Management's Discussion and Analysis of Financial Condition and Results of Operations for the nine months ended September 30, 2024

Background

This management discussion and analysis ("**MD&A**") of the financial position of VSBLTY Groupe Technologies Corp. ("**VSBLTY**", the "**Company**" and "**us**," "**our**" or "**we**") and results of its operations for the nine months ended September 30, 2024, is prepared as at November 27, 2024. This MD&A should be read in conjunction with the condensed consolidated interim financial statements for the nine months ended September 30, 2024, and 2023 and the related notes thereto and the audited consolidated financial statements for the years ended December 31, 2023 and 2022 and the related notes thereto. The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). All currency amounts are expressed in United States dollars, unless otherwise noted.

Forward-Looking Information

This discussion contains "forward-looking statements" that involve risks and uncertainties including statements under the heading "Developments during the nine months ended September 30, 2024", relating to timing of revenue and expectations relating to increased bookings. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. This MD&A may contain forward-looking statements that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause the Company's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Such statements reflect our management's current views with respect to future events and are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and known or unknown risks and contingencies. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. Please see the risk factors discussed under the heading "Risk Factors" in the Company's annual information form and other public filings made by the Company with Canadian securities regulatory authorities, which are available under the Company's SEDAR profile at www.sedarplus.ca.

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

Company Overview

The "Company" was incorporated under the *Business Corporations Act* (British Columbia) on August 1, 2018. The corporate offices of VSBLTY Groupe Technologies, Corp are located at 1055 W Georgia St 1500, Vancouver, BC V6E 4N7. The US head office is located at 417 North 8th Street, Suite 300, Philadelphia, Pennsylvania 19123 and its registered office is located at The Corporation Trust Center, 1201 Orange Street, City of Wilmington, New Castle County, DE 19801. The Company is a software provider of artificial intelligence driven security and retail analytics technology. The Company's shares trade on the Canadian Securities Exchange under the symbol "VSBY", the OTCQB Venture Market under the symbol "VSGBF", and the Frankfurt stock exchange under the symbol "5VS".

These condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and discharge of liabilities in the normal course of business. As at September 30, 2024, the Company had not yet achieved profitable operations and has an accumulated deficit of $65,535,061 since its inception. The continuing operations of the Company are dependent upon its ability to develop a viable business and to attain profitable operations and generate funds there from. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs with capital market equity financings. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

Overall Performance

As a driver of digital - retail transformation solutions, the Company assists retailers in defining new digital growth and marketing strategies that lead to new revenue streams (Retail Media Networks). While the Company brings specific solutions that help retailers take advantage of digital trends in retail often the team is called upon to provide comprehensive expertise and consulting to educate its customers on how to take advantage of the Company's solutions and their application in transforming retail engagement and measurement. This has positioned the Company as a trusted resource, but also slows the selling process and lengthens the selling cycle. Over time, management of the Company believes that the pace of deployment will increase, and sales cycles will shorten as retailers develop an understanding of the technology. However, this creates challenges for the management of the business with respect to accurate projections and forecasting. The Company's goal is to establish a brand that is trusted by retailers and advertisers alike to guide them through the digital revolution in retail and the building of media retail networks. The Company will focus its resources on leveraging this trust to generate contracts and revenue as more retailers take advantage of these new revenue streams.

The digital-out-of-home ("**DOOH**") market refers to digital advertising that is targeted to consumers outside their homes (particularly in-store where consumers can actually buy a product). Management of the Company believes that as advertisers continue to look for alternative markets, they will continue to seek media and channels that can deliver the same kind of measurability that the Internet can offer. DOOH is expected to grow to the extent that it can provide this measurability to major advertisers. Advertisers will pay for impressions delivered that have attribution, accountability and addressability. To date, DOOH has not been able to deliver this to the same extent as the Internet. The Company provides the platform and capability that is intended to deliver this measurability, and with key channel partners, a turnkey solution for retailers and advertisers to build new in-store media networks.

In the security category, the Company has a similar issue. Most camera and sensor systems have a human dependency. The guiding philosophy of computer vision with machine learning is that computers and software can be leveraged to interpret live video by making dumb cameras smart. Dissecting, understanding and contextualizing live video is an important capability of the Company. One of the goals of the Company, and others pioneering the category, is to augment human operators interpreting video and flagging security operators to anomalous or suspicious activity.

Since inception, the Company has delivered software solutions that rely heavily upon cloud computing. However, there are many applications, particularly in DOOH and security, which will perform better and more reliably with edge processing. The consumption of algorithms in cloud computing is subject to licensing but the Company believes that it has developed technology that runs with equal reliability on the edge. This model also consumes less third-party licensed algorithms. This migration from cloud to edge will allow the Company to provide solutions in both categories. The Company will support both consumption models and will have different pricing models for each. The Company expects that edge-based solutions will have an enormous impact as this market further defines itself.

On October 25th, 2022, the Company received notice that the U.S. Patent and Trademark Office issued patent No. 11,481,809 for the firm's software platform that allows for specific content to be triggered by biometric and proximity triggers while ensuring the greatest protection for identity and privacy since no data collected is able to be inferred to personally identifiable information. The patent is the first awarded to the Company, initially for use on large form vending, with additional applications to follow.

