PR Technology Inc.

Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
Expressed in Canadian Dollars

SHIM

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of PR Technology Inc.

Opinion

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

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

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 Consolidated 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 consolidated 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.

Other Matter

The consolidated financial statements of the Company as at December 31, 2021, and for the year then ended were audited by another auditor who expressed an unmodified opinion on those statements on May 2, 2022.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about 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 consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matters described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no key audit matters to communicate in our auditor's report.

Other Information

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

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

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

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

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

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

The engagement partner on the audit resulting in this independent auditor's report is Dong H. Shim.

"SHIM & Associates LLP"

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
April 3, 2024

PR Technology Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	As at	
	December 31, 2022	**December 31, 2021**
ASSETS		
Current Assets		
Cash	$ **39**	$ 494,695
Sales tax receivable	**43,786**	46,026
Short-term deposit	**4,732**	22,494
Inventory (Note 7)	**-**	23,472
Prepaid expenses and other current assets	**7,914**	23,937
Total Current Assets	**56,471**	610,624
Non-Current Assets		
Long term receivables	**8,085**	10,660
Plant and equipment (Note 8)	**40,986**	268,515
Intangible assets (Note 9)	**-**	929,649
Right of use assets (Note 10)	**-**	71,378
Deposits	**-**	77,925
Total Assets	$ **105,542**	$ 1,968,751
LIABILITIES		
Current Liabilities		
Trade payables and accrued liabilities (Note 11)	**838,091**	226,344
Advances from customers	**-**	4,891
Short-term borrowings	**199,861**	-
Current portion of lease liabilities (Note 10)	**103,232**	49,195
Total Current Liabilities	**1,141,184**	280,430
Non-Current Liabilities		
Provision for severance liabilities (Note 12)	**45,042**	53,848
Lease liabilities (Note 10)	**35,549**	21,588
Total Liabilities	**1,221,775**	355,866
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 13)	**4,734,756**	4,734,756
Contributed surplus	**8,723,739**	8,723,739
Share-based compensation (Note 13)	**1,066,757**	219,503
Accumulated other comprehensive loss	**(165,400)**	(302)
Accumulated deficit	**(15,476,085)**	(12,064,811)
Total Shareholders' (Deficiency) Equity	**(1,116,233)**	1,612,885
Total Liabilities and Shareholders' (Deficiency) Equity	$ **105,542**	$ 1,968,751

Nature of operations and going concern (Note 1)
Contingencies (Note 19)
Subsequent events (Note 20)

Approved by the Board of Directors:

"Neonjun Ryu" (signed)	"Seokkyun Oh" (signed)
Director	Director

PR Technology Inc.

Consolidated Statements of Loss and Other Comprehensive Loss

(Expressed in Canadian dollars)

	For the Years Ended December 31, 2022	For the Years Ended December 31, 2021
Revenue	**$ 5,008**	$ 5,238
Cost of Sales	**2,204**	5,240
Gross Profit (Loss)	**2,804**	(2)
Operating Expenses		
Amortization and depreciation (Notes 8, 9 & 10)	**546,113**	629,825
Consulting (Note 14)	**300,206**	702,169
General and administrative	**97,228**	110,978
Professional fees	**205,014**	412,382
Research and development (Note 14)	**185,202**	596,813
Salaries, wages and employee benefits (Note 14)	**387,586**	560,736
Transfer agent and filing fees	**25,856**	26,752
Travel and entertainment	**46,168**	118,304
Share-based compensation (Notes 13 & 14)	**847,254**	219,503
Other expenses	**11,775**	15,734
Total Operating Expenses	**2,652,402**	3,393,196
Operating Loss	**(2,649,598)**	(3,393,198)
Other Income (Expenses)		
Foreign exchange gain (loss)	**(382)**	(5,604)
Impairment of intangible assets (Note 9)	**(500,493)**	-
Impairment of inventory (Note 7)	**(19,963)**	-
Impairment of plant and equipment (Note 8)	**(103,739)**	-
Impairment of right of use assets (Note 10)	**(140,755)**	-
Interest income (expense)	**16**	303
Other income (expense)	**3,640**	1,214
Total Other Income (Expenses)	**(761,676)**	(4,087)
Net Loss	**(3,411,274)**	(3,397,285)
Other Comprehensive Gain (Loss)		
Unrealized gain (loss) on foreign currency translation	**(165,098)**	197,475
Total Loss and Comprehensive Loss	**$ (3,576,372)**	$ (3,199,810)
Loss per share – basic and diluted	**$ 0.30**	$ 0.54
Weighted average number of common shares – basic and diluted	**11,256,001**	6,482,165

PR Technology Inc.

