an aggregate of 61,853,958 Common Shares.

In connection with and prior to the effective time of the Acquisition, debts of VSBLTY, Inc. in the aggregate amount of US$656,409.77 (the "**VSBLTY Converting Debt**") were settled in consideration for an aggregate of 395,708 VSBLTY, Inc. common shares, resulting in each of the holders of the VSBLTY Converting Debt receiving one Common Share in the Acquisition for each US$0.23 of VSBLTY Converting Debt for a total of 2,853,956 Common Shares.

Following the completion of the Acquisition, the Company operates its business through its wholly-owned subsidiary, VSBLTY, Inc.

2020

On February 26, 2020, the Company closed the first tranche of a private placement of unsecured convertible debentures for gross proceeds of $1,630,380 and, on April 9, 2020, the Company closed the second tranche of a private placement of unsecured convertible debentures for gross proceeds of $230,000. The principal amount of the debentures was convertible at any time before the maturity date, into units of the Company at $0.30 per unit, if converted at any time before one year from the closing date, or otherwise convertible at $0.60 per unit if converted after one year from the closing date but before the maturity date. Each unit issuable upon conversion consisted of one common share in the capital of the Company and one share purchase warrant.

On March 23, 2020, Laurette Pitts resigned as the Company's CFO and CCO, and Heather Sim was appointed as the Company's new CFO.

On April 3, 2020, the Company and Cognivas Pty. ("**Onyx**") entered into a partnership agreement, pursuant to which Onyx agreed to deploy the Company's software on vending machines and in coolers across South Africa and Australia over a staged deployment for leading international beverage companies. This agreement has broadened to include co-development and collaboration on the digital transparent cooler technology. Several versions of the product have been produced and shipped into north Latin America and in the United States. The parties are working toward a definitive agreement that will define the nature of the collaboration in the future.

On August 4, 2020, the Company announced that it has been retained, together with its Mexican channel partner, Retailigent Media (as defined herein), to provide advanced audience analytics and customer engagement technology to a Mexican chain of pet stores. This agreement formed the basis of the Joint Venture (as defined herein). See "Description of Business – Joint Venture with Modelo and Retailigent Media".

On August 12, 2020, the Company entered into an agreement with RADAR App (as defined herein) to provide software licensing for smart city and surveillance applications. RADAR App has been successful in deploying its surveillance systems in multiple counties and jurisdictions in Mexico. As at the date hereof, the Company's solutions are deployed in approximately 3,000 camera locations and this number is slowly growing as the processor infrastructure is being updated.

On August 28, 2020, the Company closed a marketed short form prospectus offering pursuant to which the Company issued 37,060,300 units of the Company at a price of $0.12 per unit for aggregate gross proceeds of $4,447,236 (the "**2020 Offering**"). Each unit was comprised of one Common Share and one Common Share purchase warrant. Each Common Share purchase warrant underlying the units was exercisable to acquire one Common Share at an exercise price of $0.17 per Common Share until August 28, 2023. The 2020 Offering was conducted on a commercially reasonable "best efforts" basis by Echelon Wealth Partners Inc., as lead agent, on behalf of a syndicate of agents including Eight Capital. In addition, on August 28, 2020, the Company closed its concurrent U.S. non-brokered private placement of units, with terms identical to the units issued pursuant to the 2020 Offering, pursuant to which the Company issued 9,561,396 units for gross proceeds of approximately $1,147,367 (the "**2020 Concurrent Private Placement**").

On September 22, 2020, the agents exercised their over-allotment option (the "**2020 Over-Allotment Option**") under the 2020 Offering to purchase an additional 5,559,045 units at a price of $0.12 per units for gross proceeds of approximately $667,085. Including those sold pursuant to the 2020 Over-Allotment Option, a total of 42,619,345 units were issued under the 2020 Offering for aggregate gross proceeds of approximately $5,114,321.

On October 6, 2020, Laurette Pitts resigned from the Company's Board of Directors and Thomas D. Hays was appointed to the Company's Board of Directors.

On October 20, 2020, the Company signed an agreement with Lendlease Europe Holdings, Ltd. ("**Lendlease**"), an international developer of property and infrastructure, to join the Founders Alliance of the Federated Innovation @ MIND (Milan Innovation District) in Milan, Italy. Lendlease – whose core expertise is shaping cities and creating strong, connected communities – has signed a 99 years concession for the development and operations of the area that hosted Expo 2015 and convert it to a scientific and technology center of global excellence. MIND is expected to be a world-class ecosystem for scientific, economic, social and cultural innovation, leveraging the strengths of all public and private institutions involved in the Urban Regeneration Project and of all participants who will lease, use and share the buildings and other spaces built and developed within the Lendlease Development Project. This initial agreement with Lendlease has turned into a strategic partnership opportunity for VSBLTY. VSBLTY has been appointed to be the innovation lead for the retail thematic areas under the construct of the innovation alliance managed by Lendlease in Milan, Italy. This participation has provided an environment to test and innovate new services and capabilities and has provided certain commercial benefit to VSBLTY.

On December 1, 2020, the Company, Modelo (as defined herein) and Retailigent Media signed a letter of intent to create an international in-store media network of up to 50,000 Modeloramastores and independent neighborhood bodegas in Mexico, with a potential to expand to other Central and South American countries by the end of 2027.

On December 8, 2020, the Company entered into an OEM agreement with Imbera S.A. de C.V. ("**Imbera**"), a commercial refrigeration manufacturer and an industry leader in customized design solutions. VSBLTY will integrate its software technology with Imbera's diverse portfolio of self-contained, turnkey refrigerated coolers/freezers that will feature transparent doors engineered to run video content to engage shoppers while gathering valuable customer analytics. The Company and Imbera are working together to develop the Mexican and United States market places for digital cooler technology. The Company's relationship with Imebera has also expanded commercially to include Imbera's operations in Brazil.

On December 22, 2020, the Company entered into a partnership agreement with WestRock Converting, LLC ("**WestRock**"), a leading provider of differentiated paper, packaging, display and other marketing solutions. The companies are working together to provide turnkey deployments of digital displays across the retail landscape in North America.

2021

On February 4, 2021, the Company entered into a partnership with 911inform, LLC to provide tighter safety and security measures for schools, universities and campus environments. 911informis an emergency management solution that provides first responders and on-site personnel with real-time situational awareness and pinpoint location data during an emergency. 911inform provides detailed maps and visuals of the affected area and gives authorities bidirectional communication and control of doors, cameras, phones, HVAC, fire and alarm systems, intercom, strobes and other IOT premised-based technologies. 911informprovides security solutions in the event of an emergency to schools, universities, medical facilities, office buildings, government facilities, sporting and entertainment venues and resorts. Since its launch in 2018, 911inform has handled the delivery of thousands of emergency notifications to police, public safety, first responders and on-site key personal and currently averages over three events per day nationally.

On February 9, 2021, the Company and Taiwan-based Ability Enterprise Co., Ltd. announced that the companies co-developed a first-of-its-kind high resolution camera with self-contained inference logic. Ability has been providing ODM/OEM solutions for input digital imaging devices since its founding in 1965. The new Ability camera, which can be used in retail and "Smart City" applications, was the first to be developed and deployed that is able to integrate multiple Intel algorithms to run simultaneously directly on the edge.

On March 12, 2021, the Company entered into the Binding Agreement (as defined herein) with Modelo and Retailigent Media to enter into the Joint Venture (as defined herein) 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. See "Description of Business – Joint Venture with Modelo and Retailigent Media".

On May 6, 2021, the Company entered into an agreement with Onyx to jointly market and distribute a patented, opaque/translucent glass panels that attach to the inside of cooler doors. This product is expected to combine transparent display, computer vision, video, and analytics software for application in retail locations. The glass panels may be installed cost effectively at the point of manufacture or as a retrofit in existing coolers, freezers, vending machines, display units and retail store fronts. The glass panels offer three options: see through, full video or see through and video simultaneously, all of which are triggered automatically by viewer engagement and demographics. The content can be customized by retailers and brands for specific target audiences.

On May 21, 2021, the Company announced it has expanded its partnership with Johnson Controls, Inc. ("**JCI**") to further advance Sensormatic Solutions, its leading global retail solutions portfolio, to offer retailers the ability to increase consumer engagement at the point-of-purchase and discover demographic insights driving those purchase decisions. See "Description of Business – Products and Services – Channel Orientation".

On June 29, 2021, the Company closed an overnight marketed short form prospectus offering pursuant to which the Company issued 18,400,000 units of the Company at a price of $0.50 per unit for aggregate gross proceeds of $9,200,000 (the "**2021 Offering**"). Each unit was comprised of one Common Share and one-half of one Common Share purchase warrant. Each whole Common Share purchase warrant underlying the units was exercisable to acquire one Common Share at an exercise price of $0.65 per Common Share until June 29, 2024. The 2021 Offering was conducted on a commercially reasonable "best efforts" basis by Echelon Wealth Partners Inc. In addition, on June 29, 2021, the Company closed its concurrent U.S. non-brokered private placement of units, with terms identical to the units issued pursuant to the 2021 Offering, pursuant to which the Company issued 1,162,384 units for gross proceeds of approximately $581,192 (the "**2021 Concurrent Private Placement**").

On August 11, 2021, the Company entered into a license agreement with RADAR USA (as defined herein) to develop a security product offering and associated services for sale in the United States and Canada. RADAR USA was formed in 2021 as a collaboration between VSBLTY and RADAR APP in Mexico, where the security network deployment has reached 10,000 cameras. Pursuant to the license agreement, VSBLTY has granted an exclusive license to RADAR USA in respect to certain market segments in the United States and Canada with a focus on Homeowners Associations, municipal governments and critical infrastructure. Under the license agreement, VSBLTY will receive a pre-paid, non-refundable fee of US$2,000,000, payable based upon certain funding milestones. The upfront license fee represents a certain number of licenses beyond which a subsequent recurring license fee will apply.

On August 12, 2021, the Company was approved to begin trading on the OTCQB Venture Market in the United States under the symbol "VSBGF".

On August 23, 2021, Heather Sim resigned as the Company's CFO and Mitch Codkind was appointed as the Company's new CFO.

In August of 2021, the Company purchased an approximate 12% equity fully diluted interest in Austin GIS, Inc. ("**Austin GIS**") for an aggregate purchase price of US$1,000,000.

On September 15, 2021, Guy Lombardo resigned from the Company's Board of Directors.

On September 16, 2021, Amin Shahidi was appointed to the Company's Board of Directors.

On November 10, 2021, the Company signed a letter of intent with Phoenix Vision, Inc. ("**Phoenix Vision**") to collaborate on building a major media network starting with more than 600 convenience stores throughout the United States. VSBLTY's partners are expected to provide turnkey services from the acquisition of hardware through deployment of the network, analytics reporting and field maintenance support. Phoenix Vision offers digital displays at various locations within participating retail stores and its software enables stores to monitor in-store advertising activities by capturing actual engaged viewers of advertising content. Phoenix Vision screens have the capability of calculating verified engagements of content per advertising unit and identifying individuals by demographics. The parties continue to work together on strategic initiatives within the convenience store category.

On November 24, 2021, the Company announced that a joint system integration with 911inform had been completed, tested, and deployed to multiple customers across the United States

On December 15, 2021, Tim Huckaby resigned as the Company's CTO and Gary A. Gibson was appointed as the Company's CTO.

2022

On January 26, 2022, the Company entered into an agreement with Farleigh Consultants Ltd. ("**Farleigh**"), a division of Profile Security Group Ltd., to market advanced security technology solutions in the United Kingdom and the European Union. The Company continues to work with Farleigh as Farleigh builds its business in the United Kingdom.

On February 24, 2022, Steve McMahon was appointed to the Company's advisory board.

On March 24, 2022, David Roth was appointed to the Company's Board of Directors and Alnesh Mohan resigned from the Company's Board of Directors.

On April 12, 2022, the Company, RADAR USA and other partners signed an agreement with a major Mexican telecommunications carrier to actively market their integrated surveillance and advanced security technology. The smart cameras, using VSBLTY artificial intelligence technology, are expected to enable the creation of a WiFi6-based surveillance network in many Mexican neighborhoods. The RADAR USA technology cameras are expected to feature VSBLTY AI-driven software, which is expected to provide detailed automated security data – including advanced facial and weapons identification, license plate recognition and zone intrusion – which may assist with safe guarding a variety of environments. The telecommunications company's extensive sales force is expected to be trained about the advanced security technology so that it can pursue residential, commercial and government opportunities in Mexico. See "Description of Business – Products and Services – Channel Orientation".

On April 26, 2022, the Company added Joe Jensen to its advisory board. Mr. Jensen is the former Vice President, Internet of Things (IoT) Group and General Manager of the Retail, Banking, Hospitality and Education Group at Intel Corporation.

On May 3, 2022, the Company entered into a monthly SaaS agreement with Winkel Media to begin a phase one installation of Golden Record in its convenience store media network throughout Latin America. The initial rollout has started in Mexico, Peru, Ecuador, Colombia and the Dominican Republic, and is expected to expand with new installations as Winkel Media grows its planned 50,000-store network. Golden Record uses free guest Wi-Fi in stores to improve the customer experience, and customize messages to inform, influence and motivate individuals to make impulse purchases at point of sale. The program also provides a new revenue stream from advertising dollars raised from marketing to customers based on their mobile data.

On May 24, 2022, the Company, together with Winkel Media, entered into an agreement with AustinGIS Inc. ("**Austin GIS**") to finance, supply, install and maintain Winkel Media's planned 50,000-store network in five Latin American countries including Mexico, Ecuador, Peru, Colombia and the Dominican Republic.

On June 7, 2022, the Company signed an agreement with Wireless Guardian to install security technology funded by a Store as a Medium ("**SaaM**") program, in more than 2800 Mountain Express Oil convenience stores and/or truck stops in 19 states. The SaaM program allows retailers to offset the cost to update their security systems using new revenue raised from brand-generated media advertising on cooler doors and screens throughout their stores. Using Intel Smart Edge and VSBLTY/Wireless Guardian solutions, Mountain Express Oil locations are expected to enhance the guest experience with interactive brand messaging triggered by proximity and demographics. Included in the installations will be Golden Record, which uses free guest Wi-Fi in stores to improve the customer experience by providing customized messages to inform, motivate and reward individuals to make impulse purchases at point of sale. Once customers opt in, shoppers receive money-saving coupons and content specialized to their individual interests and preferences during their current and future store visits. See "Description of Business – Products and Services – Channel Orientation".

On July 28, 2022, the Company completed a marketed public offering (the "**2022 Offering**") of units of the Company, including the full exercise of the over-allotment option for gross proceeds of approximately $5,750,012. Pursuant to the 2022 Offering, the Company issued 19,166,705 units at a price of $0.30, including 2,500,005 units issued pursuant to the exercise of the over-allotment option. Each unit is comprised of one common share and one common share purchase warrant of the Company. Each warrant will entitle the holder thereof to acquire one common share at an exercise price of $0.50 per common share until July 28, 2025. The 2022 Offering was conducted on a commercially reasonable "best efforts" basis by Echelon Wealth Partners Inc., as agent. Concurrently with the July 2022 Offering, the Company also closed a first tranche of a non-brokered private placement of units on the same terms as the units issued and sold under the 2022 Offering (the "**2022 Private Placement**"). Pursuant to the first tranche of the 2022 Private Placement, the Company issued 2,983,230 units at a price of $0.30 per unit, for total gross proceeds of approximately $894,969**.**

On August 22, 2022, the Company filed and received a receipt for a short form base shelf prospectus qualifying up to $50,000,000 of Common Shares, warrants, subscription receipts and units.

On September 15, 2022, the Company entered into an agreement with Perpetual Media, LLC ("**Perpetual**") to provide programmatic advertising to Winkel Media in Latin America. Pursuant to the terms of the agreement, VSBLTY will use its proprietary computer vision technology, shared with Perpetual's open real time bidding (OpenRTB) marketplace, for increased attribution and advertising value. As part of the agreement, VSBLTY will have category exclusivity for computer vision.

On August 31, 2022, the Company closed the second tranche of the 2022 Private Placement. Pursuant to the second tranche of the 2022 Private Placement, the Company issued 8,221,831 units at a price of $0.30 per unit, for total gross proceeds of approximately $2,466,550**.** Concurrently, the Company completed a debt settlement of $327,500 (US$250,000) to Joseph Brett Studner ("**Studner**"), which consisted of: (i) the issuance of 650,000 units at a deemed issue price of $195,000.00 (US$150,000.00), being $0.30 per unit, and (ii) a cash payment of $132,500 (US$100,000.00) plus all additional outstanding interest accrued. These payments were made in exchange for, and in full settlement of, the amount owed to Studner by the Company pursuant to an unsecured convertible debenture issued on July 18, 2019.

