VSBLTY Groupe Technologies Corp.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022

(Expressed in United States dollars)

Independent Auditor's Report

To the Shareholders of VSBLTY Groupe Technologies Corp.

Opinion

We have audited the consolidated financial statements of VSBLTY Groupe Technologies Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information. (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company has not been profitable and has incurred an accumulated deficit of $60,820,193 as at December 31, 2023. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be a key audit matter to be communicated in our report.

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT

Value of investment classified at fair value through profit or loss
 	
We draw attention to Note 11 to the financial statements. As at December 31, 2023, the Company recognized a loss of change in fair value of financial instruments of $1,000,000 during the year which reduced the fair value of investments to $nil. This investment consisted of preferred shares that were not publicly traded and are measured at fair value using various valuation models and techniques.
 	
We considered this a key audit matter due to the significant management estimates and judgements required to value this investment.
 	
Auditing these estimates required a high degree of subjectivity in applying audit procedures and in evaluating the results of those procedures. This has resulted in a high degree of auditor judgement and audit effort in performing procedures relating to this matter, including the involvement of valuation specialists.
	Our approach to addressing the matter included the following procedures, among others:
	
	• With the assistance of valuation specialists,
	  ○ Evaluated management's valuation approaches and methodologies used in the determination of the fair value of the investment;
	  ○ Assessed the reasonableness of the assumptions applied;
	  ○ Tested the mathematical accuracy of the valuation calculations; and
	• Assessed the adequacy of the Company's financial statement disclosures relating to this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is David Goertz.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

July 19, 2024

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

As at	Notes		December 31, 2023		December 31, 2022
ASSETS					
Current assets					
Cash		$	54,180	$	1,064,225
Trade and other receivables	6, 11, 17		633,842		1,464,551
Share subscription receivable	15		72,184		191,130
Lease receivable	14		-		37,953
Prepaid expenses	8		88,108		320,547
Inventory	10		1,975		44,995
			850,289		3,123,401
Equipment, net	7		43,764		85,759
Right-of-use assets	14		27,982		173,182
Lease receivable	11		-		65,625
Investment	11		-		1,000,000
Prepaid expenses – noncurrent	8		10,916		19,979
Total assets		$	932,951	$	4,467,946
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	12, 17	$	4,116,863	$	1,441,989
Deferred revenue	18		86,305		7,681
Contingent consideration	5		304,843		-
Current portion of lease liability	14		64,489		138,478
Loans payable	13		773,290		93,104
			5,345,790		1,681,252
Lease liability	14		-		168,827
Total liabilities			5,345,790		1,850,079
SHAREHOLDERS' EQUITY					
Share capital	15		46,048,518		41,781,470
Reserves	15		10,758,095		10,483,287
Obligation to issue securities	15		338,033		338,033
Accumulated deficit			(60,820,193)		(49,317,803)
Accumulated other comprehensive income			(737,292)		(667,120)
Total shareholders' equity			(4,412,839)		2,617,867
Total liabilities and shareholders' equity		$	932,951	$	4,467,946
Nature of operations and going concern	1				
Contingency	23				
Subsequent events	26				

APPROVED BY THE BOARD OF DIRECTORS:

"Jay Hutton"
Director

"Thomas Hays"
Director

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

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

	Notes		Year ended December 31, 2023		2022
Revenue					
License fees		$	83,842	$	244,166
Software licence development			500,000		-
Professional services			133,710		256,522
Displays and other advertising			86,263		-
Programmatic advertising revenue			14,197		-
Hardware and other			51,606		1,522,709
			869,618		2,023,397
Cost of sales	9		(1,648,957)		(2,646,618)
Gross loss			(779,339)		(623,221)
Sales and marketing expenses	16, 17		(2,682,893)		(2,787,675)
General and administrative expenses	16, 17		(2,840,984)		(3,498,404)
Research and development expenses	16, 17		(2,074,108)		(2,519,981)
Share-based payments	15		(37,150)		(1,287,576)
(Impairment) recovery of inventory	10		(45,581)		324,028
Impairment of loan receivable	16		(490,181)		(1,400,514)
Loss on settlement of loans	13		-		(43,637)
Other installations and managed services			-		(566,240)
Operating loss			(8,950,236)		(12,403,220)
Finance costs	13,14		(223,576)		(90,603)
Impairment of goodwill	5		(1,274,174)		-
Change in fair value of financial instruments	11		(1,000,000)		-
Loss on discontinuation of lease	14		(75,140)		-
Interest income			4,108		30,927
Foreign exchange loss			16,628		88,025
Net loss for the year			(11,502,390)		(12,374,871)
Other comprehensive loss					
Items that will not be reclassified to profit or loss					
Foreign currency translation			(70,172)		(222,961)
Comprehensive loss for the year		$	(11,572,562)	$	(12,597,832)
Loss per share – Basic and diluted		$	(0.40)	$	(0.57)
Weighted average shares outstanding – Basic and diluted			28,966,848		22,071,723

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

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

		Number of common shares	Share capital	Reserves	Obligation to issue securities	Accumulated deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
Balance, December 31, 2021		19,853,725	$ 33,347,460	$ 8,297,272	$ 374,330	$ (36,942,932)	$ (444,159)	$ 4,631,971
Shares issued for public offering	15(a)	1,916,671	4,035,504	448,390	-	-	-	4,483,894
Share issuance costs	15(a)	38,333	(767,229)	216,369	-	-	-	(550,860)
Shares issued for private placement	15(a)	1,293,839	2,322,962	643,325	-	-	-	2,966,287
Shares issued for services	15(a)	14,453	113,337	-	-	-	-	113,337
Shares issued for warrant exercises	15(a,b)	1,187,472	2,006,523	(44,080)	(355,203)	-	-	1,607,240
Shares issued for option exercises	15(a,c)	97,000	341,088	(149,916)	-	-	-	191,172
Shares issued for RSUs vested	15(a,d)	4,175	23,619	(23,619)	-	-	-	-
Shares issued to settle debt	15(a)	215,886	358,206	126,876	-	-	-	485,082
Shares returned to treasury	15(a)	(12,500)	-	-	-	-	-	-
Share-based payments	15(c)	-	-	968,670	318,906	-	-	1,287,576
Foreign currency translation		-	-	-	-	-	(222,961)	(222,961)
Loss for the year		-	-	-	-	(12,374,871)	-	(12,374,871)
Balance, December 31, 2022		**24,609,054**	**$ 41,781,470**	**$ 10,483,287**	**$ 338,033**	**$ (49,317,803)**	**$ (667,120)**	**$ 2,617,867**
Balance, December 31, 2022		**24,609,054**	**$ 41,781,470**	**$ 10,483,287**	**$ 338,033**	**$ (49,317,803)**	**$ (667,120)**	**$ 2,617,867**
Shares issued	15(a)	17,794,628	3,919,336	207,224	-	-	-	4,126,560
Share issuance costs	15(a,c)	-	(242,245)	54,508	-	-	-	(187,737)
Shares issued for warrant exercises	15(a)	49,412	65,409	(1,840)	-	-	-	63,569
Shares issued for option exercises	15(a,b)	101	263	(68)	-	-	-	195
Shares issued for RSU vested	15(a,c)	4,175	22,166	(22,166)	-	-	-	-
Shares issued for business acquisition	5	1,582,250	502,119	-	-	-	-	502,119
Share-based payments	15(c)	-	-	37,150	-	-	-	37,150
Foreign currency translation		-	-	-	-	-	(70,172)	(70,172)
Loss for the year		-	-	-	-	(11,502,390)	-	(11,502,390)
Balance, December 31, 2023		44,039,620	$ 46,048,518	$ 10,758,095	$ 338,033	$ (60,820,193)	$ (737,292)	$ (4,412,839)

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

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

	Year ended December 31, 2023	2022
Cash flows from operating activities		
Loss for the year	$ (11,502,390)	$ (12,374,871)
Adjustments for non-cash items:		
Depreciation	136,403	129,364
Accretion expense	-	4,249
Interest expense	148,326	-
Share-based payments	37,150	1,287,576
Foreign exchange gain	-	(107,346)
Shares issued for services	-	113,337
Bad debt expense	68,414	521,720
Loss on discontinuation of lease	75,140	-
Impairment (recovery) of inventory	45,581	(324,028)
Loss on settlement of loans	-	43,637
Impairment of loan receivable	490,181	1,400,514
Impairment of goodwill	1,274,174	-
Change in fair value of financial instruments	1,000,000	-
Changes in non-cash working capital items:		
Trade and other receivables	850,668	(670,337)
Inventory	(586)	456,249
Prepaid expenses and deposits	231,016	9,180
Accounts payable and accrued liabilities	2,414,662	(1,068,758)
Deferred revenue	78,624	(3,347)
Net cash used in operating activities	(4,652,637)	(10,582,861)
Cash flows from investing activities		
Acquisition of equipment	(3,451)	(60,845)
Cash acquired from the acquisition of Shelf Nine	1,408	-
Payment of long-term security deposit	-	(9,063)
Lease receivable repayment	37,953	25,247
Issuance of loan	(490,181)	(1,400,514)
Net cash used in investing activities	(454,271)	(1,445,175)
Cash flows from financing activities		
Principal portion of lease payments	(64,454)	(105,644)
Proceeds from promissory note	1,143,000	-
Proceeds from equity financing, net of share issuance costs	3,881,534	6,708,191
Proceeds from exercise of options	-	191,172
Proceeds from exercise of warrants	63,569	1,607,240
Repayment of matured debt	(779,200)	(134,549)
Net cash provided by financing activities	4,244,449	8,266,410
Impact of currency translation on cash	(147,586)	(106,973)
Net decrease in cash	(1,010,045)	(3,868,599)
Cash, beginning	1,064,225	4,932,824
Cash, ending	$ 54,180	$ 1,064,225

Supplemental cash flow information (Note 25)

The accompanying notes are an integral part of these consolidated 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 consolidated financial statements ("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 $60,820,193. 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.

On November 3, 2023, the Company completed a 10-for-1 reverse split of its common shares ("the Consolidation"). Except where otherwise indicated, all historical share numbers and per share amounts have been adjusted on a retroactive basis to reflect the Consolidation.

2. BASIS OF PRESENTATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

These consolidated financial statements were authorized for issue by the Board of Directors on July 19, 2024.

2. BASIS OF PRESENTATION (continued)

b) Basis of measurement (continued)

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

The preparation of these consolidated 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 consolidated financial statements and the reported amount of expenses during the period. Actual results could differ from these estimates.

