APARTMENTLOVE INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

(EXPRESSED IN CANADIAN DOLLARS)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ApartmentLove Inc.

Opinion

We have audited the financial statements of ApartmentLove Inc. (the "Company"), which comprise the statement of financial position as at December 31, 2022 and 2021 and the statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, 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 in the financial statements, which indicates that the Company incurred a net loss of $2,023,562 during the year ended December 31, 2022 and, as of that date, the Company's current assets exceeded its current liabilities by $392,420. 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 for the year ended December 31, 2022. 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 matters described below to be the key audit matters to be communicated in our auditor’s report.

<u>Evaluation of fair value of technology assets, brand, and listing relationships acquired</u>

Refer to financial statements Note 3(k) – Significant accounting policies – Business combination; Note 9 – Acquisitions.

The Company acquired the assets of Owner Direct Rentals Inc. for a total consideration of $385,662 on July 14, 2022. The acquisition-date fair value of the identifiable assets acquired included $375,000 of intangible assets, of which $165,830 relates to technology asset, $32,653 relates to brand, and $176,517 relates to listing relationships. The Company also acquired the assets of GottaRent.com for a total consideration of $994,414 on December 15, 2022. The acquisition-date fair value of the identifiable assets acquired included $940,000 of intangible assets, of which $160,178 relates to technology asset, $176,716 relates to brand, and $603,106 relates to listing relationships.

Management determined the acquisition-date fair value of the acquired brand and listing relationships using valuation models, which are based off significant assumptions related to expected future net cashflows. These assumptions include forecasted revenue and gross margins, long-term growth rate, royalty rate, attrition rate and discount rate. Management determined the acquisition-date fair value of the acquired technology asset using a valuation model, which applies significant assumptions related to what a market participant would pay to acquire or construct a comparable asset. These assumptions include programmer and database developer hours and average hourly rate, and obsolescence. The Company engaged a valuator ("management's expert") to estimate the acquisition-date fair value of the intangible assets acquired.

We identified the evaluation of fair value of intangible assets acquired as a key audit matter due to the magnitude of the balances and the significant auditor judgement and specialized skills and knowledge required in applying and evaluating our audit procedures regarding the valuation approach and significant assumptions used by management in determining the acquisition-date fair value of the intangible assets acquired.

How our audit addressed the Key Audit Matter:

Our approach to addressing the matter included the following procedures, among others:

- Analyzed the purchase agreements to obtain an understanding of the key terms and conditions to identify the necessary accounting considerations;
- Assessed the competence, capabilities and objectivity of management's expert;
- Assessed the appropriateness of forecasted revenue and gross margins by comparing to actual historical performance of the acquired businesses and publicly available data on industry trends;
- Assessed the appropriateness of obsolescence by comparing to other technology platforms in the Company and publicly available industry benchmarks;
- Assessed the programmer and database developer hours and average hourly rates by comparing to the Company's actual historical technology development data;
- With the assistance of internal valuation specialists:
  - Evaluated the appropriateness of management's valuation approach and methodology;
  - Evaluated the appropriateness of the discount rate by comparing against a discount rate range that was independently developed using publicly available market data for comparable entities;
  - Evaluated the appropriateness of royalty, attrition, and long-term growth rates by comparing to external industry data; and
- Assessed the adequacy of the Company's disclosures within the notes to the financial statements in relation to this matter.

<u>Assessment of valuation and presentation of convertible debenture units</u>

Refer to financial statements Notes 3(h) and Note 3(i) – Significant accounting policy; Note 11 – Term Loans; Note 17(v) – Warrants.

During the year ended December 31, 2022, the Company issued convertible debenture units ("new convertible debentures"), consisting of convertible debentures and detachable warrants. The new convertible debentures issued included a combination of units issued for cash and units issued in exchange for previously issued convertible debentures. Management made certain significant estimates, including share price volatility and discount rates, to determine the fair values of the liability component and the equity components contained in the new convertible debentures issued. In addition, management made significant judgements to determine whether the modification of previously issued convertible debentures was substantial. As at the issuance date, management determined the fair value of the new convertible debentures and the carrying value of the previously issued convertible debentures, and recorded a loss on modification in the statement of loss and comprehensive loss.

We identified this as a key audit matter due to the magnitude of the balances and the significant auditor judgement and attention required in applying and evaluating our audit procedures regarding the estimates and judgements used by management in determining the fair values of the components of the new convertible debentures, the loss on modification of previously issued convertible debentures, and the presentation of the new convertible debentures in the financial statements.

How our audit addressed the Key Audit Matter:

Our approach to addressing the matter included the following procedures, among others:

- Agreed the terms of the new convertible debentures to the subscription agreements to understand the necessary accounting considerations;
- Assessed the appropriateness of the accounting treatment of the new convertible debentures and the modification of previously issued convertible debentures;
- Assessed the appropriateness of the discount rate and share price volatility by comparing to publicly available market data;
- Assessed the mathematical accuracy of management's calculation of the fair values of the components contained in new convertible debentures, the carrying value of the previously issued convertible debentures, and the resulting loss on modification as at the date of modification; and
- Assessed the adequacy of the Company's disclosures within the notes to the financial statements in relation to this matter.

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not and will 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 when it becomes available 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 the Management 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 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 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 Cameron Rustad.

RSM Canada LLP

Chartered Professional Accountants
May 1, 2023
Calgary, Alberta

ApartmentLove Inc.
Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2022	As at December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents (note 5)	**$ 844,000**	$ 552,733
Accounts receivable (note 6)	**138,886**	24,036
Prepaid expenses and deposits	**227,844**	35,900
	1,210,730	612,669
Non-current assets		
Equipment (note 7)	**896**	1,612
Intangible assets (note 8)	**1,547,698**	267,136
Total assets	**$ 2,759,324**	$ 881,417
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Accounts payable and accrued liabilities (note 10)	**$ 767,111**	$ 417,862
Deferred revenue	**11,199**	-
Current portion of term loans (note 11)	**40,000**	-
	818,310	417,862
Non-current liabilities		
Term loans (note 11)	**2,062,810**	451,780
Total liabilities	**2,881,120**	869,642
Shareholders' equity (deficiency)		
Share capital (note 15)	**4,093,096**	2,939,464
Equity portion of convertible debentures (note 11)	**315,141**	55,678
Contributed surplus	**440,516**	443,466
Warrants (note 17)	**524,290**	44,444
Deficit	**(5,494,839)**	(3,471,277)
Total shareholders' equity (deficiency)	**(121,796)**	11,775
Total liabilities and shareholders' equity (deficiency)	**$ 2,759,324**	$ 881,417

Going concern (note 1)
Subsequent events (note 23)

Approved by the Board of Directors:

"George Davidson"
Director

"Mackenzie Regent"
Director

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

ApartmentLove Inc.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended December 31, 2022	2021
Revenue (note 12)	**$ 264,585**	$ 5,561
Cost of sales (note 8)	**28,041**	664
Gross profit	**236,544**	4,897
Expenses		
Selling, general and administrative expenses (notes 13 & 19)	**1,922,529**	648,892
Stock-based compensation (notes 16, 17 & 19)	**33,800**	235,531
Amortization and depreciation (notes 7 & 8)	**150,470**	99,576
Finance cost	**172,029**	39,130
Total expenses	**(2,278,828)**	(1,023,129)
Net loss before other income	**(2,042,284)**	(1,018,232)
Other income		
Gain on modifications of convertible debentures, net	**475**	-
Gain on cancellation of shares (note 22)	**-**	175,000
Other income	**18,247**	12,562
Other income	**18,722**	187,562
Net loss and comprehensive loss for the year	**$ (2,023,562)**	$ (830,670)
Net loss per share - basic and diluted	**$ (0.05)**	$ (0.02)
Weighted average number of common shares outstanding - basic and diluted (note 18)	**43,844,063**	36,498,917

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

ApartmentLove Inc.
Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)