On October 25, 2022, the U.S. Patent and Trademark Office issued to VSBLTY patent No. 11,481,809 for the Company's software platform which allows for specific content to be triggered by biometric and proximity triggers while ensuring the protection for identity and privacy since no data collected is able to be inferred to personally identifiable information. In addition, the software can be enhanced when being used for security purposes by adding a curated data based to monitor and track any potential security threats posed by shoppers known to be past offenders. This advanced AI application can identify both weapons and persons of interest such as known shoplifters. The patent is the first awarded to the Company, initially for use on large form vending, with additional applications to follow.

On October 31, 2022, at the Company's 2022 annual general meeting, the Company increased the size of its Board of Directors from four to seven directors and appointed the following new directors: Luiz Felipe Costa Romero de Barros, Joe Jensen and Alnesh Mohan. See "Directors and Officers".

On November 10, 2022, the Company closed the third tranche of the 2022 Private Placement. Pursuant to the third tranche of the 2022 Private Placement, the Company issued 1,733,333 units at a price of $0.30 per unit, for total gross proceeds of approximately $520,000. Concurrently, the Company completed debt settlements of, in aggregate, $452,659.34 to debt holders (the "**Debt Holders**"), which consisted of the issuance of, in aggregate, 1,508,862 units at a deemed issue price of $452,659.34, being $0.30 per unit. These issuances were made in exchange for, and in full settlement of, the amount owed to the Debt Holders by the Company pursuant to unsecured convertible debentures issued on February 26, 2020.

On November 10, 2022, the Company announced that it entered into a social marketing agreement (the "**Social Marketing Agreement**") with Common Cents Media, Social Purpose Corporation ("**Common Cents**"), pursuant to which Common Cents will provide certain strategic communications services to the Company. The Social Marketing Agreement will have a one (1) year term, subject to earlier termination as provided in the Social Marketing Agreement. The term may be extended with the written consent of the parties. In connection with the Social Marketing Agreement, the Company issued to Common Cents 125,000 common share purchase warrants of the Company, each of which entitles Common Cents to purchase one common share of VSBLTY at an exercise price of $0.30 per common share for a period of three (3) years from the date of issuance.

On December 6, 2022, the Company entered into a joint venture agreement with Business Platform Investment Holdings ("**BPIH**"), a division of Al Jabr Group, to bring DOOH solutions and the SaaM program, as well as their security solutions, to retail outlets, the oil and gas industry and smart cities in five Middle East countries. Pursuant to the terms of the agreement, BPIH will manage the joint venture and is responsible for all funding, while VSBLTY will provide software, advanced AI technology, and consulting services for all deployments, initially in the United Arab Emirates, Qatar, Oman, Bahrain and Saudi Arabia.

Subsequent Events

On March 24, 2023, the Company granted an aggregate of 5,606,000 stock options to certain directors, officers, consultants and employees of the Company pursuant to the Company's stock option plan, allowing them to purchase an equal number of common shares in the capital of the Company. All of the options are exercisable for a period of 5 years at a price of $0.25. 3,825,000 of such options vested immediately and 1,781,000 of such options will vest at 33.3% after 12 months from the date of grant and at an additional 33.3% every 12 months thereafter.

On March 28, 2023, the Company announced that it appointed Luiz Felipe Costa Romero de Barros as the Company's executive chairman.

On March 31, 2023, Mitch Codkind resigned as the Company's CFO and Thomas D. Hays was appointed as the Company's new CFO.

On April 4, 2023, the Company entered into a strategic integration agreement with Multimedia Plus Inc., a major training and communications technology company servicing leaders in the restaurant, hospitality and retail industries. The agreement is expected to combine VSBLTY's computer vision retail analytics with the INCITE® platform from Multimedia Plus creating a powerful retail training and marketing communications tool.

On April 6, 2023, the Company entered into a partnership agreement with urban tech company NGDI, NextGen Digital Infra, whose outdoor hubs connect cities, citizens and businesses by providing connectivity, information and advertising, as well as security, in key population dense locations such as transit centers through its unique Smart City solution platform.

On June 29, 2023, Joe Jensen resigned from the Company's Board of Directors. Mr. Jensen continues to serve as a member of the Company's advisory board.

DESCRIPTION OF BUSINESS

General

VSBLTY is a software company in the business of commercializing various technologies relating to digital display platforms by combining interactive touch-screens and data-capture cameras, with cloud- and edge-based facial analytics. The selection of edge or cloud-based analytics is driven by the connectivity available at the applicable deployment location. For example, cloud-based analytics are preferred for locations where accuracy is paramount, connectivity is certain and reporting must occur in real time. In comparison, edge-based analytics are preferred for locations where internet connectivity cannot be relied upon and audience analytics are not required to be reported in real time. VSBLTY employs its pro-active digital display ("**Pro-Active Digital Display**") software as a service ("**SaaS**")-based model for its subscription-based customers. Pro-Active Digital Display actively involves the consumer at the point of its purchase decision through its interactive touch-screen display, while capturing key performance indicators including data regarding (i) total brand impressions, engagements and interactions, (ii) unique and returning viewers, (iii) gender, and age of viewers, (iv) opt ins, (v) dwell time, and (vi) emotional engagement. VSBLTY derives periodic and rateably recurring revenue from its subscription-based product licenses, which are intended to have 12- to 36-month terms.

The Company has three primary software modules. They can be licensed separately or in conjunction with one another as an integrated suite of software. The three modules are:

1. <u>VisionCaptor</u>, an integrated software suite that provides content management capability to a customer. A customer will utilize digital assets (photos, video, multimedia content) to provide a customer experience for a digital display. VisionCaptor is software deployed partly on the edge and partly in the cloud but is consumed using a cloud licensing model. VisionCaptor is optimized to run on multiple form factors.

2. <u>DataCaptor,</u> a software module that leverages camera and sensor technology along with artificial intelligence (machine learning and machine vision) to provide real time analytics and audience measurement. Some of the key measurement components include gender, age range, sentiment, dwell time, engagement level, and proximity. DataCaptor has the unique ability to drive content based upon what the cameras are seeing. The DataCaptor software informs VisionCaptor on the demographic content of the audience and instructs the Content Management System ("**CMS**") to play relevant content. An example would be content designed for a 25-year-old female as opposed to content designed for a 50-year-old male. The objective is to drive meaningful messaging demographically triggered by the machine vision. DataCaptor can be used in conjunction with the VisionCaptor CMS or, in some cases, it is used as the analytics and measurement component that interfaces into foreign CMS software platforms.

3. <u>VECTOR</u>, a facial detection software module that interfaces with a comprehensive database to detect persons of interest within the camera's field of view. This can be used as a loyalty extension in retail (faces enrolled by identity) or, in a security context, looking for persons or objects of interest, at scale, in public areas or congested locations where public safety is a primary concern. Facial recognition and object recognition are the primary applications of this module.

These three independent modules give VSBLTY a differentiated suite of software services that allow venues, retailers, or digital out-of-home ("**DOOH**") network providers to deploy sophisticated digital content solutions, coupled with in-depth measurement and analytics as well as a security solution.

As a participant in retail solutions, VSBLTY assists retailers in defining a digital growth and marketing strategy. VSBLTY brings solutions that help retailers take advantage of digital trends in retail and provides comprehensive expertise and consulting to educate its customers on how to take advantage of VSBLTY's products. VSBLTY's provision of product-education services to its customers helps position VSBLTY as a trusted resource. VSBLTY's goal is to establish a brand that is trusted by retailers and brands alike to guide them through technological changes in retail.

The Company will focus its resources on leveraging this trust to generate revenue and continue to build its brand.

From time to time, the Company enters into agreements with various parties in the ordinary course of business, which include letters of intent, memorandums of understanding, partnership agreements, teaming agreements, product development agreements, supply agreements, licensing agreements, services agreements, and original equipment manufacturer agreements. Several of these agreements are described above in the "General Development of the Business" section of this AIF. To date the Company has not yet generated any material revenues from such agreements. The ability of the Company to generate revenue and the timing of deployment of these arrangements is uncertain and subject to numerous factors, including market conditions, successful product development, market acceptance and performance by the Company's partners (see "Introductory Notes – Forward-Looking Information and Financial Outlook" and "Risk Factors"). In addition, certain agreements with the Company's key channel partners are also described in this AIF under the heading "Description of Business – Channel Orientation" and the Company's joint venture to install and manage an international in-store media network in Mexico and Latin America is described under the heading "Description of Business – Joint Venture with Modelo and Retailigent Media".

Market

The DOOH market refers to digital advertising that is targeted to consumers outside their homes. Management of VSBLTY believes that as advertisers continue to look for alternative markets they will continue to seek media and channels that can deliver the same kind of measurability that the Internet can offer. VSBLTY believes that DOOH is expected to grow to the extent that it can provide this measurability to major brands. It is the experience of the management of VSBLTY that brands will pay for impressions delivered that have attribution, accountability and addressability. To date, DOOH has not been able to deliver this to the same extent as the Internet. VSBLTY provides a platform and capability that is intended to deliver this measurability.

In the security category, VSBLTY has identified a similar issue. Management of VSBLTY believes that most camera and sensor systems are too reliant on a human dependency. The guiding philosophy of machine vision with machine learning is that computers and software can be leveraged to interpret live video. Dissecting, understanding and contextualizing live video is an important capability of VSBLTY's technology. One of the goals of VSBLTY, and others pioneering the category, is to augment human operators interpreting video and flagging security operators to anomalous or extraordinary activity.

Since inception, VSBLTY has delivered software solutions that rely heavily upon cloud computing. However, there are many applications, particularly in DOOH and security, which may perform better and more reliably with edge processing. The consumption of algorithms in cloud computing is subject to licensing but VSBLTY believes that it has developed technology that runs with equal reliability on the edge. This model also consumes less third party licensed algorithms. This migration from cloud to edge will allow VSBLTY to provide solutions in both categories. VSBLTY will support both consumption models and will have different pricing models for each. The management of VSBLTY expects that edge-based solutions will have a measurable impact within the next 12 months as this market further defines itself. Recent industry reports suggest that the retail digital display market and global security market are projected to reach approximately $32B[1] and $187B,[2] respectively, by 2024 (a combined total market size of approximately $219B). In addition, a report published on May 19, 2021 by Boston Consulting Group, Inc. titled "*The $100 Billion Media Opportunity for Retailers*" highlights the prospective market opportunites for companies that operate in industries characterized by extensive customer interaction and companies that implement customer personalization programs, such as those offered by VSBLTY.[3]

[1] Source: Orbis Research, "*Global Digital Signage Market Report 2019*", March 2019, https://www.orbisresearch.com/reports/index/global-digital-signage-market-report-2019.

[2] Source: Market Research Future, "*Global Commercial Security Market, By Product (Smart Locks, Security Cameras, Sensors), By Type (Intruder Alarms, Software, Access control, Surveillance systems), By End-users (Retail, Healthcare, Banking) – Forecast 2023*", July 2020, https://www.marketresearchfuture.com/reports/commercial-security-market-2861.

[3] Source: Boston Consulting Group, Inc., "*The $100 Billion Media Opportunity for Retailers*", May 2021, https://www.bcg.com/publications/2021/how-to-compete-in-retail-media.

Digital Out-of-Home Advertising

DOOH signage and information advertising has historically been associated with media such as back-lit poster boards and large-form billboards situated proximate to high-traffic thoroughfares and areas where people congregate, such as transit hubs, airports, malls, sports stadiums and so on. The DOOH advertising industry is mature, is based upon well-understood revenue models, and has long-established market participants, but it can be difficult to reliably measure its effectiveness. The revenue model for DOOH advertising is dependent upon an estimation of the numbers of eyeballs that see, or are able to see, any particular DOOH advertising display on a daily basis. In attempting to measure this crucial eyeball-metric, advertisers use inferences to predict the likely number of eyeballs in question, based upon empirical data on situate-traffic flow. VSBLTY believes that the eyeball metric calculation is not sufficiently reliable. As this industry matures, more industry participants view measurement (accountability and objective, auditable results) to be the next important evolution of the category. The Gartner Report suggests that better decision making will be informed by applications with an artificial intelligence foundation.

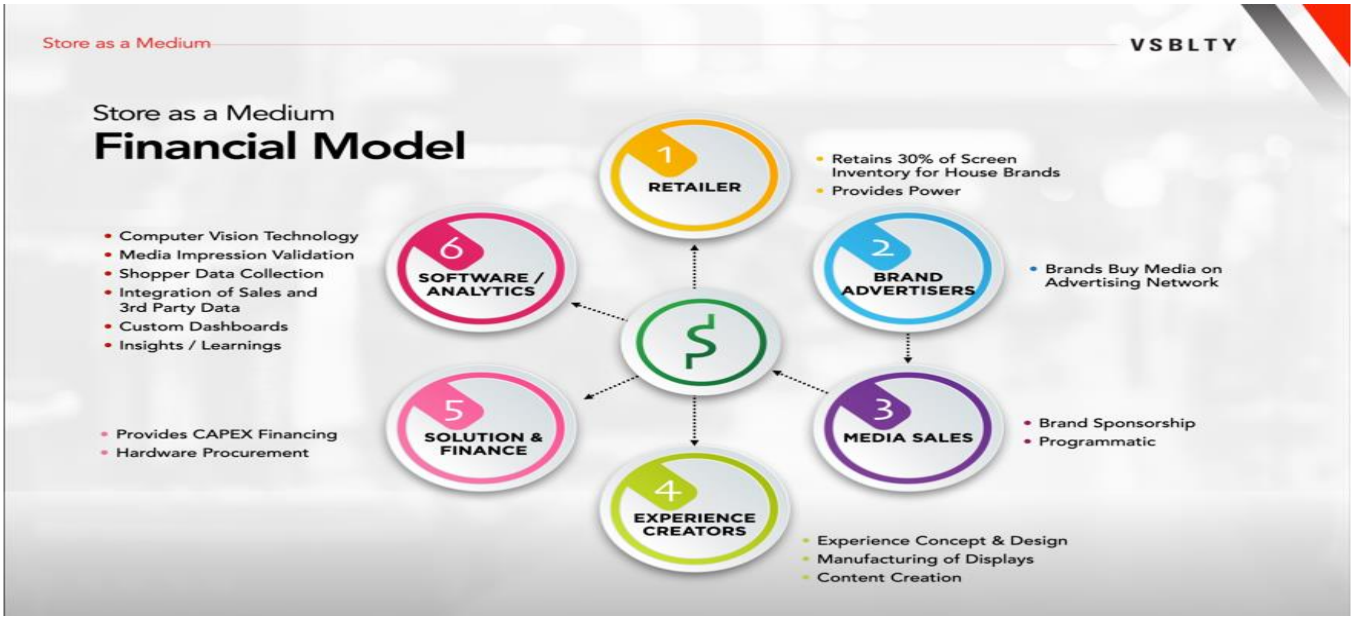
VSBLTY's competitive advantage in the DOOH advertising media channel is its ability, through its proprietary technological algorithms, to exploit the new promotional, analytic, and bi-directional capabilities of digital capture, display and response. The advent and proliferation of lower cost, high-bright digital-screen technology can be leveraged through the Company's cloud and edge-based technology from the ability of rotating advertising images on a single physical platform.

Management of VSBLTY believes that VSBLTY's products address the historical eyeball metric limitation inherent in the DOOH advertising industry. With the forward-facing data-collection capability of its proprietary software, VSBLTY provides not only accurate eyeball metrics or impression counts, but also more in-depth data captured through facial analytics, such as gender, age ranges, engagement level, emotional reaction and dwell time.

Key to VSBLTY's business strategy is its participation in the process of new-product adoption in the digital-media messaging category. In 2014 and 2015, digital display innovation was introduced to the marketplace and it represented a breakthrough that VSBLTY identified as a means of leverage for entry into the grocery industry. There is demand for more promotional space at retail. Impressions delivered at retail have high value because of their influence upon consumers at the point of decision. In the opinion of management of VSBLTY, as digital solutions become less expensive, the opportunity to drive innovative retail campaigns that are delivered at comparatively low cost is a compelling proposition for a consumer-packaged goods brand.

Store as a Medium

Working closely with the Company's ecosystem partners, including Intel Corporation and WestRock, the Company has developed a financial model that will allow for the implementation and adoption of the SaaM model as part of the Company's business strategy. The SaaM model proposes to remove from retailers the need to provide the capital necessary to equip the store with the technology required to generate digital platforms for monetization. That is, the objective of the SaaM model is to ensure that every element of the deployment model is addressed by a single platform, including the capitalization, operating costs, maintenance, content and advertising monetization processes. Given the Company's existing platform and expertise, management believes that VSBLTY is uniquely positioned to address all elements of the SaaM delivery model. For example, VSBLTY's comprehensive platform is able to create digital surfaces measured by computer vision, as well as provide a reporting and maintenance mechanism that ensures uptime, manages content and delivers brand experiences for consumer engagement. An overview of the Company's SaaM model is provided in the illustration immediately below.



Products and Services

Since 2019, VSBLTY has worked diligently to establish a robust channel partner network. While the Company will continue to secure direct engagements with customers, the dominant approach will be through existing channels with specific expertise or customer relationships.