Utilizing advanced facial detection and classification techniques, the system determines individual customer's facial features to determine whether they will be targeted for specific product or brand messages based on age or gender. The software will trigger ads if the brand is targeting males or females or customers of a particular age group and will serve content automatically based on the customer's particular demographic profile. The software also has the capability to change content based on the customer's proximity to the display. One set of content is designed to attract the customer's attention from thirty feet away. The content then can be triggered again at ten feet from the display to further engage the customer, and finally, once more, at the point the customer interacts with the content by touch or by scanning a QR code.

Management views the Company's past performance of net operating losses and negative cash flow as a stage in the process of developing the product lines and obtaining market share for the various business segments. Field trials of products at little to no cost are necessary to develop products. The Company has conducted several field trials of the various product lines and is now marketing those products to clients at retail pricing models.

Channel Orientation

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

Since 2019, the Company engaged several such channel partners on a software-as-a-service ("**SaaS**") basis. Like any evolving company VSBLTY is constantly reviewing and assessing the various routes to market. IN the last 12 months this effort has seen renewed focus. The objective has been to increase the knowledge and capabilities of existing partners while conservatively adding and subtracting where necessary. The following table represent the current partner roster but this evaluation is ongoing and will be adjusted from time to time. It should also be noted that retail partners are not likely to also be security partners. The later tend to be focused in the regions of the deployments and/or sales activity. At the moment most of those engagements are off shore. However, the following table represents that current roster:

Channel Partner	**Description of Partnership**
Sensormatic(1)	On August 15, 2019, the Company entered into an exclusive global reseller agreement with Sensormatic Solutions, the lead global retail solutions portfolio of Johnson Controls, Inc. ("JCI"). The nature of the contract with JCI is a strategic global reseller and original equipment manufacturer relationship for all of the software products developed by VSBLTY. Subsequent to the signing of the contract in September, both organizations have been investing resources to train both technical and salespeople with product, installation and support knowledge. Sensormatic Solutions has approximately 185,000 retail customers worldwide. There have been considerable growing pains in the process of knowledge transfer from VSBLTY to Sensormatic. While the latter has a dominant market share in loss prevention, they are new to the idea of the Store becoming a media channel and utilizing computer vision for various meaningful in store metrics. The early state of the market has been a complicating factor leading to slow adoption and the lack of immediate momentum, An additional issue was internal development at Sensormatic of a suite of computer vision solutions that, while not competitive, did occupy mind share from the salesforce. In the summer of 2024, the entire internal development effort was terminated and the only remaining technology partner in the field of computer vision is now only VSBLTY. Since the second quarter of 2021, VSBLTY and Sensormatic have been developing a new combined shopper analytics product intended to create a new comprehensive category of demographic analytics solutions for retail. This effort has received considerable resource commitment and has resulted in increased pipeline development in the 2nd half of 2024. The primary objective of this re-launch is to jointly secure important new "logos" or customer wins and then scale them into success in 2025 and beyond.

Notes:

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

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

<u>Onyx-Cognivas Pty</u>

On August 10, 2020, the Company announced that, together with its South African channel partner, Onyx-Cognivas Pty., it will deploy multiple digital media solutions in a chain of fuel/convenience stores operating in South Africa. Under this deployment, which will have a term of five years unless earlier terminated, the Company's 17 VisionCaptor™ and DataCaptor™ software is expected to be installed in retail locations, each having three digital interactive placements as well as computer vision analytics.

Although certain financial projections in the above table are based on reasonable expectations developed by the Company's management, the assumptions and estimates underlying the financial projections are subject to significant business, economic, and competitive uncertainties and contingencies, many of which will be beyond the control of the Company. The assumptions used by the Company's management to derive these financial projections include: the Company's ability to successfully develop its products; the Company's pricing targets remaining in place; the Company's ability to successfully deploy its products to its channel partners' customers; the Company's channel partners' timely delivery of all ancillary components and services; and the Company's ability to maintain performance and quality as projects advance and product volume increases. Accordingly, the financial projections are only estimates and are necessarily speculative in nature. It is expected that some – and perhaps all – of the assumptions in the financial projections will not be realized and that actual results will vary from the projections. Such variations may be material and may increase over time. In light of the foregoing, readers are cautioned not to place undue reliance on the financial projections. Please see the risk factors discussed under the heading "Risk Factors" in the Company's annual information form and other public filings made by the Company with Canadian securities regulatory authorities, which are available under the Company's SEDAR profile at www.sedarplus.ca.

In addition, to the above channel partners, the Company has the following key engagements:

Winkel Media

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

Winkel Media is growing and is expected to provide a large portion of the Company's revenues. As of September 30, 2024, the Joint Venture has generated approximately $2.7M in revenue, a large portion of which has been reversed for collectability, primarily for the sale of equipment. At the end of the second quarter 2022, Austin GIS took over equipment sales and related financing duties with Winkel. The Company expects that more technology will be licensed by Winkel Media as the services expand into related, technology enabled, advertising markets. Any change in VSBLTY's relationship with this partner in the future could have a material adverse effect on its business, financial condition and results of operations. See "Risk Factors - Dependence on a Small Number of Channel Partners" in the July 2022 Prospectus.

