VSBLTY Groupe Technologies Corp.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2023 and 2022

(Expressed in United States dollars)
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements for VSBLTY Groupe Technologies Corp. (the "Company") have been prepared by management in accordance with International Financing Reporting Standards ("IFRS"). These condensed consolidated interim financial statements, which are the responsibility of management, are unaudited and have not been reviewed by the Company's auditors. The Company's Audit Committee and Board of Directors have reviewed and approved these condensed consolidated interim financial statements. In accordance with the disclosure requirements of National Instrument 51-102 released by the Canadian Securities Administrators, the Company's independent auditors have not performed a review of these condensed consolidated interim financial statements.

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

As at	Notes		March 31, 2023		December 31, 2022
ASSETS					
Current assets					
Cash		$	201,101	$	1,064,225
Trade and other receivables	5, 11, 17		1,473,228		1,464,551
Share subscription receivable	15		-		191,130
Lease receivable	14		43,561		37,953
Prepaid expenses	7		125,937		320,547
Inventory	9		44,995		44,995
			1,888,822		3,123,401
Equipment, net	6		77,853		85,759
Right-of-use assets	14		150,443		173,182
Lease receivable	14		54,230		65,625
Investment	10		1,000,000		1,000,000
Prepaid expenses - noncurrent	7		19,979		19,979
Total assets		$	3,191,327	$	4,467,946
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	12, 17	$	1,944,694	$	1,441,989
Deferred revenue			6,773		7,681
Current portion of lease liability	14		149,147		138,478
Loans payable	13		543,201		93,104
			2,643,815		1,681,252
Lease liability	14		131,555		168,827
Total liabilities			2,775,370		1,850,079
SHAREHOLDERS' EQUITY					
Share capital	15		41,869,308		41,781,470
Reserves	15		11,265,398		10,483,287
Obligation to issue warrants	15		338,033		338,033
Accumulated deficit			(52,387,961)		(49,317,803)
Accumulated other comprehensive income			(668,821)		(667,120)
Total shareholders' equity			415,957		2,617,867
Total liabilities and shareholders' equity		$	3,191,327	$	4,467,946
Nature of operations and going concern	1				
Contingency	22				
Subsequent events	11,24				

APPROVED BY THE BOARD OF DIRECTORS:

"Jay Hutton" Director *"Thomas Hays"* Director

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

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

	Notes		Three months ended March 31, 2023		2022
Revenue					
License fees		$	42,945	$	76,359
Professional services			34,500		146,863
Hardware and other			-		1,019,240
			77,445		1,242,462
Cost of sales	8		(466,440)		(1,515,380)
Gross profit			(388,995)		(272,918)
Sales and marketing expenses	16, 17		(593,671)		(868,130)
General and administrative expenses	16, 17		(525,057)		(716,166)
Research and development expenses	16, 17		(649,623)		(501,987)
Share-based payments	15(b),15(c),15(d)		(806,185)		(1,132,442)
Operating loss			(2,963,531)		(3,491,643)
Finance costs	13,14		(23,172)		(27,589)
Impairment of loan receivable	11		(90,181)		(153,614)
Interest income			2,507		18,549
Foreign exchange loss			4,219		3,739
Net loss for the period			(3,070,158)		(3,650,558)
Foreign currency translation			(1,701)		41,843
Comprehensive loss for the period		$	(3,071,859)	$	(3,608,715)
Loss per share – Basic and diluted		$	(0.01)	$	(0.02)
Weighted average shares outstanding – Basic and diluted			246,249,361		202,316,380

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

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

	Notes	Number of common shares	Share capital	Reserves	Obligation to issue warrants	Obligation to issue shares	Accumulated deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
Balance, December 31, 2021		198,537,247	$ 33,347,460	$ 8,297,273	$ 19,127	$ 355,203	$ (36,942,932)	$ (444,159)	$ 4,631,972
Shares issued for warrant exercises	15(a)	4,566,304	932,994	(14,426)	-	(355,203)	-	-	563,365
Shares issued for option exercises	15(a)	970,000	341,088	(149,916)	-	-	-	-	191,172
Shares issued for RSUs vested	15(a,d)	41,750	23,619	(23,619)	-	-	-	-	-
Shares issued for services	15(a)	144,534	113,337	-	-	-	-	-	113,337
Shares returned to treasury	15(a)	(125,000)	-	-	-	-	-	-	-
Subscriptions received		-	-	-	-	4,201	-	-	4,201
Share-based payments	15(b,c,d)	-	-	1,132,442	-	-	-	-	1,132,442
Foreign currency translation		-	-	-	-	-	-	41,843	41,843
Loss for the period		-	-	-	-	-	(3,650,558)	-	(3,650,558)
Balance, March 31, 2022		204,134,835	$ 34,758,498	$ 9,241,754	$ 19,127	$ 4,201	$ (40,593,490)	$ (402,316)	$ 3,027,774
Balance, December 31, 2022		246,090,544	$41,781,470	$ 10,483,287	$ 338,033	$ -	$ (49,317,803)	$ (667,120)	$ 2,617,867
Shares issued for warrant exercises	15(a,b)	494,108	65,409	(1,840)	-	-	-	-	63,569
Shares issued for option exercises	15(a,c)	1,006	263	(68)	-	-	-	-	195
Shares issued for RSU exercise	15(a,d)	41,750	22,166	(22,166)	-	-	-	-	-
Share-based payments	15(b,c,d)	-	-	806,185	-	-	-	-	806,185
Foreign currency translation		-	-	-	-	-	-	(1,701)	(1,701)
Loss for the period		-	-	-	-	-	(3,070,158)	-	(3,070,158)
Balance, March 31, 2023		246,627,408	$41,869,308	$ 11,265,398	$ 338,033	$ -	$ (52,387,961)	$ (668,821)	$ 415,957