In foreign markets, VSBLTY appoints a regional partner or distributor and works directly with that entity in the development of that market. The form of delivery is through a cloud-enabled license, generally supported by a services contract that defines the scope of the engagement. In some cases, VSBLTY will perform all services articulated in the scope of work and in other cases VSBLTY will partner with other entities for the delivery of all services. Customers do not get an executable copy of the source code; rather, they participate under a subscription-type license that is governed by a commercial contract.

In the foreign markets, VSBLTY has pursued several strategic partnerships with distribution and agency representation. The objective is that each of these independent channels can, after training and adequate knowledge transfer, function as an extension of VSBLTY without a significant resource commitment from VSBLTY. As of the date hereof, the regions that have active, trained, and functional representation include:

- Mexico (regional partner: Retailigent, S.A. de C.V);
- EU (regional partner: H-Ventures S.R.L);
- Africa (regional partner: Onyx-Cognivas Pty); and
- Kingdom of Saudi Arabia (regional partner: Business Platform Investment Holdings).

<u>Joint Venture with Modelo and Retailigent Media</u>

On March 12, 2021, the Company entered into a binding term sheet (the "**Binding Agreement**") with Cerveceria Modelo de Mexico, S. de R.L. de C.V. ("**Modelo**") and Retailigent, S.A. de C.V ("**Retailigent Media**") to enter into a joint venture (the "**Joint Venture**") to install and manage an international in-store media network (the "**JV Media Network**") of up to 50,000 Modelorama stores and independent neighborhood bodegas in Mexico and across Latin America by the end of 2024. Active deployment is already underway in Mexico, Colombia, Peru, and Ecuador with approximately 2,000 locations currently deployed and an additional 3,000 locations expected to be installed by the end of 2023. The Company's goal is to grow the network in accordance with the following deployment cadence: 7,000 locations by the end of 2024 and 10,000 locations by the end of 2025. In addition to being an international advertising network, the JV Media Network, now operating as Winkel Media, will provide real-time security for store owners, powered by artificial intelligence, as well as integration of store traffic and customer demographics with sales and critical operations-related data to help stores optimize their business. In connection with entering into the Binding Agreement, VSBLTY issued to Modelo 15,500,000 Common Share purchase warrants. Each warrant is exercisable to acquire one Common Share for a period of five (5) years from the date of issuance at an exercise price of $0.84 per share, subject to the following vesting conditions:

- 15% of the warrants vested immediately as a result of execution of the Binding Agreement;
- 15% of the warrants vested upon execution of the definitive agreements for the Joint Venture;
- 20% of the warrants vested upon the JV Media Network having been installed and operating in at least 1,500 locations;
- 20% of the warrants will vest upon the JV Media Network having been installed and operating in at least 5,000 locations;
- 15% of the warrants will vest upon the JV Media Network having been installed and operating in at least 20,000 locations; and
- 15% of the warrants will vest upon the JV Media Network having been installed and operating in at least 30,000 locations.

As at the date hereof 7,750,000 of the 15,500,000 warrants described immediately above are vested and exercisable. None of the vested warrants have been exercised for Common Shares.

In addition, VSBLTY agreed to issue to Modelo 5,000,000 additional warrants, with 2,500,000 warrants vesting upon the JV Media Network having been installed and operating in at least 1,500 locations and a further 2,500,000 warrants vesting upon the JV Media Network having been installed and operating in at least 5,000 locations. The additional warrants will have an exercise price equal to the closing price of VSBLTY's common shares on the last trading day prior to reaching the 1,500 locations milestone and will be exercisable for a period of five years from the date of issuance. As at the date hereof, such warrants have not yet been issued.

The Joint Venture has established both an operating and management team with primary management based in Mexico City and territory management in both Colombia and Ecuador. The management team comes largely from Retailigent Media, one of the JV Media Network participants. A professional salesforce has been recruited and now the Joint Venture runs autonomously with a board of directors comprised of the equity holders in the Joint Venture. Modelo, which has influence in the region and acts as a central buying entity for more than 50,000 store locations, will play a key role in monetizing the JV Media Network and will incorporate the advertising opportunities in trade promotions and marketing. As at the date hereof, there are approximately 2,000 store locations with the Winkel Media technology deployed in Ecuador, Peru, Colombia, and Mexico combined. Initial media contracts, as well as programmatic media campaigns, are being executed by the JV Media Network for pilot campaigns with major brands in Ecuador, Peru, Colombia, and Mexico. As a 33% participant in the Joint Venture, the Company will participate in the license revenue per store (which is paid directly to the Company as a license agreement), and also in the overall value and revenue created by the JV Media Network as a media asset.

In May of 2022, the Company began the deployment of its Golden Record SaaS technology, which is expected to generate additional SaaS fees from Winkel Media and also increase the media revenue for the JV Media Network. Golden Record uses free guest Wi-Fi in stores to improve the customer experience, and customized messages to inform, influence and motivate individuals to make impulse purchases at point of sale (see "Description of the Business – Winkel Media" below). The Company agreed to provide a bridge loan to Retailigent Media to secure capital equipment and to pay initial operating expenses so that Winkel Media may grow. As at the date hereof, the Company has advanced approximately US$2.4M to Winkel Media. The loan is expected to be paid back from the proceeds of Winkel Media. Since Winkel Media is still at the start up phase, the Company set up a 100% reserve (resulting in a charge to its income statement) as of December 31, 2022 against its loan receivable from Winkel Media until such time that Winkel Media becomes cash flow positive. In addition, the Company took a large reserve against the inventory on hand as of December 31, 2021 ($843,998 of $1,021,213 of inventory), for the Winkel Media future store deployments which are continuing. In order to avoid supply chain issues associated with the COVID-19 pandemic, the Company arranged for such inventory to be delivered in advance of the expected installation schedule. As a result of an agreement between AustinGIS and Winkel Media entered into in May of 2022 subsequent to the December 31, 2021 year end (see below), the inventory that has not already been deployed into the store environment (approximately 1,300 units) is being transferred to AustinGIS at its original carrying cost value. The Company does not anticipate similar impairments in the future with Winkel Media or any other customer, as it is expected that future deployments of hardware will be paid up front by the customer or under an equipment financing agreement with AustinGIS. In addition, once Winkel Media becomes cash flow positive, it is expected that Winkel Media will first pay off the accounts receivable that are due to the Company, followed by any outstanding debt obligations.

On May 24, 2022, the Company, together with Winkel Media, entered into an agreement with AustinGIS to finance, supply, install and maintain Winkel Media's planned 50,000-store network in five Latin American countries, including Mexico, Ecuador, Peru, Colombia and the Dominican Republic. This new major financing is expected to accelerate the growth of the Company's SaaS networks throughout Latin America and beyond. Pursuant to the terms of the agreement, AustinGIS is expected to provide the underlying edge infrastructure to customers on a subscription basis, including installation services and ongoing monitoring and maintenance. AustinGIS now acts in the primary contractor role and is responsible for all costs associated with procuring, installing and supporting the hardware roll out of the network, such that the primary contractor role and associated costs are no longer the responsibility of the Company. The agreement covers the initial deployment of AustinGIS' equipment in 2,960 stores, and contemplates that the commercial terms and key performance indicators for additional stores will be subject to good-faith negotiations between the parties (which are expected follow the same general guidelines and financial terms as the initial deployment). The term of the agreement is four years unless earlier terminated by the parties; however, the first year of the agreement is mandatory, and Winkel Media will then have the option to renew for additional one year terms by providing at least sixty days' written notice.

Although certain financial projections in this "Joint Venture with Modelo and Retailigent Media" section are based on reasonable expectations developed by the Company's management, the assumptions and estimates underlying the financial projections are subject to significant business, economic, and competitive uncertainties and contingencies, including those listed under "Risk Factors", many of which will be beyond the control of the Company. The assumptions used by the Company's management to derive these financial projections include: (i) the Company's ability to successfully develop its products; (ii) the Company's pricing targets remaining in place; (iii) the Company's ability to successfully deploy its products to its Joint Venture partners' customers; (iv) the Company's Joint Venture partners' timely delivery of all ancillary components and services; (v) the Company's ability to maintain performance and quality as projects advance and product volume increases, and (vi) the Company, Modelo and Retailigent Media entering into definitive agreements in respect to the Joint Venture. Accordingly, the financial projections are only estimates and are necessarily speculative in nature. It is expected that some – and perhaps all – of the assumptions in the financial projections will not be realized and that actual results will vary from the projections. Such variations may be material and may increase over time. In light of the foregoing, readers are cautioned not to place undue reliance on the financial projections. See "Risk Factors" and "Introductory Notes – Forward-Looking Information and Financial Outlook" and "Risk Factors".

Channel Orientation

VSBLTY has established and will continue to develop and augment a comprehensive channel network. As a matter of strategic importance, the Company has targeted and secured several key channel partners. The goal of a channel partner network is to provide for the means of consumer engagement acceleration. With many well-trained channels, the Company can focus on the imperative of building world class software products, and less on the customer acquisition process. However, the Company has no intention of disengaging from building, addressing and fulfilling market demand. In this regard, the channel network functions as market accelerator and force multiplier.

Since 2019, the Company engaged several such channel partners on a SaaS basis. The Company's principal active channel partners are described in the following table:

Channel Partner	Description of Partnership
Sensormatic[1]	On August 15, 2019, the Company entered into an exclusive global reseller agreement with Sensormatic Solutions, the lead global retail solutions portfolio of JCI. The nature of the contract with JCI is a strategic global reseller and original equipment manufacturer relationship for all of the software products developed by VSBLTY. Subsequent to the signing of the contract in September, both organizations have been investing resources to train both technical and salespeople with product, installation and support knowledge. Sensormatic Solutions has approximately 185,000 retail customers worldwide. From this list of customers, VSBLTY and Sensormatic Solutions have developed a specific (targeted) list of customers that, in the opinion of management, are likely to purchase VSBLTY's products. Since the second quarter of 2021, VSBLTY and Sensormatic have been developing a new shopper analytics product intended to create a new category of demographic analytics solutions for retail locations. The first deployment of the new products occurred in 2022. The products are connected to Shopper Intelligence and are marketing under the brand of ShopperTrak, a business unit of Sensormatic. In addition, the parties successfully executed a comprehensive security solution for a partner in Latin America. The Company expects additional scale from Sensormatic as the adoption of the new product accelerates. As of December 31, 2022, the agreement has generated approximately $25,000 in revenue.
Energetika / RADAR App[2]	In September 2019, the Company and Energetika Sustenable y Ecologica SA de CV ("**Energetika**") entered into a definitive contract, pursuant to which the Company agreed to provide DataCaptor (video analytics, crowd measurement) and VECTOR (Facial Recognition and weapons detection) to Energetika to provide real time crowd analytics and audience measurement for Latin American communities. For several months the Company had been working with Mexico City based Energetika to design, test, and pilot an integrated "security kit" for residential, neighborhood and law enforcement applications in the various communities around and within Mexico City. The testing involved the development of a proprietary and patent-able innovation meant to address the unique architectural demands of a scaled security camera network. The contract, which expires August 30, 2022, is renewable for successive terms. The parties have agreed to extend the agreement for a successive term upon expiry. While the number of cameras deployed in Mexico City currently exceeds 15,000, only a small fraction of those cameras have been enabled with Artificial Intelligence ("**AI**") logic from VSBLTY. This is mostly due to the additional capital expenditure required to add processing capability for large scale AI across the municipalities. This work is now underway to add processing logic to support an increasing number of cameras. In October of 2021, Energetika spun off its assets and contracts associated with the Mexican network to a new company called RADAR APP S.A.P.I. de C.V. ("**RADAR App**"). VSBLTY continues to support RADAR App as a reseller of the core VSBLTY security technology. RADAR App continues to drive security solution in Mexico and, more broadly, in South America. Additional end points are expected to enhance current networks as well as new installations. Further investment in processing infrastructure is expected to increase the number of cameras running AI inference logic. As of December 31, 2022, the agreement has generated approximately $36,000 in revenue.
Radar USA[3]	On August 11, 2021, the Company entered into a license agreement with RADAR USA, Inc. ("**RADAR USA**") to develop a security product offering and associated services for sale in the United States and Canada. RADAR USA was formed in 2021 as a collaboration between VSBLTY and RADAR App in Mexico, where the security network deployment has reached 15,000 cameras (however, only a small fraction of those cameras have been enabled with AI logic from VSBLTY). Pursuant to the license agreement, VSBLTY has granted an exclusive license to RADAR USA in respect of certain market segments in the United States and Canada with a focus on Homeowners Associations, municipal governments and critical infrastructure. Under the license agreement, VSBLTY will receive license fees, with the payment of the first US$2,000,000 of such license fees being deferred until RADAR USA reaches certain funding or deployment milestones, beyond which a

Channel Partner	Description of Partnership
	subsequent recurring license fee will apply. RADAR App will be responsible for the costs of the cameras and the costs related to the installation of the cameras. The term of the agreement is for a period of forty-eight months, and thereafter shall automatically be renewed for successive twelve (12) month periods unless RADAR USA notifies the Company in writing at least thirty (30) days prior to the end of the then-current term or renewal term. RADAR USA has successfully deployed a number of VSBLTY-based solution in schools and religious institutions. The next year is expected to result in additional deployments in both key markets as many institutions seek to enhance premise security, particularly with weapons recognition technology. As of December 31, 2022, the agreement has generated approximately $275,000 in revenue. The Company holds an approximate 23.6% equity interest in RADAR USA.
Wireless Guardian(1)(2)	On June 7, 2022, the Company signed an agreement with Wireless Guardian, Inc. (“**Wireless Guardian**”) to install security and retail technology funded by a SaaM program, in more than 1,800 Mountain Express Oil convenience stores and/or truck stops throughout 19 states in the US. Wireless Guardian is a security technology-based company that has a focus on convenience and fuel retail. The parties had secured contracts to provide digital activation and media support capabilities. The SaaM program was intended to allow retailers to offset the cost to update their security systems using new revenue raised from brand-generated media advertising on cooler doors and screens throughout their stores. Using Intel Smart Edge and VSBLTY/Wireless Guardian solutions, Mountain Express Oil locations were expected to enhance the guest experience with interactive brand messaging through both direct, sponsored advertising, as well as programmatic advertising. Also planned as apart of the deployment was Golden Record, which uses free guest Wi-Fi in stores to engage customers by providing customized messages to inform, motivate and reward individuals that make impulse purchases at point of sale. Once customers opt in, shoppers receive money-saving coupons and content specialized to their individual interests and preferences during their current and future store visits. The agreement may be terminated in the following circumstances: (i) either party may terminate the agreement without cause upon sixty (60) days’ prior written notice; (ii) in the event that Wireless Guardian has a reasonable issue or concern with respect to a change of control in ownership of VSBLTY, Wireless Guardian may terminate the agreement by delivering written notice of termination to VSBLTY at any time within thirty (30) days after receiving written notice from VSBLTY of a change in control of VSBLTY; (iii) either party may terminate the agreement with cause upon thirty (30) days’ prior written notice, unless the applicable breach is cured during the notice period; or (iv) either party may terminate by written notice to the other party if the other party becomes insolvent, makes a general assignment for the benefit of creditors, files a voluntary petition of bankruptcy, suffers or permits the appointment of a receiver for its business or assets, or becomes subject to any proceedings under any bankruptcy or insolvency law, or has wound up or liquidated, voluntarily or otherwise. As of December 31, 2022, the agreement has generated approximately $396,000 in revenue. During Q1 of 2023, Mountain Express Oil filed for bankruptcy protection, resulting in a halt to all further installations. This has contributed to VSBLTY’s revenue shortfall for Q1 2023 and projected annual revenues for 2023. VSBLTY has pivoted their SaaM team to fast-track other opportunities in convenience store and supermarket chains in an attempt to replace the lost revenue.

Notes:

(1) The Company categorizes these agreements as reseller agreements. Under a reseller agreement, the applicable partner is granted the right to sell VSBLTY’s products as part of the partner’s existing suite of products (e.g. VSBLTY’s software will be embedded within the partner’s existing products) or as a stand-alone product to the partner’s existing customers. Under these arrangements, consistent revenues will generally not begin until a few quarters after the applicable agreement is executed, as several months are required to sufficiently define the terms and scope of the collaboration, and to provide sufficient training to the reseller and its staff.

(2) The Company categorizes these agreements as integration/original equipment manufacturer agreements. Under an integration/original equipment manufacturer agreement, the applicable partner’s key customers are already identified and, in many cases, orders for the Company’s products from such customers are already secured (in full or in part). Accordingly, there is often an increased level of certainty connected with

these arrangements. However, there is still a degree of uncertainty with respect to the pace of deployment, and any additional contracts that must be executed for new orders or customers.

(3) The Company categorizes this agreement as a non-standard reseller agreement, as well as a strategic partnership.