These consolidated financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout these consolidated 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 consolidated 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, and Shelf Nine LLC (“Shelf Nine”). All inter-company balances, transactions 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. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all period presented in these Financial Statements, unless otherwise indicated.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

a) Foreign currency transactions

Functional and presentation currency
The functional currency of the Company is determined based on the currency of the primary economic environment in which the Company operates. The functional currency of the Company, is the Canadian dollar. The functional currency of the Company's wholly owned subsidiaries and joint ventures, Winkel Media, S.A.P.I. de C.V., Radar USA Inc. and Austin GIS Inc. is the United States dollar. The presentation currency of the Company is the United States dollar.

Transactions and balances
At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into the relevant functional currency using the exchange rate in effect at that date. At the reporting period end date, monetary assets and liabilities are translated into the relevant functional currency using the exchange rate in effect at that date and the related translation differences are recognized in profit or loss.

Non-monetary assets and liabilities that are measured at historical cost are translated into the relevant functional currency by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated.

Translation into the presentation currency
The operating results and consolidated statements of financial position of entities with functional currencies different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities presented are translated at the year-end closing rate as at the date of the consolidated statements of financial position;
- Income and expenses for the statements of loss are translated at average exchange rates, unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the rate on the dates of the transactions; and
- All resulting exchange differences from translating foreign operations are recognized in a separate component of shareholders' equity as other comprehensive income (loss).

b) Inventory

Inventory is comprised of hardware components. Inventory is initially valued at cost and subsequently at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. Cost is determined using the first-in, first-out method. Cost includes acquisition costs net of discounts, and other costs incurred to bring inventories to their present location and condition. The Company reviews inventory for obsolete and slow-moving goods and any such inventory is written down to net realizable value.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

c) Equipment

Equipment is recorded at cost and carried net of accumulated depreciation, amortization and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost and any costs directly attributable to bringing the asset to the location and condition necessary for operation. Subsequent expenditures are capitalized only if it is probable that the future economic benefits associated with the expenditures will flow to the Company.

Repairs and maintenance costs are expensed as incurred. Depreciation is calculated over the estimated useful lives using the straight-line method at the following rates:

- Computer equipment – 3 years
- Equipment and furniture – 3 to 5 years

The Company reviews the estimated useful lives, residual values and depreciation method at the end of each reporting period, accounting for the effect of any changes in estimate on a prospective basis.

d) Impairment of assets

The carrying amount of the Company's non-financial assets (which includes equipment intangible assets and goodwill) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in the previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

e) Valuation of equity units issued in private placements

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued together as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

f) Loss per share

Basic loss per share is calculated by dividing the Company's net loss by the weighted average number of shares outstanding and reduced by any shares held in escrow during the reporting period.

Diluted loss per share is calculated by dividing the Company's net loss by the sum of the weighted average number of shares issued and outstanding assuming all additional shares that would have been outstanding if potentially dilutive instruments were converted and reduced by any shares held in escrow, unless the escrow shares are issuable dependent only on the passage of time with all other conditions having been satisfied.

g) Revenue recognition

Revenue represents the fair value of consideration received or receivable for products and services in its contracts with customers, net of discounts and sales taxes. The Company has the following revenue streams:

- License fees
- Software license development
- Professional services
- Displays and other advertising
- Programmatic advertising revenue
- Hardware and other

License revenue is comprised of license fees charged for the use of software, licensed under fixed-term arrangements and for the development of customized software solutions.

Software license development revenue consists of fees charged to customers for projects undertaken to develop software solutions tailored to meet their specific needs.

Professional service revenue consists of fees charged for creative services provided to develop and execute brand messaging used in hardware units as well as installation and maintenance for the hardware units. Professional services also include revenue earned from the management of content on in store screens at customer locations.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

g) Revenue recognition (continued)

Programmatic advertising revenue consists of fees earned from the automated selling of digital advertising space.

Displays and other advertising consists of fees earned under fixed contracts for the maintenance of various forms of advertising displays. These contracts are customized to meet the advertising campaign's specific needs.

Hardware and other revenue include sale and delivery of hardware units.

Contracts with multiple products or services
The Company's contracts with customers often include multiple products and services such as software licenses, connectivity, creative development, and hardware. The Company evaluates these arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the product or service is distinct from some or all of the other products or services in the arrangement. A product or service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer. Non-distinct products and services are combined with other goods or services until they are distinct as a bundle and therefore form a single performance obligation. Where a contract consists of more than one performance obligation, revenue is allocated to each based on their estimated stand-alone selling price.

Nature of products and services

Revenue from licensing arrangements, which allows customers to use software over a term, is provided on a subscription basis and is recognized rateably over the term of the subscription. Where licensing arrangements includes connectivity services, the connectivity services are non-distinct and recognized over the same term.

Revenue from software license development is evaluated to determine whether performance obligations are satisfied at point in time or over time based on whether the software does not have an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date:

- For software license development license where performance obligations are satisfied at a point in time, revenue is recognized when control of the software has transferred to the customer; and
- For software license development where performance obligations are satisfied over time, revenue is recognized using a method of transfer that depicts the Company's performance or using the "as-invoiced" practical expedient, when applicable.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

g) Revenue recognition (continued)

Nature of products and services (continued)

Professional services revenue consists of the provision of creative services to develop and execute brand messaging used in hardware units, services provided for the installation and support for hardware units and consulting services. These professional services' revenue is recognized at a point in time upon the completion of the service.

Professional services also include revenue earned from the management of content on in store screens and maintenance of the screens at customer locations. These performance obligations are satisfied over time and this revenue is recognized on a straight-line basis over the period of the contract.

Revenue from displays and other advertising is recognized on a straight-line basis over the period of the contract. As the customer receives the benefits as the entity maintains advertising displays during the period of the contract, these performance obligations are satisfied over time.

Programmatic advertising revenue involves the automated selling of advertising space on digital screens in stores across its network through a bidding process. Revenue is recognized when the advertisements are published on the digital screens.

Hardware and equipment sales are accounted for as hardware revenue. Hardware revenue is recognized when control of the product has transferred under the terms of an enforceable contract and, where required, installation services have been completed.

Revenue from all the revenue streams is recognized based on the price specified in the contract, net of estimated discounts and taxes. Billings rendered in advance of performance under contracts are recorded as deferred revenue. The amount of deferred revenue to be recognized within twelve months following the year end date is classified as current.

When the period between the receipt of consideration and revenue recognition is greater than one year, the Company determines whether the financing component is significant to the contract. Where a contract is determined to have a significant financing component, the transaction price is adjusted to reflect the financing. The discount rate used in adjusting the promised amount of consideration is the rate that would be reflected in a separate financing transaction between the Company and the customer at contract inception. This rate is not subsequently adjusted for any other changes over the contract term. The accretion of the interest income is recognized in the finance income line in the consolidated statements of loss and comprehensive loss.

h) Cost of Sales

The Company's cost of sales includes the cost of hardware units for resale, shipping costs related to the acquisition of hardware, reseller fees, contracted labour for software development, installation and creative services, as well as provisions for reserves related to product shrinkage, or lower of cost and net realizable value adjustments as required.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

i) Leases

Lessee
At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to use an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for leases with a lease term of 12 months or less and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments and expected payments at the end of the lease, discounted using the rate implicit in the lease. If the rate implicit in the lease cannot be readily determined, the Company uses its incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method and by reducing the carrying amount to reflect the lease payments made.

The right-of-use asset is measured at a cost that includes the lease liability, adjusted for any initial direct costs; prepaid lease payments; estimated costs to dismantle, remove or restore; and lease incentives received. The right-of use asset is subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use asset is depreciated on a straight-line basis over the expected lease term.

The Company re-measures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

As an intermediate lessor
When the Company acts as an intermediate lessor, it accounts for its interests in the head lease and sublease separately. The Company assesses the sublease with reference to the ROU asset arising from the head lead.

j) Financial instruments

Recognition, classification and measurement
Financial instruments are accounted for in accordance with IFRS 9 Financial Instruments: Classification and Measurement. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

j) Financial instruments (continued)

Financial assets/liabilities	Classification
Cash	Amortized cost
Trade and other receivables	Amortized cost
Share subscription receivable	Amortized cost
Lease receivable	Amortized cost
Investment	Fair value through profit and loss
Accounts payable	Amortized cost
Lease liabilities	Amortized cost
Loans payable	Amortized cost

Financial assets
The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The classification of debt instruments is driven by the business model for managing the financial assets and their contractual cash flow characteristics. Debt instruments are measured at amortized cost if the business model is to hold the instrument for collection of contractual cash flows and those cash flows are solely principal and interest. If the cash flows are not solely principal and interest, it is classified as FVTPL.

Financial assets at FVTPL
Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are recorded to profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in the profit or loss in the period in which they arise.

Financial assets at amortized cost
Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

j) Financial instruments (continued)

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Derecognition of financial assets
Financial assets are derecognized when the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recorded to profit or loss.

Financial liabilities
The Company classifies its financial liabilities into one of two categories as follows:

FVTPL - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities - This category consists of liabilities carried at amortized cost using the effective interest method. Trade payables, customer deposits and loans are included in this category.

Derecognition of financial liabilities
Financial liabilities are derecognized when its contractual obligations are discharged, cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are recognized in profit or loss.

k) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

k) Income taxes (continued)

differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

l) Share-based payments

The Company operates a stock option plan. Share-based payments to employees are measured at the grant date fair value of the instruments and recognized in expense over the vesting periods. Share-based payments to nonemployees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined that the fair value of the goods or services received cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of the options is determined using a Black -Scholes Option Pricing Model. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Upon the exercise of stock options, consideration received on the exercise is recorded as share capital and the related amount in reserves is transferred to share capital. Amounts recorded for forfeited unvested options are reversed in the period the forfeiture occurs.

m) Restricted Share Units

The restricted share units (“RSUs”) entitle employees, directors, or officers to either the issuance of common shares or cash payments payable upon vesting based on vesting terms determined by the Company’s Board of Directors at the time of the grant. On the grant date of RSUs, the Company determines whether it has a present obligation to settle in cash. If the Company has a present obligation to settle in cash, the RSUs are accounted for as liabilities, with the fair value remeasured at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss for the period. RSUs settled in common share are measured at the fair value of awards on the grant date using the prior days closing price. Amounts recorded for forfeited unvested RSUs are reversed in the period the forfeiture occurs. The expense is recognized on a graded vesting basis over the vesting period, with a corresponding charge to profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

n) Research and Development Expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. As at December 31, 2023, the Corporation had not recognized any internally-generated intangible assets.

o) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

o) Business combinations and goodwill (continued)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

p) Investment in associates and joint ventures

Associates are entities over which the Company has significant influence, but not control. Significant influence is generally presumed to exist where the Company has between 20 percent and 50 percent of the voting rights but can also arise where the Company holds less than 20 percent of the voting rights, but it has power to be actively involved and influential in policy decisions affecting the entity. The Company accounts for its investment in associates and joint ventures using the equity method.

Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's shares of profit or loss of the associate. The Company's share of income or loss of associates is recognized in the consolidated statement of loss prior to the date that it became an investment entity.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

p) Investment in associates and joint ventures (continued)

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

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

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

q) Accounting standards and amendments issued but not yet effective

IAS 1, Presentation of Financial Statements ("IAS 1"): In October 2022, the IASB issued amendments to IAS 1 titled Non-current Liabilities with Covenants. These amendments seek to improve the information that an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within 12 months after the reporting period. These amendments to IAS 1 do not override but incorporate the previous amendments, Classification of Debt as Current or Non-current, issued in January 2020, which clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if a company has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendments are effective January 1, 2024, with early adoption permitted. Retrospective application is required on adoption. The Company does not expect these amendments to have a material effect on its consolidated financial statements.

4. USE OF JUDGMENTS AND ESTIMATES

In preparing these consolidated 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.

Judgments

Judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements are outlined below.

4. USE OF JUDGMENTS AND ESTIMATES (continued)

Going concern
The Company's ability to execute its strategy by funding future working capital requirements requires significant judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

Functional currency
The functional currency for the Company and each of its subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of the functional currency involves certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Contingencies
The assessment of contingencies involves the exercise of significant judgment and estimates of the outcome of future events. In assessing loss contingencies related to legal proceedings that are pending against the Company and that may result in regulatory or government actions that may negatively impact the Company's business or operations, the Company and its legal counsel evaluate the perceived merits of the legal proceeding or unasserted claim or action as well as the perceived merits of the nature and amount of relief sought or expected to be sought, when determining the amount, if any, to recognize as a contingent liability or when assessing the impact on the carrying value of the Company's assets. Contingent assets are not recognized in the consolidated financial statements.

Significant Influence of Joint Ventures and Associates
Management has assessed the level of influence that the Company has on its joint ventures, Winkel Media, S.A.P.I. de C.V. ("Winkel") and Radar USA Inc ("Radar USA") and its associate Austin GIS Inc. ("Austin GIS"). of which the Company owns 33.33%, 23.57% and 25.49% of the shareholding respectively. This is because the Company has the power to participate in financial and operating policy decisions as well as the rights to a share of the profits in these joint ventures and associate.

For Winkel, the Company has the right to appoint two out of the six members of the board of directors. Significant transactions of Winkel must be approved with at least one of member of the board from each of the three parties. Based on the above factors, management has assessed that the Company has significant influence, but not control of Winkel.

In Radar USA, the Company owns 23.57% of the shareholding, while officers, directors and employees of the Company hold another 4.43%. The Company also has as the right to appoint one out of the six members of the board of directors and has significant transactions with Radar USA. Based on the above factors, management has assessed that the Company has significant influence, but not control of Radar USA.

4. USE OF JUDGMENTS AND ESTIMATES (continued)

Judgments (continued)

Significant Influence of Joint Ventures and Associates (continued)
Management has assessed that the Company has significant influence on its investment in Austin GIS starting October 2023, when the Company converted its preferred shares to common shares, resulting in an approximate 25.49% holding of the voting power in Austin GIS, and as a result has the power to participate in financial and operating policy decisions as well as the rights to a share of the profits in Austin GIS.

Acquisition of Shelf Nine LLC
At the time of acquisition, the Company considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Company accounts for an acquisition as a business combination where an integrated set of activities and assets, is acquired. When the acquisition of subsidiaries does not represent a business combination, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized. The acquisition of Shelf Nine LLC is considered to be a business combination. See Note 5.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on the Monte Carlo model. The key assumption taken into consideration was the probability of meeting each performance target. Future developments may require further revisions to the estimate (Note 5).

Fair value of investments measured at FVTPL
The Company's investments are recorded in the consolidated statements of financial position at fair value. Management uses their judgment to select a variety of methods and make assumptions that are not always supported by quantifiable market prices or rates. Judgment is required in order to determine the appropriate valuation methodology under this standard and subsequently in determining the inputs into the valuation model used. These judgments include assessing the future earnings potential of investee companies, appropriate earnings multiples to apply, adjustments to comparable multiples, liquidity and net assets. In making estimates and judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates have been applied in a manner consistently and there are no known trends, commitments, events or uncertainties that the Company believes will materially affect the methodology or assumptions utilized in making these estimates in these Financial Statements.

Accordingly, actual values realized in future market transactions may differ from the estimates presented in these Financial Statements and the differences may be material. The use of different market assumptions and/or valuation methodologies may have a material effect on the estimated fair values of various assets and liabilities. The fair values of financial instruments with quoted bid and ask prices are based on the price within the bid-ask spread that are most representative of fair value and may include closing prices in exchange markets.

4. USE OF JUDGMENTS AND ESTIMATES (continued)

Judgments (continued)

Determining the lease term of contracts with renewal and termination options – the Company as a lessee
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised. The Company had a lease contract for office space that includes an extension option.

The Company applied judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considered all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew. The Company did not include the renewal period as part of the lease term for this lease contract as the intention was to is to identify alternative office space at the end of the lease term. The other lease contracts of the Company did not have extension or termination options.

Estimates

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods are outlined below.

Leases
Under IFRS 16, the Company assesses whether a contract contains a lease and, if so, recognizes a lease liability by discounting the future lease payments over the non-cancellable term of the lease, using the Company's estimated incremental borrowing rate. Differences in the estimated incremental borrowing rate could result in materially different lease liabilities and assets.

Inventory
Inventory is valued at the lower of cost and net realizable value. Net realizable value is determined with reference to the estimated selling price less costs to sell. The Company estimates selling price based upon assumptions about future demand and current and anticipated retail market conditions. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Expected credit losses on trade receivables
When determining expected credit losses ("ECLs"), the Company considers the historic credit losses observed by the Company, customer-specific payment history and economic conditions. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL's, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience, informed credit assessment ad forward-looking information.

4. USE OF JUDGMENTS AND ESTIMATES (continued)

Estimates (continued)

Useful lives of equipment
Estimates of the useful lives of equipment are based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed annually and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of the relevant assets may be based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in the factors mentioned above.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the equipment would increase the recorded expenses and decrease the non-current assets.

Fair value adjustments for business combinations
In accordance with IFRS 3, 'Business Combinations', the Company estimates the acquisition-date fair values of the identifiable assets acquired and liabilities assumed. Similarly, consideration given, including shares issued, is also measured at fair value. The necessary measurements are based on information available on the acquisition date and are based on expectations and assumptions that have been deemed reasonable by management. These judgments, estimates and assumptions can materially affect the financial position and profit. Where possible, fair value adjustments are based on external appraisals or valuation. These valuation methods rely on various assumptions such as estimated future cash flows, remaining useful economic life.

Revenue recognition - Estimating stand-alone selling prices
The Company estimates the stand-alone selling price in contracts with more than one performance obligation as per IFRS 15. The stand-alone selling price of each performance obligation in such contracts is determined based on the expected cost of satisfying the performance obligation plus an appropriate markup. For any performance obligation which the entity has not yet established a price for that service, the entity allocates any residual amounts which are the total contract price less the sum of the observable stand-alone selling prices of performance obligations promised in the contract.

Income taxes
Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these income tax provisions at the end of each reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. Deferred tax assets are recognized when it is determined that the company is likely to recognize their recovery from the generation of taxable income.

4. USE OF JUDGMENTS AND ESTIMATES (continued)

Estimates (continued)

Investments in private companies
Where the fair value of investments in private companies recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair value and this value may not be indicative of recoverable value.

Carrying amount of investment in associate
The Company, on each reporting date, considers whether this is objective evidence that its net investment in associate has suffered any impairment as a result of one or more events that may have occurred after initial recognition. The assessment requires estimates and assumptions such as discount rates, adoption of the underlying technology and commodity prices.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, include, but are not limited to, the following:

- Forecasted revenues and revenue growth rates
- Rates of inflation
- Future tax rates
- Discount rates

Share-based payments
The cost of share-based payment transactions with directors, officers and employees are measured by reference to the fair value of the equity instruments. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, risk free interest rate, expected forfeiture rate and dividend yield of the stock option.

Discount rate on contracts with a significant financing component
Under IFRS 15 -Revenue ("IFRS 15"), the Company assesses whether or not there is a significant financing component of revenue contracts and if so, take into consideration the effects of the time value of money. It was determined that there is a significant financing component to the Company's revenue transactions throughout the year with Winkel, the Company's joint venture, based on the timing of expected payments in the future. The Company must use a discount rate that would reflect the credit characteristics of Winkel as the party receiving financing under the contract. As the credit risk of the newly formed joint venture is difficult to identify, management assesses the credit risk of the its joint venture partner Grupo Modelo, a subsidiary of Anheuser-Busch InBev SA/NV.

4. USE OF JUDGMENTS AND ESTIMATES (continued)

Estimates (continued)

Impairment of non-financial assets
The Company reviews the carrying amounts of its non-financial assets, including equipment and intangible assets, when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. These calculations are based on available data, other observable inputs and projections of cash flows, all of which are subject to estimates and assumptions. Recoverable amounts are also sensitive to assumptions about the future usefulness of in-process development and the related marketing rights.

5. ACQUISITION OF SHELF NINE

On October 31, 2023 ("Acquisition Date"), the Company acquired all of the outstanding shares of Shelf Nine ("the Transaction"), a company in the business of digital media advertising, from the previous shareholders ("the Sellers"). The Company acquired Shelf Nine in order to access Shelf Nine's retail media network which combined with the Company's technology, will allow the Company to provide anonymous computer driven analytics and a more precise set of customer demographic date and media impression counts.

The consideration for the Transaction consisted of the following:

- 1,582,250 common shares issued on the Acquisition date, with a fair value $502,119 as determined by the market value of the Company's shares on the Acquisition date (issued). 125,000 of these common shares issued to the Sellers are to be held in escrow for 15 months following the Acquisition date.
- The Sellers shall be entitled to additional consideration of up to $3,890,000, payable in common shares of the Company, if the following revenue milestones are met;
  - Common shares with a value of $650,000 and $325,000, if the revenue is at least $512,000 and $256,000, respectively, is earned during the period between July 1, 2023 and December 31, 2023.
  - Common shares with a value of $1,170,000 and $585,000, if revenue of at least $5,715,000 and $2,858,000, respectively, is earned during the period between January 1, 2024 and December 31, 2024.
  - Common shares with a value of $1,170,000 and $585,000, if the revenue of at least $12,653,000 and $6,327,000, respectively, is earned during the period between January 1, 2025 and December 31, 2025.
  - Common shares with a value of $900,000 and $450,000, if the revenue of at least $6,076,000 and $3,038,000, respectively, is earned during the period between January 1, 2026 and June 30, 2026.