	Share Capital	Equity Portion of Convertible Debentures	Warrants	Contributed Surplus	Deficit	Shareholders' Equity (Deficiency)
Balance, December 31, 2020	**$ 2,208,355**	**$ 3,821**	**$ 53,500**	**$ 218,315**	**$ (2,640,607)**	**$ (156,616)**
Private placements, net of issuance costs	342,757	-	-	-	-	342,757
Equity component of convertible debentures	-	71,720	-	-	-	71,720
Common shares issued for settlement of payables	396,550	-	-	-	-	396,550
Common shares issued for conversion of convertible debentures	138,685	(19,863)	-	-	-	118,822
Cancellation of common shares previously issued in exchange for assets	(210,000)	-	-	-	-	(210,000)
Stock-based compensation	-	-	-	232,975	-	232,975
Stock options exercised	29,595	-	-	(7,824)	-	21,771
Warrants exercised	33,522	-	(11,612)	-	-	21,910
Modification of previously issued warrants	-	-	2,556	-	-	2,556
Net loss for the year	-	-	-	-	(830,670)	(830,670)
Balance, December 31, 2021	**$ 2,939,464**	**$ 55,678**	**$ 44,444**	**$ 443,466**	**$ (3,471,277)**	**$ 11,775**
Private placements, net of issuance costs	1,039,282	-	197,328	-	-	1,236,610
Equity component of convertible debentures	-	259,463	-	-	-	259,463
Warrants issued on convertible debentures	-	-	278,170	-	-	278,170
Warrants issued in exchange of services	-	-	6,948	-	-	6,948
Warrants expired	-	-	(2,600)	2,600	-	-
Stock-based compensation	-	-	-	33,800	-	33,800
Stock options exercised	114,350	-	-	(39,350)	-	75,000
Net loss for the year	-	-	-	-	(2,023,562)	(2,023,562)
Balance, December 31, 2022	**$ 4,093,096**	**$ 315,141**	**$ 524,290**	**$ 440,516**	**$ (5,494,839)**	**$ (121,796)**

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

ApartmentLove Inc.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31, 2022	Year Ended December 31, 2021
Operating activities		
Net loss for the year	**$(2,023,562)**	$ (830,670)
Items not affecting cash:		
Amortization and depreciation	**171,976**	99,576
Stock-based compensation	**33,800**	235,531
Gain on modification of convertible debentures	**(475)**	-
Accrued interest and accretion	**172,029**	20,304
Services settled by warrants	**6,948**	-
Gain on cancellation of shares	**-**	(175,000)
Changes in non-cash working capital items:		
Accounts receivable	**(35,555)**	(18,139)
Prepaid expenses and deposits	**(191,944)**	(30,900)
Accounts payable and accrued liabilities	**275,054**	523,271
Net cash used in operating activities	**(1,591,729)**	(176,027)
Investing activities		
Purchase of equipment	**-**	(1,717)
Purchase of intangible assets	**(103,146)**	(275,923)
Cash paid for acquisition of Owner Direct	**(348,162)**	-
Cash paid for acquisition of Gotta Rent	**(994,414)**	-
Net cash used in investing activities	**(1,445,722)**	(277,640)
Financing activities		
Private placement, net of issuance costs	**1,236,610**	342,757
Proceeds from stock options exercised	**75,000**	21,771
Proceeds from warrants exercised	**-**	21,910
Proceeds from convertible debentures, net of transaction costs	**2,017,108**	572,600
Net cash provided by financing activities	**3,328,718**	959,038
Net change in cash	**291,267**	505,371
Cash and cash equivalents, beginning of year	**552,733**	47,362
Cash and cash equivalents, end of year	**$ 844,000**	$ 552,733
Non-cash items not included in cash flows:		
Common shares issued for settlement of payables	**$ -**	$ 396,550
New convertible debentures units issued to replace existing debentures	**825,000**	-
Common shares issued for conversion of convertible debentures	**-**	138,685
Consideration for acquisition of Owner Direct included in accounts payable	**37,500**	-
Purchase of intangible assets settled by accounts payable	**$ 33,676**	$ -

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

1. NATURE OF OPERATIONS AND GOING CONCERN

ApartmentLove Inc. (the "Company") was federally incorporated under the laws of Canada on January 19, 2015, with operations commencing July 15, 2015. The Company provides an interactive real estate website (www.apartmentlove.com) which promotes housing, apartments and other rental properties online by offering prospective tenants photographs, property descriptions, text, price, location, maps and other information that could be considered beneficial to a prospective tenant when making a rental decision.

During the year ended December 31, 2022, the Company acquired the assets of Owner Direct Rentals Inc. and GottaRent.com, which were accounted for as business combinations (note 9).

The Company listed on the Canadian Securities Exchange (the "CSE") and began trading on August 30, 2021 under the ticker symbol "APLV". The Company listed on the OTCQB Venture Market and began trading on November 16, 2022 under the ticker symbol "APMLF".

The Company's head office is located at 1600, 421 – 7th Avenue SW, Calgary, Alberta, Canada, T2P 4K9.

These financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern. As at December 31, 2022, the Company had a positive working capital of $392,420 (December 31, 2021 - $194,807). The Company had an accumulated deficit of $5,494,839 (December 31, 2021 - $3,471,277) as at December 31, 2022 and incurred a net loss during the year ended December 31, 2022 of $2,023,562 (year ended December 31, 2021 - $830,670). The Company has not yet been able to generate the transaction volumes required to create positive cash flows from operations. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to December 31, 2022 is uncertain. Until this time, management may have to raise funds by way of debt or equity issuances. The Company will closely monitor its cash and will take the necessary measures to preserve cash, such as reducing spending as required until the Company succeeds in gathering sufficient sales volumes to consistently achieve profitable operations and generate positive cash flows from operations.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption be inappropriate. These adjustments could be material.

2. BASIS OF PREPARATION AND GOING CONCERN

(a) Statement of compliance

These financial statements have been prepared in accordance with International Accounting Standards using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee. A summary of the Company's significant accounting policies under IFRS is presented in note 3. The accounting policies set out below have been consistently applied to all periods presented.

These financial statements were approved and authorized for issuance by the Board of Directors on May 1, 2023.

(b) Basis of measurement

These financial statements have been prepared on a historical cost basis.

2. BASIS OF PREPARATION AND GOING CONCERN (continued)

(c) Functional currency

The financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Use of estimates and judgments

The timely preparation of the financial statements in conformity with IFRS requires that management make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the year. Such estimates primarily relate to unsettled transactions and events as at the date of the financial statements. Accordingly, actual results may differ from estimated amounts as future events occur. Significant estimates and judgments made by management in the preparation of the financial statements are outlined in note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) New accounting standards adopted during the year

There are no new standards which are effective for the periods beginning on or after January 1, 2022 that have an impact on these financial statements.

(b) Cash and cash equivalents

Cash and cash equivalents include unrestricted balances on deposit with financial institutions and cash held in trust which are cashable on demand.

(c) Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Depreciation is recognized on equipment as follows:

Computers	3-year straight-line
Furniture and fixtures	3-year straight-line

The Company allocates the amount initially recognized in respect of an item of equipment to its significant component within each cash-generating unit and depreciates separately each component. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in the statement of loss and comprehensive loss.

(d) Intangible assets

The Company's intangible assets include internally developed website with underlying technologies, and brand, listing relationships and underlying technologies that encompass the websites ("Technology Asset") which were acquired through business combinations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Intangible assets (continued)

Research and development

Research costs are expensed when incurred. Development costs are capitalized when the feasibility and profitability of the project can reasonably be considered certain. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized if the product or process is technically and commercially feasible and the Company has sufficient resources to complete development. The expenditure capitalized includes the cost of materials and direct labour. Other development expenditure is recognized in the statement of loss and comprehensive loss as an expense as incurred. Capitalized development expenditure is stated at cost less accumulated amortization and impairment losses.

Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed as incurred.

Amortization

Amortization is charged to the statement of loss and comprehensive loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortized from the date they are available for use. Amortization is recognized on intangible assets as follows:

Website development costs	3-year straight-line
Technology Asset	3-year straight-line
Brand	20-year straight-line
Listing relationships	10-year straight-line
Domains	3-year straight-line

(e) Revenue recognition for rental listing revenue

The Company recognizes revenue at the time the performance obligation has been met by posting the rental listing as an active listing.

The Company's primary sources of revenue with customers are the provision of rental property listings services. For ApartmentLove Inc. and Gotta Rent, the Company recognizes the revenue on individual rental listings at the time the listing is posted and active on the website. The Company also offers listing contracts to customers to provide an unlimited number of listings each month over a defined service period for a monthly recurring rate. Revenue from long-term contracts is recognized monthly over the life of the contract.

For Owner Direct, the Company recognizes the revenue at a point in time when the booking from the end user has been confirmed. The Company charges matching fees as a percentage of the value of the booking, excluding taxes.

The Company offers annual subscription and travel insurance to end users through Owner Direct. During the year ended December 31, 2022, the revenue from such services were not material.

The Company recognizes programming revenue at a point in time in the month it was billed for work completed on an hourly rate basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income 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 arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is not recognized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(g) Financial instrument

Financial instruments are measured at fair value on initial recognition, which is typically the transaction price unless a significant financing component is present. Subsequent measurement is dependent on whether the instrument is classified as “amortized cost”, “fair value through profit or loss” or “fair value through other comprehensive income”. The classification of financial assets is determined by their characteristics and their context in the Company’s business model.