The relationships with certain of the Company's previously disclosed strategic and channel partners, such as News America Marketing In-Store Services L.L.C., KLA Laboratories, Inc., Digitalware Inc., Prevenitas Inc., Synect, LLC, KIOSK Information Systems Inc., Chubasco S.A. dba Branding Global, Peerless Industries Inc., Corporate Biznis, Inc., SYNQ Technologies Ltd., Ability Enterprise Co., Ltd., RapidSOS, Inc., Tech Mahindra Limited, UST Global Inc. and EOS Linx LLC have become nonstrategic and subsequently de-emphasized or terminated by the Company.

In addition to those named above, the Company works with a number of other channel partners under reseller agreements where partners are granted rights to sell the Company's products. In addition, to the above channel partners, the Company has the following key engagements:

Winkel Media

The Joint Venture, which was entered into between the Company, Retailigent Media and Modelo, operates under the name Winkel Media, S.A.P.I. de C.V. ("**Winkel Media**") and is a strategic engagement for VSBLTY. Winkel Media is both a customer and a key partner. VSBLTY derives license revenue from Winkel Media but also participates in the media revenue from the Joint Venture. The objective of the Joint Venture is to create a high-performing retail media network that will allow for digital advertising in up to 50,000 locations over the life of the Joint Venture. The rationale for VSBLTY providing initial financing for the Joint Venture, as well as delaying payment on SaaS fees, is to allow for the performance of activities intended to create critical mass in the market. That is, the structure is based on the underlying rationale that media cannot be sold unless it reaches a certain distribution or reach. The other parties to the Joint Venture create value in non-tangible ways, while VSBLTY agreed to fund the initial costs of the network build-out with the expectation that both the revenue and the initial start up operating and equipment costs will be paid out as the entity approaches cash flow positive.

Winkel Media is growing and currently provides a large portion of the Company's revenues. As at December 31, 2022, the Joint Venture has generated approximately $2.3M in revenue for the Company. The Company expects that more technology will be licensed by Winkel Media as the services expand into related, technology enabled, advertising markets. Any change in VSBLTY's relationship with this partner in the future could have a material adverse effect on its business, financial condition and results of operations. See "Risk Factors - Dependence on a Small Number of Channel Partners".

On May 3, 2022, the Company entered into a monthly SaaS agreement with Winkel Media to begin a phase one installation of Golden Record in its convenience store media network throughout Latin America. The initial rollout has started in Mexico, Peru, Ecuador, Colombia and the Dominican Republic, and is expected to expand with new installations as Winkel Media grows its planned 50,000-store network. Winkel Media is an in-store media technology company that is a joint venture of the Company, its Latin American partner Retailigent, S.A. de C.V. and Cerveceria Modelo de Mexico, S. de R.L. de C.V. that is already operational. The technology company developed the first retail DOOH network in Latin America Golden Record uses free guest Wi-Fi in stores to improve the customer experience, and customized messages to inform, influence and motivate individuals to make impulse purchases at point of sale. The initial term of the agreement is for a period of twenty-four (24) months; however, the parties will have the right to extend the term for an additional twenty-four (24) month period if the applicable shareholders' agreement terminates.

After the initial term or applicable extension period, the agreement will automatically be renewed for successive three (3) month periods unless Winkel provides notification in writing at least thirty (30) days prior to the end of the then-current term or renewal term. In the event of a material breach of any provision of the agreement, the non-breaching party may terminate the agreement by giving thirty (30) days prior written notice to the breaching party; provided, however, that the agreement shall not terminate if the breaching party has cured the breach prior to the expiration of such thirty (30) day period.

Austin GIS

In August of 2021, the Company purchased an approximate 12% equity fully diluted interest in Austin GIS for an aggregate purchase price of US$1,000,000. The strategy of this entity is to focus on large infrastructure deals seeking financing and technology with an emphasis on large smart city infrastructure.

Retail and Security Sectors

Although the goal of the Company is to secure as many SaaS subscriptions as possible, there are many components to successfully securing and growing a customer subscription base in the markets and channels the Company serves. There are two broad categories in which the Company participates, which include: (i) the retail sector; and (ii) the security sector. Each of the retail and security sectors have slightly different deployment and revenue models, which are further described in the following paragraphs.

1. Retail: In the retail sector, the objective of VSBLTY, through the deployment of its software, is to generate greater visibility and promotion for consumer products in physical retail locations. This objective is addressed through the process of activation. For example, the Company's VisionCaptor product is optimized to deliver a visual or interactive experience for consumers who are in aisle at retail locations. The objective of the digital activation is to engage the customer in a specific message that is customized to the promotion or to the consumer (e.g. specific to the consumer's age and gender). The efficacy of the message is measured by counting persons, dwell time, engagement, interaction and lift (which refers to the amount of incremental product sold due to the activation). In the experience of management of the Company, consumer packaged goods brands will pay for the opportunity to place messaging in retail locations because they expect that such positioning will enhance the branding of their product, will generate more product sales, and will provide consumer engagement metrics, unlike other retail solutions previously provided. Brands use this data to fine tune their messaging and to optimize target marketing and customer engagement. The activation itself (the visual display combined with measurement) provides an effective way of reaching consumers out of home with relevant brand messaging and, in the experience of management of the Company, results in a return on investment in the form of increased sales. This may increase the value of the shelf space because it becomes an advertising platform with instant and granular measurement data.

   The Company generates retail revenue by creating a new interactive advertising medium that is both interactive and measurable. VSBLTY generates revenue not only by providing the professional services that surround the deployment of the technology, but also through the creative execution and the SaaS licenses, which are foundational to the actual platform. A typical deployment in retail will be funded either by the brand (e.g. a company that displays and sells their products within a retail store) or the retailer (e.g. a company that owns the retail location within which products are displayed and sold) and deployed in a selected number of stores. Each deployment for each store can constitute 1 to 4 "endpoints". VSBLTY licenses its retail software on a "per end point per month" basis. A deployment that is executed across an entire retailer could be several thousand endpoints. As the Company generates more end points in retail locations (e.g. more smart digital shelves or displays) and the benefits of the Company's products are further demonstrated, management expects that the market demand for the Company's products will increase.

2. Security: VSBLTY's security solution is based on the idea that too many cameras can overwhelm operators, leading to circumstances wherein the operators, charged with the responsibility of monitoring hundreds of video feeds, miss critical events or information. The camera networks tend to be used primarily to understand and decode what may have happened, as opposed to acting as a critical early warning system or a real time analytics augmentation to the operator. While the forensic value of a camera network is significant, the idea of conducting proactive analytics without operator intervention brings surveillance into a new category. VSBLTY's software can monitor hundreds of thousands of camera feeds for meaningful data in the video stream, which includes data with respect to objects that should not be there, such as weapons or unauthorized persons in a restricted area.

   Both the DataCaptor and VECTOR software modules process algorithms. This is the artificial intelligence process that determines, as an example, the age of a person, the gender of a person, the type of an object (e.g. a beverage) or the identity of a person. DataCaptor and VECTOR can run one or many algorithms simultaneously on edge processors (not cloud). In the security context, for instance, this means that the VECTOR software can query a local database and determine if a person in the field of view matches a biometric entry on the database. If the software determines a match, there will be a report with probability of a match (e.g. the person is matching to a database entry with, for example, an 87% probability).

VSBLTY generates revenue from the security market by selling both DataCaptor (Anonymous video analytics) and VECTOR (Facial Recognition). Each camera is licensed, as is each algorithm. The more algorithms that run on the processor, the more licenses are required. As the Company deploys camera networks with its security partners, VSBLTY will run analytics on a sub-set or on the entire camera population. The license revenue will be generated in that manner.

A typical security deployment would include a number of cameras deployed within a city or community and, depending upon the kind and number of algorithms deployed, each camera would be licensed per month. In a smart city deployment, the number of cameras running analytics in a camera network could number in the thousands.

Production and Sales

VSBLTY has invested a considerable amount of effort to articulate its supply chain. As VSBLTY provides a software solution, there are hardware requirements that are typically satisfied by one of several hardware vendors (depending on the type of platform selected). The key vendors with whom VSBLTY has commercial ties are as follows:

- Peerless AV – VSBLTY utilizes kiosk hardware and outdoor high bright solutions from Peerless AV.

- Intel Corporation – All processor hardware is sourced from Intel Corporation and related entities. VSBLTY is a pioneer on Intel's Edge architecture, OpenVINO™. The Intel® Network Builders Edge Ecosystem is a new initiative that gathers ecosystem partners with a focus on accelerating network edge solutions. Spanning across multiple verticals, the Intel Network Builders Edge Ecosystem highlights industry participants that are driving the development, deployment and adoption of edge-centric technologies. For VSBLTY, this proximity and collaboration with Intel provides not only a strategic advantage in the Intel OpenVINO ecosystem, but also a broader commercial advantage as the program offers its participants the ability to co-market and collaborate on product design and business development.

- In Store Screen – Digital header and shelf strip hardware is manufactured by In Store Screen and utilized by VSBLTY for intelligent aisle activations. In January 2020, In Store Screen entered into a commercial relationship with Lenovo Group Limited ("**Lenovo**"), one of the world's largest manufacturers of computer platforms and ancillary technology.

- LG/MRI – LG/MRI is one of the world's leading sources for outdoor, high bright screens as well as digital coolers and freezers.

- Seneca – Seneca, a division of Arrow Electronics Inc., is one of the world's largest sourcing and distribution entities of technology and integrated systems. VSBLTY has had long standing ties with Seneca and in 2019 extended that relationship so that Seneca could install VSBLTY software and systems at factory for later enablement by Seneca customers. In 2020, Seneca launched the Maestro program, which was created by Seneca to make it easier for enterprise customers to buy hardware and have the software pre-loaded for easy deployment. This program involves the pre-loading of software on all media players shipped from Seneca facilities. Seneca has enrolled four companies in this program to date. VSBLTY is one of the four companies, while the other three are competitors to VSBLTY. VSBLTY's VisionCaptor software as well as the DataCaptor software are available through the Maestro program. VSBLTY is the only company to have both a CMS and an audience measurement module (DataCaptor) available through this program.

- Lenovo – Lenovo is an internationally recognized computer and server company. VSBLTY has been working with Lenovo on commercial engagements for more than one year. Specifically, the Company has engaged with Lenovo's retail and original equipment manufacturer vertical groups. Many of VSBLTY's solutions rely upon platforms developed and sold by Lenovo.

Research and Development

VSBLTY has developed and released multiple versions of the three software modules developed by the Company. Because of competitive forces, customer requests, or the simple objective to maintain a leadership position in the industry, the Company continues to invest in research and development not only to manage the deployments in the field but also to enhance the product offerings.

An important architectural pivot began in 2018, as the Company began to investigate the strategic benefit of adopting an entirely new system architecture. Every deployment to that date leveraged computing and storage that was provided from a cloud instance. For the most part, this meant Microsoft AZURE cloud services. The key algorithms meant to determine age, gender, sentiment and, if required, to match a face to a name ran entirely in the cloud on large, expensive computing platforms. By contrast, the cameras and processors at the edge ("edge" deployed means that the actual computers and cameras are physically deployed at the point of collection) were very lightweight and only performed the role of collecting and transmitting the data to the cloud for real time analytics and storage (if applicable). While this architecture was considered standard, the idea of deploying more sophisticated computers at the edge and running the advanced algorithms locally was thoroughly researched by VSBLTY and, for the first time, implemented in the Spring of 2019. Not only did this architecture provide a fundamental strategic and competitive advantage, but it also lowered the cost of goods sold per end point per month. Having successfully adopted this architecture, VSBLTY has obtained cost, flexibility and performance advantages. VSBLTY still supports a cloud-based architecture as, in some instances, a cloud-based architecture is preferred. However, for the vast majority of deployments, the edge architecture is heavily favoured; not just because of the value advantage, but also because an edge deployed system does not have a 24/7 reliance upon internet connectivity in the way that a cloud deployed system does.

VSBLTY has multiple strategic development areas in support of its two primary markets of retail and security. On the retail side, there is considerable effort going into developing the supporting technology for real-time delivery of advertising in retail, as the market augments sponsored digital display with real-time insertion and bidding. In addition, VSBLTY is utilizing its expertise and leadership in computer vision to provide audience analytics to bid-based programmatic media. This means that VSBLTY platforms will report in real-time the nature and demographic construct of its audience to allow for concurrent delivery of media messages to a select audience.

In particular, the Company is deploying resources to develop programmatic (real time) ad insertion technology so that the Company's revenue model would include both sponsored advertising and programmatic advertising. This is expected to enhance the revenue on the various platforms, while also allowing for remnant inventory to be sold on a real time basis. The development of this initiative has resulted in several modifications to the Company's core technology and is expected to be released from beta within the next month. This model is based on the assumption that a specific location has an advertising value that is primarily driven by context and awareness. This concept also assumes that knowing more about the venue and the audience of the venue increases awareness and is directly connected to advertising value.

VSBLTY Platform

In conjunction with a broad-ranging strategic review, the Company has developed two consumption models for our partners. Under the first model, the Company sells its solution to partners as a complete platform. Under the second model, the Company sells its solution to partners as an embedded system. The first model is a solution that addresses all components of many use cases including customer interface, life cycle management, as well as ongoing operating and maintenance. In contrast, the second model (embedded approach) simply takes core capabilities of the VSBLTY platform, licenses them independently and embeds them in a non-native solution. This could also be considered an OEM approach and has VSBLTY assume the posture of a component supplier as opposed to a solution provider. As the Company's product suite has developed and matured, there has been greater need to expand the capabilities into a complete software platform. The Company's platform is expected to integrate third-party data and other ancillary elements that will allow for the product to deliver more comprehensive functionality in a variety of applications. The idea is that the product would be complete and include the necessary components to engage in a deployment inclusive of monitoring, application management and user experience.

Embedded Products

Certain of the Company's partners (and potential partners) are original equipment manufacturer (OEM) solution providers. Such partners have expressed a preference to utilize the Company's product as one of many products with which they could integrate their own products, as well as provide other products to plug in and enhance the VSBLTY products. Such partners generally require interface capability, as opposed to a complete, stand-alone product. VSBLTY is currently developing solutions meant to be consumed in this manner. This will require VSBLTY to build and maintain Application Programming Interfaces (APIs) to make the process of integration easier.

The Company has also begun to build an internal capacity in data science with direct employees. As of the date of this AIF, VSBLTY has two personnel directly engaged in development as employees and an additional one under contract. The speed with which the organization transitions to a wholly "insourced" model will depend on the available resources, growing revenues and availability of talent that is applicable to the needs of the Company.

In order to maintain its technological leadership and, as a result of the close working relationship with Intel Corporation at an engineering and design level, in Q1 2021, VSBLTY launched a comprehensive product strategy that includes significant enhancements on several product frontiers. The core products are now augmented by:

- V.Edge – A complete computing framework specifically tuned for Intel Open vino development toolkit optimized for Intel core, Intel Xeon and Intel Movidius Myriad X vision processing unit compute platforms. This innovative framework allows for rapid development, testing and deployment of inference logic utilizing computer vision. This new framework supports Windows and Linux and gives VSBLTY a technical advantage when deploying new algorithms in varied environments.

- V.Next – This is VSBLTY's new platform that allows for simple deployment planning, designing and monitoring for complex computer vision networks.

- V.Labs – This is the pioneering Active Learning Framework that provides for the rapid annotation and re-training to allow for benchmarking in real world environments. It is this framework that will allow for VSBLTY software to rapidly evolve autonomously as the algorithms get exposed to real world deployments.

Intellectual Property

VSBLTY has three unique proprietary software modules that function independently or together as a single integrated platform. From a competitive point of view, VSBLTY has noteworthy competitors for each of the modules independently, but no single competitor that is able to offer the breadth of capabilities that the modules *combined* can deliver.

A key to the uniqueness of the VisionCaptor module is the integrated sensor capability that determines the distance of a person from the display. This capability can be used to trigger different content based upon proximity to screen. This means that the software is "aware" of the location of persons in relation to the screen and can play bespoke content meant to engage or attract viewers. This "proximity trigger" capability, unique to VSBLTY, increases the advertising value of the platform because it not only can secure a higher impression value (meaning a demonstrable indication that a display has been viewed), but can be used to measure the view times or duration a particular piece of content has been viewed by a specific person.

In addition to the proximity triggers, VSBLTY has proprietary software that can trigger advertising content based upon the demographic of the viewer. For instance, if a male is in front of the screen, then content designed for a male audience can be delivered. Conversely, if a female is in front of the display, unique female-geared advertising content can be played. All of this functionality can be delivered within the privacy compliance guidelines in place within the markets served.

A U.S. patent application was filed on behalf VSBLTY to cover part of this innovation; Patent application US 15/731,334, which is related to driving content based upon a scene analysis. The final patent was issued by the U.S. Patent and Trademark Office in October 2022.

In addition, VSBLTY has released multiple versions of software that constitute a comprehensive body of work and proprietary methods and capabilities. VSBLTY expects to file additional patent applications as it continues to develop its technology.