Consolidated Statements of Shareholders' Equity (Deficiency)

For the Years Ended December 31, 2022 and December 31, 2021

(Expressed in Canadian dollars)

	Share Capital							
	Number of Common Shares	Amount	Net Investment	Contributed Surplus	Share-based Compensation	Accumulated Other Comprehensive Loss	Deficit	Total
Balance December 31, 2020	**11**	**$ -**	**$12,448,054**	**$ -**	**$ -**	**$ (215,022)**	**$ (8,462,951)**	**$3,770,081**
Shares cancelled for asset transfer	(10)	-	(12,448,054)	-	-	-	-	(12,448,054)
Shares issued for asset transfer	10,720,000	4,399,488	-	8,723,739	-	17,245	(204,575)	12,935,897
Shares issued for consulting services	536,000	335,268	-	-	-	-	-	335,268
Share-based compensation	-	-	-	-	219,503	-	-	219,503
Translation to presentation currency	-	-	-	-	-	197,475	-	197,475
Net Loss	-	-	-	-	-	-	(3,397,285)	(3,397,285)
Balance December 31, 2021	**11,256,001**	**$ 4,734,756**	**$ -**	**$ 8,723,739**	**$ 219,503**	**$ (302)**	**$ (12,064,811)**	**$1,612,885**
Share-based compensation	-	-	-	-	847,254	-	-	847,254
Translation to presentation currency	-	-	-	-	-	(165,098)	-	(165,098)
Net Loss	-	-	-	-	-	-	(3,411,274)	(3,411,274)
Balance December 31, 2022	**11,256,001**	**$ 4,734,756**	**$ -**	**$ 8,723,739**	**$ 1,066,757**	**$ (165,400)**	**$ (15,476,085)**	**$ (1,116,233)**

PR Technology Inc.

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	For the Years Ended	
	December 31, 2022	**December 31, 2021**
Operating Activities		
Net loss	$ (3,411,274)	$ (3,397,285)
Items not affecting cash:		
Accretion and interest expense	11,775	-
Amortization and depreciation	546,113	629,825
Impairment of intangible assets	500,493	-
Impairment of inventory	19,963	-
Impairment of plant and equipment	103,739	-
Impairment of right of use assets	140,755	-
Share-based compensation	847,254	219,503
Subscription receipts issued for consulting fees	-	335,268
Changes in non-cash working capital		
Sales tax receivable	2,240	(41,075)
Long term receivables	2,575	-
Inventory	-	(23,472)
Prepaid expenses and other current assets	16,023	(16,339)
Advances from customers	(4,891)	4,891
Trade payables and accrued liabilities	611,747	4,538
Provision for severance liabilities	(8,806)	(53,848)
	(622,294)	**(2,337,994)**
Investing Activities		
Other items from asset transfer	-	139,580
Receipt (payment) of lease deposits	-	(13,791)
Additions to intangible assets	-	(5,539)
Additions to property and equipment	-	(55,401)
	-	**64,849**
Financing Activities		
Short-term borrowing obtained	199,861	-
Lease payment	(24,464)	(114,170)
Advances/loans to related parties	-	(10,660)
	175,397	**(124,830)**
Foreign exchange effect on cash	**(47,759)**	**303,869**
Net decrease in cash	**(494,656)**	**(2,094,106)**
Cash at the beginning of the year	494,695	2,588,801
Cash at the end of the year	**$ 39**	**$ 494,695**
Cash paid for interest	$ -	$ 8,979
Cash paid for income tax	$ -	$ -

1. Nature of Operations and Going Concern

PR Technology Inc. (the "Company") was incorporated on April 23, 2019, by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia). On May 27, 2021, the Company completed an asset transfer arrangement with a company under common control, whereby it acquired patents of wireless power transfer technology and obtained control over its wholly-owned subsidiary, PRT Korea Inc. As a result of this acquisition, the Company is in the business of research and development of wireless power transfer technology. The Company is listed on Canadian Securities Exchange ("CSE") under the ticker of "PRTI".