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

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

	Notes	Three months ended March 31, 2023	2022
Cash flows from operating activities			
Loss for the period		$ (3,070,158)	$ (3,650,558)
Adjustments for non-cash items:			
Depreciation	6,14	34,096	25,721
Accretion expense		-	4,372
Interest expense		-	11,602
Share-based payments	15(b),15(c),(15(d)	806,185	1,132,442
Foreign exchange gain		97	44,701
Bad debt expense (recovery)		(136,009)	39,028
Impairment of loan receivable	11	90,181	-
Shares issued for services	15(a)	-	113,337
Changes in non-cash working capital items:			
Trade and other receivables		223,631	(1,200,542)
Inventory		-	(878,456)
Prepaid expenses and deposits		194,819	34,416
Accounts payable and accrued liabilities		404,889	1,102,042
Deferred revenue		(908)	218,652
Net cash used in operating activities		(1,453,177)	(3,003,243)
Cash flows from investing activities			
Acquisition of equipment	6	(3,451)	(26,341)
Issuance of loan	11	(90,181)	-
Net cash used in investing activities		(93,632)	(26,341)
Cash flows from financing activities			
Principal portion of lease payments	14	(26,604)	(15,243)
Lease receivable repayment		5,787	1,000
Repayment of loans payable		-	(18,000)
Subscriptions received		-	4,201
Proceeds from prior year equity financing, net of share issuance costs	15(a)	191,130	-
Proceeds from exercise of options	15(a)	195	191,173
Proceeds from exercise of warrants	15(a)	63,569	563,366
Proceeds from loans received		450,000	-
Net cash provided by financing activities		684,077	726,497
Impact of currency translation on cash		(392)	-
Net decrease in cash		(863,124)	(2,303,087)
Cash and cash equivalents, beginning of period		1,064,225	4,932,824
Cash and cash equivalents, end of period		$ 201,101	$ 2,629,737

Supplemental cash flow information (Note 23)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

VSBLTY Groupe Technologies Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on August 1, 2018. The Company's head office is located at Suite 206, 595 Howe Street, Vancouver, British Columbia, V6C 2T5 and its registered office is located at The Corporation Trust Center, 1201 Orange Street, City of Wilmington, New Castle County, DE 19801. The Company is a software provider of artificial intelligence driven security and retail analytics technology. The Company's shares trade on the Canadian Securities Exchange under the symbol "VSBY", the OTCQB Venture Market under the symbol "VSGBF" and the Frankfurt stock exchange under the symbol "5VS".

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. To date, the Company has not been profitable and has an accumulated deficit of $52,387,961. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated financial statements.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary to the statement of financial position classifications used. Such adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of compliance

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

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on July 7, 2023.

2. BASIS OF PRESENTATION (continued)

b) Basis of measurement

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

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

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

c) Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, VSBLTY, Inc and VSBLTY Mexico, S. DE R.L. DE C.V. All inter-company balances, transactions, income, and expenses have been eliminated upon consolidation.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with the accounting policies disclosed in Note 3 of the audited financial statements for the year ended December 31, 2022. These condensed consolidated interim statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2022.

(Expressed in United States dollars)

4. USE OF JUDGMENTS AND ESTIMATES

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

In preparing these condensed consolidated interim financial statements, the significant estimates and critical judgments were the same as those applied to the financial statements as at and for the year ended December 31, 2022.

5. TRADE AND OTHER RECEIVABLES

	March 31, 2023	December 31, 2022
Trade receivables	$ 149,589	$ 408,969
Trade receivable – Winkel (Note 11)	2,006,209	1,963,979
Sales tax receivable and other	23,610	21,764
Provision for doubtful accounts	(706,180)	(1,121,610)
	$ 1,473,228	$ 1,273,102

During the three months ended March 31, 2023, the Company recorded a recovery in the provision for doubtful accounts of $136,009 (2022 - $39,028 expense).

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision matrix is based on historical loss experience and current conditions. Set out below is the information about the credit risk exposure on the Company's trade receivables using the provision matrix:

As at March 31, 2023	Older than 1 year	Older than 6 months	Older than 4 months	91 + days	61 to 90 days	31 to 60 days
Expected credit loss rate	100%	85%	60%	10.6%	3.6%	1.6%
Expected credit losses	$ 662,179	$ 35,561	$ 6,360	$ 243	$ 1,209	$ 628
As at December 31, 2022	**Older than 1 year**	**Older than 6 months**	**Older than 4 months**	**91 + days**	**61 to 90 days**	**31 to 60 days**
Expected credit loss rate	100%	85%	60%	10.6%	3.6%	1.6%
Expected credit losses	$ 1,062,915	$ 46,307	$ 9,811	$ 1,640	$ 696	$ 241

(Expressed in United States dollars)