Marketing Plan and Strategy

The primary goal of VSBLTY's marketing program is to continue to build awareness of VSBLTY as a market leader in Proactive Digital Display for retail and security among key constituents, including decision-makers at key retailers, consumer-packaged goods companies, stadiums, public transit hubs, and other public spaces. Targeting influential writers within the news media and the investor community, as well as individual investors, will be a key focus of the Company.

The key objective of VSBLTY is to develop meaningful deployments with national or international retailers, consumer-packaged goods or other significant partners that can, by association, establish VSBLTY as being a leader in this quickly emerging market.

VSBLTY's marketing team will deploy a tactical plan across various marketing channels both on-line and off-line. Business and technology print and digital media will continue to be targeted to generate news and information about key milestones as VSBLTY signs important and relevant service agreements in each market sector. Social media posts will support this news to provide greater reach among key constituents that follow or may become interested in following the Company's story.

The entrance of real time bidding and programmatic ad insertion is a critical development in the industry. Using its existing infrastructure and expertise, the Company expects to take advantage of this development by supporting the ability for programmatic advertising to be accommodated on the Company's platform, as well as its network build outs.

VSBLTY also intends to develop an updated website to enable the Company to feature more case studies and provide more information to support the growing security segment of the business. Search engine optimization and paid search will become a more important aspect of VSBLTY's marketing plan as VSBLTY builds its use cases and closes larger scale contracts.

Specialized Skill and Knowledge

The nature of the Company's business requires specialized skills and knowledge, including expertise in machine learning, computer vision, artificial intelligence, finance, software development and programming, application security, marketing, design and content creation. Increased competition for technology personnel may make it more difficult to hire and retain competent employees and consultants and may affect the Company's ability to grow at the pace it desires. However, the Company does not currently anticipate any significant difficulties in locating and retaining appropriate personnel as the employees and consultants that possess the skill and knowledge required to carry on its business.

Competitive Conditions

VSBLTY has a broad product spectrum and participates in a marketplace that is still in the process of defining itself. The three critical components of the business of the company and the competitive landscape for each is described below.

Digital Signage Content Management System (VisionCaptor)

There are several hundred vendors that develop content management systems for digital platforms making this is a crowded segment of the market. Many of these software solutions only provide the ability to provide passive display (non-interactive) content. VSBLTY, with its VisionCaptor module, can provide comprehensive and scalable solutions for various digital display applications including those that require interactivity and remote management. The market leaders in the segment of the market include Scala, Broadsign and Brightsign.

DataCaptor

Leveraging proprietary software, VSBLTY uses machine learning along with computer vision to define the nature of the audience, in real time and according to several measurement criteria. As the various markets trend toward more accountability and measurement, VSBLTY is in an excellent position to be among the pioneers in this category. There are two primary competitors to VSBLTY in this specific area: (i) Quvidi (based in Paris, France), and (ii) Admobilize (based in Miami Beach, Florida). Both competitors concentrate their business primarily in the measurement market with minimal solutions for CMS and security. VSBLTY's breadth of product and service offerings is its primary differentiator.

VSBLTY Vector

VSBLTY Vector is the security module that is capable of detecting the presence of persons of interest within a crowd of people. It does this at scale and in real time as an adjunct to existing security infrastructure and with the ability to interface with existing CCTV apparatus. The uniqueness of the VSBLTY approach is that it couples digital display with security (facial recognition and object recognition). The philosophy is driven by the belief that facial recognition, as a technology, is more effective when connected to or delivered alongside digital display. When there is compelling content to look at, people will look. When they look, the identification of the face happens instantly and supports the immediate security cross reference.

While this combination is an innovation of VSBLTY there is nothing proprietary about this approach (although this is the basis of a patent application by VSBLTY which, if granted, could provide the basis of a strong defense). There are several companies that offer digital display or facial recognition as a discrete category, but VSBLTY is not aware of any that have mature offerings in both categories. The security capability is a natural extension of measurement and since measurement (precise analytics for DOOH) has become an expectation in DOOH there are several companies aggressively developing products to allow for artificial intelligence-powered machine learning and machine vision for real time DOOH measurement. If and when this happens there will be more competition for VSBLTY As an example, Nippon Electronics Corporation, a leading facial recognition vendor, has made announcements about merging the capabilities of their new digital signage product with security. In addition, Stratacache (based in Dayton, OH), has begun to offer commercial solutions for real time video analytics. This is further evidence that the markets are merging and growing in real terms.

Advisory Board

The Company has an advisory board in place, complete with individuals who have various backgrounds and experience to complement our operations, mission and business strategy. The advisory board provides suggestions to our management on as-needed basis. The advisory board does not have a charter and does not meet on a scheduled basis. The advisory board comprised of Steve McMahon, Joe Jensen and Richard Campbell.

Employees

As at the end of the Company's most recently completed financial year, December 31, 2022, the Company had 23 employees. As of the date of this AIF, the Company has 19 employees.

Risk Factors

The following are certain risk factors relating to the business and securities of the Company. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company, or that the Company currently deems immaterial, may also impair the operations of the Company. If any such risks actually occur, the business, financial condition and/or liquidity and results of operations of the Company could be materially adversely affected.

Failure to Manage Growth

If the Company is unable to manage its continued growth successfully, its business and results of operations could suffer. The Company’s ability to manage growth will require it to continue to build its operational, financial and management controls, contracting relationships, marketing and business development plans and controls and reporting systems and procedures. The Company’s ability to manage its growth will also depend in large part upon a number of factors, including the ability for it to rapidly:

- increase sales or attract new customers;
- develop new products;
- expand its internal and operational and financial controls significantly so that it can maintain control over operations;
- attract and retain qualified technical personnel in order to continue to develop reliable and flexible products and provide services that respond to evolving customer needs;
- build a sales team to keep customers and partners informed regarding the technical features issues and key selling points of its products and services;
- develop support capacity for customers as sales increase; and
- build a channel network to create an expanding presence in the evolving marketplace for its products and services.

An inability to achieve any of these objectives could harm the business, financial condition and results of operations of the Company.

COVID-19

The continuing outbreak of the COVID-19 pandemic and government actions to address it may have a material adverse effect on VSBLTY’s business, financial conditions and results of operation, all of which could be rapid and unexpected. The Company may face disruption to operations, supply chain delays, travel and trade restrictions and impacts on economic activity in affected countries or regions that could reduce demand for applications of VSBLTY’s technology. COVID-19 may further prevent or cause delays in delivering the Company’s technology and services, whether by direct impacts to its operations or impacts to the operations of its suppliers, customers or financial markets. VSBLTY’s strategic partnerships may similarly be affected.

The COVID-19 pandemic continues to evolve and, as a result, it is difficult to accurately assess its continued magnitude, outcome and duration. The COVID-19 pandemic could: negatively impact levels of investment in deployments of VSBLTY’s technology; lead to prolonged disruptions of critical components, including as a result of the bankruptcy/insolvency of one or more suppliers due to worsening economic conditions; impact VSBLTY’s customers’ and partners’ production volume levels, including as a result of prolonged unscheduled facility shutdowns; and result in government regulation that may adversely impact the Company’s business. COVID-19 may also represent a serious threat to the Company maintaining a skilled workforce and could be a healthcare challenge for the Company, its customers, suppliers and partners. There can be no assurance that VSBLTY’s personnel will not be impacted by COVID-19 and ultimately the Company may see its workforce productivity reduced or incur increased medical costs/insurance premiums as a result of these health risks. Additional cybersecurity risks also exist due to personnel working remotely. In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy generally, and thus demand for products with potential applications for VSBLTY’s technology may decline. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, government response actions, business closures and business disruptions, can all have an impact on the Company’s operations and access to capital. There can be no assurance that VSBLTY will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets which may reduce share prices and financial liquidity and thereby severely limit the capital available to the Company.

In addition, the roll-out of the JV Media Network's international in-store media network may be delayed in some Latin American jurisdictions where access to stores continues to be limited as a result of COVID-19, which may cause the JV Media Network to initially focus on other jurisdictions with greater access.

Failure to Expand the Company's Sales and Marketing Capabilities

Increasing the Company's customer base and achieving broader market acceptance of its products will depend to a significant extent on the Company's ability to expand its sales and marketing operations. The Company's business will be seriously harmed if the efforts to expand its sales and marketing capabilities are not successful or if they do not generate a sufficient increase in revenue.

Revenue Risk

To increase its revenue and maintain profitability, the Company must add new customers or increase revenue from its existing customers. Numerous factors, however, may impede its ability to add new customers and increase revenue from its existing customers, including the Company's inability to convert new organizations into paying customers, failure to attract and effectively retain new sales and marketing personnel, failure to retain and motivate the Company's current sales and marketing personnel, failure to develop or expand relationships with channel partners, failure to successfully deploy products for new customers and provide quality customer support once deployed, or failure to ensure the effectiveness of its marketing programs. In addition, if prospective customers do not perceive the Company's products to be of sufficiently high value and quality, the Company will not be able to attract the number and types of new customers that it is seeking.

In addition, the Company's ability to attract new customers and increase revenue from existing customers depends in large part on its ability to enhance and improve its existing products and to introduce compelling new products that reflect the changing nature of its market. The success of any enhancement to its products depends on several factors, including timely completion and delivery, competitive pricing, adequate quality testing, integration with existing technologies and its products, and overall market acceptance. If the Company is unable to successfully develop new products, enhance its existing products to meet customer requirements, or otherwise gain market acceptance, its business, results of operations and financial condition would be harmed.

Revenue Projections May Prove Inaccurate

Due to the time it takes customers to develop an understanding of VSBLTY's technology, the selling process is slowed down and the selling cycle is lengthened. Over time, management of VSBLTY believes that the pace of deployment will increase and sales cycles will shorten as retailers develop an understanding of the technology. However, this creates uncertainly for the management of the business and with respect to accurate sales forecasts or revenue projections. Although financial projections presented in this AIF are based on reasonable expectations developed by the Company's management, the assumptions and estimates underlying the financial projections are subject to significant business, economic, and competitive uncertainties and contingencies, many of which will be beyond the control of the Company. Accordingly, the financial projections are only estimates and are necessarily speculative in nature. It is expected that some – and perhaps all – of the assumptions in the financial projections will not be realized and that actual results will vary from the projections. Such variations may be material and may increase over time. In light of the foregoing, readers are cautioned not to place undue reliance on the financial projections, which constitute forward-looking statements and FOFI. By their nature forward-looking statements and FOFI involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements and/or FOFI or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. See "Forward-Looking Information and Financial Outlook" and "Description of Business".

Liquidity and Negative Cash Flow

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company reported negative cash flow from operating activities for the financial year ended December 31, 2022 and VSBLTY Inc. has historically reported negative cash flow from operating activities for prior fiscal years. As a result of its negative cash flow, the Company may need to rely on the issuance of securities or other sources of financing to generate sufficient funds to fund its working capital requirements and for corporate expenditures. The Company may continue to have negative cash flow from operating activities until sufficient levels of sales are achieved. To the extent that the Company has negative cash flow from operating activities in future periods, the Company may need to use a portion of proceeds from any offering to fund such negative cash flow.

Dependence on a Small Number of Customers

VSBLTY derives a significant percentage of its total revenues from a small group of customers, and, in particular, has been dependent on one particular customer for a large percentage of its revenues. Any change in VSBLTY's relationship with this key customer or any other customers that may represent a significant portion of VSBLTY's revenue in the future could have a material adverse effect on its business, financial condition and results of operations. VSBLTY's dependence on a small number of key customers also exposes it to credit risk in respect of those customers. The failure of VSBLTY's customers to pay amounts owing, or their failure to pay promptly, may have a material adverse effect on VSBLTY's business, financial condition and results of operations and, in turn, the business, financial condition and results of operations of the Company.

Reliance on Key Personnel

The Company's success depends largely on the continued services of its executive officers and other key employees. The Company relies on its leadership team in the areas of research and development, operations, security, marketing, sales, customer support, general and administrative functions, and on individual contributors in its research and development and operations. From time to time, there may be changes in the Company's executive management team resulting from the hiring or departure of executives, which could disrupt, and harm, its ability to implement its business plan. The loss of one or more of the Company's executive officers or key employees could harm the Company's business.

In addition, to execute its growth plan, the Company must attract and retain highly qualified personnel. Competition for these personnel is intense and there can be no assurances that the Company will be able to continue to attract and retain the personnel necessary for the development and operation of the Company's business. In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the perceived value of the Company's equity awards declines, it may harm the Company's ability to recruit and retain highly skilled employees. If the Company fails to attract new personnel or fails to retain and motivate current personnel, its business and future growth prospects could be harmed.

Business may Suffer from Failure to Develop Brand

Building and maintaining awareness of the Company and its portfolio of products in a cost-effective manner is important to achieving widespread acceptance of its current and future products and is an important element in attracting new customers. Brand recognition will become more important for the Company as competition in the market increases. The Company's brand success will depend on the effectiveness of its marketing efforts and on its ability to provide reliable and valuable products to its customers at competitive prices. The Company's brand marketing activities may not yield increased revenues, and even if they do, any increased revenues may not offset the expenses the Company may incur in attempting to build its brand. If the Company fails to successfully market its brand, the Company may fail to attract new customers, retain existing customers or attract media coverage to the extent necessary to realize a sufficient return on its brand-building efforts, and its business and results of operations could suffer.

Inability to Leverage Technology

The Company's future growth depends, in part, on its ability to leverage its technology to offer new solutions. Development of new solutions is complex and subject to a number of risks present in the industry. The Company may not be able to successfully launch new solutions, and there can be no assurances the Company's engineering and development efforts will be successful in competing and launching such solutions. There can be no assurances that the Company will successfully develop or commercialize new solutions in a timely manner or at all, or that such solutions will achieve market acceptance. Any failure to design and implement new solutions on a timely basis and at a price acceptable to the Company's target markets may have a material adverse effect on the Company's business, growth, operating results and financial condition.

Competition

The industry in which the Company operates, is highly competitive, is evolving and is characterized by technological change. Current or future competitors may have longer operating histories, larger customer bases, greater brand recognition and more extensive commercial relationships in certain jurisdictions, and greater financial, technical, marketing and other resources than the Company. As a result, the Company's competitors may be able to develop products and services better received by customers or may be able to respond more quickly and effectively than the Company can to new or changing opportunities, technologies, regulations or customer requirements. In addition, larger competitors may be able to leverage a larger installed customer base and distribution network to adopt more aggressive pricing policies and offer more attractive sales terms, which could cause the Company to lose potential sales or to sell its solutions at lower prices.

Competition may intensify as the Company's competitors enter into business combinations or alliances or raise additional capital, or as established companies in other market segments or geographic markets expand into the Company's market segments or geographic markets. The Company also expects to face additional competition from new entrants. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. If the Company cannot compete against existing and future competitors, its business, results of operations and financial condition could be materially and adversely affected.

The Company's success will be dependent on its ability to market its products and services. There is no guarantee that the Company's products and services will remain competitive. Unforeseen competition, and the inability of the Company to effectively develop and expand the market for its products and services, could have a significant adverse effect on the growth potential of the Company. The Company cannot assure that it will be able to compete effectively against existing and future competitors. In addition, competition or other competitive pressures may result in price reductions, reduced margins or loss of market share, any of which could have a material adverse effect on the Company's business, financial condition or results of operations.

Cybersecurity Risks

Increasingly, companies are subject to a wide variety of attacks on their networks and systems on an ongoing basis. In addition to traditional computer "hackers", malicious code (such as viruses and worms), employee theft or misuse, and denial-of-service attacks, sophisticated nation-state and nation-state supported actors now engage in cybersecurity attacks (including advanced persistent threat intrusions). Despite significant efforts to create security barriers to such threats, it is virtually impossible for the Company to entirely mitigate these risks. The security measures the Company has integrated into its internal network and platform, which are designed to detect unauthorized activity and prevent or minimize security breaches, may not function as expected or may not be sufficient to protect its internal networks and platform against certain attacks. In addition, techniques used to sabotage or to obtain unauthorized access to networks in which data is stored or through which data is transmitted change frequently and generally are not recognized until launched against a target. As a result, the Company may be unable to anticipate these techniques or implement adequate preventative measures to prevent an electronic intrusion into its networks.

If a breach of customer data security were to occur, as a result of third-party action, employee error, malfeasance or others, and the confidentiality, integrity or availability of the customers' data was disrupted, the Company could incur significant liability to its customers and to individuals or business whose information was being stored by its customers, and its products may be perceived as less desirable, which could negatively affect the Company's business and damage its reputation. Security breaches impacting the Company's products could result in a risk of loss or unauthorized disclosure of customers' information, which, in turn, could lead to litigation, governmental audits and investigations, and possible liability. In addition, a network or security breach could damage the Company's relationships with its existing customers, resulting in the loss of customers, and have a negative impact on its ability to attract and retain new customers.