The Company classifies financial assets and liabilities as follows:

Amortized cost

Cash and cash equivalents, trade receivable, deposits, trade payable and term loans are held by the Company to collect or pay contractual cash flows and are measured at amortized cost. Financial instruments measured at amortized cost are recognized initially at fair value, adjusted for any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortized cost using the effective interest rate method, less any impairment losses.

Fair value through profit or loss

Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including interest expense are recognized in profit or loss. The Company does not have any financial liabilities recognized at fair value through profit or loss.

Fair value through other comprehensive income

The Company has no financial instruments that do not meet the criteria to be measured at amortized cost or fair value through profit or loss and, accordingly, no financial instruments are measured at fair value through other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instrument (continued)

Fair value through other comprehensive income (continued)

The Company derecognizes a financial asset when the contractual right to the cash flow expires, or the right to receive the contractual cash flows from the financial asset and substantially all the risks and rewards of ownership of the financial asset are transferred. The Company derecognizes a financial liability when the contractual obligations are discharged, cancelled or expired.

Equity instruments

Common shares, stock options, warrants, and conversion features on convertible debentures where the contract can be settled by issuing a fixed number of shares for a fixed value are classified as equity. Incremental costs directly attributable to the issue of common shares, conversion features on convertible debentures, stock options and warrants are recognized as a deduction from equity, net of any tax effects.

Impairment

The Company recognizes loss allowances for expected credit losses on its financial assets measured at amortized cost. Expected credit losses exist if, after initial recognition of the financial asset, one or more indicators exist that reduce estimated future cash flows from the financial asset and that impact can be reliably measured. The Company applies the simplified approach to expected credit loss measurement on accounts receivable, which uses a lifetime expected impairment to determine the expected credit loss. The Company uses a combination of historical and forward-looking information to determine the appropriate expected credit loss. The carrying amount of the asset is reduced through an allowance account, and the loss is recognized in selling, general and administrative expenses.

(h) Stock options and warrants

Stock options granted are accounted for using the fair value method under which compensation expense is recorded based on the estimated fair value of options and warrants at the grant date using the Black-Scholes option pricing model. The Company measures share based payments to non-employees at the fair value of the goods or services received at the date of receipt of the goods or services. If the fair value of the goods or services cannot be measured reliably, the value of the option and warrants granted are measured using the Black-Scholes option-pricing model. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options and warrants that vest.

Each tranche in an award is considered a separate award with its own vesting period. Compensation cost is expensed over the vesting period with a corresponding increase in contributed surplus. When stock options and warrants are exercised, the cash proceeds along with the amount previously recorded as contributed surplus is recorded as share capital.

(i) Compound financial instruments

Certain financial instruments are comprised of a liability and an equity component. The various components of these instruments are accounted for in equity and liabilities according to their classification, as defined in IAS 32 “Financial Instruments: Disclosure and Presentation”.

The components classified as liabilities are valued at issuance at the present value taking into account the credit risk at issuance date of the future cash flows including interest and repayment of the principal value of an instrument with the same characteristics but without any option for conversion or redemption in shares.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Compound financial instruments (continued)

The residual, which is the difference between issuance price of the instruments and the fair value of the financial liability component, is assigned to the equity instruments. If there are two equity components, the residual amount could be allocated to the two equity components based on their relative fair values.

Financial liabilities are derecognized when the liability is extinguished. A substantial modification of the terms of an existing financial liability is recorded as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in profit or loss.

Where a financial liability is modified in a way that does not constitute an extinguishment, the modified cash flows are discounted at the liability's original effective interest rate. Transaction costs paid to third parties in a modification that does not constitute an extinguishment are amortized over the remaining term of the modified debt. Transaction costs in a substantial modification are expensed to profit or loss as incurred.

(j) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed for indicators of impairment at each reporting date. If indicators of impairment exist, the recoverable amount of the asset is estimated. For the purposes of assessing impairment, equipment and intangible assets are grouped into cash generating units ("CGU").

The recoverable amount of a CGU is the greater of its fair value less costs of disposal and its value in use. Fair value is determined to be the amount for which the asset could be sold in an arm's length transaction between knowledgeable and willing parties. Fair value less costs of disposal may be determined using discounted future net cash flows. These cash flows are discounted at an appropriate discount rate, which would be applied by a market participant. Value in use is determined by estimating the present value of the future net cash flows to be derived from the continued use of the CGU in its present form. These cash flows are discounted at a rate based on the time value of money and risks specific to the CGU.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its recoverable amount. An impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amount of goodwill, if any, allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. Impairment losses are recognized in net income.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized. A goodwill impairment loss is not reversed.

(k) Business combination

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Business combination (continued)

On the acquisition of a business, the acquirer assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the acquirer's operating or accounting policies and other pertinent conditions in existence at the acquisition-date. The difference between the acquisition date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred is recognized as goodwill.

If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognized as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquiree.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognized and also recognizes additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

The Company determined the acquisition-date fair value of the acquired brand and listing relationships using the relief from royalty approach and multi-period excess earnings approach respectively, which are based off significant assumptions related to expected future net cashflows. These assumptions include forecasted revenue and gross margins, long-term growth rate, royalty rate, attrition rate and discount rate. The acquisition-date fair value of the acquired technology asset was determined using the replacement cost approach, which applies significant assumptions related to what a market participant would pay to acquire or construct a comparable asset. These assumptions include programmer and database developer hours and average hourly rate, and obsolescence.

(l) Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share reflects the potential dilution that would occur if in-the-money options and warrants were exercised. The Company uses the treasury stock method for outstanding stock options and warrants which assumes that all outstanding stock options and warrants with exercise prices below average Company market prices are exercised and assumed proceeds plus the unamortized portion of stock-based compensation are used to purchase the Company's common shares at the average Company market price during the period.

All of the Company's potentially dilutive securities are anti-dilutive during the periods presented due to losses incurred.

4. USE OF ESTIMATES AND JUDGMENTS

The timely preparation of the financial statements requires that management make estimates and use judgment regarding the reported amounts of assets, liabilities, revenues and expenses and disclosures of contingent assets and liabilities as at the date of the financial statements. Such estimates primarily relate to unsettled transactions and events as at the date of the financial statements. Accordingly, actual results may differ from estimated amounts as future events occur.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal actual results. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future years affected.

4. USE OF ESTIMATES AND JUDGMENTS (continued)

(a) Significant judgments in applying accounting policies

The following significant judgments have been made by management in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in these financial statements:

i. *Intangible assets - Impairment*

Judgments are required to assess when impairment indicators, or reversal indicators exist, and impairment testing is required. These indicators include, but are not limited to, significant changes in markets for the Company's products or services, declining projected economic performance, or management's intended use of the asset.

ii. *Intangible assets - Recognition*

Judgments are required to assess whether the expenditures on intangible assets meets the criteria for capitalization. These judgments include assessing control over the asset and the future economic benefit.

iii. *Income taxes*

Judgment is required in the calculation of current and deferred taxes in applying tax laws and regulations, estimating the timing of the reversals of temporary differences and estimating the realizability of deferred tax assets.

iv. *Substantial and non-substantial debt modification*

Judgments are required in applying IFRS 9 Financial Instruments to determine whether the amended terms of the convertible debentures are a substantial modification of an existing financial liability or whether it should be accounted for as an extinguishment of the original financial liability.

v. *Business combinations*

Judgments are required in applying IFRS 3 Business Combinations to determine the classification of an acquisition as a business combination or an asset acquisition, which depends on whether the acquiree constitute a business. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on and after acquisition.

(b) Key sources of estimation uncertainty

The following key estimates and related assumptions concerning the sources of estimation uncertainty that have a significant risk of causing adjustments to the carrying amounts of assets and liabilities have been made by management:

i. *Intangible assets*

Management uses its best estimates to choose depreciation and amortization methods and makes related assumptions of residual values and useful lives when preparing the related calculations, including forecasted revenue and gross margins, long-term growth rate, royalty rate, attrition rate and discount rate. The Company considers historical trends, conditions under which assets are to be used and other industry related factors in determining estimated useful lives of the assets.

(Expressed in Canadian Dollars)

4. USE OF ESTIMATES AND JUDGMENTS (continued)

(b) Key sources of estimation uncertainty (continued)

ii. Income taxes

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty. Tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires management to make some assumptions as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in the statement of income in the period in which the change occurs.

iii. Stock-based compensation

In estimating the fair value of stock options and warrants using the Black-Scholes option pricing model, the Company uses assumptions related to the risk-free interest rate, expected lives of options and warrants, estimated forfeitures, estimated market price of the Company's shares and estimated future volatility of the Company's share price.

iv. Compound financial instruments

Certain financial instruments are comprised of a liability and an equity component. The determination of the amount allocated to the liability and equity components requires management to estimate various components and characteristics of present value calculations, including market interest rate, used in determining the fair value of the financial liability component, and assumptions used in Black-Scholes option pricing model as described under note 4(b)(iii) to estimate the fair value of the equity components.