  The fair value at acquisition date was determined as $304,843 using the Monte Carlo model (Level 3). The key inputs used in the Monte Carlo model were as follows: credit spread - 11.84%; volatility of future revenue - 51.6%; risk free rate – 4.9%; and discount rate – 30%. During the year ended December 31, 2023, there was a partial attainment of the first milestone for earning $256,000 in revenue and the Company issued 2,055,459 shares subsequent to the year end (Note 26).

5. ACQUISITION OF SHELF NINE (continued)

- A promissory note in the amount of $336,096 with a 6% per annum blended payment rate which includes both the interest and principal. The promissory note is payable over a period of 2 years and is secured against the assets of the Company. The Acquisition date fair value of this promissory note was determined to be $314,353 based on a discount rate of 15.53%.

The Company determined that Shelf Nine constituted a business as defined by IFRS 3 and the transaction was accounted for as a business combination. The Company has retained Shelf Nine's key management personnel and has also implemented Shelf Nine's operational processes that together significantly contribute to the ability to create output. The Transaction was accounted for using the acquisition method under IFRS 3, with the results of operations to be included in Financial Statements from the date of acquisition. The fair values of identifiable assets acquired and liabilities assumed are as follows:

Consideration:		
Common shares	$	502,119
Contingent consideration		304,843
Total consideration	$	806,962
Fair value of net assets assumed:		
Accounts receivable		23,753
Inventory		1,975
Cash		1,408
Accounts payable and accrued liabilities		(179,995)
Notes payable (Note 13)		(314,353)
Total net liabilities		(467,212)
Goodwill	**$**	**1,274,174**

Goodwill arising from the acquisition relates to expected synergies from an expanded digital signage network and enhanced retail advertising capabilities.

At December 31, 2023, based on the impairment test the Company determined that the goodwill was impaired due to the financial performance of Shelf Nine not meeting expected targets. As a result, goodwill was fully written off for a total impairment loss of $1,274,174 (December 31, 2022 - $nil).

For the impairment test performed, the key assumptions used in the cash flow model included various significant unobservable inputs.

The following significant unobservable inputs, all of which are classified as Level 3 on the fair value hierarchy and are subject to volatility and several uncontrollable factors which could significantly affect the present value of the discounted future cash flows, were used by management as part of this model:

a) Weighted average cost of capital("WACC") – calculated as weighted average cost of the Company's cost of equity and cost of debt;
b) Revenue growth – projected at 5% per year

5. ACQUISITION OF SHELF NINE (continued)

The revenues and net income of Shelf Nine included in the consolidated statements of loss and comprehensive loss are $160,015 and $55,794, respectively. If Shelf Nine had been acquired on January 1, 2023, management estimates that for the year ended December 31, 2023, consolidated revenue would have been $1,209,209 and consolidated loss would have been $11,679,614. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same as if the acquisition had occurred on January 1, 2023.

6. TRADE AND OTHER RECEIVABLES

	December 31, 2023	December 31, 2022
Trade receivables	$ 595,275	$ 411,574
Trade receivable – Winkel (Note 17)	662,180	1,963,980
Sales tax receivable and other	54,547	21,764
Provision for doubtful accounts	(678,160)	(932,767)
	$ 633,842	$ 1,464,551

During the year ended December 31, 2023, the Company recorded a provision for doubtful accounts of $678,160 (December 31, 2022 - $932,767).

A reconciliation of the provision is below:

Balance, December 31, 2021	$ 248,148
Bad debt expense	521,720
Winkel financing component write off	128,503
Elimination of 33.33% Winkel allowance for credit loss	34,396
Balance, December 31, 2022	932,767
Bad debts expense	68,414
Allowance of credit losses from the acquisition of Shelf Nine (Note 5)	5,575
Accounts receivable written off	(328,596)
Balance, December 31, 2023	**$ 678,160**

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 December 31, 2023	Older than 1 year	Older than 6 months	Older than 4 months	91 + days	61 to 90 days	31 to 60 days	Current
Expected credit loss rate	100%	85%	60%	10.6%	3.6%	1.6%	0.3%
Expected credit losses	$ 663,933	$ 6,347	$ 3,971	$ 1,787	$ 219	$ 318	$ 1,585

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	Current
Expected credit loss rate	100%	85%	60%	10.6%	3.6%	1.6%	0.3%
Expected credit losses	$ 874,072	$ 46,307	$ 9,811	$ 1,640	$ 696	$ 241	$ -

7. 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, December 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	32,863	10,781	1,802	45,446
Balance, December 31, 2023	$ 84,204	$ 54,433	$ 3,150	$ 141,787
	Computer equipment	**Equipment**	**Furniture**	**Total**
Net book value				
Balance, December 31, 2022	$ 57,476	$ 20,621	$ 7,662	$ 85,759
Balance, December 31, 2023	$ 28,064	$ 9,840	$ 5,860	$ 43,764

8. PREPAID EXPENSES

	December 31, 2023	December 31, 2022
Current		
Prepaid services and subscriptions	$ 64,409	$ 271,687
Prepaid insurance and rent	23,699	48,860
Total Current	$ 88,108	$ 320,547
Non-Current		
Lease deposit (Note 14)	$ 10,916	$ 19,979
Total Non-Current	$ 10,916	$ 19,979

9. COST OF SALES

	December 31, 2023	December 31, 2022
Hardware and other	$ 541,911	$ 2,352,010
Professional services	416,700	73,116
License fees	637,048	221,492
Displays and other advertising	53,298	-
Total	$ 1,648,957	$ 2,646,618

10. INVENTORY

Balance, December 31, 2021	$	177,216
Purchases		178,054
Reversal of previous impairment		369,023
Cost of sales		(634,303)
Impairment		(44,995)
Balance, December 31, 2022		44,995
Purchases		46,884
Inventory from acquisition of Shelf Nine (Note 5)		1,975
Cost of sales		(46,298)
Impairment		(45,581)
Balance, December 31, 2023	$	1,975

During the year ended December 31, 2022, an impairment loss of $44,995 was recognized related to cooler door monitors and kits at a third-party warehouse which had a cost of $89,990. The impairment was related to the expected recoverability of the inventory as the customer purchasing the equipment filed for bankruptcy. During the year ended December 31, 2023, management re-assessed the recoverability, and a further $45,581 impairment loss was recognized.

The inventory balance as at December 31, 2023 of $1,975 consists of screens and computer components that are used for the Company's digital advertising that were obtained through the acquisition of Shelf Nine.

During the year ended December 31, 2022, the Company installed inventory in Winkel stores and expensed inventory of $544,313 through cost of goods sold. A portion of inventory sold had been written off during the year ended December 31, 2021, and a recovery on inventory of $369,023 was recognized during the year ended December 31, 2022. No such recovery was recognized during the year ended December 31, 2023.

11. INVESTMENT IN JOINT VENTURES AND ASSOCIATE

<u>Investment in Winkel</u>

On July 9, 2021, the Company entered into an agreement with Retailigent Media, and Grupo Modelo (a subsidiary of Anheuser-Busch InBev SA/NV – ("ABI")) to create a joint venture, Winkel, as a 33.33% participant. 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. The bridge loan is non-interest bearing and there are no stated terms of repayment. The Company and Winkel have since agreed to increase the bridge loan in order to meet increased cash demands. During the year ended December 31, 2023, the Company advanced an additional $90,181 to Winkel, refer to Note 17.

During the year ended December 31, 2022, Austin GIS took over Winkel's equipment sales and related financing duties from the Company (the "Winkel Master Services Agreement (MSA)"). As part of that agreement, the Company and ABI agreed to become co obligors of any additional debt created by Winkel to Austin GIS under the Winkel MSA.

11. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (continued)

Investment in Winkel (continued)

Winkel has since fallen behind in its payments to Austin GIS and as a co obligor, the Company along with Retailigent Media, and Grupo Modelo, received a demand from Austin GIS during the year ended December 31, 2023, for amounts past due totalling $1,374,884.

The Company advanced $400,000 on behalf of Winkel to Austin GIS in response to this demand letter. In accordance with the Winkel MSA, the Company has also accrued an additional $58,294 being its share of the balance of the amount demanded by Austin GIS.

At December 31, 2023, the Company determined that the additional $490,181 (2022 - $1,400,514) advanced during the year ended December 31, 2023 is not collectible and impaired the value of the loan to $Nil (2022 - $Nil). As at December 31, 2023, the Company had a total of $2,521,436 (2022 - $2,031,255) receivable from Winkel that has been fully impaired.

As at December 31, 2023 and 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 year ended December 31, 2023, the Company sold $264,460 (2022 - $1,426,002) in hardware and software services to Winkel.

The Company reviewed Winkel's financial results and determined that outstanding accounts receivable balances may not be collectible without additional outside funding. Accordingly, the Company only recognized revenue of $1,800 (2022 - $680,150). The associated costs of this unrecognized revenue amounting to $10,833 (2022 - $566,240) was reclassified from cost of sales to other expenses.

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.

During the year ended December 31, 2023, the Company received $1,301,800 from Winkel for outstanding accounts receivable and reversed impairment recognized in 2022 of $47,959.

As at December 31, 2023, $1,672,493 (2022 - $2,709,833) was outstanding, of which $262,260 (2022 - $745,852) was not recognized under IFRS 15, $47,959 of previously impaired receivables was reversed (2022 - $645,754 impaired) and $Nil of previously eliminated unrealized profit was recognized (2022 - $34,396 profit eliminated), for a net receivable of $Nil (2022 - $1,252,041).

11. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (continued)

Investment in Winkel (continued)

Below is a continuity of Winkel's accounts receivable balance:

Carrying value of accounts receivable due from Winkel, December 31, 2021	$	1,188,872
Amounts billed on contracts with Winkel		1,426,002
Revenue not recognized under IFRS 15 due to uncertain collectability		(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
Reversal of previous impairment		47,959
Amounts billed on contracts with Winkel		264,460
Revenue not recognized under IFRS 15 due to uncertain collectability		(262,260)
Amount received		(1,301,800)
Carrying value of accounts receivable due from Winkel, December 31, 2023	$	-

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

	December 31, 2023	December 31, 2022
Cash	$ 9,607	$ 5,159
Other assets	757,847	202,972
	767,454	208,131
Non-Current		
Equipment	1,051,821	373,636
Total Assets	$ 1,819,275	$ 581,767
Current		
Accounts payable and accrued liabilities	$ 2,962,614	$ 3,134,931
	2,962,614	3,134,931
Non-Current		
Long term debt	6,952,099	1,891,081
Total Liabilities	9,914,713	5,026,012
Equity	(8,095,438)	(4,444,245)
Total Liabilities and Equity	$ 1,819,275	$ 581,767

11. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (continued)

Investment in Winkel (continued)

Summarized statement of loss of Winkel:

	December 31, 2023	December 31, 2022
Revenue	$ 1,469,511	$ 205,192
General and administrative expenses	(5,106,789)	(3,923,924)
Net loss for the period	(3,637,368)	(3,717,832)
Company's 33.33% share of net loss	$ (1,212,305)	$ (1,239,276)

As the Company's carrying value of the investment was $Nil as at January 1, 2023 and 2022, and no additional contributions were made to increase the carrying value during the years ended December 31, 2023 and 2022, no share of loss is recognized during the years ended December 31, 2023 and 2022.