These breaches, or any perceived breach, of the Company's network, its customers' networks, or other networks, whether or not any such breach is due to a vulnerability in the Company's products, may also undermine confidence in its products and result in damage to its reputation, negative publicity, loss of customers and sales, increased costs to remedy any problem, and costly litigation. Third parties may attempt to fraudulently induce employees or customers into disclosing sensitive information such as user names, passwords or other information, or otherwise compromise the security of the Company's internal networks, electronic systems and/or physical facilities in order to gain access to its data or its customers' data, which could result in significant legal and financial exposure, loss of confidence in the security of its products, interruptions or malfunctions in its operations, and, ultimately, harm to its future business prospects and revenue. The Company may be required to expend significant capital and financial resources to protect against such threats or to alleviate problems caused by breaches in security.

Reliance on Strategic Partnerships

To grow its business, the Company anticipates that it will continue to depend on relationships with third parties, such as information technology vendors and channel partners. Identifying partners, and negotiating and documenting relationships with them, requires significant time and resources. The Company's competitors may be effective in providing incentives to third parties to favour their products or services over the Company's. In addition, acquisitions of the Company's partners by its competitors could result in a decrease in the number of its current and potential customers, as its partners may no longer facilitate the adoption of its applications by potential customers. If the Company is unsuccessful in establishing and maintaining its relationships with third parties, or if these third parties are unable or unwilling to provide services to the Company, the Company's ability to compete in the marketplace or to grow its revenue could be impaired, and its results of operations may suffer. Even if the Company is successful, it cannot be sure that these relationships will result in increased customer usage of its products or increased revenue.

Changes in Technology

The Company operates in a competitive industry characterized by rapid technological change and evolving industry standards. The Company's ability to attract new customers and increase revenue from existing customers will depend largely on its ability to anticipate industry standards and trends, respond to technological advances in its industry, and to continue to enhance existing products or to design and introduce new products on a timely basis to keep pace with technological developments and its customers' increasingly sophisticated needs. The success of any enhancement or new product depends on several factors, including the timely completion and market acceptance of the enhancement or new product. Any new product the Company develops or acquires might not be introduced in a timely or cost-effective manner and might not achieve the broad market acceptance necessary to generate significant revenue. If any of the Company's competitors implements new technologies before the Company is able to implement them, those competitors may be able to provide more effective products than the Company at lower prices. Any delay or failure in the introduction of new or enhanced products could harm the Company's business, results of operations and financial condition.

The Company's products are expected to embody complex technology that may not meet those standards, changes and preferences. The Company's ability to design, develop and commercially launch new products depends on a number of factors, including, but not limited to, its ability to design and implement solutions and services at an acceptable cost and quality, its ability to attract and retain skilled technical employees, the availability of critical components from third parties, and its ability to successfully complete the development of products in a timely manner. There is no guarantee that the Company will be able to respond to market demands. If the Company is unable to effectively respond to technological changes, or fails or delays to develop products in a timely and cost-effective manner, its products and services may become obsolete, and the Company may be unable to recover its research and development expenses which could negatively impact sales, profitability and the continued viability of its business.

System Failures or Delays in Network Operations

The Company's ability to collect and report accurate data may be interrupted by a number of factors, including inability to access the Web, failure of the Company's network or software systems, computer viruses, security breaches or variability in user volume on customer Websites. A failure of network or data gathering procedures could impede the processing of data, cause the corruption or loss of data or prevent the timely delivery of products.

In the future, the Company may need to expand its network and systems at a more rapid pace than it has in the past. The Company's network or systems may not be capable of meeting the demand for increased capacity, or it may incur additional unanticipated expenses to accommodate these capacity demands. In addition, the Company may lose valuable data, be unable to obtain or provide data on a timely basis or its network may temporarily shut down if it fails to adequately expand or maintain its network capabilities to meet future requirements. Any lapse in the Company's ability to collect or transmit data may decrease the value of its products and prevent it from providing data requested by customers. Any disruption in the Company's network processing or loss of Web user data may damage its reputation and result in the loss of customers, business, and results of operations could be adversely affected.

Security Breaches

VSBLTY's services involve the storage, analysis and transmission of customers' proprietary information, and security breaches could expose the Company to a risk of loss of this information, litigation and possible liability. While VSBLTY has security measures in place, they may be breached as a result of third-party action, including intentional misconduct by computer hackers, employee error, malfeasance or otherwise and result in someone obtaining unauthorized access to the Company's information technology ("**IT**") data, the Company's customers' data or the Company's data, including the Company's intellectual property and other confidential business information. Additionally, third parties may attempt to fraudulently induce employees or customers into disclosing sensitive information such as user names, passwords or other information in order to gain access to the Company's customers' data, the Company's data or the Company's IT systems. Because the techniques used to obtain unauthorized access, or to sabotage systems, change frequently and generally are not recognized until launched against a target, the Company may be unable to anticipate these techniques or to implement adequate preventative measures. Because the Company does not control the Company's customers or third-party technology providers, or the processing of such data by third-party technology providers, the Company cannot ensure the integrity or security of such transmissions or processing. Malicious third parties may also conduct attacks designed to temporarily deny customers access to the Company's services. Any security breach could result in a loss of confidence in the security of the Company's services, damage the Company's reputation, negatively impact the Company's future sales, disrupt the Company's business and lead to legal liability.

Defects or Disruptions in the Company's Services

Because the Company's services are complex and incorporate a variety of hardware and proprietary and third-party software, the Company's services may have errors or defects that could result in unanticipated downtime for the Company's subscribers and harm to the Company's reputation and the Company's business. Cloud services frequently contain undetected errors when first introduced or when new versions or enhancements are released. VSBLTY has from time to time found defects in, and experienced disruptions to, VSBLTY's services and new defects or disruptions may occur in the future. Since VSBLTY's customers use the VSBLTY's services for important aspects of their business, any errors, defects, disruptions in service or other performance problems could hurt the Company's reputation and may damage the Company's customers' businesses. As a result, customers could elect to not renew the Company's services or delay or withhold payment to the Company. The Company could also lose future sales or customers may make warranty or other claims against the Company, which could result in an increase in the Company's provision for doubtful accounts, an increase in collection cycles for accounts receivable or the expense and risk of litigation.

Potential Loss of Customers Resulting from Data Errors

Errors in the Company's systems resulting from the large amount of data that it collects, stores and manages could cause the information that it collects to be incomplete or to contain inaccuracies that customers regard as significant. The failure or inability of the Company's systems, networks and processes to adequately handle the data in a high quality and consistent manner could result in the loss of customers. In addition, the Company may be liable to certain of its customers for damages they may incur resulting from these events, such as loss of business, loss of future revenues, breach of contract or loss of goodwill to their business.

Actual or Perceived Violations of Privacy Laws or Perceived Misuse of Personal Information

Any perception of the Company's practices as an invasion of privacy, whether legal or illegal, may subject it to public criticism. Existing and future privacy laws and increasing sensitivity of consumers to unauthorized disclosures and use of personal information may create negative public reaction related to the Company's business practices. Any resulting reputational harm, potential claims asserted against the Company or decrease in user response could reduce the demand for its products, increase the cost of obtaining user responses, the Company's need for public relations and communications, and adversely affect the Company's ability to provide products to its customers. Any of these effects could harm the Company's business.

Unauthorized Disclosure or Theft of Private Information

Unauthorized disclosure of personally identifiable information in the possession of the Company whether through breach of the Company’s secure network by an unauthorized party, employee theft or misuse, or otherwise, could harm its business. If there was an inadvertent disclosure of personally identifiable information that the Company gathers, or, if a third party were to gain unauthorized access to the personally identifiable information the Company may possess, the Company’s operations could be seriously disrupted and it could be subject to claims or litigation arising from damages to affected parties or pursuant to the agreements with its customers. In addition, the Company could incur significant costs in complying with the multitude of provincial, U.S. state, federal and international laws regarding the unauthorized disclosure of personal information. Finally, any perceived or actual unauthorized disclosure of the information the Company collects could harm its reputation and have an adverse impact on its business.

Interruptions or Delays in Services from Third-Party Data Center Hosting Facilities or Cloud Computing Platform Providers

VSBLTY currently serves customers from third-party data center hosting facilities and cloud computing platform providers. Any damage to, or failure of, the Company’s systems generally could result in interruptions in the Company’s services. VSBLTY has from time to time experienced interruptions in VSBLTY’s services and such interruptions may occur in the future. Interruptions in the Company’s services may reduce the Company’s revenue, cause the Company’s to issue credits or pay penalties, cause customers to terminate their subscriptions and adversely affect the Company’s attrition rates and the Company’s ability to attract new customers, all of which would reduce the Company’s revenue. The Company’s business would also be harmed if customers and potential customers believe the Company’s services are unreliable. VSBLTY does not control the operation of any of these facilities, and they may be vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures and similar events. Facilities may also be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct, as well as local administrative actions, changes to legal or permitting requirements and litigation to stop, limit or delay operation. Despite precautions taken at these facilities, the occurrence of a natural disaster or an act of terrorism, a decision to close the facilities without adequate notice or other unanticipated problems at these facilities could result in lengthy interruptions in the Company’s services. Even with disaster recovery and business continuity arrangements, the Company’s services could be interrupted. When the Company adds data centers and adds capacity, the Company may move or transfer the Company’s data and the Company’s customers’ data. Despite precautions taken during this process, any unsuccessful data transfers may impair the delivery of the Company’s services, which may damage the Company’s business.

General Risk of Foreign Operations

The Company’s operations may be adversely affected by changes in foreign policies, legislation, or social instability and other factors that are not within the control of the Company. The Company’s operations may also be adversely affected by laws and policies of such jurisdictions affecting foreign trade, taxation and investment. If the Company’s operations are disrupted, its business may be harmed.

In the event of a dispute arising in connection with the Company’s operations in a foreign jurisdiction where the Company conducts its business, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgments in such other jurisdictions.

Acquisitions and Integration of New Businesses

The Company may acquire additional businesses. The Company’s M&A strategy involves a number of risks related to the realization of synergies and overall integration of the Company’s operations including but not limited to human resources, company culture, information technology, data integrity, information systems, business processes and financial management. If a strategy of growth through acquisition is pursued, the failure of the Company to successfully manage this strategy could have a material adverse effect on the Company’s business, results of operations and financial condition. Furthermore, if acquired businesses and assets are not successfully integrated, the Company may not achieve the anticipated benefits or growth opportunities.

Difficulty in Forecasting

Market opportunity estimates and growth forecasts, whether obtained from third-party sources or developed internally, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The Company's estimates and forecasts relating to the size and expected growth of its target market, market demand and adoption, capacity to address this demand, and pricing may prove to be inaccurate. The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Reputational Risk

Reputational damage can result from the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views, whether true or not. Reputation loss may result in decreased customer confidence and an impediment to the Company's overall ability to advance its products and services with customers, thereby having a material adverse impact on its financial performance, financial condition, cash flows and growth prospects.

Protection of Intellectual Property

The Company's commercial success depends to a significant degree upon its ability to develop new or improved technologies, instruments and products, and to obtain patents, where appropriate, or other intellectual property rights or statutory protection for these technologies and products in Canada and the United States. Despite devoting resources to the research and development of proprietary technology, the Company may not be able to develop new technology that is patentable or protectable. Further, patents issued to the Company, if any, could be challenged, held invalid or unenforceable, or be circumvented and may not provide the Company with necessary or sufficient protection or a competitive advantage. Competitors and other third parties may be able to design around the Company's intellectual property or develop products similar to its products that are not within the scope of such intellectual property. The Company's inability to secure its intellectual property rights may have a materially adverse effect on its business and results of operations.

Prosecution and protection of the intellectual property rights sought can be costly and uncertain, often involve complex legal and factual issues and consume significant time and resources. The laws of certain countries may not protect intellectual property rights to the same extent as the laws of Canada or the United States.

Litigation

The Company may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business. Monitoring and defending against legal actions, whether or not meritorious, can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and the Company could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages. Substantial litigation costs or an adverse result in any litigation may adversely impact the Company's business, operating results or financial condition.

Conflicts of Interest

Certain of the Company's directors and/or officers may also serve as directors and/or officers of other companies and consequently there exists the possibility for such directors and officers to be in a position of conflict requiring them to abstain from certain decisions. Conflicts, if any, will be subject to the procedures and remedies of the BCBCA and any decisions made any of such directors and officers involving the Company are subject to the duties and obligations to deal fairly and in good faith with a view to the best interests of the Company.

Volatile Market Price for Common Shares

The market price for the Common Shares may be highly volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company control, including, but not limited to: (i) actual or anticipated fluctuations in the Company's operating results; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of companies in the industry in which the Company operates; (iv) addition or departure of the Company's executive officers and other key personnel; (v) sales or anticipated sales of additional Common Shares; (vi) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; (vii) announcements of technological innovations, patents or new commercial products by the Company or its competitors; (viii) regulatory changes affecting the Company's industry generally and its business and operations; (ix) news reports relating to trends, concerns, technological or competitive developments and other related issues in the Company's industry or target markets; and (x) changes in global financial markets, global economies and general market conditions.

The Common Shares have been subject to significant price and volume fluctuations historically and may continue to be subject to significant price and volume fluctuations in the future. Significant market price and volume fluctuations can affect the market prices of equity securities of companies and have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are lasting and not temporary, which may result in impairment losses. There can be no assurance that fluctuations in share price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Common Shares may be materially adversely affected.

Additional Financing

In order to execute its anticipated growth strategy, the Company may require additional equity and/or debt financing to support on-going operations, to undertake capital expenditures, or to undertake business combination transactions or other initiatives. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise additional financing could limit the Company's growth and may have a material adverse effect upon its business, operations, results, financial condition or prospects.

If additional funds are raised through further issuances of equity or securities convertible into equity, existing Shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of the existing Shareholders. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities.

Internal Controls

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. However, internal controls over financial reporting are not guaranteed to provide absolute assurance with regard to the reliability of financial reporting and financial statements.

Any failure to develop or maintain effective controls or any difficulties encountered in their implementation could harm the Company's results of operations or cause the Company to fail to meet its reporting obligations and may result in a restatement of its financial statements for prior periods. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in the Company's reported financial and other information, which would likely have a negative effect on the trading price of the Common Shares.

Dividend Risk

The Company has not paid dividends in the past and does not anticipate paying dividends in the foreseeable future. The Company expects to retain its earnings to finance further growth and, when appropriate, retire debt.

Global Economy Risk

Global financial conditions have always been subject to volatility. This volatility may impact the Company's ability to obtain equity or debt financing in the future and, if obtained, on terms favourable to the Company. Increased levels of volatility and market turmoil can adversely impact the Company's operations and the value and price of the Common Shares could be adversely affected.

Disruption due to Acts of God

Disruptions in the activities of the Company may be caused by natural disasters, effects of climate change and man-made activities, pandemics, trade disputes and disruptions, war, terrorism, and any other forms of economic, health, or political disruptions. The Company's financial conditions are reliant on continued operations, and in circumstances where continued operations are not possible, the Company is likely to experience a decline in its revenue, and may suffer additional disruptions in the form of lack of access to its workforce, customers, technology, or other assets. The extent of the impact on the Company will vary with the extent of the disruption and cannot be adequately predicted in advance.

DIVIDENDS AND DISTRIBUTIONS

The Company has not declared nor paid any cash dividends on any of its issued equity securities since its inception. Other than requirements imposed under applicable corporate law, there are no other restrictions on the Company's ability to pay dividends under the Company's constating documents. The Company has not paid any dividends on the Common Shares since its incorporation. The Company has no present intention of paying dividends on the Common Shares, as it anticipates that all available funds will be invested to finance the growth of its business and, when appropriate, retire debt.

DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized share capital consists of an unlimited number of Common Shares without par value.

As of the date of this AIF, there are 246,627,408 Common Shares issued and outstanding as fully paid and non-assessable. In addition, 16,695,828 Common Shares are reserved for issuance under Options, 400,000 Common Shares are reserved for issuance under RSUs and 77,752,859 Common Shares are reserved for issuance under Warrants.

Common Shares

All of the Common Shares are of the same class and, once issued, rank equally as to entitlement to dividends, voting powers (one vote per share) and participation in assets upon dissolution or winding up. No Common Shares have been issued subject to call or assessment. There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions applicable thereto; nor are there any sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring Shareholders to contribute additional capital.

Warrants

As at the date of this AIF, 77,752,859 Common Shares are reserved for issuance under Warrants.

Options

On December 17, 2018, the Board implemented a 10% rolling share option plan (the "**Option Plan**") in order to provide the Company with the flexibility necessary to attract and maintain the services of senior executives and other employees in competition with other businesses in the industry and in accordance with Exchange policies. Shareholders ratified the adoption of the Option Plan at the annual meeting of the Company held on September 15, 2021.

A number of Common Shares equal to ten (10%) percent of the issued and outstanding Common Shares in the capital stock of the Company from time to time are reserved for the issuance of Options pursuant to the Option Plan. The

Option Plan is administered by the Board (or any committee duly authorized by the Board). The Option Plan provides that the number of Common Shares issuable under the Option Plan, together with all of the Company's other previously established or proposed share compensation arrangements, may not exceed 10% of the total number of issued and outstanding Common Shares. Options granted under the Option Plan can have a maximum exercise term of ten (10) years from the date of grant. Vesting terms are determined at the time of grant by the Board.