5. CASH AND CASH EQUIVALENTS

	As at December 31, 2022	As at December 31, 2021
Cash	**$ 813,414**	$ 552,733
Cash held in trust	**30,586**	-
	$ 844,000	$ 552,733

6. ACCOUNTS RECEIVABLE

	As at December 31, 2022	As at December 31, 2021
Trade receivables	**$ 98,212**	$ -
Goods and services tax recoverable	**40,674**	24,036
	$ 138,886	$ 24,036

(Expressed in Canadian Dollars)

7. EQUIPMENT

Cost	Computers	Furniture and Fixtures	Total
Balance, December 31, 2020	**$ 1,850**	**$ 5,349**	**$ 7,199**
Additions in 2021	1,717	-	1,717
Balance, December 31, 2021 and December 31, 2022	**$ 3,567**	**$ 5,349**	**$ 8,916**
Accumulated depreciation			
Balance, December 31, 2020	**$ 1,519**	**$ 4,903**	**$ 6,422**
Charge for the year	436	446	882
Balance, December 31, 2021	**$ 1,955**	**$ 5,349**	**$ 7,304**
Charge for the year	716	-	716
Balance, December 31, 2022	**$ 2,671**	**$ 5,349**	**$ 8,020**
Net book value			
Balance, December 31, 2021	**$ 1,612**	**$ -**	**$ 1,612**
Balance, December 31, 2022	**$ 896**	**$ -**	**$ 896**

8. INTANGIBLE ASSETS

Cost	Website Development Costs	Technology Asset	Brand	Listing Relationships	Domains	Total
Balance, December 31, 2020	**$ 212,659**	**$ -**	**$ -**	**$ -**	**$ 114,771**	**$ 327,430**
Additions	275,923	-	-	-	-	275,923
Balance, December 31, 2021	**$ 488,582**	**$ -**	**$ -**	**$ -**	**$ 114,771**	**$ 603,353**
Additions	136,822	-	-	-	-	136,822
Acquired in business combination (note 9)	-	326,008	209,369	779,623	-	1,315,000
Balance, December 31, 2022	**$ 625,404**	**$ 326,008**	**$ 209,369**	**$ 779,623**	**$ 114,771**	**$ 2,055,175**
Accumulated amortization						
Balance, December 31, 2020	**$ 138,266**	**$ -**	**$ -**	**$ -**	**$ 99,257**	**$ 237,523**
Charge for the year	83,978	-	-	-	14,716	98,694
Balance, December 31, 2021	**$ 222,244**	**$ -**	**$ -**	**$ -**	**$ 113,973**	**$ 336,217**
Charge for the year	138,237	21,506	-	10,719	798	171,260
Balance, December 31, 2022	**$ 360,481**	**$ 21,506**	**$ -**	**$ 10,719**	**$ 114,771**	**$ 507,477**
Net book value						
Balance, December 31, 2021	**$ 266,338**	**$ -**	**$ -**	**$ -**	**$ 798**	**$ 267,136**
Balance, December 31, 2022	**$ 264,923**	**$ 304,502**	**$ 209,369**	**$ 768,904**	**$ -**	**$ 1,547,698**

During the year ended December 31, 2022, the Company had amortization expense of $21,506 included in cost of sales (December 31, 2021 - $nil). The Company paid cash for website development of $103,146 (December 31, 2021 - $275,923), with $33,676 (December 31, 2021 - $nil) from changes in accounts payable during the year ended December 31, 2022.

(Expressed in Canadian Dollars)

9. ACQUISITIONS

Owner Direct Rentals Inc.

On July 14, 2022, the Company completed a transaction to acquire identifiable intangible assets of Owner Direct Rentals Inc. ("Owner Direct"), including brand, listing relationships, and Technology Asset. The Company paid $337,500 in cash with a holdback of $37,500 released in March 2023 as consideration for the acquired assets, and $10,662 for working capital adjustments. The Company completed the acquisition in order to gain access to the short term listings market.

The Company recognized revenues of $225,722 related to Owner Direct from the acquisition date through December 31, 2022. It is impracticable for the Company to disclose the profit or loss related to Owner Direct since the acquisition date, as Owner Direct was immediately integrated into the Company's operation upon acquisition. It is impracticable for the Company to disclose the impact on its revenues and profit or loss had Owner Direct's financial results been included from January 1, 2022 due to the lack of detailed historical information.

The acquisition has been accounted for as a business combination with the Company as the acquirer. The net assets acquired and allocation of the purchase consideration was as follows:

Trade receivable (i)	$	12,652
Intangible assets - Technology Asset		165,830
Intangible assets - Brand		32,653
Intangible assets - Listing relationships		176,517
Accounts payable		(1,990)
Net assets acquired	**$**	**385,662**
Acquisition-date fair value of the total consideration transferred	**$**	**385,662**
Representing:		
Cash - purchase price		**337,500**
Cash - working capital adjustment		**10,662**
Accounts payable - purchase price	**$**	**37,500**
Cash used to acquire the business		
Acquisition-date fair value of the total consideration transferred	$	385,662
Less: accounts payable		37,500
Net cash used in the business combination	**$**	**348,162**

(i) The fair value of trade receivables and gross contractual amount receivable is $12,652. There is no provision for uncollectable trade receivables as of the acquisition date.

GottaRent.com

On December 15, 2022, the Company completed a transaction to acquire tangible assets in the form of working capital, as well as intangible assets, including brand, listing relationships, and Technology Asset from Metroland Media Group Ltd. in an all-cash takeover. The Company paid $940,000 in cash as consideration for the acquired assets, and $54,414 for working capital adjustments. The Company completed the acquisition to expand its listings in the Greater Toronto Area.

(Expressed in Canadian Dollars)

9. ACQUISITIONS (continued)

GottaRent.com (continued)

The Company recognized revenues of $13,587 related to GottaRent.com from the acquisition date through December 31, 2022. It is impracticable for the Company to disclose the profit or loss related to GottaRent.com since the acquisition date, as GottaRent.com was immediately integrated into the Company's operation upon acquisition. It is impracticable for the Company to disclose the impact on its revenues and profit or loss had GottaRent.com's financial results been included from January 1, 2022 due to the lack of detailed historical information.

The acquisition has been accounted for as a business combination with the Company as the acquirer. The net assets acquired and allocation of the purchase consideration was as follows:

Accounts receivable (ii)	$	65,943
Intangible assets - Technology Asset		160,178
Intangible assets - Brand		176,716
Intangible assets - Listing relationships		603,106
Accounts payable		(330)
Deferred revenue		(11,199)
Net assets acquired	**$**	**994,414**
Acquisition-date fair value of the total consideration transferred	**$**	**994,414**
Representing:		
Cash - purchase price		**940,000**
Cash - working capital adjustment	**$**	**54,414**
Cash used to acquire the business		
Net cash used in the business combination	**$**	**994,414**

(ii) The fair value of trade receivables and gross contractual amount receivable is $65,943. There is no provision for uncollectable trade receivables as of the acquisition date.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		As at December 31, 2022		As at December 31, 2021
Trade payables	**$**	**596,595**	$	357,862
Accrued liabilities		**166,607**		60,000
Payroll liabilities		**3,909**		-
	$	**767,111**	$	417,862

All of the accounts payable and accrued liabilities at December 31, 2022 are due on standard credit terms and are expected to be settled within one year. Trade payables include amounts due to related parties amounting to $201,255 (December 31, 2021 - $1,946). These payables are unsecured, non-interest bearing and due on demand.

(Expressed in Canadian Dollars)

11. TERM LOANS

	As at December 31, 2022	As at December 31, 2021
CEBA Loan (i)	**$ 40,000**	$ 33,319
Convertible debentures (ii)	**2,062,810**	418,461
	$ 2,102,810	$ 451,780

(i) The Company applied for and received a $60,000 CEBA loan in the 2020 fiscal year. The loan was provided by the Government of Canada to provide capital to companies to see them through the current challenges related to the COVID-19 pandemic and better position them to return to providing services and creating employment. The loan is unsecured. The loan is interest free to December 31, 2023. If the loan is paid back by December 31, 2023, $20,000 of the loan will be forgiven. If the loan is not paid back by December 31, 2023 the full $60,000 loan will be converted to loan repayable over two years with a 5% interest rate. To estimate the fair value, the debt component was estimated first at $26,094, considering the forgiveness and interest free aspects. An effective rate of 20% was used which corresponds to a rate that the Company would have obtained for a similar loan. The $20,000 residual value was attributed to a government subsidy that was presented in the statement of loss in other income during the 2020 fiscal year. The balance as at December 31, 2022 includes $13,906 (December 31, 2021 - $7,225) of accretion which was calculated using effective interest rates of 20%.