On May 3, 2022, the Company entered into a monthly SaaS agreement with Winkel Media to begin a phase one installation of Golden Record in its convenience store media network throughout Latin America. The initial rollout has started in Mexico, Peru, Ecuador, Colombia and the Dominican Republic, and is expected to expand with new installations as Winkel Media grows its planned 50,000-store network. Winkel Media is an in-store media technology company that is a joint venture of the Company, its Latin American partner Retailigent, S.A. de C.V. and Cerveceria Modelo de Mexico, S. de R.L. de C.V. that is already operational. The technology company developed the first retail DOOH network in Latin America Golden Record uses free guest Wi-Fi in stores to improve the customer experience. The initial term of the agreement is for a period of twenty-four (24) months; however, the parties will have the right to extend the term for an additional twenty-four (24) month period if the applicable shareholders' agreement terminates. After the initial term or applicable extension period, the agreement will automatically be renewed for successive three (3) month periods unless Winkel provides notification in writing at least thirty (30) days prior to the end of the then-current term or renewal term. In the event of a material breach of any provision of the agreement, the non-breaching party may terminate the agreement by giving thirty (30) days prior written notice to the breaching party; provided, however, that the agreement shall not terminate if the breaching party has cured the breach prior to the expiration of such thirty (30) day period.

It was determined in the past months to hold off expansion of this program until Winkel Media achieves positive cash flow from its growing advertising base expected mid to late 2024.

Starting in mid-October, programmatic advertising capability was deployed throughout the network. The team has been integrating with all major DSP's including Place Exchange, Hivestack and key global agencies' programmatic buying entities, enabling Winkel Media to now accept advertising placement using live, Real Time Bidding. Programmatic is expected to represent 30% of all advertising sales.

Winkel has also continued to grow its advertising base among direct clients including global brands such as Bimbo, PepsiCo, Unilever and others with 2023 annual contracts expected to grow along with the expansion of new store installations and the continued success that brands are realizing from these in-store media campaigns. Winkel also expects to see growth in advertising sales made directly through the ABInbev app, BEES as store owners are learning to coordinate brand advertising support of weekly store promotions.

This joint venture is now deployed in 4 countries and in approximately 2000 store locations. In mid 2024 the entity became cash positive on a month-to-month basis and, since that was a pre-condition of growth, the joint venture is now under going planning for growth in 2025.

Retail and Security Sectors

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

Retail: In the retail sector, the objective of VSBLTY, through the deployment of its software, is to generate greater visibility and promotion for consumer products in physical retail locations. This objective is addressed through the process of activation. For example, the Company's VisionCaptor product is optimized to deliver a visual or interactive experience for consumers who are in aisle at retail locations. The objective of the digital activation is to engage the customer in a specific message that is customized to the promotion or to the consumer (e.g., specific to 18 the consumer's age and gender). The efficacy of the message is measured by counting persons, dwell time, engagement, interaction, and lift (which refers to the amount of incremental product sold due to the activation). In the experience of management of the Company, consumer packaged goods brands will pay for the opportunity to place messaging in retail locations because they expect that such positioning will enhance the branding of their product, will generate more product sales, and will provide consumer engagement metrics, unlike other retail solutions previously provided. Brands use this data to fine tune their messaging and to optimize target marketing and customer engagement. The activation itself (the visual display combined with measurement) provides an effective way of reaching consumers out of home with relevant brand messaging at the point where an actual purchase can be made and, in the experience of management of the Company, results in a far greater return on investment as a media buy. This will increase the value of the shelf space because it becomes an advertising platform with instant and granular measurement data. In summary, the Company is recognized for pioneering the implementation of the Store as a Medium program that enables brands to reach customers when and where buying decisions are being made while producing a new revenue stream for both the Company and leading retailers around the world.

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

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

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

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

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

Developments during the nine months ended September 30, 2024

During the nine months ended September 30, 2024, the Company took over a Master Services Agreement between Winkel and AGIS, ("Winkel MSA") from AGIS. The Company also incorporated a new entity VSBLTY SPV1 ("SPV1"). SPV1 is controlled by VSBLTY Inc, and will administer the Winkel MSA. In conjunction with the assumption of the MSA, 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 CAD$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 also 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; failure 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
- The payment terms were amended such that all amounts outstanding under the credit facility is to be paid in 48 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.

The financial results of SPV1 have been included in the condensed consolidated interim financial statements. The revenues and net income of SPV1 included in the consolidated statements of loss and comprehensive loss are $416,500 and $2,363 respectively.

On September 9, 2024, the terms of the credit facility were further amended to extend the forbearance period.

On September 25, the Company received Notice of Events of Default, reflecting missed monthly principal and interest payments. The agent and lenders have determined to forbear from exercising their rights and remedies. The Company anticipates curing all defaults upon receipt of adequate financing.

Critical Accounting Estimates and Policies

The preparation of financial statements is in conformity with **IFRS** as issued by the **IASB** and interpretations issued by the International Financial Reporting Interpretations Committee ("**IFRIC**").

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

The condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and discharge of liabilities in the normal course of business. As at September 30, 2024, the Company had not yet achieved profitable operations and has an accumulated deficit of $65,535,061 since its inception. The continuing operations of the Company are dependent upon its ability to develop a viable business and to attain profitable operations and generate funds there from. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs with capital market equity financings. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

The material accounting policies applied in the preparation of the financial statements are in Note 3 of the audited financial statements for the years ended December 31, 2023, and 2022. Critical accounting estimates are in Note 4 of the audited financial statements for the years ended December 31, 2023, and 2022.