As at the date of this AIF, 16,695,828 Common Shares are reserved for issuance under Options.

Restricted Share Units

On March 5, 2021, the Board implemented a rolling restricted share unit plan (the "**RSU Plan**"), which provides that the maximum number of Common Shares made available for issuance pursuant to the RSU Plan shall be determined from time to time by the Board, but in any case, shall not exceed 10% of the Common Shares issued and outstanding from time to time, less any Common Shares reserved for issuance under all other share compensation arrangements (including the Option Plan), subject to adjustments as provided in the RSU Plan. The RSU Plan is a "rolling plan" and therefore when RSUs are cancelled (whether or not upon payment with respect to vested RSUs) or terminated, Common Shares shall automatically be available for issuance pursuant to the RSU Plan.

All Directors, Employees and Consultants (as defined in the RSU Plan) of the Company and its related entities ("**Eligible Persons**") are eligible to participate in the RSU Plan (as "**Participants**"), though the Company reserves the right to restrict eligibility or otherwise limit the number of persons eligible for participation in the RSU Plan at any time.

Subject to certain restrictions, the Board can, from time to time, award RSUs in its discretion to any Eligible Persons. RSUs will be credited to an account maintained for each Participant on the books of the Company as of the award date. Each award of RSUs vests on the date(s) and/or the satisfaction of the Performance Criteria (as defined in the RSU Plan) specified by the Board on the award date, and reflected in the applicable RSU certificate.

The grant of an RSU shall entitle the Participant to the conditional right to receive for each RSU credited to the Participant's account, at the election of the Company, either one Common Share or an amount in cash, as determined by the Board of Directors, equal to the Market Price (as defined in the RSU Plan) of one Common Share on the Settlement Date (as defined in the RSU Plan) for each RSU credited to the Participant's account, subject to the conditions set out in the RSU Plan.

The aggregate number of common shares reserved for issuance under the RSU Plan for insiders (as a group) at any point in time may not exceed 5% of the issued and outstanding Common Shares from time to time.

Shareholders ratified the adoption of the RSU Plan at the annual meeting of the Company held on September 15, 2021.

As at the date of this AIF, 400,000 Common Shares are reserved for issuance under RSUs.

MARKET FOR SECURITIES

Market

On February 27, 2019, the Company's Common Shares began trading on the Exchange under the trading symbol "VSBY". The Company's Common Shares are also listed on the OTCQB Venture Market under the symbol "VSBGF" and the Frankfurt Stock Exchange under the symbol "5VS".

Trading Price and Volume

The table below summarizes the price ranges and trading volume of Common Shares on the Exchange for the most recently completed financial year and for the subsequent months to the date of this AIF:

Month	Price Range (CAD$)		Volume
	High	Low	
January 2022	$1.21	$0.70	16,415,318
February 2022	$0.92	$0.56	9,383,245
March 2022	$0.82	$0.61	11,994,753
April 2022	$0.68	$0.495	8,731,630
May 2022	$0.65	$0.45	9,064,460
June 2022	$0.48	$0.36	6,579,358
July 2022	$0.41	$0.255	10,375,938
August 2022	$0.325	$0.21	7,485,946
September 2022	$0.30	$0.205	6,206,941
October 2022	$0.255	$0.145	5,881,602
November 2022	$0.26	$0.14	6,311,660
December 2022	$0.25	$0.1625	5,156,690
January 2023	$0.225	$0.165	4,199,581
February 2023	$0.21	$0.15	5,415,903
March 2023	$0.185	$0.135	5,006,920
April 2023	$0.16	$0.11	3,358,944
May 2023	$0.135	$0.10	2,,980,839
June 2023	$0.12	$0.08	9,457,257
July 1-5, 2023	$0.095	$0.095	1,104,004

Prior Sales

From January 1, 2022 to the date of this AIF, the Company issued the following securities that were not listed or quoted on any marketplace:

Date of Issuance	Security	Number of Securities	Issue/Exercise Price Per Security (CAD$)
January 27, 2022	Options	3,335,000	$0.81
January 31, 2022	Options	195,000	$0.81
February 7, 2022	Options	125,000	$0.81
April 21, 2022	Options	100,000	$0.54
July 28, 2022	Warrants	19,166,705	$0.50
July 28, 2022	Broker Warrants	1,533,336	$0.30
July 28, 2022	Warrants	2,983,230	$0.50
August 18, 2022	Stock Options	350,000	$0.275
August 18, 2022	RSUs	100,000	N/A

Date of Issuance	Security	Number of Securities	Issue/Exercise Price Per Security (CAD$)
August 31, 2022	Warrants	8,221,831	$0.50
August 31, 2022	Warrants	325,000	$0.50
November 10, 2022	Warrants	1,733,333	$0.50
November 10, 2022	Warrants	754,431	$0.50
November 10, 2022	Warrants	125,000	$0.30
March 31, 2023	Options	5,606,000	$0.25

ESCROWED SECURITIES

To the knowledge of the Company, there are no securities of the Company that are in escrow.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets forth information regarding the directors and executive officers of the Company.

Name and Residence	Positions with the Company	Date of Appointment	Principal Occupation Within the Past Five Years[1]
Jay Hutton *British Columbia, Canada*	Chief Executive Officer, President and Director	Director: December 4, 2018 Officer: February 15, 2019	President and CEO of VSBLTY, Inc. since July 2015 and the Company since February 2019; President and CEO of Actus LP since July 2011.
Thomas D. Hays[2][3] *Pennsylvania, United States*	Chief Financial Officer and Director	Director: October 6, 2020 Officer: March 31, 2023	Director of VSBLTY since October 2020; Officer of VSBLTY since March 2023; Investor and Consultant through TD Hays, LLC.
Amin Shahidi[2][3] *Rhode Island, United States*	Director	September 16, 2021	Director of VSBLTY since September 16, 2021; Vice President Global Strategy Transformation, Alliances and M&A at Sensormatic Solutions from November 2016 to June 2021.
David Roth[2] *Middlesex, England, United Kingdom*	Director	December 15, 2021	Director of VSBLTY since December 15, 2021; CEO of The Store, the global retail practice of WPP plc.
Alnesh Mohan *British Columbia, Canada*	Director	March 31, 2021	Partner at Quantum Advisory Partners, LLP.
Luiz Felipe Costa Romero de Barros *Arizona, United States*	Chairman and Director	March 31, 2021	Vice President, Data & Analytics, Transformation & Global Media at AnheuserBusch InBev SA/NV from 2019 to 2022; Business Transformation & Corporate

Name and Residence	Positions with the Company	Date of Appointment	Principal Occupation Within the Past Five Years[(1)]
			Venture Capital Partner at Phillip Morris International Inc. from 2017 to 2019.
Gary A. Gibson *San Diego, United States*	Chief Technology Officer	December 15, 2021	CTO of the Company since December 2021; CTO of 5x5 Technologies, Inc. from 2019 to 2021; CTO of VirtualMetrix, Inc. from 2007 to 2018.
Fred Potok *Pennsylvania, United States*	Chief Sales Officer	February 15, 2019	Co-founder and Chief Sales Officer of VSBLTY, Inc. since July 2013 and the Company since February 2019.
Linda Rosanio *New Jersey, United States*	Chief Strategy Officer	February 15, 2019	COO of VSBLTY, Inc. since July 2015 and the Company since February 2019; Co-Founder and CEO of The Star Group Communications, Inc. from August 1985 to June 2015.
Jan Talamo *New Jersey, United States*	Chief Creative Officer	February 15, 2019	CCO of M Partners from July 2015 to Present; CCO of Traffic MRTG from July 2015 to Present; CCO of VSBLTY, Inc. from July 2015 to Present and the Company from February 2019 to Present; Co-Founder and CCO of The Star Group Communications, Inc. from August 1985 to June 2015.
Sheryl Dhillon *British Columbia, Canada*	Corporate Secretary	May 28, 2019	Corporate Secretary of numerous public companies listed on both the TSX Venture Exchange and the CSE since May 2005.

Notes:

(1) The information as to the principal occupation, business or employment is not within the knowledge of the Company and has been furnished by the respective director/officer.

(2) Member of the Audit Committee.

(3) Member of the Compensation Committee.

Term of Office

The term of office of each director of the Company expires at the end of the annual meeting of Shareholders each year.

Director and Officer Share Ownership

As of the date of the AIF, the Company's directors and executive officers, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 10,932,746 Common Shares, representing approximately 4.43% of the issued and outstanding Common Shares.

Biographies

The following are brief profiles of the executive officers and directors of the Company.

Jay Hutton (Chief Executive Officer, President and Director)

Jay Hutton is one of the founders of VSBLTY, L.P. Mr. Hutton has 25 years of experience as a software executive, having begun his career at Gandalf Technologies, an Ottawa-based pioneer of data-communications technology in

1988. He later served as Country Manager (Canada) for Ascend Communications during its growth, public offering and ultimate sale to Lucent Technologies in 1999. Subsequent to that time, Mr. Hutton spent the next decade working for Voice Mobility International Inc. (“**VMII**”), a private equity sponsored start-up, that went on to become listed on the OTCBB and later co-listed on the Toronto Stock Exchange in 2004. Mr. Hutton occupied either the role of President and CEO or President until 2008. After leaving VMII, Mr. Hutton co-founded Actus LP and was simultaneously the primary executive responsible for introducing in-vehicle media outlets for more than 13,000 taxis in NY, which delivered news and weather while also processing electronic payments. He conducted this assignment on behalf of a Richmond, BC-based vehicle dispatch company: Digital Dispatch Systems. In 2010, Mr. Hutton was asked by the board of directors to return to VMII to restructure the company and position it for sale. Mr. Hutton did this and a sale of technology to Applied Voice and Speech Technologies (“**AVST**”) was concluded in February of 2011. As part of this agreement Mr. Hutton served as VP, Business Development, Cloud Division for AVST. Mr. Hutton performed this role under contract until the sale of AVST in 2018.

Mr. Hutton has entered into a non-competition and non-disclosure agreement with the Company. Mr. Hutton is a full time employee of the Company.

Thomas D. Hays (Chief Financial Officer and Director)

Thomas Hays serves on the advisory board of Egis Capital Partners and was the recipient of the Refinancing Deal of the Year award from M&A Advisor. Previously he was Chair of the Red Cross of Eastern Pennsylvania, where he remains on the board.

Mr. Hays has not entered into a non-competition or non-disclosure agreement with the Company. Mr. Hays devotes 70% of his time to the business of the Company.

Amin Shahidi (Director)

Amin Shahidi has more than 25 years of leadership, digital transformation consulting and consumer/retail experience. Mr. Shahidi is a former senior strategic executive with Sensormatic, where as Vice President Global Strategy Transformation, Alliances and M&A, he was responsible for developing the overall business strategy, including commercial, operating and financial models.

Mr. Shahidi has not entered into a non-competition or non-disclosure agreement with the Company. Mr. Shahidi devotes 10% of his time to the business of the Company to effectively fulfill his duties as a Director.

David Roth (Director)

David Roth is the CEO of The Store, the global retail practice of WPP plc. Mr. Roth is an acknowledged expert in branding and consumer change in China. He is a recognized authority on digital, artificial intelligence and voice recognition in retail.

Mr. Roth started his career at the House of Commons of the United Kingdom working for a member of the UK Parliament. He subsequently joined Bates Dorland Adverting Ltd., where he became main board director for strategy, Managing Director of the consulting and digital divisions and CEO of the worldwide retail and technology centre of excellence. David later joined Kingfisher’s B&Q plc, sitting on the main board of directors as UK and International Marketing and Strategy Director. David was on the management team that led B&Q’s international expansion to Eastern Europe and Asia, including China.

Mr. Roth has not entered into a non-competition or non-disclosure agreement with the Company. Mr. Roth devotes 10% of his time to the business of the Company to effectively fulfill his duties as a Director.

Alnesh Mohan (Director)

Alnesh Mohan is a finance executive with over 20 years of experience providing advisory services to a wide array of clients. He has been a partner at Quantum Advisory Partners LLP, a professional services firm focused on providing Chief Financial Officer and full-cycle accounting services to private and public companies, since 2005. Acting on behalf of several public companies, Mr. Mohan has acquired considerable experience in financial reporting, corporate governance and regulatory compliance. Mr. Mohan is currently the Chief Financial Officer of Fabled Silver Gold Corp., Highbury Projects Inc., Premier Diversified Holdings Inc. and Twyford Ventures Inc., all of which are TSX Venture listed companies and American Pacific Mining Corp., a CSE listed company. He is also a director of VSBLTY Groupe Technologies Corp., a CSE listed company, and Premier Diversified Holdings Inc.

Mr. Mohan is not an employee of the Company, and, in his capacity as director, will dedicate approximately 5% of his time to the affairs of the Company. Mr. Mohan is not a party to any non-competition or confidentiality agreements with the Company.

Luiz Felipe Costa Romero de Barros (Chairman and Director)

Luiz Felipe Costa Romero de Barros is Senior Vice President, Data & Analytics, Digital Transformation & Global Media at Anheuser-Busch. He has a successful track record as an entrepreneur, investor and board member. He also has gained a reputation as an entrepreneur, leading business and digital transformation for companies and advertising agencies. Barros brings to VSBLTY a well-earned reputation as an "expert-generalist" with demonstrated knowledge of business, marketing, media, entertainment and technology.

Mr. Barros has not entered into a non-competition or non-disclosure agreement with the Company. Mr. Barros devotes 40% of his time to the business of the Company to effectively fulfill his duties as a Director.

Gary A. Gibson (Chief Technology Officer)

Gary A. Gibson has more than 20 years of innovation-driven, new product development experience – from concept to scale – under aggressive times-to-market. He has led global teams to develop software and hardware platforms across cloud, mobile, telecommunications and internet of things, while delivering novel solutions spanning multiple disciplines, including the areas of artificial intelligence, machine learning and computer vision.

Prior to joining VSBLTY, Mr. Gibson served as CTO of Saint Petersburg-based 5x5 Technologies, Inc. Previously, he spent 11 years as CTO of San Diego-based VirtualMetrix, Inc., where, among other things, he, led roadmap and product definition, defined solution architectures and drove execution for the company's product lines.

Mr. Gibson graduated from the University of California, San Diego, with a B.S. in Electrical Engineering. He also holds several U.S. patents and has authored and taught graduate-level courses on Computer System Architecture, Processor Architecture, Embedded Systems, Networking, Operating Systems, Microkernels, and Virtualization.

Mr. Gibson has not entered into a non-competition or non-disclosure agreement with the Company. Mr. Gibson devotes approximately 80% of his time to the business of the Company.

Fred Potok (Chief Sales Officer)

Fred Potok is one of the founders of VSBLTY, L.P. He has 20 years of retail and consumer-packaged goods experience, and provides many long-term relationships from his role as the head of global sales for VSBLTY, Inc. Mr. Potok founded FloorGraphics, a privately held in-store advertising company in Princeton, NJ where he was Chairman, CEO and President. He was responsible for inventing and conceiving the "floor decal" as an advertising vehicle used in point-of-purchase advertising. Mr. Potok helped to grow FloorGraphics from $1 million in gross revenue in 1997 to $70 million in gross revenue in 2001, and FloorGraphics was ranked in Forbes Magazine as the #11 fastest growing privately held company in 2003 and #39 on the Inc. 500 list of entrepreneurial firms.

Mr. Potok has entered into a non-competition and non-disclosure agreement with the Company. Mr. Potok is a full time employee of the Company.

Linda Rosanio (Chief Strategy Officer)

Linda Rosanio serves as Chief Strategy Officer of VSBLTY Ms. Rosanio began her early career in the 1970s as a Media Director responsible for her advertising agency's planning and purchasing of various forms of media from radio and television to billboards and point-of-sale advertising. From there, she transitioned into client services and started of her own advertising agency in 1985. Ms. Rosanio grew her advertising agency over the next 30 years to 230 people employees with $80 million in sales. Ms. Rosanio's company served as the incubator for FloorGraphics. Ms. Rosanio has considerable experience in client services and operations, including in consumer-packaged goods, retail and casinos. Her advertising agency served as a roster agency for Coca Cola developing and executing national point-of-sale promotions.

Ms. Rosanio has entered into a non-competition and non-disclosure agreement with the Company. Ms. Rosanio is a full time employee of the Company.

Jan Talamo (Chief Creative Officer)

Jan Talamo is VSBLTY's Chief Creative Officer and Head of Brand Strategies. Mr. Talamo has spent 30 years in the marketing business building campaigns and executing brand building ideas for clients in both the consumer-packaged goods and casino/gaming industries. He has served as Chief Creative Officer and Partner for three companies over his career and has experience in the creative integration of digital technology in client engagement and the point of sale landscape. Mr. Talamo will oversee the development of all client and prospective client communications including the imagining and creation of the extensions of their brand campaigns onto the various VSBLTY digital screen platforms.