(ii) On October 13, 2020, the Board approved the issuance of convertible debentures with a two year term and an interest rate to accrue at the rate of 10% compound annually, convertible into common shares at $0.10 to $0.25 per common share.

On January 28, 2021, the Company closed a non-brokered private placement of convertible debentures totaling $60,000. The following day a further $55,000 was placed, with a further $50,000 closing on February 5, 2021. On December 21, 2021, the Company closed a non-brokered private placement of convertible debentures totaling $350,000, with a further $75,000 closing on December 29, 2021. The fair value of the loans was determined to be $518,280 using an effecive interest rate of 20% and $71,720 being allocated to equity component of convertible debenture. In September 2021, a total of $138,685, which included accrued interest to date in the amount of $8,685 was converted into common shares.

On January 11, 2022, the Company closed a non-brokered private placement of convertible debentures ("Debenture Financing") totaling $200,000, with a further $100,000 closing on January 24, 2022, $20,000 closing on January 25, 2022, and $8,000 closing on February 8, 2022. In connection with the Debenture Financing, the Company paid transaction costs of $13,600, of which $12,065 was recorded as a reduction to the liability component of convertible debentures and $1,535 was recorded as a reduction to the equity component of convertible debentures. The fair value of the loans was determined to be $290,970 using an effective interest rate of 16.79% and $37,030 being allocated to equity component of convertible debentures.

On December 13, 2022, the Company closed a Debenture Financing and concurrent non-brokered private placement (the "Offering") of 10% unsecured debenture units (the "Debenture Unit") for total gross proceeds of $2,896,000 with interest to be paid quarterly. Each Debenture Unit comprises of one $1,000 principal amount unsecured convertible debenture (a "Convertible Debenture") and 5,000 common share purchase warrants (each, a "Warrant"). The Company calculated the fair values of the conversion feature and warrants, and re-allocated the convertible debentures into three components, with the debentures carried at amortized cost, and the residual amount allocated to the conversion feature and warrants based on their relative fair values. The fair value of the loans was determined to be $2,260,012 using an effective interest rate of 26.45%, with $362,024 being allocated to the conversion features and $273,964 being allocated to the warrant component of convertible debenture.

11. TERM LOANS (continued)

(ii) (continued)

$825,000 of Convertible Debentures, which were exchanged for the previously issued convertible debentures of $753,000, net of equity component of $181,178 are accreted using an effective interest rate of 26.45% over their term, such that the carrying amount will equal the total face value at maturity. $2,071,000 of Convertible Debentures, net of equity component of $454,811 are accreted using an effective interest rate of 47.03% over their term, such that the carrying amount will equal the total face value at maturity.

The Convertible Debentures are convertible at the option of the holder into common shares of the Company "the Common Shares") at a price of $0.20 per Common Share. Upon a change on control of the Company, the holders of the Convertible Debentures have the right to require the Company to repurchase their Convertible Debentures, in whole or in part, on the date that is 30 days following notice of the change of control at a price equal to 105% of the principal amount of the Convertible Debentures then outstanding plus accrued and unpaid interest thereon. Management determined the impact of such right was not material. Each Warrant is exercisable to acquire one Common Share at an exercise price of $0.30 per Common Share until December 13, 2024 (the "Expiry Date"), provided that if, at any time following the date that is four months and one day from the last closing date of the Offering, the daily volume weighted average trading price of the Common Shares on the Canadian Securities Exchange is greater than $0.75 per Common Share for the preceding five consecutive trading days, the Company shall have the right, within three trading days, to accelerate the Expiry Date to a date that is at least 30 days following the date of such written notice. Management determined that the impact of such right was not material. All securities issued pursuant to the Offering are subject to a statutory four month hold period from their date of issuance.

In connection with the Offering, the Company paid the agent a cash commission of $124,260, advisory fee of $12,000, issued 62 Debenture Units as payment of corporate finance fee, issued non-transferable broker warrants (the "Broker Warrants") to purchase 561,300 units of the Company, and issued non-transferable advisory warrants (the "Advisory Warrants") to purchase 60,000 units of the Company. Each Broker Warrant and Advisory Warrant (together the "Compensation Warrants") will be exercisable to acquire one unit (a "Compensation Unit") consisting of one Common Share and one Warrant (each, a "Compensation Unit Warrant"), at an exercise price of $0.20 per Common Share until December 13, 2024. Each Compensation Unit Warrant shall be exercisable to purchase on Common Share on the same terms and conditions applicable to the Warrants. The fair value of the loans on the 62 Debenture Units was determined to be $48,384 using an effective interest rate of 26.45%, with $7,751 being allocated to the equity component and $5,865 being allocated to the warrant component of convertible debenture. The fair value of the 621,300 Compensation Warrants was determined to be $40,384 (note 17(v)), of which $31,516 was recorded as a reduction to the liability component of convertible debentures, $5,048 was recorded as a reduction to the equity component of convertible debentures, and $3,820 was recorded as a reduction to the warrant component of convertible debentures. In connection with the Offering, the Company paid legal fees and other transaction costs including the cash commission, finder's fees in Debenture Units and warrants of $470,676, of which $346,830 was recorded as a reduction to the liability component of convertible debentures, $55,557 was recorded as a reduction to the equity component of convertible debentures, $42,043 was recorded as a reduction to the warrant component of convertible debentures, and $26,246 was expensed in profit or loss as the transaction costs were related to the extinguishment as described in the next paragraph.

As part of the Offering, the Company's board of directors passed a resolution allowing each of the Company's current $753,000 principal amount plus accrued interest $0.25 convertible debenture holders to swap their current debentures in exchange for the new $0.20 convertible debentures. As a result, the Company extinguished these convertible debentures and treated them as new convertible debentures with a maturity date of December 13, 2024. The Company recorded a loss on the extinguishment of $3,664 which was included in gain on modifications of convertible debentures, net on the statement of loss and comprehensive loss.

(Expressed in Canadian Dollars)

11. TERM LOANS (continued)

(ii) (continued)

Additionally, the term of the outstanding $60,000 debenture has been extended for a period of one year, which was determined as non-substantial modification. The Company recorded a gain on modification of convertible debentures of $4,139 (December 31, 2021 - $nil) during the year ended December 31, 2022.

The balance for the debentures as at December 31, 2022 includes $92,959 (December 31, 2021 - $6,539) of interest payable.

Convertible debentures	Liability Component	Equity Component	Warrant Component	Total
Balance, December 31, 2020	**$ 21,652**	**$ 3,821**	**$ -**	**$ 25,473**
Conversion into common shares	(118,822)	(19,863)	-	(138,685)
Convertible debentures issued	518,280	71,720	-	590,000
Transaction costs	(17,400)	-	-	(17,400)
Accretion and interest expense	14,751	-	-	14,751
Balance, December 31, 2021	**$ 418,461**	**$ 55,678**	**$ -**	**$ 474,139**
Convertible debentures issued for cash	1,907,159	295,923	195,918	2,399,000
Convertible debentures issued for broker fee	48,384	7,751	5,865	62,000
Replacing convertible debentures	643,822	103,132	78,046	825,000
Gain on debt modification	(4,139)	-	-	(4,139)
Warrants issued for finder's fee	-	-	40,384	40,384
Convertible debentures replaced	(757,331)	(90,250)	-	(847,581)
Transaction costs	(358,894)	(57,093)	(42,043)	(458,030)
Accretion and interest expense	165,348	-	-	165,348
Balance, December 31, 2022	**$ 2,062,810**	**$ 315,141**	**$ 278,170**	**$ 2,656,121**

Allocated as:	
Current	$ -
Non-current	2,062,810
Balance, December 31, 2022	**$ 2,062,810**

The maturity analysis of the undiscounted contractual balances of the term loans is as follows:

As at December 31, 2022	
Less than one year	$ 40,000
One to two years	3,018,000
Total undiscounted term loans	3,058,000
Amount representing implicit interest	(955,190)
Term loans	**$ 2,102,810**

(Expressed in Canadian Dollars)

12. REVENUES

(a) Disaggregation of revenue

The Company disaggregates revenue by five major categories: (1) Revenues earned on individual listings, (2) annual billings, (3) matching fees, (4) contract programming, and (5) insurance. Revenues on individual listings relate to customers directly posting their listing to the Company's Website. During the year ended December 31, 2022 and 2021, as a result of the COVID-19 pandemic, the Company provided free listings to its contract customers for a portion of the year.