6. EQUIPMENT

	Computer equipment	Equipment	Furniture	Total
Cost				
Balance, December 31, 2021	$ 77,888	$ 43,367	$ -	$ 121,255
Additions	30,929	20,906	9,010	60,845
Balance, December 31, 2022	$ 108,817	$ 64,273	$ 9,010	$ 182,100
Additions	3,451	-	-	3,451
Balance, March 31, 2023	$ 112,268	$ 64,273	$ 9,010	$ 185,551
Accumulated depreciation				
Balance, December 31, 2021	$ 21,277	$ 29,877	$ -	$ 51,154
Additions	30,064	13,775	1,348	45,187
Balance, December 31, 2022	$ 51,341	$ 43,652	$ 1,348	$ 96,341
Additions	8,236	2,677	444	11,357
Balance, March 31, 2023	$ 59,577	$ 46,329	$ 1,792	$ 107,698
Net book value:				
Balance, December 31, 2022	$ 57,476	$ 20,621	$ 7,662	$ 85,759
Balance, March 31, 2023	$ 52,691	$ 17,944	$ 7,218	$ 77,853

7. PREPAID EXPENSES

	March 31, 2023	December 31, 2022
Current		
Prepaid services and subscriptions	$ 106,263	$ 271,687
Prepaid insurance and rent	19,674	48,860
Total Current	$ 125,937	$ 320,547
Non-Current		
Lease deposit (Note 14)	$ 19,979	$ 19,979
Total Non-Current	$ 19,979	$ 19,979

8. COST OF SALES

	March 31, 2023	March 31, 2022
License fees	$ 221,492	$ 132,544
Professional services	188,223	347,110
Hardware and other	-	1,035,726
Total Cost of sales	$ 466,440	$ 1,515,380

9. INVENTORY

As at March 31, 2023, the Company had $44,995 in inventory related to cooler door monitors and kits, at a third party warehouse in Hawaii.

The customer purchasing the equipment filed for bankruptcy and the Company continues to negotiate the sale with a new customer. As such, the Company recognized an impairment of the inventory of $44,995 during the year ended December 31, 2022, related to the expected recoverability of the inventory.

10. INVESTMENT IN AUSTIN GIS

On August 30, 2021, the Company acquired 1,000,000 Preferred shares of Austin GIS Inc.("Austin"), a privately held corporation incorporated in the state of Delaware for $1,000,000 through a series A funding. The Class A Preferred Shares may be converted at anytime into common shares of Austin at the option of the holder at a conversion price. Each Class A Preferred Share will automatically be converted into common shares:

(i) immediately prior to the closing of an initial public offering, provided that the offering price per share is not less than $3.00 and the aggregate gross proceeds are not less than $20,000,000;
(ii) immediately prior to the closing of a business combination, merger, consolidation or share exchange transaction with the special purpose acquisition company in which the common shares of the surviving entity is listed on the New York Stock Exchange, Nasdaq, or another exchange approved by the Board of Directors. The Company must also not be valued at a price per share less than $3.00 and the aggregate gross proceeds to the Company are not less than $20,000,000;
(iii) any other public company transaction similar to point (ii); and
(iv) upon receipt by the Company of a written request for such conversion from the holders of a majority of the Preferred Shares outstanding;

During the year ended December 31, 2022, Austin bought back shares from other investors resulting in the Company's undiluted share of ownership increasing from 12.33% to 23.8%. As at December 31, 2022, the Company holds 23.8% of common shares outstanding in Austin, with potential voting rights of 20.9% on a diluted basis. Management has determined that the Company does not have significant influence over the investment in Austin GIS, and the investment has been accounted for as a financial instrument.

The investment in Austin GIS represents an investment in a private company for which there is no active market and for which there are no publicly available quoted market prices. As such, the Company has classified its investment in Austin GIS as Level 3 in the fair value hierarchy.

In respect of this investment, on December 31, 2022, the fair value was determined to be $1,000,000 (2021-$1,000,000). This investment was designated as measured at fair value through profit and loss. The fair value of the investment was calculated by using the net asset and market approaches. Key inputs included: discount for lack of marketability of 20.0% and revenue multiples of 2.3.

10. INVESTMENT IN AUSTIN GIS (continued)

As at March 31, 2023, management considered the fair value of $1,000,000 to be indicative of the fair value of the investment in Austin GIS as there have been no changes in the circumstances that would change management's assessment of fair value.

11. INVESTMENT IN JOINT VENTURES

Investment in Winkel

On July 9, 2021, the Company entered into an agreement with Retailigent Media, and Grupo Modelo (a subsidiary of Anheuser-Busch InBev SA/NV) to create a joint venture as a 33.33% participant of Winkel. As a participant, the Company earns revenue through sales of proprietary software for analytics, security and visual displays to Winkel. The Company will earn 33.33% of all profits in exchange for a start-up contribution of $25,725 and the provision of a bridge loan of up to $1,600,000 to fund operations. During the year ended December 31, 2022, the Company and Winkel agreed to increase the bridge loan in order to meet increased cash demands.

For the year ended December 31, 2022, the Company had a bridge loan receivable from Winkel of $2,031,255 which was impaired. As of March 31, 2023, the Company determined that the additional loan of $90,181 advanced during the three months ended March 31, 2023 may not be collectible and impaired the value of the loan to $Nil. Thus, as of March 31, 2023, the Company had a total of $2,121,436 outstanding from Winkel that has been fully impaired.