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 year ended December 31, 2023, the Company provided consulting services to Radar USA in the amount of $125,050 (2022 - $120,000). During the 2023 financial year the Company established that the collectability of some of revenue from Radar USA amounting to $90,000 was doubtful, therefore only revenue of $35,050 was recognized in accordance with IFRS 15.

During the year ended December 31, 2022, 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 sublease 50% of the lease between the Company and Cracker Factory, LLC ("Cracker") for an office space. Radar USA paid $16,837 relating to these rentals during the year ended December 31, 2023 (2022 - $37,150).

11. INVESTMENT IN JOINT VENTURES ASSOCIATES (continued)

Investment in Radar USA (continued)

During the year ended December 31, 2023, it was determined that the Radar USA would not be able to fulfil their obligations in terms of the sublease agreement and as a result the remaining lease receivable balance of $65,625 was written off.

Below is a continuity of Radar USA's accounts receivable balance:

Carrying value of accounts receivable due from Radar USA, December 31, 2021	$	10,000
Amounts billed on consulting contracts with Radar USA		120,000
Amounts received		(120,000)
Carrying value of accounts receivable due from Radar USA, December 31, 2022		-
Amounts billed on contracts with Radar USA		120,000
Amounts billed on the sale of equipment to Radar USA		5,050
Revenue not recognized under IFRS 15 due to uncertain collectability		(90,000)
Amounts received		(35,050)
Carrying value of accounts receivable due from Radar USA, December 31, 2023	$	-

Summarized statement of financial position of Radar USA as at December 31, 2023 and 2022

		December 31, 2023		**December 31, 2022**
Current				
Cash	**$**	17,424	$	666,935
Other assets		289,985		275,061
		307,409		941,996
Non-current				
Equipment		108,882		-
Total Assets	$	416,291	$	941,996
Current				
Accounts payable and accrued liabilities	$	62,065	$	74,617
Other current liabilities		111,887		1,000
		173,952		75,617
Total Liabilities		173,952		75,617
Equity		242,339		866,379
Total Liabilities and Equity	$	416,291	$	941,996

11. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (continued)

Summarized statement of loss of Radar USA:

		December 31, 2023		December 31, 2022
Revenue	$	24,086	$	-
General and administrative expenses		(791,056)		(926,937)
Net loss for the year		(766,970)		(926,937)
Company's 23.57% share of net loss	$	(180,775)	$	(218,479)

As the Company's carrying value of the investment was $Nil as at January 1, 2023 and 2022 and no additional contributions were made to increase the carrying value during the year ended December 31, 2023 and 2022, no share of loss is recognized during the year ended December 31, 2023 and 2022.

Investment in Austin GIS

On August 30, 2021, the Company acquired 1,000,000 Preferred shares of Austin GIS Inc. ("Austin GIS"), 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 any time into common shares of Austin GIS 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;

The investment in Austin GIS represented 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, at initial recognition, the Company classified its investment in Austin GIS as Level 3 in the fair value hierarchy with fair value measurements recorded in profit and loss..

During the year ended December 31, 2022, Austin GIS bought back shares from other investors resulting in the Company's undiluted share of ownership increasing from 12.33% to 23.8%.

11. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (continued)

Investment in Austin GIS (continued)

On October 23, 2023 ("Conversion Date"), the Company converted all of its Series A Preferred Stock into common stock of Austin GIS, and as at December 31, 2023 the Company holds 25.49% (2022 - 23.8%) of common shares outstanding in Austin, with potential voting rights of 9.43% (2022 - 20.9%) on a diluted basis.

Due to the conversion of the Series A Preferred Stock into common stock, the Company determined that the investment which was previously accounted for as a financial asset measured at fair value through profit or loss in accordance with IFRS 9, now falls under the scope of IAS 28 - Investments in Associates and Joint Ventures as the Company had obtained significant influence over Austin GIS and accordingly reclassified the investment to an investment in an associate accounted for using the equity method. Austin GIS's fair value on the date of conversion was determined to be $Nil (December 31, 2022- $1,000,000) and a loss for change in fair value of the investment of $1,000,000 was recognized. The fair value of the Austin GIS on the date of conversion was determined using the net asset and market approaches (Level 2). Key inputs included: discount for lack of marketability of 20.0% and revenue multiples of 3.0.

Transactions with Austin GIS

During the year ended December 31, 2023, the Company recognized $Nil (2022 - $11,600) relating to consulting services provided to Austin GIS.

Summarized statement of financial position of Austin GIS as at December 31, 2023 and September 30, 2023

		December 31, 2023		September 30, 2023
Current				
Cash	$	170,102	$	551,718
Receivables		147,187		2,072,163
Other assets		47,296		814,628
		364,585		3,438,509
Non-current				
Equipment		1,543,457		2,561,573
Intangible assets		249,550		288,149
Other non-current assets		62,518		28,475
Total Assets	$	2,220,110	$	6,316,706
Current				
Accounts payable and accrued liabilities	$	2,497,497	$	2,139,142
Other current liabilities		591,811		549,939
Non-current				
Long term debt		2,810,210		3,076,194
Total Liabilities		5,899,517		5,765,275
Equity		(3,679,407)		551,431
Total Liabilities and Equity	$	2,220,110	$	6,316,706

11. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (continued)

Investment in Austin GIS (continued)

Summarized statement of loss of Austin GIS:

		October 1, 2023 – December 31, 2023
Revenue	$	1,597,397
General and administrative expenses		(5,849,849)
Net loss for the year		(4,252,452)
Company's 25.49% share of net loss	$	(1,063,113)

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

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		December 31, 2023		December 31, 2022
Accounts payable	$	2,604,455	$	1,059,453
Accrued liabilities		1,402,765		346,367
Accrued interest (Note 13)		109,643		36,169
	$	4,116,863	$	1,441,989

13. LOANS PAYABLE

		10% Loans		60% Loans		48% Loans		Shelf Nine Promissory Note		Total
Balance, December 31, 2021	$	339,759	$	-	$	-	$	-	$	339,759
Additions		365,350		-		-		-		365,350
Repayments		(134,549)		-		-		-		(134,549)
Settlement through shares		(447,185)		-		-		-		(447,185)
Foreign exchange		(30,271)		-		-		-		(30,271)
Balance, December 31, 2022	$	93,104	$	-	$	-	$	-	$	93,104
Additions		-		958,000		185,000		314,353		1,457,353
Repayments		-		(609,000)		(130,000)		(40,200)		(779,200)
Foreign exchange		2,033		-		-		-		2,033
Balance, December 31, 2023	$	95,137	$	349,000	$	55,000		274,153	$	773,290

13. LOANS PAYABLE (continued)

10% Loans

These amounts are unsecured, bear interest at 10% per annum, and are due on demand. During the year ended December 31, 2023, the Company recorded $9,345 (2022 - $ 47,860) in interest expense included in finance cost, and as at December 31, 2023, there was accrued interest of $46,473 (2022 - $36,169) included in accounts payable and accrued liabilities.

During the year ended December 31, 2022, the Company settled outstanding loan balances amounting to $447,185 in exchange for 2,236,923 units. 160,000 of these units were valued at CAD$0.50 and 2,076,923 units were valued at $0.13 (Note 15). A loss on the settlement of these balances of $43,637 was recorded.

60% Loans

During the year ended December 31, 2023, the Company issued promissory notes for a total principal amount of $958,000. The promissory notes bear interest at 60% per annum, are payable on demand and are secured against the Company's accounts receivables. A principal amount of $609,000 was repaid during the year ended December 31, 2023.

During the year ended December 31, 2023, the Company recorded $136,304 (2022 - $ Nil) in interest expense included in finance cost, and as at December 31, 2023, there was accrued interest of $1,349 (2022 - $Nil) included in accounts payable and accrued liabilities.

48% Loans

During the year ended December 31, 2023, the Company issued promissory notes for a total principal amount of $185,000. The promissory notes bear interest at 48% per annum, are payable on demand and are secured against the Company's accounts receivables. A principal amount of $130,000 was repaid during the year ended December 31, 2023.

During the year ended December 31, 2023, the Company recorded $11,362 (2022 - $ Nil) in interest expense included in finance cost, and as at December 31, 2023, there was accrued interest of $6,162 (2022 - $Nil) included in accounts payable and accrued liabilities.

Shelf Nine Promissory Note

The Company also issued a note payable in connection with the acquisition of Shelf Nine (Note 5).

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
Derecognition of right of use assets		(54,243)
Depreciation expense		(90,957)
Balance, December 31, 2023	$	27,982

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

Lease liability		**December 31, 2023**		**December 31, 2022**
Current portion	$	64,489	$	138,478
Long-term portion		-		168,827
Total lease liability	$	64,489	$	307,305

On March 15, 2022, the Company entered into a sublease agreement related to office space with Radar USA. At December 31, 2023 and 2022, the Company's lease receivable related to office leases.

During the year ended December 31, 2023, the Company discontinued one of the office leases and subsequent to year end, received a letter of demand from the lessor of the discontinued lease. As a result, the Company has accrued for all remaining payments under the term of the lease of $190,198, the right of use asset and related lease liability were derecognized and a loss on derecognition of $75,140 was recognized.