Initial adoption of new accounting standards

Adoption of new accounting standards have been disclosed in Note 3 of the Company's consolidated financial statements for the year ended December 31, 2023, and 2022.

Future accounting standards issued but not yet in effect

Pronouncements that may have a significant impact to the Company have been disclosed in Note 3 of the Company's consolidated financial statements for the year ended December 31, 2023, and 2022.

Share Capital

Authorized share capital of the Company consists of an unlimited number of common shares with no par value ("**Common Shares**").

During the nine months ended September 30, 2024, the Company issued an aggregate of:

- 4,464,200 units for gross proceeds of $430,727 (CAD$580,346) pursuant to a non-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 3 years from the closing date. The warrants were allocated a value of $115,965 (CAD$156,247) based on the residual method. Cash finder's fee and legal fees totalling $62,363 (CAD$84,028) were paid, and 357,136 agent warrants valued at $14,575 (CAD$19,673) were issued. Each agent warrant entitles the holder to purchase one common share at a price of CAD$0.16 for a period of 3 years from the closing date.
- 2,055,459 common shares were issued pursuant to the Shelf Nine acquisition transaction (Note 6) relating to the partial attainment of the first milestone which had occurred during the year ended December 31, 2023, and resulted in the recording of $304,843 as an obligation to issue shares liability as of that date. The shares were issued at a price of CAD$0.08 per share for a value of $120,020 (CAD$164,437) resulting in a gain on settlement of consideration of $189,871 (CAD$257,885) and a foreign exchange gain of $5,048 upon settlement of this liability.
- 444,444 units were issued to settle CAD$50,000 worth of debt at a price of CAD$0.1125 per unit. The common shares had a fair value of $37,133 (CAD$51,111) and a gain on settlement of debt of $818 was recognized. 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 CAD$0.1125 per warrant share for a period of three years from the date of issuance. No value was allocated to the warrants based on the residual method
- 1,250,000 common shares were issued to settle CAD$100,000 worth of debt at a price of CAD$0.08 per share. The common shares had a fair value of $68,362 (CAD$93,750) and a loss on settlement of debt of $4,602 was recognized.

Summary of Quarterly Results

The following table provides selected quarterly unaudited financial data for the eight most recently completed interim quarters:

	Three months ended							
	September 30, 2024	**June 30, 2024**	**March 31, 2024**	**December 31, 2023**	**September 30, 2023**	**June 30, 2023**	**March 31, 2023**	**December 31, 2022**
Revenue	$ 348,240	$ 440,110	$ 179,301	$ 550,531	$ 141,006	$ 100,636	$ 77,445	$ 90,387
Net loss for the period	$ (1,688,775)	$ (1,272,790)	$ (1,753,303)	$ (3,072,280)	$ (2,920,868)	$ (2,439,084)	$ (3,070,158)	$ (2,878,61)
Basic and diluted loss per share	$ (0.03)	$ (0.03)	$ (0.03)	$ (0.09)	$ (0.10)	$ (0.10)	$ (0.10)	$ (0.10)

Summary of Results During Prior Eight Quarters

Net loss for the quarter ended September 30, 2024, increased by $415,985 as compared to the previous quarter. This increased loss is due to a decrease in revenue of $91,870 as compared to the previous quarter. Connectivity and professional services revenue decreased by $104,125 and $55,866 in the current quarter as compared to the previous quarter. Share-based payments increased $211,005, financing costs increased $106,813 and a gain on settlement of contingent consideration of $189,871 in the second quarter did not repeat in the third.

Net loss for the quarter ended June 30, 2024, decreased by $480,513 as compared to the previous quarter. This decreased loss is primarily due to an increase in revenue of $260,810 as compared to the previous quarter from the new connectivity sales of $260,313 an $80,000 loss on loan impairment in the first quarter not occurring in the second quarter in the current quarter and a decrease in share-based payments expense by $35,299 as a result of options and RSUs having vested in previous periods.

Net loss decreased by $1,318,977 for the three months ended March 31, 2024 as compared to the previous quarter. This decrease is primarily due to the fact that in the previous quarter, an impairment to goodwill was recorded for $1,274,174, along with a decrease in the fair value of financial instruments of $1,000,000. These expenses decreases were partially offset by decreases in revenue of $500,000 in software license development which only occurred in the prior quarter.

Net loss increased by $151,413 for the three months ended December 31, 2023 as compared to the previous quarter. This increase is primarily due to the fact that in the current quarter, an impairment was recorded to goodwill from the acquisition of Shelf Nine LLC of $1,274,174 and a decrease in the fair value of financial instruments of $1,000,000 related to Austin GIS. These expense increases were partially offset by a reversal that was recorded on the value of previously issued warrants for $1,335,769, which was recorded in share-based compensation for the quarter ended December 31, 2023, an increase in revenue of $409,525 which is primarily from revenue obtained from software license development of $500,000 for the current quarter and an impairment loss on a receivable from Winkel of $400,000 that was recorded in the previous quarter.