	Year Ended December 31, 2022	Year Ended December 31, 2021
Revenue by major category		
Annual billing revenue	**$ 10,750**	$ -
Matching fees	**224,803**	-
Contract programming revenue	**5,348**	-
Insurance revenue	**3,065**	-
Listing fees	**20,619**	5,561
	$ 264,585	$ 5,561

(b) Trade receivable and contract balances

Timing differences between invoicing, cash collection, and revenue recognition results in accounts receivable and also results in customer deposits and deferred revenue on the balance sheet. Amounts are billed in accordance with the terms of each customer contract, generally subsequent to completion of the performance obligations and related revenue recognition, resulting in accounts receivable.

13. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses are comprised of the following:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Bank charges	**$ 9,676**	$ 5,549
Hosting and security	**1,073**	10,060
Insurance	**5,146**	7,673
Marketing	**183,844**	5,568
Meals and entertainment	**4,082**	3,671
Office	**272,931**	67,289
Professional fees	**927,491**	416,270
Salaries and commissions	**451,477**	117,000
Travel	**66,809**	15,812
	$ 1,922,529	$ 648,892

(Expressed in Canadian Dollars)

14. INCOME TAXES

Reconciliation of the effective tax rate:

	Year Ended December 31, 2022	2021
Loss before income taxes	**$ (2,023,562)**	$ (830,670)
Expected current income tax recovery at 23% (2021 - 23%)	**(465,419)**	(191,054)
Differences resulting from:		
Stock-based compensation	**7,774**	54,172
Non-deductible and other expenses	**(6,336)**	422
Change in unrecognized deferred tax asset	**463,981**	136,460
Income tax (recovery) expense	**$ -**	$ -

Significant components of deferred income tax assets and liabilities are as follows:

December 31,	**2022**	**2021**
Non-capital losses carried forward	**$ 996,177**	$ 497,347
Equipment	**(66)**	(217)
Intangible assets	**(1,539)**	16,389
Share issuance costs	**(17,072)**	-
Unrecognized deferred tax asset	**(977,500)**	(513,519)
Net deferred tax assets (liabilities)	**$ -**	$ -

The Company has non-capital loss carry forwards that expire as follows:

Year	Amount
2022	$ 1,932,238
2021	503,222
2020	593,207
2019 and earlier	1,302,536
	$ 4,331,203

15. SHARE CAPITAL

(a) Authorized share capital

The authorized share capital consisted of an unlimited number of voting common shares.

(b) Common shares issued

As at December 31, 2022, the total number of shares outstanding was 48,707,008 (December 31, 2021 - 38,575,350). The change in issued share capital for the periods presented were as follows:

(Expressed in Canadian Dollars)

15. SHARE CAPITAL (continued)

(b) Common shares issued (continued)

	Number of Shares	Share Capital
Balance, December 31, 2020	**34,194,990**	**$ 2,208,355**
Private placements (iii)	4,004,462	400,446
Share issuance costs (iii)	-	(57,689)
Common shares cancelled (iv)	(3,750,000)	(210,000)
Common shares issued for payables (v)	2,179,784	396,550
Common shares issued for warrant exercise (vi)	219,100	33,522
Common shares issued for option exercise (ii)	340,164	29,595
Common shares issued for debentures (vii)	1,386,850	138,685
Balance, December 31, 2021	**38,575,350**	**$ 2,939,464**
Private placements (i)	9,356,659	1,184,499
Share issuance costs (i)	-	(145,217)
Common shares issued for option exercise (ii)	774,999	114,350
Balance, December 31, 2022	**48,707,008**	**$ 4,093,096**

(i) On May 24, 2022, the Company closed the first tranche of its non-brokered private placement of Units (the "Private Placement"). Each Unit is comprised of one common share and one-half of one common share purchase warrant. Each full warrant can be exercised to purchase one common share at a price of $0.25 per share for a period of 2 years from the issuance date. The Company issued 4,633,333 Units at a price of $0.15 per Unit for gross proceeds of $695,000. In connection with the Private Placement, the Company issued 25,000 warrants as payment for finder's fee. The gross proceeds of $695,000 were allocated between share capital (in the amount of $587,000) and warrant reserves (in the amount of $108,000) based on the pro rata fair value of common shares and warrants. The Company incurred share issuance costs of $63,936, including $63,351 in cash and $585 in finders' warrants, out of which $54,009 related to the common share portion was recorded as a reduction to share capital and $9,927 related to the warrant portion was recorded as a reduction to warrant reserves.

On June 16, 2022, the Company closed the second tranche of the private placement. The Company issued 1,676,664 Units at a price of $0.15 per Unit for gross proceeds of $251,500. In connection with the private placement, the Company issued 60,000 warrants as finder's fee. The gross proceeds of $251,500 were allocated between share capital (in the amount of $212,500) and warrant reserves (in the amount of $39,000) based on the pro rata fair value of common shares and warrants. The Company incurred share issuance costs of $26,726, including $25,315 in cash and $1,411 in finders' warrants, out of which $22,574 related to the common share portion was recorded as a reduction to share capital and $4,152 related to the warrant portion was recorded as a reduction to warrant reserves.

On September 2, 2022, the Company closed the third tranche of the private placement. The Company issued 3,046,662 Units at a price of $0.15 per Unit for gross proceeds of $456,999. In connection with the private placement, the Company issued 137,333 warrants as finder's fee. The gross proceeds of $456,999 were allocated between share capital (in the amount of $384,999) and warrant reserves (in the amount of $72,000) based on the pro rata fair value of common shares and warrants. The Company incurred share issuance costs of $81,470, including $78,224 in cash and $3,246 in finders' warrants, out of which $68,634 related to the common share portion was recorded as a reduction to share capital and $12,836 related to the warrant portion was recorded as a reduction to warrant reserves.

(Expressed in Canadian Dollars)

15. SHARE CAPITAL (continued)

(b) Common shares issued (continued)

(ii) During the year ended December 31, 2022, 774,999 (December 31, 2021 - 340,164) stock options were exercised at a price of $0.08 - $0.10 (December 31, 2021 - $0.064) per share for total proceeds of $75,000 (December 31, 2021 - $21,771). The options exercised had an original fair value of $39,350 (December 31, 2021 - $7,824) previously recognized in contributed surplus which was transferred to share capital upon exercise of the options. The fair value of the Company's shares were $0.16 - $0.22 (December 31, 2021 - $0.215) per share on the exercise dates.

(iii) During the year ended December 31, 2021, the Company completed a private placement to issue 4,004,462 common shares for total proceeds of $342,757 (net of share issuance costs).

(iv) During the year ended December 31, 2021, 3,750,000 shares were cancelled as part of the settlement of a nuisance lawsuit. The value of the shares cancelled was $210,000. The company made a payment of $35,000 to settle the suit (note 22).

(v) During the year ended December 31, 2021, $396,550 of the amounts due to shareholders and suppliers were converted to common shares, of that amount 714,285 shares were issued at $0.35 per share and 1,465,499 common shares at $0.10 per share were issued.

(vi) During the year ended December 31, 2021, 219,000 warrants were exercised at a price of $0.10 per share for total proceeds of $21,910. The warrants exercised had an original fair value of $11,612 previously recognized in the warrants reserve which was transferred to share capital upon exercise of the warrants.

(vii) During the year ended December 31, 2021, the Company issued 1,386,850 common shares in exchange for convertible debentures in the total principal amount of $130,000 plus $8,685 in accrued interest.

16. STOCK OPTIONS

At the discretion of the Board of Directors, the Company may grant options and warrants to directors, officers, employees and key consultants.

The following table reflects the continuity of stock options for the year ended December 31, 2022 and 2021:

	Number of Stock Options	Weighted Average Exercise Price
Balance, December 31, 2020	**1,615,164**	**$ 0.09**
Granted (ii)(iii)	2,800,000	0.154
Expired (iv)	(420,000)	0.10
Exercised (note 15(b)(v))	(340,164)	0.064
Balance, December 31, 2021	**3,655,000**	**$ 0.138**
Granted (i)	400,000	0.25
Expired (iv)	(270,000)	0.25
Exercised (note 15(b)(ii))	(774,999)	0.097
Balance, December 31, 2022	**3,010,001**	**$ 0.153**

(Expressed in Canadian Dollars)

16. STOCK OPTIONS (continued)

(i) On March 16, 2022, the Company granted 400,000 stock options to members of the board of directors of the Company, exercisable at a price of $0.25 per share. The options vested immediately and expire on March 16, 2024. The fair value was determined to be $33,800 using the Black-Scholes option pricing model with the following assumptions: stock price of $0.185, dividend yield of 0%, expected volatility of 100%, risk free interest rate of 1.83% and expected life of 2 years.