The head office and registered office of the Company is located at 555-409 Granville St., Vancouver British Columbia, V6C 1T2.

These consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. As of December 31, 2022, the Company has a working capital deficiency of $1,084,713 (2021 – working capital surplus of $330,194), and an accumulated deficit of $15,476,085 (2021 - $12,064,811). As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The continuation of the Company as a going concern is dependent upon the ability of the Company to obtain necessary equity or other financing to meet obligations as they come due. The ability of the Company to be successful in obtaining financing cannot be predicted at the present time. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

2. Basis of Preparation

Statement of compliance

These statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, PRT Korea Co., Ltd., which operates its business in South Korea. All inter-company balances and transactions have been eliminated on consolidation.

These consolidated financial statements were authorized for issue by the Directors on April 3, 2024.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

Functional and presentation currency

The functional currency of the Company is Canadian dollars, and all amounts are presented in Canadian dollars unless otherwise stated. The functional currency of the Company's wholly owned subsidiary, PRT Korea Inc., is the Korean Won (KRW).

Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the consolidated financial statements are disclosed in Note 4.

3. Summary of Significant Accounting Policies

The accounting policies set out below are considered to be significant and have been applied consistently by the Company to all years presented in these consolidated financial statements.

Asset transfer arrangement

The Company has accounted for the asset transfer arrangement as a business combination under common control, since the company receiving the assets, and the company transferring the assets, were owned by the same shareholders, and had the same management at the time of the transfer. As a result, no accounting acquirer can be identified under IFRS 3. The primary reason of the asset transfer was to create an entity that would use the transferred assets to generate business operations. The Company used the pooling of interest's method to account for the combination, whereby the assets and liabilities acquired were recorded at book value. Share consideration is valued at the fair value of the shares issued with the difference from the book value applied to contributed surplus or charged to deficit.

Cash

Cash consists of cash held in bank accounts. Cash includes cash on deposit in Canadian and Korean National banks and are subject to negligible risk of changes in value.

Inventory

Inventory consists of wireless phone chargers. The amount is stated at the lower of cost and net realizable value. Costs are assigned to inventory quantities on hand at the consolidated statement of financial position date using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of the business less the estimated cost of completion and the estimated cost necessary to make the sale.

Provisions for severance liabilities

Provisions and severance liabilities are recognized by the Company when it has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of that obligation. Provisions and severance liabilities are stated at the present value of the expenditure expected to settle the obligation. The obligation is not recorded and is disclosed as a contingent liability if it is not probable that an outflow will be required, if the amount cannot be estimated reliably or if the existence of the outflow can only be confirmed by the occurrence of a future event.

Leases

Pursuant to IFRS 16, and the Company recognizes a Right-of-use asset and Lease obligation at the start of most leases utilizing the present value of the lease payments over the appropriate term of the lease. This policy does not apply to leases for which the lease term ends within 12 months of the date of initial application or for leases of low value. Lease payments related to these short-term or low-value leases are expensed over the lease term.

Under this policy, appropriate leases are capitalized at the present value of the fixed lease payments, discounted using the Company's incremental borrowing rate. Payments made related to contractual lease obligations are allocated between related interest expense and the reduction of the lease obligations. The Right-of-use assets are depreciated on a straight line basis over the term of the related leases.

Tangible assets

Property and equipment is stated at cost less accumulated amortization and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is recorded to recognize the cost of assets over their useful lives, using the straight-line method over five years.

When a property and equipment asset has significant components with different useful lives, each significant component is depreciated separately.

The estimated useful lives and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation rates are as follows:

Class	Useful life
Machinery	5 years
Vehicles	5 years
Office equipment	5 years

3. Summary of Significant Accounting Policies *(continued)*

Tangible assets (continued)

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in consolidated statement of loss and other comprehensive loss.