Net loss increased by $481,784 for the three months ended September 30, 2023 as compared to the previous quarter. This increase is primarily due to the fact that in the current quarter, a loan amount of $400,000 to Winkel was impaired. Also contributing to the increase in the net loss was the increase in share-based expense of $27,235.

Net loss decreased by $631,073 for the three months ended June 30, 2023, as compared to the previous quarter. This decrease is primarily due to the fact that in the current quarter, the share-based expense of the Company was lower by $625,807 compared to the prior quarter. Sales and marketing and research and development expenses also decreased by $36,897 and $111,515 respectively. These decreases were offset by an increase in the general administration expenses of $241,455 compared to the prior quarter.

Net loss increased by $191,541 for the three months ended March 31, 2023, as compared to the previous quarter. This increase is primarily due to the fact that in the prior quarter, the Company recognized a recovery in share-based expense of $606,845 compared to an expense of $806,185 in the current quarter. This was offset by a higher loan receivable impairment of $420,255 compared to $90,181 in the previous period, and a decrease in the general administration expenses by $591,922 compared to the prior quarter.

Revenue decreased significantly for the three months ended December 31, 2022, as compared to the previous quarter. The decrease of $632,104 was primarily attributable to the decrease of hardware to Wireless Guardian. Net loss decreased by $414,678, as compared to the previous quarter. This decrease is primarily due to the fact that in the prior quarter, the Company recognized a share-based payments of $575,129 whereas there was a reversal in share-based payments of $417,172 in the current quarter due to a change in estimate relating to the Modelo warrants.

Results of Operations – For the three and nine months ended September 30, 2024 and 2023

The results of operations for the three and nine months ended September 30, 2024, and 2023 are summarized below:

		Three months ended September 30,				Nine months ended September 30,
		2024		2023		2024		2023
Revenue								
License fees	$	28,687	$	6,358	$	80,350	$	73,748
Connectivity		156,188		-		416,500		-
Professional services		63,530		49,664		262,937		154,555
Development		99,000		-		99,000		-
Programmatic advertising		-		-		19,929		-
Displays and other advertising		-		-		73,731		-
Hardware and other		835		84,984		15,204		90,784
		348,240		141,006		967,651		319,087
Cost of sales		(165,712)		(350,182)		(732,011)		(1,236,118)
Gross profit		182,528		(209,176)		235,640		(917,031)
Sales and marketing expenses		(352,091)		(717,316)		(1,317,639)		(1,867,761)
General and administrative expenses		(711,047)		(801,896)		(1,939,544)		(2,093,465)
Research and development expenses		(275,081)		(533,339)		(926,333)		(1,721,070)
Share-based payments		(221,236)		(207,613)		(276,996)		(1,194,176)
Operating loss		(1,376,927)		(2,469,340)		(4,224,872)		(7,793,503)
Finance costs		(304,173)		(53,363)		(589,430)		(157,055)
Loss on loan impairment		-		(400,000)		(80,000)		(490,181)
Gain on settlement of payables		-		-		3,784		-
Gain on settlement of contingent consideration		-		-		189,871		-
Loss on derivative liability		(13,841)		-		(13,841)		-
Interest income		3,760		2,095		3,760		6,960
Foreign exchange gain (loss)		2,406		(260)		(4,140)		3,670
Net loss for the period		(1,688,775)		(2,920,868)		(4,714,868)		(8,430,109)

Revenue

During the three months ended September 30, 2024, and 2023, the Company generated revenue of $348,240 and $141,006, respectively. The increase in revenue was as a result of an increase in connectivity revenue during the quarter, partially offset by a decrease in hardware and other sales from the comparable quarter.

During the nine months ended September 30, 2024, and 2023, the Company generated revenue of $967,651 and $319,087, respectively. The increase in revenue was as a result of new revenue streams from the acquisition of Shelf Nine during Q4 of 2023 and the integration of VSBLTY SPV during the current period.

Cost of sales

During the three months ended September 30, 2024, and 2023, cost of sales was $165,712 and $350,182, respectively. The decrease in cost of sales of $184,470 was due to a reduction in contractors associated with cost of sales and lower software costs during the three months ended September 30, 2024 compared to previous period.

During the nine months ended September 30, 2024, and 2023, cost of sales was $732,011 and $1,236,118, respectively. The decrease in cost of sales of $504,107 was due to a reduction in contractors associated with cost of sales and lower software costs during the nine months ended September 30, 2024 compared to previous period.

Operating expenses

	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Marketing expenses	$ 55,340	$ 332,260	$ 319,155	$ 696,830
Meals and entertainment	2,188	4,023	6,646	26,287
Tradeshow expenses	-	-	-	45,028
Salaries and wages	294,563	381,033	991,838	1,099,616
Total sales and marketing expense	$ 352,091	$ 717,316	$ 1,317,639	$ 1,867,761
General and administrative expenses	$ 141,150	$ 245,039	$ 486,561	$ 572,722
Professional fees	110,603	210,272	383,639	442,594
Consulting fees	143,293	162,798	495,391	434,862
Management fees	-	-	-	62,500
Rent	4,034	3,639	19,698	10,954
Salaries and wages	14,473	75,942	98,632	205,143
Travel	17,564	13,030	22,940	118,212
Depreciation	189,051	11,445	209,516	34,382
Lease-related depreciation	7,351	22,739	25,531	68,218
Utilities	7,978	32,781	33,683	63,487
Bad debt expenses	64,877	3,772	121,835	36,403
Penalties and fees	-	528	-	528
Transfer agent and filing fees	10,673	19,911	42,118	43,460
Total general and administrative expense	$ 711,047	$ 801,896	$ 1,939,544	$ 2,093,465
Consulting fees	$ 113,725	$ 260,530	$ 373,182	$ 795,770
Contract development and materials expense	18,856	24,059	73,151	125,645
Salaries and wages	142,500	248,750	480,000	799,655
Total research and development expenses	$ 275,081	$ 533,339	$ 926,333	$ 1,721,070