(ii) On February 28, 2021, the Company granted 1,800,000 stock options to members of the board of directors of the Company, exercisable at a price of $0.10 per share. The options vested immediately and expire on March 31, 2023. The fair value was determined to be $95,400 using the Black-Scholes option pricing model with the following assumptions: stock price of $0.10, dividend yield of 0%, expected volatility of 100%, risk free interest rate of 0.28% and expected life of 2.08 years.

(iii) On December 31, 2021, the Company granted 1,000,000 stock options to members of the board of directors of the Company, exercisable at a price of $0.25 per share. The options vested immediately and expire on December 31, 2023. The fair value was determined to be $136,000 using the Black-Scholes option pricing model with the following assumptions: stock price of $0.22, dividend yield of 0%, expected volatility of 100%, risk free interest rate of 0.95% and expected life of 2 years.

(iv) During the year ended December 31, 2022, a total of 270,000 (December 31, 2021 - 420,000) stock options with an exercise price of $0.25 (December 31, 2021 - $0.10) per share which were not exercised by option holders lapsed and they were cancelled.

(v) A forfeiture rate of nil% was used when recording stock-based compensation as it was expected that all officers, directors, and employees would continue with the Company over the vesting period. Any forfeitures will be accounted for as they happen. The Company's shares became publicly traded on August 30, 2021 however, the Company does not yet have the necessary trading history to compute its expected volatility using historical volatility; therefore, the Company has used the historical volatilities of certain members of its peer group for input into the Black-Scholes option pricing model.

During the year ended December 31, 2022, the Company recorded share-based compensation expense of $33,800 (December 31, 2021 - $232,975) related to stock options.

The following table reflects the actual stock options issued and outstanding as at December 31, 2022:

Expiry Date	Exercise Price ($)	Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (exercisable)
December 31, 2022	0.08	-	500,001	500,001
December 31, 2022	0.10	-	300,000	300,000
March 31, 2023	0.10	0.25	1,080,000	1,080,000
December 31, 2023	0.25	1.00	730,000	730,000
December 31, 2024	0.25	2.00	400,000	400,000
	0.153	**0.60**	**3,010,001**	**3,010,001**

(Expressed in Canadian Dollars)

17. WARRANTS

The following table reflects the continuity of warrants for the year ended December 31, 2022 and 2021:

	Number of Warrants		Warrants		Weighted Average Exercise Price
Balance, December 31, 2020	**929,100**	**$**	**53,500**	**$**	**0.095**
Exercised (note 15(b)(vi))	(219,100)		(11,612)		0.10
Modification of previously issued warrants (vii)	-		2,556		-
Balance, December 31, 2021	**710,000**	**$**	**44,444**	**$**	**0.091**
Granted (i)(ii)(iii)(iv)(v)	20,477,388		482,446		0.29
Expired(vi)	(50,000)		(2,600)		0.10
Balance, December 31, 2022	**21,137,388**	**$**	**524,290**	**$**	**0.279**

(i) On May 24, 2022, as part of the closing of the first tranche of the Private Placement, the Company issued 2,316,667 warrants, exercisable into one additional common share at a price of $0.25 per share for a period of 2 years from the grant date. The Company issued an additional 25,000 warrants as payment for finder's fee in connection with the closing of the Private Placement.

The value allocated to 2,316,667 warrants was determined to be $98,073 based on the relative fair value between the fair value of the common shares and the fair value of the warrants issued in the Private Placement, net of allocated issuance costs of $9,927. The fair value of the warrants was determined using the Black-Scholes option pricing model with the following assumptions: stock price of $0.17, dividend yield of 0%, expected volatility of 100%, risk free interest rate of 2.57% and expected life of 2 years.

The fair value of 25,000 warrants was determined to be $585 based on the allocated value of the warrants issued in the Private Placement. Out of $585, $494 related to the common share portion is recorded as a reduction to share capital and $91 is related to the warrant portion is recorded as a reduction to warrant reserves.

(ii) On June 16, 2022, as part of the closing of the second tranche of the Private Placement, the Company issued 838,332 warrants, exercisable into one additional common share at a price of $0.25 per share for a period of 2 years from the grant date. The Company issued an additional 60,000 warrants as payment for finder's fee in connection with the closing of the Private Placement.

The value allocated to 838,332 warrants was determined to be $34,847 based on the relative fair value between the fair value of the common shares and the fair value of the warrants issued in the Private Placement, net of allocated issuance costs of $4,153. The fair value of the warrants was determined using the Black-Scholes option pricing model with the following assumptions: stock price of $0.175, dividend yield of 0%, expected volatility of 100%, risk free interest rate of 3.03% and expected life of 2 years.

The fair value of 60,000 warrants was determined to be $1,411 based on the allocated value of the warrants issued in the Private Placement. Out of $1,411, $1,192 related to the common share portion is recorded as a reduction to share capital and $219 is related to the warrant portion is recorded as a reduction to warrant reserves.

17. WARRANTS (continued)

(iii) On September 2, 2022, as part of the closing of the third tranche of the Private Placement, the Company issued 1,523,331 warrants, exercisable into one additional common share at a price of $0.25 per share for a period of 2 years from the grant date. The Company issued an additional 137,333 warrants as payment for finder's fee in connection with the closing of the Private Placement.

The value allocated to 1,523,331 warrants was determined to be $72,000 based on the relative fair value between the fair value of the common shares and the fair value of the warrants issued in the Private Placement, net of allocated issuance costs of $12,836. The fair value of the warrants was determined using the Black-Scholes option pricing model with the following assumptions: stock price of $0.20, dividend yield of 0%, expected volatility of 100%, risk free interest rate of 3.58% and expected life of 2 years.

The fair value of 137,333 warrants was determined to be $3,246 based on the allocated value of the warrants issued in the Private Placement. Out of $3,246, $2,735 related to the common share portion is recorded as a reduction to share capital and $511 is related to the warrant portion is recorded as a reduction to warrant reserves.

(iv) On October 31, 2022, the Company issued 165,425 warrants as payment for services, with each warrant exercisable into one common share of the Company at a price of $0.35 per share for a period of 2 years from the effective date. The fair value was determined to be $6,948 using the Black-Scholes option pricing model with the following assumptions: stock price of $0.135, dividend yield of 0%, expected volatility of 100%, risk free interest rate of 3.92% and expected life of 2 years.

(v) On December 13, 2022, as part of the closing of the Company's non-brokered private placement of Units and concurrent non-brokered private placement of 10% unsecured debenture units (the "Offering"), the Company issued 14,480,000 warrants, exercisable into one additional common share at a price of $0.30 per share for a period of 2 years from the grant date. The Company issued an additional 310,000 warrants as payment for finder's fee, 561,300 broker warrants, and 60,000 advisory warrants in connection with the closing of the Offering (note 11(ii)).

The value allocated to 14,790,000 warrants was determined to be $237,786 based on the relative fair value between the fair value of the conversion feature and fair value of the warrants issued in Offering, net of allocated issuance costs of $42,043. The fair value of the warrants was determined using the Black-Scholes option pricing model with the following assumptions: stock price of $0.10, exercise price of $0.30 per common share, dividend yield of 0%, expected volatility of 100%, risk free interest rate of 3.76% and expected life of 2 years.

The fair value of 621,300 broker and advisory warrants for units was determined to be $40,384 using the Black-Scholes option pricing model with the following assumptions: stock price of $0.10, exercise price of $0.20 per unit, dividend yield of 0%, expected volatility of 100%, risk free interest rate of 3.76% and expected life of 2 years.

(vi) During the year ended December 31, 2022, a total of 50,000 (year ended December 31, 2021 - $nil) warrants with an exercise price of $0.10 (year ended December 31, 2021 - $nil) per share which were not exercised by warrant holders lapsed and they were cancelled. The warrants expired had an original fair value of $2,600 previously recognized in the warrants reserve which was transferred to contributed surplus upon expiry of the warrants.