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

Maturity analysis		**December 31, 2023**		**December 31, 2022**
Less than one year	$	39,150	$	163,251
One to five years		-		179,951
Total undiscounted lease liabilities	$	39,150	$	343,202

Amounts recognized in profit or loss		**December 31, 2023**		**December 31, 2022**
Interest on lease liabilities	$	24,773	$	23,055
Interest income on sublease		(4,108)		(10,003)
	$	20,665	$	13,052

14. LEASES (continued)

Amounts recognized in the statements of cash flows	December 31, 2023	December 31, 2022
Interest paid	$ 13,176	$ 23,055
Principal payments on lease liabilities	64,454	105,644
Total cash outflows for leases	$ 77,630	$ 128,699

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 year ended December 31, 2023, the Company issued an aggregate of:

- 8,345,700 units for gross proceeds of $3,167,869 (CAD$4,172,850) pursuant to a non-brokered private placement at CAD$0.50 per unit. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one common share at a price of CAD$0.75 for a period of 48 months from the closing date. No value was allocated to the warrants based on the residual method. The Company also issued 160,000 units in exchange for accounts payable of $60,720 (CAD$80,000) under the same terms of the private placement financing with no loss or gain recognized. Cash finder's fee and legal fees totalling $169,504 (CAD$226,522) were paid, 120,090 common shares valued at $4,557 (CAD$6,005) were issued as corporate finance fees, and 309,190 agent warrants valued at $54,202 (CAD$71,311) were issued. Each agent warrant entitles the holder to purchase one common share at a price of CAD$0.75 for a period of 24 months from the closing date.
- 7,091,915 units for gross proceeds of $694,563 (CAD$921,949) pursuant to a brokered private placement at CAD$0.13 per unit. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one common share at a price of CAD$0.16 for a period of 36 months from the closing date. The warrants were allocated a value of $207,224 (CAD$275,065) based on the residual method.
- The Company also issued 2,076,923 to settle debts amounting to $203,408 (CAD$270,000) under the same terms of the private placement financing with no loss or gain recognized. The Company paid transaction costs of $18,233 (CAD$24,556) in association with this private placement and issued 4,923 agent warrants valued at $306 (CAD$406). Each agent warrant entitles the holder to purchase one common share at a price of CAD$0.16 for a period of 36 months from the closing date.
- As at December 31, 2023, $72,184 (CAD$95,692) was owed to the Company by some private placement subscribers.
- 1,582,250 shares were issued as part of the Transaction (Note 5).
- 49,412 common shares for the exercise of warrants for proceeds of $63,569 (CAD$ 86,169) as a result $1,840 (CAD$2,471) was reclassified from reserves.
- 101 common shares for the exercise of options for proceeds of $195 (CAD$263) as a result $68 (CAD$92) was reclassified from reserves.
- 4,175 common shares were issued related to the vesting of RSUs, and as a result $22,166 has been reclassified from reserves.

15. SHAREHOLDERS' EQUITY (continued)

a) Share capital (continued)

During the year ended December 31, 2022, the Company issued an aggregate of:

- 1,916,671 units at $3.00 CAD per unit for gross proceeds of $4,483,894 (CAD$5,750,012) pursuant to a prospectus offering. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one common share at a price of $5.00 CAD for a period of 36 months from the closing date. $448,390 (CAD$575,002) of the proceeds was allocated to the value of the warrants.
- Cash finder's fee and legal fees totalling $550,860 (CAD$718,151) were paid, 38,333 common shares valued at $80,710 (CAD$103,500) were issued as corporate finance fees, and 153,334 agent warrants valued at $216,369 (CAD$277,465) were issued. Each agent warrant entitles the holder to purchase one common share at a price of $5.00 CAD for a period of 36 months from the closing date;
- 298,323 units at $3.00 per unit for gross proceeds of $697,902 (CAD$894,969) pursuant to a concurrent private placement to the prospectus offering. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one common share at a price of $5.00 CAD for a period of 36 months from the closing date. $69,790 (CAD$89,497) of the proceeds was allocated to the value of the warrants. As at December 31, 2022, $3,691 (CAD$5,000) was owed to the Company by a subscriber for units subscribed;
- 822,183 units at $3.00 per unit for gross proceeds of $1,882,066 (CAD$2,466,549) pursuant to the second tranche of the concurrent private placement to the prospectus offering. Each unit consists of one common share and one warrant.
  Each warrant entitles the holder to purchase one common share at a price of $5.00 CAD for a period of 36 months from the closing date. $470,517 (CAD$616,637) of the proceeds was allocated to the value of the warrants;
- 173,333 units at $3.00 per unit for gross proceeds of $386,319 (CAD$520,000) pursuant to the third tranche of the concurrent private placement to the prospectus offering. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one common share at a price of $5.00 CAD for a period of 36 months from the closing date. $103,018 (CAD$138,667) of the proceeds was allocated to the value of the warrants.
- 14,454 common shares were issued for consulting services with a fair value of $113,337;
- 1,187,472 common shares for the exercise of warrants for proceeds of $1,962,443 (CAD$2,511,421) of which $355,203 was reclassified from obligation to issue shares, and as a result, $44,080 has been reclassed from reserves;
- 97,000 common shares for the exercise of options for proceeds of $191,172 (CAD$242,250), and as a result $149,916 has been reclassified from reserves;
- 4,175 common shares were issued related to the vesting of RSUs, and as a result $23,619 has been reclassed from reserves;
- 215,886 Units in exchange for outstanding loans payable of $447,185 (CAD $595,125). Each Unit comprises one common share and one warrant of the Company. Each warrant can be exercised at $5.00 CAD for a period of 36 months from closing. $126,876 (CAD$168,460) of the proceeds was allocated to the value of the warrants;
- 12,500 common shares issued in error were returned to treasury.

15. SHAREHOLDERS' EQUITY (continued)

b) Warrants

On July 9, 2021, the Company formed a joint venture, Winkel (Note 11). In connection with the agreement, the Company issued 1,550,000 warrants to Grupo Modelo. These warrants had a total fair value of $8,845,763, or $5.70 per warrant, using the Black Scholes model with the following inputs: i) exercise price: $8.40; ii) share price: $7.80; iii) term: 5.00 years; iv) volatility: 100%; v) discount rate: 0.74%. Each warrant is exercisable for one common share at $6.30 (CAD $8.40) 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 December 31, 2022, management re-assessed when certain conditions will be met and did not expect that Milestones 5 and 6 to vest prior to the expiry of the warrants. As a result of the changes in estimate of vesting of Milestones 5 and 6, share-based payment expense related to these milestones were reversed during the year ended December 31, 2022. At December 31, 2023, management re-assessed when certain conditions will be met, and did not expect Milestone 4 to vest prior to the expiry of the warrants. As a result, share based payment expense related to this milestone was reversed during the year ended December 31, 2023.

In addition, to the above warrants, the Company will issue to Modelo 500,000 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.

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. The Additional Warrants have a total fair value of $482,480, or $9.65 per warrant, using the Black Scholes model with the following inputs: i) exercise price: $18.00; ii) share price: $18.00; iii) term: 5.00 years; iv) volatility: 97%; v) discount rate: 3.55%.

15. SHAREHOLDERS' EQUITY (continued)

b) Warrants (continued)

During the year ended December 31, 2022, Milestone 3 was achieved and 250,000 of the Additional Warrants vested. The Company however, has not yet issued these warrants and, an obligation to issue securities was recorded during the year ended December 31, 2022 of $318,906 (CAD$431,994). The other 250,000 Additional Warrants related to the attainment of Milestone 4 are not expected to vest and therefore no expense was recognized during the year ended December 31, 2023.

A recovery of $810,284 has been recorded to share-based payments expense during the year ended December 31, 2023 (2022- $6,606 expense) relating to the warrants issued and issuable to Modelo.

As part of the non-brokered private placement completed between July and August, 2023, 8,505,700 warrants were granted. Each warrant entitles the holder to purchase one common share at a price of CAD$0.75 for a period of 48 months from the closing date. 309,190 agent warrants were also issued pursuant to the offering. Each agent warrant entitles the holder to purchase one common share at a price of CAD$0.75 for a period of 24 months from the closing date. These warrants had a total fair value of $54,202 (CAD$71,311), or CAD$0.23 per warrant, using the Black Scholes model with the following inputs: i) exercise price: CAD$0.75; ii) share price: CAD$0.50; iii) term: 2.00 years; iv) volatility: 103.33-103.39%; v) discount rate: 4.62-4.72%.

As part of the brokered private placement completed on December 22, 2023, 9,168,838 warrants were granted valued at $207,224 (CAD$275,065). Each warrant entitles the holder to purchase one common share at a price of CAD$0.16 for a period of 36 months from the closing date. 4,923 agent warrants were also issued pursuant to the offering. Each agent warrant entitles the holder to purchase one common share at a price of CAD$0.16 for a period of 36 months from the closing date. These warrants had a total fair value of $306 (CAD$406), or CAD$0.08 per warrant, using the Black Scholes model with the following inputs: i) exercise price: CAD$0.16; ii) share price: CAD$0.13; iii) term: 3.00 years; iv) volatility: 108.07%; v) discount rate: 3.78%.

As part of the public offering and concurrent financings completed during the year ended December 31, 2022, 3,210,510 warrants were granted valued at $1,091,715 (CAD$1,419,802). Each warrant entitles the holder to purchase one common share at a price of CAD$0.50 for a period of 36 months from the respective closing dates. 153,334 agent warrants were also issued pursuant to the public offering. Each agent warrant entitles the holder to purchase one common share at a price of CAD$5.00 for a period of 36 months from the closing date.

These warrants had a total fair value of CAD$277,465 (USD$216,369), or CAD$1.80 per warrant, using the Black Scholes model with the following inputs: i) exercise price: CAD$3.00; ii) share price: CAD$2.70; iii) term: 3.00 years; iv) volatility: 113.42%; v) discount rate: 2.76%.

During the year ended December 31, 2022, the Company issued 12,500 warrants in connection with a marketing agreement in exchange for certain strategic communications services. Each warrant is exercisable into one common share at $3.00 per share for a period of three years.

15. SHAREHOLDERS' EQUITY (continued)

b) Warrants (continued)

These warrants had a total fair value of $13,011 (CAD$17,514), or $1.40 CAD per warrant, using the Black Scholes model with the following inputs: i) exercise price: $3.00 CAD; ii) share price: $2.20 CAD; iii) term: 3.00 years; iv) volatility: 112.75%; v) discount rate: 3.56%. The fair value of the warrants has been recorded to share-based payments expense during the year ended December 31, 2022.

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	5,789,905	4.40	3.30
Granted	3,592,230	4.91	3.63
Exercised	(1,187,472)	2.10	1.55
Expired	(45,747)	5.12	3.38
Outstanding, December 31, 2022	8,148,916	$5.00	$3.70
Granted	17,988,651	4.49	3.39
Exercised	(49,412)	1.70	1.28
Expired	(2,049,485)	1.68	1.27
Outstanding, December 31, 2023	**24,038,670**	**$4.90**	**$3.62**

As at December 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
888,989	6.50	4.90	June 29, 2024	888,989
18,800	5.00	3.77	June 29, 2024	18,800
1,550,000	8.40	6.34	March 18, 2026	775,000
302,190	0.8	0.57	July 20, 2025	302,190
7,000	0.8	0.57	July 25, 2025	7,000
2,214,994	5.00	3.77	July 28, 2025	2,214,994
153,334	3.00	2.26	July 28, 2025	153,334
887,183	5.00	3.77	August 31, 2025	887,183
12,500	3.00	2.26	November 10,2025	12,500
324,220	5.00	3.77	November 10,2025	324,220
6,725,000	0.80	0.57	July 20, 2027	6,725,000
1,122,700	0.75	0.57	July 25,2027	1,122,700
658,000	0.75	0.57	August 11, 2027	658,000
9,173,760	0.16	0.12	December 22, 2026	9,173,760
24,038,670	**1.86**	**1.40**		**23,263,670**

As at December 31, 2023, the weighted average remaining contractual life of outstanding warrants is 2.82 years.