The above table provides a breakdown of the various expense categories, by nature, for the three and nine months ended September 30, 2024, and 2023. Operating expenses decreased by $714,332 during the three months ended September 30, 2024, compared to the three months ended September 30, 2023. This decrease in operating expenses consists of a decrease in sales and marketing costs of $365,225, a decrease in general and administrative costs of $90,849, and a decrease in research and development costs of $258,258.

Operating expenses decreased by $1,498,780 during the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023. This decrease in operating expenses consists of a decrease in sales and marketing costs of $550,122, and a decrease in research and development costs of $794,737 and a decrease in general and administrative costs of $153,921.

During the three months ended September 30, 2024, sales and marketing expenses decreased by $365,225 primarily due to a decrease in in marketing and promotional activity compared to the three months ended September 30, 2023, resulting in a decrease in marketing expenses of $276,920.

During the nine months ended September 30, 2024, sales and marketing expenses decreased by $550,122 primarily due to a decrease in in marketing and promotional activity compared to the nine months ended September 30, 2023, resulting in a decrease in marketing expenses of $377,675.

During the three months ended September 30, 2024, research and development costs decreased by $258,258 during the period as a result of a decrease in salaries and wages of $106,250 due to a decrease in headcount compared to the previous period. Consulting fees also decreased by $146,805 as a result of less research and development activity during the three months ended September 30, 2024.

During the nine months ended September 30, 2024, research and development costs decreased by $794,737 during the period as a result of a decrease in salaries and wages of $319,655 due to a decrease in headcount compared to the previous period. Consulting fees and Contract development and materials expense also decreased by $422,588 and $52,494 respectively as a result of less research and development activity during the nine months ended September 30, 2024.

During the three and nine months ended September 30, 2024, general and administrative expenses decreased by $90,849 and $153,921 respectively compared to the same period in the prior year. The decrease was as a result of the Company’s cash conservation efforts.

Share-based payments

On March 15, 2021, the Company issued warrants in connection with an agreement with Grupo Modelo and Retailigent Media. During the three and nine months ended September 30, 2024, the Company recognized $Nil (2023 - $133,670) and $Nil (2023 - $392,961) respectively, in share-based payments related to this issuance as a result of a change in estimate relating to the achievement of the vesting conditions related to these warrants. On July 9, 2024, the Company issued warrants in connection with the forbearance of the SPV loan (refer to note 5 of the condensed interim consolidated financial statements. During the three and nine months ended September 30, 2024, $207,082 in share- based payments related to these warrants.

Share-based payments relating to options vesting during the three and nine months ended September 30, 2024, using the Black- Scholes option pricing model was $9,434 (2023 - $63,910) and $55,119 (2023 - $780,994) respectively. The decrease in the options share-based payments expense was as a result of the vesting of most of the options during the previous periods.

Share-based payments relating to Restricted Share Units ("RSUs") vesting during the three and nine months ended September 30, 2024, using the Black- Scholes option pricing model was $4,719 (2023 – recovery of $11,033) and $14,795 (2023 - $20,221), respectively. The decrease in the options share-based payments expense was as a result of the vesting of most of the options during the previous periods.

Other income and expenses

Other expenses for the three and nine months ended September 30, 2024, consisted mainly of finance costs of $304,173 and $589,430, respectively (2023 - $53,363, and $157,055, respectively), interest income of $3,760 and $3,760, respectively (2023 – $2,095, and $6,960, respectively). The finance costs increased due to an increase in promissory notes, a loan obtained as part of the acquisition of Shelf Nine, the issuance of convertible debentures and a loan obtained during the acquisition of the Winkel MSA by SPV1. Other income also consists of a gain on settlement of contingent consideration of $189,871 occurring during the nine months ended September 30, 2024. The contingent consideration relates to common share commitment recorded upon the acquisition of Shelf Nine during the prior year and the issuance of the common shares during the nine months ended September 30, 2024.

Use of Proceeds from Financing Activities

On December 23, 2023, the Company closed the first tranche of a private placement ("December private placement") of units of the Company ("Units"), issuing 9,168,838 Units at a price of CAD $0.13 per Unit for a total of $897,971 (CAD$1,191,949). 7,091,915 of the Units were settled in cash with gross proceeds of $676,330 (CAD$921,949). The balance of 2,076,923 of the Units were issued to settle debts amounting to $203,408 (CAD$270,000).

During January 2024, the Company closed the second tranche of the private placement by issuing 4,464,200 units for gross proceeds of $430,727 (CAD$580,346) pursuant at CAD$0.13 per unit. Each unit consists of one common share and one warrant.