As at March 31, 2023 and December 31, 2022, the Company has a 33.33% equity interest in Winkel. Management has determined that the Company has significant influence over the joint venture and accordingly is using the equity method to account for this investment.

Transactions with Winkel

During the three months ended March 31, 2023, the Company earned revenue on the provision of hardware and software services to Winkel for total proceeds of $Nil (March 31, 2022 - $1,159,565).

Due to the length of time between provision of goods and services and collection of payment, the Company has assessed that the revenue contracts have a significant financing component. As such, the Company recognizes interest income at each reporting period and will accrete the accounts receivable balance to recognize the significant financing component. The interest rate of 5.0% is determined based on the estimated discount rate of Group Modelo.

Subsequent to year-end, on May 3, 2023, the Company received $1,300,000 from Winkel for outstanding accounts receivable.

(Expressed in United States dollars)

11. INVESTMENT IN JOINT VENTURES (continued)

Investment in Winkel (continued)

Carrying value of accounts receivable due from Winkel, December 31, 2021	$	1,188,872
Amounts earned on contracts with Winkel		1,426,002
Revenue not recognized under IFRS 15		(745,852)
Financing component		(40,264)
Interest income		18,799
Elimination of 33.33% interest in profit		(34,396)
Impairment of receivables		(645,754)
Removal of financing component associated with impairment		84,634
Carrying value of accounts receivable due from Winkel, December 31, 2022		1,252,041
Amounts earned on contracts with Winkel		60,150
Revenue not recognized under IFRS 15		(60,150)
Carrying value of accounts receivable due from Winkel, March 31, 2023	$	1,252,041

Summarized statement of financial position of Winkel as at March 31, 2023 and December 31, 2022

Current		**March 31, 2023**		**December 31, 2022**
Cash	$	48,099	$	5,159
Other assets		297,774		202,972
		345,873		208,131
Non-Current				
Equipment		1,265,610		373,636
Total Assets		1,611,483		581,767
Current				
Accounts payable and accrued liabilities		321,409		3,134,931
		321,409		3,134,931
Non-Current				
Bridge Loan		6,589,576		1,891,081
Total Liabilities		6,910,985		5,026,012
Equity		(5,299,502)		(4,444,245)
Total Liabilities and Equity		$1,611,483	$	581,767

(Expressed in United States dollars)

11. INVESTMENT IN JOINT VENTURES (continued)

Investment in Winkel (continued)

Summarized statement of loss of Winkel:

		March 31, 2023		March 31, 2022
Revenue	$	132,725	$	1,722
General and administrative expenses		(1,421,368)		(391,548)
Net loss for the period		(1,288,643)	$	(386,826)
Company's 33.33% share of net loss	$	(429,547)	$	(127,653)

As the Company's carrying value of the investment was $Nil as at January 1, 2023 and because no additional contributions were made to increase the carrying value during the three months ended March 31, 2023, no share of loss is recognized.

Investment in Radar USA

Radar USA was incorporated in the State of Delaware, United State of America under Delaware General Corporation Law. Radar USA was formed as a collaboration between the Company and Radar APP S.A.P.I. de C.V. ("Radar App"). Radar USA plans to become an AI-powered integrated community security provider whose integrated solution package includes smart cameras; an easy-to-use app for citizen SOS, geolocation and direct interaction with police; and cloud-based data storage and analytics for law enforcement. The Company holds 23.57% of common shares outstanding in Radar USA, representing voting rights of 23.57%. Officers, directors and employees of the Company represent another 4.43%. Management has determined that the Company has significant influence over Radar USA and accordingly is using the equity method to account for this investment.

Transactions with Radar USA

During the three months ended March 31, 2023, the Company provided consulting services to Radar USA, and the total revenue earned from those services was $31,232 (2022-$Nil). The Company also assigned five existing customer contracts to Radar USA, whereby Radar USA would act as a reseller of the Company's licenses for no consideration.

During the year ended December 31, 2022, the Company also entered into an agreement with Radar USA in which each party agreed to sublease 50% of the lease between the Company and Cracker Factory, LLC ("Cracker") for an office space. The Company and Radar USA each paid $8,694 relating to these rentals during the three months ended March 31, 2023 (2021-$Nil).

(Expressed in United States dollars)

11. INVESTMENT IN JOINT VENTURES (continued)

Investment in Radar USA (continued)

Summarized statement of financial position of Radar USA

		March 31, 2023		December 31, 2022
Current				
Cash	$	294,036	$	666,935
Other assets		275,061		275,061
		569,097		941,996
Non-Current				
Equipment		109,544		-
Total Assets	$	678,641	$	941,996
Current				
Accounts payable and accrued liabilities	$	69,052	$	74,617
Other current liabilities		111,887		1,000
		180,939		75,617
Total Liabilities		180,939		75,617
Equity		497,702		866,379
Total Liabilities and Equity	$	678,641	$	941,996

Summarized statement of loss of Radar USA:

		March 31, 2023		March 31, 2022
Revenue	$	-	$	-
General and administrative expenses		(364,984)		(95,467)
Net loss for the year		(364,984)		(95,467)
Company’s 23.57% share of net loss	$	(86,027)	$	(22,502)