Mr. Talamo has entered into a non-competition and non-disclosure agreement with the Company. Mr. Talamo devotes approximately 60% of his time to the business of the Company.

Sheryl Dhillon (Corporate Secretary)

Sheryl Dhillon has over fifteen years of experience acting as a Corporate Secretary for publicly listed issuers. She has extensive knowledge of corporate governance, as well as strong management skills and excellent corporate communications. Ms. Dhillon acts as Corporate Secretary for several Toronto Stock Exchange, TSX Venture Exchange and CSE listed companies.

Ms. Dhillon has not entered into a non-competition or non-disclosure agreement with the Company. Ms. Dhillon devotes approximately 10% of her time to the business of the Company.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as disclosed herein, no director or executive officer of the Company is, as at the date of this AIF, or has been within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company), that:

(a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or

(b) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Jay Hutton was CEO, President and a director, and Thomas D. Hays was CFO and a director, of VSBLTY when the BCSC issued a management cease trade order on May 3, 2023 against VSBLTY for failure to file its annual financial statements for the year ended December 31, 2022, including the related management discussion and analysis, and CEO and CFO certifications. VSBLTY's annual financial statements were subsequently filed.

Except for Jan Talamo and Linda Rosanio, who were directors of Star Group Communications, Inc. when it was declared bankrupt in June 2015, no director or executive officer of the Company, nor a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(a) is, as at the date of this AIF, or has been within 10 years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No director or executive officer of the Company has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the BCBCA dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith, and the best interest of the Company.

PROMOTERS

No person has acted as "promoter" (as that term is defined in the *Securities Act* (British Columbia)) of the Company within the two (2) years preceding the date of this AIF.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

The Company is not, and was not during the most recently completed financial year, engaged in any legal proceedings and none of its property is or was during that period the subject of any legal proceedings. The Company does not know of any such legal proceedings which are contemplated.

Regulatory Proceedings

During the most recently completed financial year and during the current financial year, the Company is not and has not been the subject of any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor, or entered into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed elsewhere in this AIF and in the audited consolidated financial statements of the Company for the year ended December 31, 2022, none of the directors or executive officers of the Company, or any Shareholders who beneficially own, control or direct, directly or indirectly, more than 10% of the Company's outstanding Common Shares, or any known associates or affiliates of such persons, had any material interests, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRARS

The Company's Registrar and Transfer Agent is Odyssey Trust Company, located at 409 Granville Street, Suite 323, Vancouver, BC V6C 1T2.

MATERIAL CONTRACTS

There are no material contracts, other than those contracts entered into in the ordinary course of business, which have been entered into within the last financial year, or which have been entered into before the beginning of the last financial year that are still in effect, and which are required to be filed with Canadian securities regulatory authorities in accordance with section 12.2 of National Instrument 51-102 – *Continuous Disclosure Obligations*.

INTERESTS OF EXPERTS

Names of Experts

The Company's auditors are Dale Matheson Carr-Hilton LaBonte LLP, with offices at 1140 West Pender St., Suite 1500, Vancouver, BC V6E 4G1 (the "**Auditor**"), who have prepared an independent auditor's report dated July 5, 2023, in respect of the Company's audited consolidated annual financial statements for the two most recent fiscal years ended December 31, 2022 and December 31, 2021. The Auditor has advised that they are independent with respect to the Company within the meaning of the CPABC Code of Professional Conduct.

Interests of Experts

To the knowledge of management of the Company, none of the persons above held, at the time of or after such person prepared the statement, report or valuation, any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or of one of its associates or affiliates or is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

AUDIT COMMITTEE

The Company's Audit Committee has various responsibilities as set forth in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") made under securities legislation, concerning constitution of its audit committee and its relationship with its independent auditor and among such responsibilities being a requirement that the Audit Committee establish a written charter that sets out its responsibilities.

Audit Committee Charter

The Audit Committee is a committee of the Board. The Audit Committee has a charter (the "**Audit Committee Charter**") that sets out its mandate and responsibilities. The Audit Committee Charter was adopted by the Board on December 17, 2018. A copy of the Audit Committee Charter is attached hereto as Schedule "A".

Composition of the Audit Committee

The Audit Committee shall consist of a minimum of three directors of the Company, including the Chair of the Audit Committee. All Audit Committee members shall, to the satisfaction of the Board, be "financially literate" as such term is defined in NI 52-110.

As at the date of this AIF, the Company's Audit Committee was composed of Thomas D. Hays (Chair), David Roth and Amin Shahidi. Of the Audit Committee members, David Roth and Amin Shahidi are independent. Thomas D. Hays is a non-independent member of the Audit Committee. In accordance with section 6.1.1(3) NI 52-110 relating to the composition of the audit committee for venture issuers, a majority of the members of the Audit Committee are not executive officers, employees or control persons of the Company. All members of the Audit Committee are considered to be financially literate as required by section 1.6 of NI 52-110.

Relevant Education and Experience

Each member of the Audit Committee has had extensive experience reviewing financial statements. Each member of the Audit Committee has an understanding of the Company's business and an appreciation for the relevant accounting principles for that business. In particular, the Company believes that each of the members of the Audit Committee possesses: (a) an understanding of the accounting principles used by the Company to prepare its financial statements; (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; and (d) an understanding of internal controls and procedures for financial reporting.

For relevant education and experience of Thomas D. Hays, David Roth and Amin Shahidi, refer to "Directors and Officers – Biographies" above.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemptions in section 2.4 (*De Minimis Non-audit Services*), section 3.2 (*Initial Public Offerings*), section 3.4 (*Events Outside Control of Member*), section 3.5 (*Death, Disability or Resignation of Audit Committee Member*), or Part 8 (*Exemptions*) of NI 52-110.

Reliance on the Exemption in Subsection 3.3(2) or Section 3.6

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in subsection 3.3(2) (*Controlled Companies*) or section 3.6 (*Temporary Exemption for Limited and Exceptional Circumstances*) of NI 52-110.

Reliance on Section 3.8

At no time since the commencement of the Company's most recently completed financial year has the Company relied on section 3.8 (*Acquisition of Financial Literacy*) of NI 52-110.

Exemption

The Company is a "venture issuer" as defined under NI 52-110 and, as such, is relying on the exemption in section 6.1 (*Venture Issuers*) of NI 52-110 from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) thereof.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee Charter under the heading "External Auditors".

External Auditor Service Fees (By Category)

The aggregate fees paid by the Company to its Auditor in the financial years ended December 31, 2022 and December 31, 2021 were as follows:

Financial Period Ending	Audit Fees (CAD$)[1]	Audit Related Fees (CAD$)[2]	Tax Fees (CAD$)[3]	All Other Fees (CAD$)
December 31, 2022	$125,000	$15,750	$10,500	$Nil
December 31, 2021	$98,000	$18,000	$6,500	$Nil

Notes

(1) "Audit Fees" include, where applicable, fees necessary to perform the annual audit and the quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for the review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) "Audit-Related Fees" include, where applicable, services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) "Tax Fees" include, where applicable, fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) "All Other Fees" include, where applicable, all other non-audit services.

ADDITIONAL INFORMATION

Additional financial information relating to the Company is provided in the Company's audited consolidated financial statements for the Company's financial years ended December 31, 2022 and December 31, 2021, and Management's Discussion and Analysis for the year ended December 31, 2022. Copies of the Company's audited annual financial statements, most current interim financial statements, Management's Discussion and Analysis, and a copy of this AIF, as well as additional information relating to the Company may be found under the Company's SEDAR profile at www.sedar.com.

SCHEDULE "A"
AUDIT COMMITTEE CHARTER

1. PURPOSE AND PRIMARY RESPONSIBILITY

1.1 This charter sets out the Audit Committee's purpose, composition, member qualification, member appointment and removal, responsibilities, operations, manner of reporting to the Board of Directors (the "**Board**") of VSBLTY Groupe Technologies Corp. (the "**Company**"), annual evaluation and compliance with this charter.

1.2 The primary responsibility of the Audit Committee is that of oversight of the financial reporting process on behalf of the Board. This includes oversight responsibility for financial reporting and continuous disclosure, oversight of external audit activities, oversight of financial risk and financial management control, and oversight responsibility for compliance with tax and securities laws and regulations as well as whistle blowing procedures. The Audit Committee is also responsible for the other matters as set out in this charter and/or such other matters as may be directed by the Board from time to time. The Audit Committee should exercise continuous oversight of developments in these areas.

2. MEMBERSHIP

2.1 At least a majority of the Audit Committee must be comprised of independent directors of the Company as defined in sections 1.4 and 1.5 of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"), provided that should the Company become listed on a senior exchange, each member of the Audit Committee will also satisfy the independence requirements of such exchange.

2.2 The Audit Committee will consist of at least two members, all of whom shall be financially literate, provided that an Audit Committee member who is not financially literate may be appointed to the Audit Committee if such member becomes financially literate within a reasonable period of time following his or her appointment. Upon graduating to a more senior stock exchange, if required under the rules or policies of such exchange, the Audit Committee will consist of at least three members, all of whom shall meet the experience and financial literacy requirements of such exchange and of NI 52-110.

2.3 The members of the Audit Committee will be appointed annually (and from time to time thereafter to fill vacancies on the Audit Committee) by the Board. An Audit Committee member may be removed or replaced at any time at the discretion of the Board and will cease to be a member of the Audit Committee on ceasing to be an independent director.

2.4 The Chair of the Audit Committee will be appointed by the Board.

3. AUTHORITY

3.1 In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to:

(a) engage, set and pay the compensation for independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities, and any such consultants or professional advisors so retained by the Audit Committee will report directly to the Audit Committee;

(b) communicate directly with management and any internal auditor, and with the external auditor without management involvement; and

(c) incur ordinary administrative expenses that are necessary or appropriate in carrying out its duties, which expenses will be paid for by the Company.

4. DUTIES AND RESPONSIBILITIES

4.1 The duties and responsibilities of the Audit Committee include:

(a) recommending to the Board the external auditor to be nominated by the Board;

(b) recommending to the Board the compensation of the external auditor to be paid by the Company in connection with (i) preparing and issuing the audit report on the Company's financial statements, and (ii) performing other audit, review or attestation services;

(c) reviewing the external auditor's annual audit plan, fee schedule and any related services proposals (including meeting with the external auditor to discuss any deviations from or changes to the original audit plan, as well as to ensure that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditor or the reporting of their findings to the Audit Committee);

(d) overseeing the work of the external auditor;

(e) ensuring that the external auditor is independent by receiving a report annually from the external auditors with respect to their independence, such report to include disclosure of all engagements (and fees related thereto) for non-audit services provided to the Company;

(f) ensuring that the external auditor is in good standing with the Canadian Public Accountability Board by receiving, at least annually, a report by the external auditor on the audit firm's internal quality control processes and procedures, such report to include any material issues raised by the most recent internal quality control review, or peer review, of the firm, or any governmental or professional authorities of the firm within the preceding five years, and any steps taken to deal with such issues;

(g) ensuring that the external auditor meets the rotation requirements for partners and staff assigned to the Company's annual audit by receiving a report annually from the external auditors setting out the status of each professional with respect to the appropriate regulatory rotation requirements and plans to transition new partners and staff onto the audit engagement as various audit team members' rotation periods expire;

(h) reviewing and discussing with management and the external auditor the annual audited and quarterly unaudited financial statements and related Management Discussion and Analysis ("**MD&A**"), including the appropriateness of the Company's accounting policies, disclosures (including material transactions with related parties), reserves, key estimates and judgements (including changes or variations thereto) and obtaining reasonable assurance that the financial statements are presented fairly in accordance with IFRS and the MD&A is in compliance with appropriate regulatory requirements;

(i) reviewing and discussing with management and the external auditor major issues regarding accounting principles and financial statement presentation including any significant changes in the selection or application of accounting principles to be observed in the preparation of the financial statements of the Company and its subsidiaries;

(j) reviewing and discussing with management and the external auditor the external auditor's written communications to the Audit Committee in accordance with generally accepted auditing standards and other applicable regulatory requirements arising from the annual audit and quarterly review engagements;

(k) reviewing and discussing with management and the external auditor all earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies prior to such information being disclosed;

(l) reviewing the external auditor’s report to the shareholders on the Company’s annual financial statements;

(m) reporting on and recommending to the Board the approval of the annual financial statements and the external auditor’s report on those financial statements, the quarterly unaudited financial statements, and the related MD&A and press releases for such financial statements, prior to the dissemination of these documents to shareholders, regulators, analysts and the public;

(n) satisfying itself on a regular basis through reports from management and related reports, if any, from the external auditors, that adequate procedures are in place for the review of the Company’s disclosure of financial information extracted or derived from the Company’s financial statements that such information is fairly presented;

(o) overseeing the adequacy of the Company’s system of internal accounting controls and obtaining from management and the external auditor summaries and recommendations for improvement of such internal controls and processes, together with reviewing management’s remediation of identified weaknesses;

(p) reviewing with management and the external auditors the integrity of disclosure controls and internal controls over financial reporting;

(q) reviewing and monitoring the processes in place to identify and manage the principal risks that could impact the financial reporting of the Company and assessing, as part of its internal controls responsibility, the effectiveness of the over-all process for identifying principal business risks and report thereon to the Board;

(r) satisfying itself that management has developed and implemented a system to ensure that the Company meets its continuous disclosure obligations through the receipt of regular reports from management and the Company’s legal advisors on the functioning of the disclosure compliance system, (including any significant instances of non-compliance with such system) in order to satisfy itself that such system may be reasonably relied upon;

(s) resolving disputes between management and the external auditor regarding financial reporting;

(t) establishing procedures for:

  (i) the receipt, retention and treatment of complaints received by the Company from employees and others regarding accounting, internal accounting controls or auditing matters and questionable practises relating thereto; and

  (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

(u) reviewing and approving the Company’s hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;

(v) pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company’s external auditor;

(w) overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities;

(x) establishing procedures for:

(i) reviewing the adequacy of the Company's insurance coverage, including the Directors' and Officers' insurance coverage;

(ii) reviewing activities, organizational structure, and qualifications of the Chief Financial Officer ("**CFO**") and the staff in the financial reporting area and ensuring that matters related to succession planning within the Company are raised for consideration at the Board;

(iii) obtaining reasonable assurance as to the integrity of the Chief Executive Officer ("**CEO**") and other senior management and that the CEO and other senior management strive to create a culture of integrity throughout the Company;

(iv) reviewing fraud prevention policies and programs, and monitoring their implementation;

(v) reviewing regular reports from management and others (e.g., external auditors, legal counsel) with respect to the Company's compliance with laws and regulations having a material impact on the financial statements including:

(A) Tax and financial reporting laws and regulations;

(B) Legal withholding requirements;

(C) Environmental protection laws and regulations; and

(D) Other laws and regulations which expose directors to liability.

4.2 A regular part of Audit Committee meetings involves the appropriate orientation of new members as well as the continuous education of all members. Items to be discussed include specific business issues as well as new accounting and securities legislation that may impact the organization. The Chair of the Audit Committee will regularly canvass the Audit Committee members for continuous education needs and in conjunction with the Board education program, arrange for such education to be provided to the Audit Committee on a timely basis.

4.3 On an annual basis the Audit Committee shall review and assess the adequacy of this charter taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Company has a reporting relationship and, if appropriate, recommend changes to the Audit Committee charter to the Board for its approval.

5. MEETINGS

5.1 The quorum for a meeting of the Audit Committee is a majority of the members of the Audit Committee.

5.2 The Chair of the Audit Committee shall be responsible for leadership of the Audit Committee, including scheduling and presiding over meetings, preparing agendas, overseeing the preparation of briefing documents to circulate during the meetings as well as pre-meeting materials, and making regular reports to the Board. The Chair of the Audit Committee will also maintain regular liaison with the CEO, CFO, and the lead external audit partner.

5.3 The Audit Committee will meet in camera separately with each of the CEO and the CFO of the Company at least annually to review the financial affairs of the Company.

5.4 The Audit Committee will meet with the external auditor of the Company in camera at least once each year, at such time(s) as it deems appropriate, to review the external auditor's examination and report.

5.5 The external auditor must be given reasonable notice of, and has the right to appear before and to be heard at, each meeting of the Audit Committee.

5.6 Each of the Chair of the Audit Committee, members of the Audit Committee, Chair of the Board, external auditor, CEO, CFO or secretary shall be entitled to request that the Chair of the Audit Committee call a meeting which shall be held within 48 hours of receipt of such request to consider any matter that such individual believes should be brought to the attention of the Board or the shareholders.

6. REPORTS

6.1 The Audit Committee will report, at least annually, to the Board regarding the Audit Committee's examinations and recommendations.

6.2 The Audit Committee will report its activities to the Board to be incorporated as a part of the minutes of the Board meeting at which those activities are reported.

7. MINUTES

7.1 The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

8. ANNUAL PERFORMANCE EVALUATION

8.1 The Board will conduct an annual performance evaluation of the Audit Committee, taking into account the Charter, to determine the effectiveness of the Committee.