On April 29, 2024, the Company closed the first tranche ("Tranche 1") of an unsecured, non-brokered convertible debenture offering for gross proceeds of $304,916.

The debentures are denominated in United States Dollars, bear interest at a rate of 18% per annum, payable semi-annually and will mature two years from the date of issuance. The principal amount of the debentures may be converted, in whole or in part, at any time before the maturity date, into units at $0.122 (CAD$0.165) per unit, if converted at any time prior to or on the maturity date.

On July 9, 2024, the Company closed the second tranche ("Tranche 2") of an unsecured, non-brokered convertible debenture offering for gross proceeds of $170,000.

The debentures are denominated in United States Dollars, bear interest at a rate of 18% per annum, payable semi-annually and will mature two years from the date of issuance. The principal amount of the debentures may be converted, in whole or in part, at any time before the maturity date, into units at $0.055 (CAD$0.07) per unit, if converted at any time prior to or on the maturity date.

The Company will use the net proceeds from the private placement for general corporate purposes.

Liquidity and Capital Resources

The accompanying financial statements have been prepared on a basis that contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company anticipates that it may not have sufficient resources to meet the working capital requirements of the Company for at least the next 12 months based on current operating requirements. The Company may have to raise funds to continue operations through either debt or equity financing and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

During the nine months ended September 30, 2024, working capital deficit increased to $7,320,291 from $4,495,501 as at December 31, 2023. The $2,824,790 decrease in working capital is mainly attributable to an increase in loans payable of $3,421,055, an increase in accounts payable and accrued liabilities of $1,747,762, an increase in convertible debentures of $185,605, and an increase in derivative liabilities of $352,706.

Cash Flows

Historically and prospectively, our primary sources of liquidity and capital resources have been and will continue to be proceeds from the issuance of debt and Common Shares. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to generate profits and positive cash flows from operations in order to cover its operating costs. Management intends to fund any shortfalls through debt or equity financings. However, we cannot be certain that our business will generate sufficient cash flow from operations, that our anticipated earnings from operations will be realized, or that future borrowings will be available or otherwise to enable us to service our indebtedness or to make anticipated capital expenditures. Our future operating performance and our ability to service our debt will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control. See "Financial Risk Management" of this MD&A for a discussion of the risks related to our liquidity and capital structure.

As at September 30, 2024, the Company had cash of $35,235 (December 31, 2023 - $54,180). The decrease in cash and cash equivalents compared to the balance at December 31, 2023 was primarily due to operational costs.

Net cash used in operating activities for the nine months ended September 30, 2024, was $1,759,810 (2023 - $3,963,251). The Company continued to generate net losses and negative cash flows from operating activities due to the expenses we are incurring related to development as well as general and administrative expenses. During the nine months ended September 30, 2024, the Company incurred $4,323,872 (2023 - $7,793,503) of general and administrative, research and development and sales and marketing expenses. Cash used in operations for the current period was significantly affected by increases in these expense categories. The Company has had continuing net losses and negative cash flow from operating activities, including a loss from operations of $4,714,868 for the nine months ended September 30, 2024 (2023 - $8,430,109).

Net cash used in investing activities for the nine months ended September 30, 2024, was $80,000 (2023 - $466,669). The movement mostly relates to a loan provided by the Company to Winkel.

Net cash provided by financing activities for the nine months ended September 30, 2024 was $1,832,875 (2023 - $3,314,462). The current period's funds were made up of the SPV1 loan and other promissory notes issued by the Company amounting to $1,148,781, proceeds from the second tranche financing from the prior year which was received in the current period amounting to $373,364, and the issuance of convertible debt of $424,916. During the nine months ended September 30, 2023, funds received were from proceeds from the equity financing amounting to $3,070,858, the exercise of options and warrants in the period of $63,764 and loans received of $964,000 with $684,000 of these loans having been repaid.

Other Factors Affecting Liquidity

The Company may also raise additional equity or debt capital or enter into arrangements to secure necessary financing to fund the completion of development projects, to meet obligations or for the general corporate purposes of the Company. Such arrangements may take the form of loans, strategic agreements, joint ventures or other agreements. The sale of additional equity could result in additional dilution to the Company's existing stockholders, and financing arrangements may not be available to us, or may not be available in sufficient amounts or on acceptable terms.

From time to time, we may pursue various strategic business opportunities. These opportunities may include proposed development and/or management of, investment in or ownership of additional businesses through direct investments, acquisitions, joint venture arrangements and other transactions. We are not currently exploring such opportunities. We can provide no assurance that we will successfully identify such opportunities or that, if we identify and pursue any of these opportunities, any of them will be consummated.

Related Party Transactions

VSBLTY, Inc. is party to a contract with Think-Traffic, LLC ("Think-Traffic") for the provision of marketing and support services. VSBLTY, Inc. can terminate this contract at any time. VSBLTY, Inc. expects to continue making payments to Think-Traffic in the normal course of business. Jan Talamo is the Chief Creative Officer of both Think-Traffic and VSBLTY.

VSBLTY is a party to a contract with Radar USA Inc. ("Radar USA"). VSBLTY owns 23.6% of the common shares of Radar USA. The Company received consulting revenue from Radar USA during the year ended December 31, 2023.