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		March 31, 2023		December 31, 2022
Accounts payable	$	1,370,196	$	1,059,453
Accrued liabilities		535,993		346,367
Accrued interest (Note 13)		38,505		36,169
	$	1,944,694	$	1,441,989

(Expressed in United States dollars)

13. LOANS PAYABLE

Loans payable		
Balance, December 31, 2021	$	339,759
Additions		365,350
Repayments		(134,549)
Settlement through shares		(447,185)
Foreign exchange gain		(30,271)
Balance, December 31, 2022	$	93,104
Additions		450,000
Foreign exchange loss		97
Balance, March 31, 2023	$	543,201

During the three months ended March 31, 2023, the Company recorded $17,126 (March 31, 2022 - $11,602) in interest expense included in finance cost. As at March 31, 2023, there was accrued interest of $38,505 (December 31, 2022 - $36,169) included in accounts payable and accrued liabilities.

14. LEASES

The Company leases certain assets under lease agreements. The lease liability consists of two leases for office space. The leases have an imputed interest rate of 10% per annum and expire between 2024 and 2025.

Right-of-use assets		
Balance, December 31, 2021	$	128,534
Additions		128,825
Depreciation expense		(84,177)
Balance, December 31, 2022		173,182
Additions		-
Depreciation expense		(22,739)
Balance, March 31, 2023	$	150,443

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

Lease liability		**March 31, 2023**		**December 31, 2022**
Current portion	$	149,147	$	138,478
Long-term portion		131,555		168,827
Total lease liability	$	280,702	$	307,305

At March 31, 2023, the Company is committed to minimum lease payments as follows:

Maturity analysis		**March 31, 2023**		**December 31, 2022**
Less than one year	$	170,419	$	163,251
One to five years		138,786		179,951
Total undiscounted lease liabilities	$	309,205	$	343,202

(Expressed in United States dollars)

14. LEASES (continued)

Amounts recognized in profit or loss		**March 31, 2023**		**March 31, 2022**
Interest on lease liabilities	$	6,312	$	4,847
Interest income on sublease	$	(2,507)	$	-
	$	3,805	$	4,847

Amounts recognized in the statement of cash flows		**March 31, 2023**		**March 31, 2022**
Interest paid	$	4,652	$	4,847
Principal payments on lease liabilities		26,604		15,243
Total cash outflows for leases	$	31,256	$	20,090

On March 15, 2022, the Company entered into a sublease agreement related to office space. At March 31, 2023 and December 31, 2022, the Company's lease receivable related to office leases is as follows:

Lease receivable		**March 31, 2023**		**December 31, 2022**
Current portion	$	43,561	$	37,953
Long-term portion		54,230		65,625
Total lease receivable	$	97,791	$	103,578

Maturity analysis		**March 31, 2023**		**December 31, 2022**
Less than one year	$	51,385	$	46,737
One to five years		57,458		70,401
Total undiscounted lease receivable	$	108,843	$	117,138

15. SHAREHOLDERS' EQUITY

a) Share capital

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

During the three months ended March 31, 2023, the Company issued an aggregate of:

- 494,108 common shares for the exercise of warrants for proceeds of $63,569 (CAD$ 86,469) of which $1,840 (CAD$2,471) was reclassified from reserves.
- 41,750 common shares were issued related to the vesting of RSUs, and as a result $22,166 has been reclassed from reserves.
- 1,006 common shares for the exercise of options for proceeds of $195 (CAD$263) of which $68 (CAD$92) was reclassified from reserves.

During the three months ended March 31, 2022, the Company issued an aggregate of:

- 4,566,304 common shares for the exercise of warrants for proceeds of $918,568 (CAD$1,167,625) of which $355,203 was reclassed from obligation to issue shares, and as a result, $14,426 has been reclassed from reserves.

15. SHAREHOLDERS' EQUITY (continued)

a) Share capital (continued)

- 970,000 common shares for the exercise of options for proceeds of $191,172 (CAD$242,250), and as a result $149,916 has been reclassed from reserves.
- 41,750 common shares were issued related to the vesting of RSUs, and as a result $23,619 has been reclassed from reserves.
- 144,534 common shares were issued for consulting services with a fair value of $113,337; and
- 125,000 common shares issued in error were returned to treasury.

b) Warrants

On July 9, 2021, the Company formed a joint venture, Winkel (Note 11). In connection with the agreement, the Company issued 15,500,000 warrants to Grupo Modelo. Each warrant is exercisable for one common share at $0.63 (CAD $0.84) per share for a period of five years subject to the following vesting conditions:

- 15% vested immediately upon execution (vested);
- 15% vest upon the execution of a definitive agreement for the formation of a joint venture (vested);
- 20% vest upon the joint venture installed and operating in at least 1,500 locations ("Milestone 3")(vested);
- 20% vest upon the joint venture installed and operating in at least 5,000 locations ("Milestone 4");
- 15% will vest upon the joint venture installed and operating in at least 20,000 locations; ("Milestone 5"); and
- 15% will vest upon the joint venture installed and operating in at least 30,000 locations ("Milestone 6");

The vesting conditions are not related to the market price of the equity instruments of the Company and, as a result, they are non-market performance conditions. At March 31, 2023, management estimated when certain conditions will be met. Management expects Milestone 4 to vest, however Milestones 5 and 6 are not expected to vest prior to the expiry of the warrants. These warrants had a total fair value of $8,845,763, or $0.57 per warrant, using the Black Scholes model with the following inputs: i) exercise price: $0.84; ii) share price: $0.78; iii) term: 5.00 years; iv) volatility: 100%; v) discount rate: 0.74%. $129,299 has been recorded to share-based payments expense during the three months ended March 31, 2023.