The following table reflects the actual warrants issued and outstanding as at December 31, 2022:

(Expressed in Canadian Dollars)

17. WARRANTS (continued)

Expiry Date	Exercise Price ($)	Remaining Contractual Life (years)	Number of Warrants Outstanding
August 30, 2023	0.08	0.66	330,000
August 30, 2023	0.10	0.66	330,000
May 24, 2024	0.25	1.40	2,341,667
June 16, 2024	0.25	1.46	898,332
September 2, 2024	0.25	1.67	1,660,664
October 31, 2024	0.35	1.84	165,425
December 13, 2024 (vii)	0.20	1.95	621,300
December 13, 2024 (vii)	0.30	1.95	14,790,000
	0.279	**1.81**	**21,137,388**

(vii) The warrants provide that if, at any time following the date that is four months and one day from the last closing date of the Offering, the daily volume weighted average trading price of the common shares on the CSE is greater than $0.75 per share for the preceding 5 consecutive trading days, the Company shall have the right, within 3 trading days, to accelerate the expiry date of the warrants to a date that is at least 30 days following the date of such written notice.

18. LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended December 31, 2022 was based on the net loss attributable to common shares of $2,023,562 (December 31, 2021 - $830,670), and the weighted average number of common shares outstanding for the year ended December 31, 2022 of 43,844,063 (December 31, 2021 - 36,498,917). Diluted loss per share for the year ended December 31, 2022 and 2021 did not include the effect of stock options, warrants and convertible debentures as they are anti-dilutive.

19. RELATED PARTY TRANSACTIONS

The Company considers its key management personnel to be its executive officers and directors. During the year ended December 31, 2022, the Company provided service period stock-based compensation and was charged management fees and commissions for the services provided by its executive officers, directors and companies controlled by members of directors. The total compensation relating to key management is as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Management fees (i)	**$ 142,188**	$ 81,000
Stock-based compensation (ii)	**33,800**	232,975
	$ 175,988	$ 313,975

(i) During the year ended December 31, 2022 the Company incurred $142,188 (December 31, 2021 - $81,000) in management fees paid to an officer of the Company, and are recorded as salaries and commissions within selling, general and administrative expenses in profit or loss.

(ii) During year ended December 31, 2022, the Company issued 400,000 (December 31, 2021 - 2,800,000) stock options to members of the board of directors (the "Board") that entitled the option holder to purchase one common share at a price of $0.25 (December 31, 2021 - $0.10) per share. The options vested immediately and expire as described in note 16. The stock-based compensation expense recognized related to these options amounted to $33,800 (December 31, 2021 - $232,975) recorded in profit or loss.

19. RELATED PARTY TRANSACTIONS (continued)

(iii) During the year ended December 31, 2022, the Company incurred $30,000 (December 31, 2021 - $nil) in management fees paid to an individual that is related to a director of the Company, and are recorded as salaries and commissions within selling, general and administrative expenses in profit or loss.

(iv) During the year ended December 31, 2022, the Company incurred $145,900 (December 31, 2021 - $nil) for search engine optimization services from a corporation controlled by a director of the Company, and are recorded as marketing fees within selling, general and administrative expenses in profit or loss. As at December 31, 2022, included in accounts payable and accrued liabilities are $24,308 (December 31, 2021 - $nil) owing to this related party.

(iv) During the year ended December 31, 2022, the Company incurred $25,000 (December 31, 2021 - $nil) for acquisition services from a corporation controlled by a director of the Company, and are recorded as professional fees within selling, general and administrative expenses in profit or loss. As at December 31, 2022, included in accounts payable and accrued liabilities are $25,000 (December 31, 2021 - $nil) owing to this related party.

(v) During the year ended December 31, 2022, the Company incurred $253,062 (December 31, 2021 - $nil) in legal fees paid to a law firm in which a partner is a director of the Company. Of these amounts, $91,451 (December 31, 2021 - $nil) are recorded as professional fees within selling, general and administrative expenses in profit or loss, $69,479 (December 31, 2021 - $nil) are recorded as a reduction to equity, and $92,132 (December 31, 2021 - $nil) are recorded as a reduction to term loans. As at December 31, 2022, included in accounts payable and accrued liabilities are $151,947 (December 31, 2021 - $nil) owing to this related party.

(vi) During year ended December 31, 2022, the Company issued nil (December 31, 2021 - 494,120) common shares for a value of $nil (December 31, 2021 - $49,412) as payment for management fees and consulting services to directors or companies controlled by directors.

(vi) During year ended December 31, 2022, the Company incurred $63,040 (December 31, 2021 - $nil) in debt and equity financing fees and $112,750 in CFO services fees of $112,750 paid to a corporation controlled by an officer of the Company. Of the $63,040, $8,120 (December 31, 2021 - $nil) are recorded as a reduction to convertible debentures and $54,920 (December 31, 2021 - $nil) are recorded as a reduction to equity. The CFO services fees of $112,750 are recorded as salaries and commissions within selling, general and administrative expenses in profit or loss.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to credit, liquidity and market risks in the normal course of the Company's operations. These risks are mitigated by the Company's financial management policies and practices described below:

(a) Fair values

The fair values of the Company's cash and cash equivalents, trade receivable, deposits, trade payable, and term loans approximate their carrying values because of their short-term nature or because they bear interest at market rates.

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly and are based on valuation models and techniques where the inputs are derived from a quoted indices. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. There are no financial instruments measured at fair value.

(Expressed in Canadian Dollars)

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(b) 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 exposure to credit risk is influenced mainly by the individual characteristics of each customer and by general economic conditions affecting the real estate and rental markets, as the Company will be impacted by fluctuations in these markets. Management believes the default risk is minimal and that the nature of the Company's revenues do not lend to large receivables. Credit risk is managed by the Company through credit approval and monitoring procedures. Further quantitative disclosures in respect of the Company's exposure to credit risk arising from trade receivable, are set out in note 6. The Company is also exposed to credit risk associated with cash and cash equivalents. The risk is mitigated as the cash and cash equivalents are maintained with a major financial institution and a lawyer trust account. The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the balance sheet.

(c) 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 is exposed to interest rate price risk to the extent that the term loans are at fixed interest rates.

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The financial liabilities on its balance sheet consist of accounts payable and accrued liabilities, which are all due within one year, and term loans. Management closely monitors cash flow requirements to ensure that it has sufficient cash on demand to meet operational and financial obligations. The Company has encountered challenges with meeting its current obligations, as described in note 1.

21. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base to provide financial flexibility and to sustain the future development of the business. The Company manages and adjusts its capital structure as a result of changes in economic conditions and the risk characteristics of the industry in which its customers operate.

The Company considers its capital structure to include shareholders' equity (deficiency). The Company's capital consists of the following:

	As at December 31, 2022	**As at December 31, 2021**
Share capital	**$ 4,093,096**	$ 2,939,464
Equity portion of convertible loan	**315,141**	55,678
Warrants	**524,290**	44,444
Contributed surplus	**440,516**	443,466
Deficit	**(5,494,839)**	(3,471,277)
Total shareholders' equity (deficiency)	**$ (121,796)**	$ 11,775

In order to maintain or adjust the capital structure, the Company may adjust its capital spending, issue shares or obtain financing from other sources on commercially reasonable terms. To assess capital and operating efficiency and financial strength, the Company continually monitors its working capital including its cash position.

21. CAPITAL MANAGEMENT (continued)

The Company is currently economically dependent on its shareholders to meet its short-term obligations, until the Company is able to obtain sustainable operations. There has been no change to management's approach to managing capital during the years ended December 31, 2021 or 2022.

22. COMMITMENTS AND CONTINGENCIES

In May of 2018, the Company issued notice to two shareholders that were issued common shares for providing services to the Company for the development of the mobile application and for work related to the search engine optimization. In May of 2017, the Company became aware of concerns related to the progress of the project and undertook a comprehensive review of the work performed to that date.

As a result of the Company's findings, management asserted that the common shares issued should be cancelled in accordance with the provisions of the appropriate statutes in the province of Alberta. In January 2021, the Company reached an agreement with the shareholder to settle all amounts due for $35,000 and to cancel the previously issued shares. The settlement represents a net gain to the Company of $175,000, which was recognized during the year ended December 31, 2021.

23. SUBSEQUENT EVENTS

(a) On January 13, 2023, the Company closed the final tranche (the "Final Tranche") of its previously announced Offering of Debenture Units, for total gross proceeds of $415,000.

In connection with the Final Tranche, the Company paid the agent a cash commission equal to 6% of the gross proceeds of the Final Tranche, issued 12 Debenture Units, valued at $12,000 in total, as payment of corporate finance fee, and issued non-transferable broker warrants to purchase 124,500 units of the Company at an exercise price of $0.20 per unit until December 13, 2024, with each unit consisting of one Common Share and one Warrant. Each Warrant has an exercise price of $0.30 until December 13, 2024.

(b) On February 10, 2023, the Company issued 626,333 common shares at $0.15 per share to settle amounts payable of $93,950 with two vendors.

(c) Subsequent to the year ended December 31, 2022, 1,879,999 stock options were exercised by two officers of the Company at a price of $0.08 - $0.10 per share for total proceeds of $178,000.