Repairs and maintenance costs that do not improve or extend productive life are recognized in consolidated statement of loss and other comprehensive loss in the period in which the costs are incurred.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization will be recognized on a basis and over an estimated useful life which approximates the life of the asset to the Company. The estimated useful life and amortization method will be reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally generated intangible assets - Research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

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

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Where no internally generated intangible asset can be recognized, development expenditure is recognized in consolidated statement of loss and other comprehensive loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Patents and software

It is the Company's practice to seek patent protection on processes and products. The Company capitalizes the costs incurred for patent applications filed and pending approval. Patents are carried at cost less accumulated amortization and accumulated impairment losses. Amortization for patents and software is recognized on a straight-line basis over the estimated useful life of 5 years.

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

De-recognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in consolidated statement of loss and other comprehensive loss when the asset is derecognized.

3. Summary of Significant Accounting Policies *(continued)*

Revenue from contracts with customers

The Company records revenue in accordance with the five steps in IFRS 15 – Revenue from Contracts with Customers, as follows:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price, which is the amount the Company expects to be entitled to;
4. Allocate the transaction price among the performance obligations in the contract based on their relative stand-alone selling prices; and
5. Recognize revenue when or as the goods are transferred to the customer.

The Company's principal sources of revenue are from the sales of wireless cell phone charges and the sales of its Wireless Power Transmission ("WPT") products.

The Company recognizes revenue when performance obligation is satisfied. This is satisfied when control of the goods is transferred to the customer, which generally occurs upon delivery to the customer. When the Company receives payment before performance obligations are satisfied, these payments are initially recorded as advances from customers and recognized as revenue in the period when performance obligation is satisfied.

Revenue represents cash received from customers, net of sales taxes, rebates, and discounts and is presented net of an allowance for estimated returns, which is based on historical experience. Shipping fees billed to customers are recorded as revenue, and shipping costs incurred to deliver the goods to the customer from the Company's warehouse are recognized within operating expenses in the same period the related revenue is recognized.

Taxation

Tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of loss and comprehensive loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period

Current and deferred tax are recognized inconsolidated statement of loss and other comprehensive loss, except when they relate to items that are recognized in other comprehensive loss or directly in equity, in which case the current and deferred tax are also recognized in other comprehensive loss or directly in equity respectively.

3. Summary of Significant Accounting Policies *(continued)*

Financial instruments

Financial assets within the scope of IFRS 9 are classified upon initial recognition based on the Company's business model for managing the financial assets into one of the following categories: amortized cost, fair value through profit and loss ("FVTPL") or fair value through other comprehensive income ("FVTOCI").

At initial recognition, the Company measures a financial asset at its fair value and, in the case of a financial asset not at FVTPL, the Company includes transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are recorded as an expense in the statement of loss and comprehensive loss.

A financial liability is initially classified as measured at amortized cost or FVTPL. A financial liability is classified as measured at FVTPL if it is held for-trading, a derivative, or designated as FVTPL on initial recognition. The classification of a financial liability is irrevocable.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of loss and comprehensive loss. Any gain or loss on derecognition is also recognized in the statement of loss and comprehensive loss.

The recognition of financial assets and liabilities are offset and the net amount presented in the statement of financial position when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company derecognizes a financial asset when the contractual rights to cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

A financial liability is derecognized when the obligation is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same counterparty with substantially different terms, or the terms of an existing liability are substantially modified, it is treated as a derecognition of the original liability and the recognition of a new liability. When the terms of an existing financial liability are altered, but the changes are considered non-substantial, it is accounted for as a modification to the existing financial liability. Where a liability is substantially modified it is considered to be extinguished and a gain or loss is recognized in the statement of loss and comprehensive loss based on the difference between the carrying amount of the liability derecognized and the fair value of the revised liability. Where a liability is modified in a non-substantial way, the amortized cost of the liability is remeasured based on the new cash flows and a gain or loss is recorded in the consolidated statement of loss and comprehensive loss.

The Company recognizes loss allowances for expected credit losses ("ECLs") on its financial assets measured at amortized cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal to expected lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the related financial asset.

The Company does not have any financial assets that contain a financing component.