In addition, to the above warrants, the Company will issue to Modelo 5,000,000 additional top up Warrants (the "Additional Warrants") upon the satisfaction of Milestone 3 which, if met, will be priced at the date of satisfaction of Milestone 3 and which will be subject to the following vesting conditions:

- 50% will vest immediately (vested); and
- 50% will vest upon the satisfaction of Milestone 4.

(Expressed in United States dollars)

15. SHAREHOLDERS' EQUITY (continued)

b) Warrants (continued)

Each Additional Warrant will have an exercise price equal to the closing price of the Company's shares on the last trading prior to the date of satisfaction of Milestone 3 and will be exercisable for a period of five years from the date of issuance.

As of March 31, 2023, the Company had not issued the additional 5,000,000 warrants to Modelo despite the satisfaction of Milestone 3. An obligation to issue warrants was been recorded at December 31, 2022. These warrants had a total fair value of $482,480, or $0.10 per warrant, using the Black Scholes model with the following inputs: i) exercise price: $0.18; ii) share price: $0.18; iii) term: 5.00 years; iv) volatility: 97%; v) discount rate: 3.55%. As a result, $28,579 (CAD$38,648) has been recorded to share-based payments expense during the three months ended March 31, 2023.

Continuity of the Company's warrants is as follows:

	Number of warrants		Weighted average exercise price ($CAD)		Weighted average exercise price ($USD)
Outstanding, December 31, 2021	57,899,049		0.44		0.34
Granted	35,922,297		0.49		0.36
Exercised	(11,874,718)		0.20		0.16
Expired	(457,466)		0.60		0.44
Outstanding, December 31, 2022	81,489,162	$	0.49	$	0.37
Exercised	(494,108)		0.17		0.13
Expired	(3,242,195)		0.50		0.37
Outstanding, March 31, 2023	**77,752,859**	**$**	**0.50**	**$**	**0.36**

As at March 31, 2023, the following warrants were outstanding and exercisable:

Number of warrants outstanding		Exercise price ($CAD)	Exercise price ($USD)	Expiry date	Number of warrants exercisable
838,258		0.12	0.09	August 28, 2023	838,258
14,097,562		0.17	0.13	August 28, 2023	14,097,562
5,559,045		0.17	0.13	September 22, 2023	5,559,045
8,889,892		0.65	0.48	June 29, 2024	8,889,892
188,000		0.50	0.37	June 29, 2024	188,000
15,500,000		0.84	0.62	March 18, 2026	10,850,000
22,149,935		0.50	0.37	July 28, 2025	22,149,935
1,533,336		0.30	0.22	July 28, 2025	1,533,336
8,871,831		0.50	0.37	August 31, 2025	8,871,831
125,000		0.30	0.22	November 10,2025	125,000
77,752,859	**$**	**0.49**	**0.36**		**73,102,859**

As at March 31, 2023, the weighted average remaining contractual life of outstanding warrants is 1.84 years.

(Expressed in United States dollars)

15. SHAREHOLDERS' EQUITY (continued)

c) Options

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

	Number of options		Weighted average exercise price ($CAD)		Weighted average exercise price ($USD)
Outstanding, December 31, 2021	11,530,833	$	0.38	$	0.30
Granted	4,900,000		0.68		0.45
Exercised	(970,000)		0.26		0.19
Expired	(295,000)		0.33		0.24
Forfeited	(965,000)		0.47		0.35
Returned	125,000*		0.17		0.13
Outstanding, December 31, 2022	14,325,833	$	0.49	$	0.34
Granted	5,606,000		0.25		0.18
Exercised	(1,006)		0.17		0.13
Expired	(2,820,000)		0.30		0.22
Forfeited	(125,000)		0.81		0.60
Outstanding, March 31, 2023	**16,985,827**	**$**	**0.44**	**$**	**0.31**
Exercisable, March 31, 2023	**11,503,161**	**$**	**0.37**	**$**	**0.26**

*On October 21, 2021, the Company issued 125,000 shares for the exercise of 125,000 options. These options were exercised in error and the value associated with the shares was recorded as $nil. On February 18, 2022, the issued shares were returned to Treasury.

(Expressed in United States dollars)

15. SHAREHOLDERS' EQUITY (continued)

c) Options (continued)

As at March 31, 2023, the following stock options were outstanding and exercisable:

Number of options outstanding	Exercise price ($CAD)	Exercise price ($USD)	Expiry date	Number of options exercisable
50,000	0.30	0.22	December 15, 2024	50,000
250,000	0.30	0.22	January 12, 2025	250,000
2,048,994	0.17	0.13	October 6, 2025	2,048,994
150,000	0.17	0.13	October 9, 2025	150,000
300,000	0.25	0.18	November 24, 2025	300,000
150,000	0.73	0.54	March 8, 2026	150,000
3,012,500	0.51	0.38	August 10, 2026	3,012,500
33,333	0.60	0.44	August 20, 2026	16,667
250,000	0.57	0.42	August 23, 2026	250,000
275,000	0.75	0.55	September 20, 2026	275,000
30,000	0.97	0.72	October 1, 2026	30,000
120,000	1.62	1.20	November 18, 2026	120,000
150,000	1.25	0.92	December 15, 2026	50,000
3,040,000	0.81	0.60	January 27, 2027	250,000
195,000	0.81	0.60	January 31, 2027	-
100,000	0.54	0.40	April 27, 2027	-
150,000	0.28	0.21	August 18, 2027	-
1,075,000	0.30	0.22	October 24, 2027	725,000
5,606,000	0.25	0.18	March 31, 2028	3,825,000
16,985,827	**$ 0.50**	**$ 0.38**		**11,503,161**

As at March 31, 2023, the weighted average remaining contractual life of outstanding options is 3.94 years.

During the three months ended March 31, 2023, the Company granted 5,606,000 options with a fair value of $422,871. Share-based payments relating to options vesting during the three months ended March 31, 2023, using the Black- Scholes option pricing model was $661,927 (2022- $399,964).

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

(Expressed in United States dollars)

15. SHAREHOLDERS' EQUITY (continued)

c) Options (continued)

The fair value of stock options granted during the three months ended March 31, 2023, was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	**March 31, 2023**	**March 31, 2022**
Risk-free interest rate	3.02%	1.64% to 1.68%
Expected volatility	100%	100%
Dividend yield	0%	0%
Expected life	5.00 years	5.00 years

d) Restricted Share Units ("RSU")

During the year ended December 31, 2022, the Company granted 100,000 RSUs with a fair value of $20,013 (2021 - 383,500 RSUs with a fair value of $261,508). Share-based payments relating to RSUs vesting during the three months ended March 31, 2023, using the Black- Scholes option pricing model was $14,959 (2022 - $33,584). The RSUs issued during the ended December 31, 2021 vest as follows:

- 133,500 RSUs
  - 50% vest on December 31, 2021
  - 50% vest on December 31, 2022
- 100,000 RSUs
  - 33% vest on August 23, 2022
  - 33% vest on August 23, 2023
  - 34% vest on August 23, 2024
- 150,000 RSUs
  - 33% vested on December 15, 2022
  - 33% vest on December 15, 2023
  - 33% vest on December 15, 2024

The RSUs issued during the year ended December 31, 2022, vest as follows:

- 100,000 RSUs
  - 33% vest on August 18, 2023
  - 33% vest on August 18, 2024
  - 34% vest on August 18, 2025

As at March 31, 2023, there were 400,000 RSUs outstanding of which 133,333 RSUs were vested and 266,667 unvested.

(Expressed in United States dollars)

16. EXPENSES BY NATURE

	Three months ended March 31, 2023	Three months ended March 31, 2022
Marketing expenses	$ 173,488	$ 530,223
Meals and entertainment	18,227	10,202
Tradeshow expenses	44,623	22,375
Salaries and wages	357,333	305,330
Total sales and marketing expense	$ 593,671	$ 868,130
General and administrative expenses	$ 189,656	$ 204,242
Professional fees	92,295	122,796
Consulting fees	87,811	111,958
Management fees	62,500	51,572
Rent	3,276	3,095
Salaries and wages	92,282	95,072
Travel	69,122	46,393
Depreciation (note 6)	11,357	9,762
Lease-related depreciation (note 14)	22,739	15,959
Utilities	14,799	8,834
Bad debt expenses	(136,009)	39,028
Penalties and fees	525	-
Transfer agent and filing fees	14,704	7,455
Total general and administrative expense	$ 525,057	$ 716,166
Contract development and materials expense	$ 83,068	$ 26,500
Consulting fees	268,785	268,069
Salaries and wages	297,770	207,418
Total research and development expenses	$ 649,623	$ 501,987

17. RELATED PARTY TRANSACTIONS

Key management compensation

Key management consists of the Officers and Directors who are responsible for planning, directing, and controlling the activities of the Company. All related party transactions are carried out in the normal course of operation.

During the three months ended March 31, 2023, remuneration of the Company's key management personnel consisted of management fees of $296,900 (2022 - $300,900) and share-based payments of $648,052 (2022 - $214,042). Management fees are included in general and administrative expenses and sales and marketing expense and director fees are included in general and administrative expenses.

As of March 31, 2023, an amount of $250,000 was owing to two board of directors and was included in the loans payable balance. These loans accrue interest at rates between 48% and 60% per annum, and they are secured against the Company's accounts receivables.

(Expressed in United States dollars)

17. RELATED PARTY TRANSACTIONS (continued)

Other related party transactions

During the three months ended March 31, 2023 and 2022, other related party transactions consisted of the following:

		March 31, 2023		March 31, 2022
Revenue earned on the sale of hardware to Winkel, included in hardware revenue	$	-	$	1,015,250
Revenue earned on the provision of installation services to Winkel, included in professional services revenue	$	-	$	98,250
Revenue earned on the sale of software, included in license fee revenue	$	58,400	$	46,065
Revenue earned on the provision of consulting services, included in professional services revenue	$	31,232	$	30,000
Rental income on sublease	$	8,694	$	-
Director fees, included in general and administrative expenses	$	-	$	4,000
Marketing expenses paid to a related entity, included in sales and marketing expenses	$	110,285	$	189,904
Accounting and administrative fees paid to related entities, included in general and administrative expenses	$	20,447	$	13,312

Related party balances

At March 31, 2023, $ 130,247 (December 31, 2022 - $121,733) was due to related parties and is included in accounts payable and accrued liabilities. The amounts were non-interest bearing and due on demand.