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	1,153,083	$ 3.84	$ 3.00
Granted	490,000	6.76	4.51
Exercised	(97,000)	2.60	1.90
Expired	(29,500)	3.27	2.42
Forfeited	(96,500)	4.69	3.46
Returned	12,500*	1.70	1.25
Outstanding, December 31, 2022	1,432,583	$ 4.86	$ 3.40
Granted	640,600	2.31	1.72
Exercised	(101)	1.70	1.30
Expired	(282,000)	3.00	2.30
Forfeited	(136,500)	5.00	3.70
Outstanding, December 31, 2023	**1,654,582**	**$ 4.34**	**$ 3.04**
Exercisable, December 31, 2023	**1,278,149**	**$ 3.93**	**$ 2.97**

*On October 21, 2021, the Company issued 12,500 shares for the exercise of 12,500 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.

As at December 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
5,000	3.00	2.20	Dec 15, 2024	5,000
25,000	3.00	2.20	Jan 12, 2025	25,000
204,899	1.70	1.30	Oct 6, 2025	204,899
15,000	1.70	1.30	Oct 9, 2025	15,000
30,000	2.50	1.80	Nov 24, 2025	30,000
296,250	5.10	3.80	Aug 10, 2026	296,250
3,333	6.00	4.40	Aug 20, 2026	3,333
27,500	7.50	5.50	Sep 20, 2026	27,500
3,000	9.70	7.20	Oct 1, 2026	3,000
12,000	16.20	12.00	Nov 18, 2026	12,000
15,000	12.50	9.20	Dec 15, 2026	10,000
276,500	8.10	6.00	Jan 27, 2027	108,833
19,500	8.10	6.00	Jan 31, 2027	6,500
10,000	5.40	4.00	Apr 27, 2027	3,333
20,000	2.80	2.10	Aug 18, 2027	13,334
107,500	3.00	2.20	Oct 24, 2027	84,167
524,100	2.50	1.80	Mar 31, 2028	370,000
60,000	0.45	0.34	October 31, 2026	60,000
1,654,582	**4.34**	**3.04**		**1,278,149**

15. SHAREHOLDERS' EQUITY (continued)

c) Options (continued)

As at December 31, 2023, the weighted average remaining contractual life of outstanding options is 3.17 years.

During the year ended December 31, 2023, the Company granted 640,600 options with a fair value of $590,305. Share-based payments relating to options vesting during the year ended December 31, 2023, using the Black Scholes option pricing model was $829,117 (2022 - $1,152,707).

Employee options were measured at fair value on the grant date and recognized over the vesting period from the date of grant. Non-employee 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. Non-employee options are measured at the end of each reporting period over the term that goods and services are received.

The fair value of stock options granted during the year ended December 31, 2023, and 2022 was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	**December 31, 2023**	**December 31, 2022**
Risk-free interest rate	3.02 – 4.5%	1.64 – 3.71%
Expected volatility	94.24 – 110.42%	100%
Dividend yield	0%	0%
Weighted average share price at grant date	$1.48	$6.25
Weighted average exercise price	$1.72	$4.51
Expected life	3.00 – 5.00 years	5.00 years

d) Restricted Share Units ("RSU")

During the year ended December 31, 2023, the Company granted Nil RSUs (2022- 10,000) RSUs with a fair value of $Nil (2022 – $20,013). Share-based payments relating to RSUs vesting during the year ended December 31, 2023, using the Black- Scholes option pricing model was $18,317 (2022 - $129,363). As at December 31, 2023, there were 25,000 RSUs outstanding of which 13,333 RSUs were vested and 11,667 unvested. Continuity of the Company's RSUs is as follows:

	Number of RSUs		**Weighted average fair value per award ($USD)**
Outstanding, December 31, 2021	38,350	$	6.50
Granted	10,000		2.10
Exercised	(4,175)		5.40
Outstanding, December 31, 2022	44,175	$	5.60
Exercised	(4,175)		5.40
Forfeited	(15,000)		4.70
Outstanding, December 31, 2023	**25,000**	**$**	**6.20**
Exercisable, December 31, 2023	**13,333**	**$**	**7.25**

As at December 31, 2023, there were 25,000 (2022- 44,175) RSUs outstanding of which 13,333 (2022-17,508) RSUs were vested and 11,667 (26,667) unvested.

16. EXPENSES BY NATURE

	Year ended December 31, 2023	Year ended December 31, 2022
Marketing expenses	$ 1,182,258	$ 1,347,265
Meals and entertainment	29,866	58,775
Tradeshow expenses	45,028	64,919
Salaries and wages	1,425,741	1,316,716
Total sales and marketing expense	$ 2,682,893	$ 2,787,675
General and administrative expenses	$ 795,030	$ 789,304
Professional fees	605,025	492,457
Consulting fees	589,330	595,154
Management fees	62,500	239,072
Rent	16,495	13,761
Salaries and wages	270,487	332,367
Travel	135,514	250,063
Depreciation (Note 7)	45,446	45,187
Lease-related depreciation (Note 14)	90,957	84,177
Utilities	79,251	63,766
Bad debt expenses	68,414	521,720
Transfer agent and filing fees	82,535	71,376
Total general and administrative expense	$ 2,840,984	$ 3,498,404
Contract development and materials expense	$ 182,852	$ 460,190
Consulting fees	945,351	1,128,888
Salaries and wages	945,905	930,903
Total research and development expenses	$ 2,074,108	$ 2,519,981

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.

	For the years ended December 31, 2023	2022
Management fees	$ 980,100	$ 1,187,600
Director fees	160,300	15,000
Share-based compensation	696,076	779,657
Total	$ 1,836,476	$ 1,982,257

Management fees are included in general and administrative expenses and sales and marketing expense and director fees are included in general and administrative expenses.

17. RELATED PARTY TRANSACTIONS (continued)

Other related party transactions

During the year ended December 31, 2023, and 2022, other related party transactions consisted of the following:

	December 31, 2023	December 31, 2022
Revenue earned on the sale of hardware to Winkel, included in hardware revenue	$ -	$ 587,450
Revenue earned on the sale of equipment to Radar USA, included in hardware revenue	5,050	-
Revenue earned on the provision of installation services to Winkel, included in professional services revenue	-	56,850
Revenue earned on the sale of software, included in license fee revenue	1,800	35,850
Revenue earned on the provision of consulting services, included in professional services revenue	30,000	120,000
Rental income on sublease	16,837	37,150
Director fees, included in general and administrative expenses	160,300	15,000
Marketing expenses paid to a related entity, included in sales and marketing expenses	397,879	857,941
Accounting and administrative fees paid to related entities, included in general and administrative expenses	82,435	73,320
Contract project development labour paid to a related entity, included in research and development expenses	-	-
Interest expense for notes payable to related parties, excluding discount accretion	$ 84,893	$ -

Related party balances

As of December 31, 2023, an amount of $304,000 was owing to directors and management and was included in the loans payable balance (December 31, 2022 - $nil). These loans accrue interest at rates between 48% and 60% per annum, and they are secured against the Company's accounts receivables. The accrued interest relating to these loans of $43,747 is included in accounts payable and accrued liabilities (December 31, 2022 - $nil).

At December 31, 2023, $931,293 (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 December 31, 2023, $1,672,493 (December 31, 2022 - $2,709,833) was due from Winkel of which $662,180 is recognized and included in trade and other receivables.

17. RELATED PARTY TRANSACTIONS (continued)

Related party balances (continued)

During the year ended December 31, 2023, the Company advanced $815,142 (December 31, 2022 - $1,400,514) to Winkel under the bridge loan agreement. The balance of the bridge loan was determined not be collectible and impaired from $490,181 to $Nil during the year (December 31, 2022 - $1,400,514 to $Nil).

At December 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.

As at December 31, 2023, $65,417 (CAD$83,850) was due from related parties for the subscription of units during the private placement (December 31, 2022 - $4,000).

18. DEFERRED REVENUE

From time to time, the Company receives consideration in advance of the services being rendered; this is presented as deferred revenue on the balance sheet. The following table summarizes the deferred revenue activity for the years ended December 31, 2023 and 2022:

Balance, December 31, 2021	$	11,028
Deposits received		460,664
Revenue recognized		(464,011)
Balance, December 31, 2022	$	7,681
Deposits received		221,687
Revenue recognized		(143,063)
Balance, December 31, 2023	**$**	**86,305**

19. 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:

	December 31, 2023				December 31, 2022			
	United States	Belgium	Other	Total	United States	Mexico	Other	Total
Revenue	$ 357,270	$500,000	$ 12,348	$ 869,618	$1,188,965	$ 471,340	$363,092	$2,023,397
Inventory	$ 1,975	$ -	$ -	$ 1,975	$ 44,995	$ -	$ -	$ 44,995
Equipment	$ 43,764	$ -	$ -	$ 43,764	$ 85,759	$ -	$ -	$ 85,759
ROU asset	$ 27,982	$ -	$ -	$ 27,982	$ 173,182	$ -	$ -	$ 173,182

19. OPERATING SEGMENTS (continued)

Revenues from one customer represented approximately 57% of the Company's total revenues earned during the year ended December 31, 2023. As at December 31,2023 there was a balance of $500,000 due from this customer included in trade and other receivables.

During the year ended December 31, 2022, the Company's sales to its joint venture Winkel, represented 18% of the total revenue earned in the year. As at December 31, 2023, there was a balance of $1,672,493 (2022 - $1,963,979) due from Winkel included in accounts receivable (Note 11) all of which was reserved.

20. 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 and loans payable.

For the years ended December 31, 2023, and 2022 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.

21. 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 December 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 does not currently hedge its foreign exchange risk. Based on current exposures as at December 31, 2023 and assuming that all other variables remain constant, a 10% appreciation or depreciation of the Canadian dollar against the United States dollar would result in a gain or loss of approximately $5,000 in the Company's consolidated statements of loss and comprehensive loss.

21. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

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 December 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:

	December 31, 2023	December 31, 2022
Current	$ 90,877	$ 77,994
1-30 days	516,382	10,767
31- 60 days	5,830	10,717
61 - 90 days	(13,399)	12,751
91+ days	712,312	2,263,325
Provision for doubtful accounts	(678,160)	(911,003)
Total	$ 633,842	$ 1,464,551

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 December 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.

22. 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 loans payable. With the exception of loans payable, the carrying value of the Company's financial instruments approximate their fair values due to their short-term maturities.

The fair value of loans payable approximate their carrying value, excluding discounts, due to minimal changes in interest rates and the Company's credit risk since issuance of the instruments.

23. CONTINGENCIES

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.

Interknowlodgy
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.

On October 10, 2022, Interkowlogy filed a claim in the State of California against the Company for a breach of contract related to the above demand letter. In the claim, Interknowlogy is claiming damages totalling $1,268,499 relating to unpaid invoices of $509,999 and interest of $758,500.

As at December 31, 2023, an amount of $587,759 is recognized in accounts payable and accrued liabilities, including interest of $77,760. The likelihood of Interknowlogy's claim being successful cannot be assessed at this time. Management is of the view that it is improbable there will be a material financial impact to the Company as a result of this claim. Consequently, no provision has been recorded in these Financial Statements.

23. CONTINGENCIES (continued)

Winkel MSA

On August 1, 2023, the Company received a letter of demand from Austin GIS as one of the co obligors of the Winkel MSA. The total amount outstanding as stated in the letter of demand was $1,374,884, and during the year ended December 31, 2023 the Company advanced $400,000 on behalf of Winkel to Austin GIS in response to this demand letter (Note 11).

The Company established that it has a legal obligation to the extent of its 33.3% share as one of the three co obligors of the Winkel MSA, and as at December 31, 2023 an additional $58,294 is recognized in accounts payable and accrued liabilities being its share of the balance of the amount demanded by Austin GIS.

24. INCOME TAXES

The following table reconciles the expected income tax expense at United States statutory income tax rates to the amounts recognized in the statements of loss and comprehensive loss:

	December 31, 2023	**December 31, 2022**
Net loss before taxes	$ (11,502,390)	$ (12,374,871)
Statutory tax rate	27%	27%
Expected income tax recovery	$ (3,106,000)	$ (3,341,000)
Non-deductible items	570,000	340,000
Change in foreign tax and foreign exchange rates	1,919,000	387,000
Share issue cost	(65,000)	(149,000)
Adjustment to prior years provision versus statutory tax returns	(764,000)	(2,000)
Change in deferred tax assets not recognized	1,446,000	2,765,000
Total income tax expense	-	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding values for tax purposes. Deferred tax assets (liabilities) as at December 31, 2023 and 2022 are as follows:

	December 31, 2023	**December 31, 2022**
Share and debt issuance costs	$ 89,000	$ 117,000
Leases	34,000	18,000
Tax loss carry forwards	9,433,000	7,975,000
	9,556,000	8,110,000
Unrecognized deferred tax asset	(9,556,000)	(8,110,000)
Net deferred tax asset	$ -	$ -

24. INCOME TAXES (continued)

The Company did not recognize deferred tax assets for the following deductible temporary differences because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom:

	December 31, 2023	December 31, 2022
Share issue costs	$ 329,000	$ 435,000
Leases	143,000	74,000
Tax loss carry forwards	38,300,000	32,599,000
Unrecognized deductible temporary differences	$ 38,772,000	$ 33,108,000

As at December 31, 2023, the Company had net operating tax loss carry forwards in the United States of $27,425,000 which will never expire but its utilization is limited to 80% of taxable income in any future year. In addition, the Company had non-capital tax loss carry forwards in Canada of $10,874,000 which can be applied to reduce future Canadian Taxable income and will expire between 2039 and 2043.

25. SUPPLEMENTAL CASHFLOW INFORMATION

	December 31, 2023	December 31, 2022
Supplemental cash flow disclosures:		
Interest paid	$ 140,150	$ 100,265
Promissory notes and accrued interest settled for shares	-	485,082
Non-Cash Investing and Financing Activities:		
Fair value of warrants, options and RSUs exercised	$ 24,074	$ 149,916
Broker warrants issued	54,508	216,369
Shares issued for debt settlement	270,000	113,337

26. SUBSEQUENT EVENTS

Non brokered private placement

On January 23, 2024, the Company closed the tranche of a private placement (the “Private Placement”) offering of units of the Company ("Units") at a price of $0.13 per Unit (the "Offering") for gross aggregate proceeds of approximately $580,346 by issuing 4,464,200 units.

Each Unit was comprised of one common share in the capital of the Company (a "Share") and one Share purchase warrant (a "Warrant"), with each Warrant entitling the holder thereof to acquire one additional share (a "Warrant Share") at a price of $0.16 per Warrant Share within 3 years from the applicable closing date.

26. SUBSEQUENT EVENTS (continued)

In connection with the Private Placement, the Company cash transaction costs of $83,926 and issued an aggregate of 357,136 Share purchase warrants (the "Finders Warrants") and 900,900 Shares to eligible finders. Each Finders Warrant entitles the holder thereof to acquire one Share at a price of $0.16 per Share for a period of 3 years from the date of issuance.

Shelf Nine acquisition earn-out shares

As per the Shelf Nine acquisition transaction (Note 5), the Sellers of Shelf Nine shall be entitled to an additional consideration in common shares of the Company if some revenue milestones are met. During the year ended December 31, 2023, there was a partial attainment of the first milestone as Shelf Nine earned over $256,000 in revenue between July 1, 2023 and December 31, 2023. On May 24, 2024, 2,055,459 common shares were issued to the sellers relating to this additional consideration.

Austin GIS and Winkel contract

During the subsequent period, the Company took over the Winkel MSA from Austin GIS. During April 2024, the Company incorporated a new entity, VSBLTY SPV1 "SPV1", which will administer the Winkel MSA. In conjunction with the assumption of the MSA and the associated inventory and future billings, SPV1 also assumed a credit facility that AGIS entered into relating to the Winkel MSA. The credit facility has a maximum drawdown of $15,935,000.

The balance assumed under the credit facility was $2,177,363. The credit facility is secured by the all assets under the Winkel MSA and bears interest at the 30-day average Secured Overnight Financing Rate ("SOFR") plus 13%, with the SOFR having a floor of 1%. In conjunction with acquiring the credit facility, the Company paid an origination fee of $16,000 and issued 4,800,000 warrants with an exercise price of CA$12.50 (the "Warrants"). Any additional draw down of the credit facility will be subject to a 2% fee of the amount drawn down. The Company is required to pay 1/48 of the aggregate outstanding principal on the last day of each calendar month by the 15th day of the following month.

The Company was required to deposit $150,000 to the lender as a reserve (the "DSRF Funding"). As part of obtaining the credit facility, SPV1 must maintain cash and cash equivalent balances of at least $350,000 (the "Liquidity Covenant") starting July 15, 2024. In the event the Company complies the Liquidity Covenant, the Company may redeem the DSRF Funding. In the event the Company fails to be in compliance with the Liquidity Covenant, the Company must deposit $150,000 with the lender; and in if the Company fails to do so, the lender has the discretion to fund this deposit and this will be deemed an additional advance under the credit facility. The Company did not deposit the DSRF Funding and the lender agreed to fund the deposit via an additional advance under the credit facility. In addition. so long as there are balances outstanding under the credit facility, SPV1 may not issue additional debt exceeding $500,000.

On May 15, 2024, the Company drew down an additional $985,000 (inclusive of the DSRF Funding) on the credit facility and amended certain terms on the credit facility:

- The interest rate was amended to the SOFR plus 12% with the SOFR having a floor of 4%;
- The exercise price of the Warrants was amended to CA$13.50; and

26. SUBSEQUENT EVENTS (continued)

- The payment terms were amended such that all amounts outstanding under the credit facility is to be paid in 24 monthly instalments beginning June 15, 2024.

On May 31, 2024, the Company amended the terms of the credit facility to delay the payment of the first instalment to July 15, 2024.

On July 1, 2024, the Company further amended the terms of the credit facility. The lender agreed to a forbearance period until July 10, 2024 (which may be extended at the lender's discretion) if the following conditions are met:

- Interest due under the credit facility of $45,000 was converted to principal and an additional $80,000 was drawn down on the credit facility;
- The Company issued an additional 500,000 warrants with an exercise price of CA$0.055 for a period of 5 years from the date of issuance; and
- The Company shall pay 10% of all revenues received from the Winkel MSA until the total outstanding debt under the agreement equals $1,700,000.

Debt settlement

On April 22, 2024, the Company agreed to settle $50,000 worth of debt through the issuance of 444,444 units in the capital of the company at a price of $0.1125 per unit. Each unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable for one common share of the Company at a price of $0.1125 per warrant share for a period of three years from the date of issuance.

On April 22, 2024, the Company agreed to settle $123,000 worth of debt through the issuance of a promissory note. In consideration for the promissory note, the Company issued 500,000 share purchase warrants. Each warrant is exercisable for one common share of the Company at a price of $0.1125 per warrant share for a period of three years from the date of issuance.

In addition, on June 19, 2024, the Company agreed to settle $100,000 worth of debt through the issuance of 1,250,000 common shares in the capital of the Company at a price of $0.08 per share.

Convertible debentures

During April 2024, the Company issued unsecured convertible notes in an aggregate principal amount of $304,916 bearing interest at the rate of 18% per annum and maturing in 2 years from the date of issuance. The principal together with any interest accrued, is convertible, in whole or in part, at any time before maturity, into units of the Company at US$0.122 per unit. Each unit consists of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at a price of $0.122 per warrant Share for a period of three years from the date of issuance.

26. SUBSEQUENT EVENTS (continued)

During July 2024, the Company completed a non-brokered private placement offering of unsecured convertible debentures in the aggregate principal amount of $170,000, bearing interest at the rate of 18% per annum and maturing in 2 years from the date of issuance. The principal together with any interest accrued, shall be convertible, in whole or in part, at any time before maturity, into units of the Company at US$0.055 per unit. Each unit consists of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at a price of $0.055 per warrant share for a period of three years from the date of issuance.

Winkel bridge loan

During January 2024, the Company advanced an additional $400,000 on behalf of Winkel to Austin GIS relating to the demand letter (Note 11). During the same month the Company received $250,000 from Winkel as partial payment for the bridge loan owed to the Company.

Promissory notes

Subsequent to the year ended December 31, 2023, the Company issued promissory notes for a total principal amount of $208,500. These promissory notes mature in two months, accrue effective interest at rates between 18% and 60% per annum, and they are secured against the Company's accounts receivables. Through July 12, 2024, $43,150 has been repaid on notes that were outstanding at December 31, 2023.