Key management compensation

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Management fees[1]	$ 229,400	$ 239,400	$ 778,200	$ 770,700
Share-based compensation	15,485	1,804	31,076	663,118
	$ 244,885	**$** 241,204	$ 809,276	$ 1,433,818

As of September 30, 2024, an amount of $501,326 was owing to directors and management and was included in the loans payable balance (December 31, 2023 - $304,000). These loans accrue interest at rates between 18% and 60% per annum, and they are secured against the Company's accounts receivable. The accrued interest relating to these loans of $142,711 is included in accounts payable and accrued liabilities (December 31, 2023 - $43,747).

[1] Key management includes Jay Hutton Chief executive officer, Thomas Hays Chief financial officer, Fred Potok Chief sales officer, Jan Talamo Chief creative officer, Linda Rosanio Chief operating officer and Gary Gibson Chief technology officer

Other related party transactions

During the three and nine months ended September 30, 2024, and 2023, other related party transactions consisted of the following:

	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Revenue earned on the sale of software to Winkel, included in license fee revenue	$ -	$ -	$ -	$ 1,800
Revenue earned on the provision of consulting services to Radar USA, included in professional services revenue	$ -	$ 30,000	$ -	$ 90,000
Revenue earned from Winkel MSA	$ 156,187	$ -	$ 416,500	$ -
Rental income earned from Radar USA on sublease	$ -	$ 13,414	$ -	$ 35,522
Marketing expenses paid to Think-Traffic, included in sales and marketing expenses	$ 6,228	$ 28,358	$ 38,457	$ 253,306
Accounting and administrative fees paid to Think-Traffic, included in general and administrative expenses	$ 21,840	$ 20,447	$ 66,298	$ 61,342
Interest expense for convertible debt and notes payable to related parties, excluding discount accretion[1]	$ 49,056	$ 19,973	$ 142,711	$ 55,031

Related party balances

As at September 30, 2024, $1,369,087 (December 31, 2023 - $931,293) was due to related parties and is included in accounts payable and accrued liabilities. The amounts were non-interest bearing and due on demand[2].

As at September 30, 2024, $47,718 (CAD$64,500) was due from Felipe Costa Romero de Barros, the previous Executive Chairman, for the subscription of units during the private placement (December 31, 2023 - $48,654 (CAD$64,500)).

As at September 30, 2024, $2,209,583 (December 31, 2023 - $1,672,493) was due from Winkel and $662,180 is included in trade and other receivables.

During the nine months ended September 30, 2024, the Company advanced a net $80,000 (2023 - $490,181) to Winkel under the bridge loan agreement. The balance of the bridge loan of $2,659,731 (December 31, 2023 - $2,579,731) was determined not be collectible and impaired to $Nil.

Except as disclosed above, VSBLTY, Inc. does not have any ongoing contractual or other commitments resulting from transactions with related parties.

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[1] Note holders include: Alnesh Mohan, Director; Amin Shahidi, Director; Thomas Hays, Director and Chief Financial Officer; and Fred Potok, Chief Sales Officer.

[2] This includes Arrowstone Ventures Ltd, Traffic Marketing LLC, Radar USA, Austin GIS, David Roth, Thomas Hays, Gary Gibson, Jan Talamo, Linda Rosanio and Fred Potok

Financial Risk Management

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

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. Foreign exchange risks are closely monitored, and attempts are made to match foreign cash inflows and outflows. As at September 30, 2024, the Company is primarily exposed to foreign exchange risk through its cash and cash equivalents and accounts payable denominated in Canadian dollars. The Company mitigates foreign exchange risk by monitoring foreign exchange rate trends and evaluating reinvestment opportunities when possible. The Company is not exposed to significant foreign exchange risk.

Credit risk

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

Trade and other receivables also include refundable goods and services tax which bears minimal credit risk as it is receivable from the Canadian government. For trade receivables, the Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected loss rates are based on the payment profiles of sales over a period of 12 months before September 30, 2024, 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.

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. The Company's outstanding loans debt bear interest at fixed rates. As a result, at September 30, 2024, the Company is not exposed 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 by raising capital through the issuance of debt and equity. 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.

Off-Balance Sheet Arrangements

None.

Proposed Transactions

There were no proposed transactions as of the date of this MD&A.

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, Interknowlogy 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 totaling $1,268,499 relating to unpaid invoices of $509,999 and interest of $758,500.

As at September 30, 2024, 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.

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 (refer to Note 12 of the condensed interim financial statements for the nine months ended September 30, 2024). During the nine months ended September 30, 2024, the Company advanced an additional $400,000 and received $320,000 from Winkel as partial payment for the bridge loan owed to the Company

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 September 30, 2024 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.

Disclosure of Outstanding Share Data

The following is a breakdown of the Company's equity instruments issued and outstanding:

Equity instrument	As of September 30, 2024	As of the date of this MDA
Common shares	52,253,723	52,253,723
Stock options	1,518,035	1,518,035
Restricted share units	25,000	25,000
Warrants	34,196,661	34,196,661

Subsequent Events

Share subscriptions received in advance

During the subsequent period, the Company received $453,970 in additional funds from an existing investor. They are anticipated to call for a common stock issuance at C$.010 per share.