At March 31, 2023, $ 2,768,233 (December 31, 2022 - $1,963,979) was due from Winkel and is included in trade and other receivables. The amount is interest bearing at 5.0% per annum and repayments are due to begin starting July 1, 2023.

During the three months ended March 31, 2023, the Company advanced an additional $90,181 to Winkel under the bridge loan agreement. The balance of the bridge loan was determined not be collectible and impaired from a total of $2,121,436 (Note 11) to $Nil.

At March 31, 2023, $Nil (December 31, 2022 - $6,430) was due from Radar USA Inc and is included in trade and other receivables. The amount is non-interest bearing and due on demand.

(Expressed in United States dollars)

18. OPERATING SEGMENTS

The Company operates in one reportable segment being the development and sale of software as a service, including any required hardware to operate the software.

Geographic information related to the Company's assets and location of its customers is as follows:

	March 31, 2023		December 31, 2022			
	United States	Total	United States	Mexico	Other	Total
Inventory	$ 44,995	$ 44,995	$44,995	$ -	$ -	$ 44,995
Property and Equipment	$ 77,853	$ 77,853	$85,759	$ -	$ -	$ 85,759
Lease asset	$ 150,443	$ 150,443	$173,182	$ -	$ -	$ 173,182

	March 31, 2023		March 31, 2022			
	United States	Total	United States	Mexico	Other	Total
Revenue	$ 77,445	$ 77,445	$1,136,183	$ 98,250	$ 8,029	$1,242,462

19. CAPITAL MANAGEMENT

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

For the three months ended March 31, 2023, there was no change in the Company's approach to capital management. The Company's primary source of capital is through the issuance of common shares. The Company manages and adjusts its capital structure when changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding. The Company may require additional capital resources to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required in the long term but recognizes there will be risks involved that may be beyond its control. There are no external restrictions on the management of capital.

20. FINANCIAL RISK MANAGEMENT

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

Foreign exchange risk
Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. Foreign exchange risks are closely monitored, and attempts are made to match foreign cash inflows and outflows. As at March 31, 2023, the Company is primarily exposed to foreign exchange risk through its cash and cash equivalents denominated in Canadian dollars. The Company mitigates foreign exchange risk by monitoring foreign exchange rate trends and evaluating reinvestment opportunities when possible. The Company is not exposed to significant foreign exchange risk.

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and trade and other receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. The Company mitigates credit risk by evaluating the creditworthiness of customers prior to conducting business with them and monitoring its exposure for credit losses with existing customers.

Trade and other receivables also include refundable goods and services tax which bears minimal credit risk as it is receivable from the Canadian government. For trade receivables, the Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected loss rates are based on the payment profiles of sales over a period of 12 months before March 31, 2023, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect the current forward-looking information on economic factors affecting the ability of customers to settle receivables. Accounts receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, business failure, the failure of a debtor to engage in a repayment plan, and a failure to make contractual payments over the negotiated contract period.

The Company's aging of trade receivables was as follows:

	March 31, 2023	December 31, 2022
Current	$ -	$ 88,761
1- 30 days	39,260	-
31- 60 days	16,320	10,717
61 - 90 days	10,992	12,751
91+ days	2,111,970	2,471,618
Provision for doubtful accounts and Winkel reserve	(705,314)	(1,310,745)
Total	$ 1,473,228	$ 1,273,102

20. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at March 31, 2023, the Company is not exposed to significant interest rate risk.

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

21. BASIS OF FAIR VALUE

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

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

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

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

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

22. CONTINGENCY

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

During the year ended December 31, 2020, a demand letter was received by the Company from Interknowlogy, LLC ("Interknowlogy"), a formerly related company, pertaining to outstanding payment and corresponding late charges. The Company contested the work performed by Interknowlogy and plans to vigorously defend the suit and file a substantial counter claim for failure to deliver as well as damages incurred.

(Expressed in United States dollars)

22. CONTINGENCY (continued)

As at March 31, 2023, included in accounts payable is a liability of $587,759 (including $77,760 late payment interest charges), based on the statement of work (2021 - $587,759).

23. SUPPLEMENTAL CASHFLOW INFORMATION

	March 31, 2023	March 31, 2022
Supplemental cash flow disclosures:		
Interest paid	$ 100,265	$ 51,586
Non-Cash Investing and Financing Activities:		
Fair value of warrants, options and RSUs exercised	$ 24,074	$ 187,961

24. SUBSEQUENT EVENTS

Promissory notes
Subsequent to the period ended March 31, 2023, the Company issued additional promissory notes for a total principal amount of $234,000. These promissory notes accrue effective interest at rates between 48% and 60% per annum, and they are secured against the Company's accounts receivables.

Through July 7, 2023, $349,000 of notes issued subsequent to year end have been repaid with the remaining $335,000 of these notes anticipated to be repaid by July 17, 2023. From the principal amount received, $180,000 remains owing at July 7 to two directors.

Winkel
On May 3, 2023, the Company received $1,300,000 from Winkel in payment of goods and services.