The Company has classified its financial instruments' fair values based on the required three-level hierarchy:

- Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and,
- Level 3 – Inputs that are not based on observable market data, such as discounted cash flows methods.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

3. Summary of Significant Accounting Policies (*continued)*

Impairment

Financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of the allowance or provision for impairment account. Such a provision is established when there is reasonable expectation that the Company will not be able to collect all amounts due. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in consolidated statement of loss and other comprehensive loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through consolidated statement of loss and other comprehensive loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the Cash Generating Unit (“CGU”) to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. The company has only one CGU which is the wireless power transfer technology.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, limited such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of loss and other comprehensive loss.

Share capital

In situations where the Company issues units, the value of units is bifurcated and the value of warrants is included as a separate reserve for warrants of the Company’s equity. The consideration from the issuance of units are allocated between common shares and warrants on a pro-rated basis using the relative fair value method. The fair value of the common shares is determined using the fair value of the share price at the date of issuance of the units. The fair value of the warrants is determined using Black-Scholes.

3. Summary of Significant Accounting Policies (*continued)*

Share-based compensation and other share-based payments

The Company's share option plan allows the Company to grant options to its employees and consultants. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in contributed surplus. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value for employee options is measured at grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the non-employee provides the goods or the services.

Earnings per share

Basic earnings per share represents the loss for the period, divided by the weighted average number of common shares outstanding during the period. Diluted earnings per share represents the loss for the period, divided by the weighted average number of common shares outstanding during the period plus the weighted average number of dilutive shares resulting from the exercise of stock options or conversion of preferred shares where the inclusion of these would not be anti-dilutive.

Foreign currency transactions

These consolidated financial statements are presented in Canadian dollars. Under IFRS, the Canadian dollar ("CAD") is the functional currency of the Company and its wholly owned subsidiary, PRT Korea Inc., the functional currency is Korean Won ("KRW").

Assets and liabilities of the subsidiaries with a functional currency in Korean Won are translated at the period-end exchange rates, and the results of its operations are translated at average exchange rates for the period. The resulting translation adjustments are recorded in accumulated other comprehensive loss (income) in shareholders' equity. Additionally, foreign exchange gains and losses related to certain intercompany loans that are permanent in nature are included in accumulated other comprehensive loss.

Impairment of financial assets

Financial assets carried at amortized cost are assessed at each reporting date on whether they are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company applies expected credit loss approach in determining provisions for financial assets carried at amortized cost. The Company has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime Expected Credit Losses. The approach that the Company has taken for trade receivables is a provision matrix approach where by life time expected credit losses are recognized based on aging characterization and credit worthiness of the franchisee.

4. Accounting Estimates and Judgments

In the application of the Company's accounting policies management is required to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Significant estimates

Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate or assumption is made. Critical accounting estimates are also those that could potentially have a material impact on the Company's financial results where a different estimate or assumption is used. The significant area of estimation uncertainty is:

4. Accounting Estimates and Judgments (*continued)*

Useful lives of intangible assets and property and equipment

The determination of the useful lives of intangible assets and property and equipment requires managements estimate.

Impairment of non-financial assets

The determination of whether indicators of impairment exist is based on management's judgment of whether there are internal and external factors that would indicate that a non-financial asset is impaired. The recoverable amounts used for impairment calculations require estimates of future net cash flows related to the assets or CGU's, probability of successful contract proposals and estimates of discount rates applied to these cash flows.

Share-based payments

Compensation expense for share-based compensation granted is measured at the fair value at the grant date using the Black-Scholes option pricing model. The critical assumptions used under the option valuation model at the grant date are: forfeiture rate; expected time to exercise in years; expected dividend yield, and volatility.

Provision for severance liabilities

The Company accrues severance benefits for employees of its Korean subsidiary. Pursuant to the Korean Labor Law, eligible employees with one or more years of service are entitled to severance payments upon the termination of their employment based on their length of service and pay rate.

The Company recognizes the defined severance benefits obligation in the consolidated balance sheets with a corresponding adjustment to operating expenses and "Accumulated other comprehensive loss". The obligations are measured annually, or more frequently if there is a remeasurement event, based on the Company's measurement date utilizing various assumptions and methodologies. The Company uses certain assumptions including, but not limited to, the selection of the: (i) discount rates; (ii) salary growth rates; and (iii) certain employee-related factors such as turnover, retirement age and mortality. The Company reviews its assumptions and makes modifications to the assumptions based on current rates and trends when appropriate.

Judgements

Judgements are used in situations when there is a choice and/or assessment required by management. The following are critical judgements apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognized in the financial statements.

Going concern

Significant judgments used in the preparation of these financial statements relate to the assessment of the Company's ability to continue as a going concern. Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its financial statements. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. As a result of the assessment, management concluded the going concern basis of accounting is appropriate.

Contingencies

Management uses judgement to assess the existence of contingencies. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. Management also uses judgement to assess the likelihood of the occurrence of one or more future events.

(Express in Canadian dollars)

5. Asset Transfer

On April 30, 2021, the Company entered an asset transfer agreement with Power Republic Corp. and PR Korea, LTD. Per the agreement, on closing date of May 27, 2021, the Company issued 10,720,000 common shares, and acquired cash, shares in PRT Korea Inc., and intangible assets (the "Asset Transfer").

Upon closing of this transaction, the Company cancelled its 10 common shares that were outstanding.

The Company determined that Power Republic Corp. and PR Korea LTD were under common control at the time of the transfer. As a result, the assets transferred to the Company were recorded at book value. The shares issued for consideration, were valued at fair value.

The asset transfer was as follows:

Shares issued for consideration (10,720,000 shares)	$	4,399,488
	$	**4,399,488**
Net assets acquired, predecessor values		
Cash	$	1,500,000
Patents		1,135,609
Capital stock of PRT Korea Inc.		1,559,304
	$	**4,194,913**

The value of the share consideration was based on the subscription offering to an arm's length party.

As this was a transaction under common control, and the net assets acquired were less than the consideration paid, the difference between the share consideration and net assets acquired of $204,575 was charged to deficit within the statement of shareholders' equity.

6. Segment information

The Company had three segments by product; wireless cell phone chargers, WPT products for Rail Guided Vehicles (RGV) in Factory automation and LED light for toy such as LEGO and operates its business with research and development in Korea through its subsidiary, PRT Korea.

The total revenue recorded during the year ended December 31, 2022, and 2021 is allocated to the following product:

		December 31, 2022		December 31, 2021
Wireless phone chargers	$	421	$	-
WPT products		4,587		5,238
Total	**$**	**5,008**	**$**	**5,238**

7. Inventory

Inventory consists of the following:

		December 31, 2022		December 31, 2021
Wireless phone chargers	$	-	$	21,571
Inventory in transit		-		1,901
Total	**$**	**-**	**$**	**23,472**

For the year ended December 31, 2022, the total amount of inventory recognized as a cost of sales was $2,204 (2021 - $5,240) and a provision of inventory obsolescence of $19,963 was recognized (2021- $Nil).

(Express in Canadian dollars)

8. Plant and Equipment

Cost		Machinery		Vehicles		Office Equipment		Total
Balance at December 31, 2020	$	442,995	$	43,769	$	152,502	$	639,266
Additions		-		55,401		-		55,401
Balance at December 31, 2021		442,995		99,170		152,502		694,667
Impairment		(447,982)		(32,833)		(154,218)		(635,033)
FX Impact		4,987		1,117		1,716		7,820
Balance at December 31, 2022	**$**	**-**	**$**	**67,454**	**$**	**-**	**$**	**67,454**
Accumulated Depreciation								
Balance at December 31, 2020	$	183,689	$	730	$	106,589	$	291,008
Depreciation		88,599		17,987		28,558		135,144
Balance at December 31, 2021		272,288		18,717		135,147		426,152
Depreciation		83,745		18,774		16,177		118,696
Impairment		(364,826)		(12,517)		(153,951)		(531,294)
FX Impact		8,793		1,494		2,627		12,914
Balance at December 31, 2022	**$**	**-**	**$**	**26,468**	**$**	**-**	**$**	**26,468**
Net Book Value								
As at December 31, 2021	$	170,707	$	80,453	$	17,355	$	268,515
As at December 31, 2022	**$**	**-**	**$**	**40,986**	**$**	**-**	**$**	**40,986**

During the year ended December 31, 2022, the Company recorded a provision for impairment of $103,739 (2021 - $Nil) related to the machinery and equipment.

9. Intangible Assets

Cost		Patents		Software		Total
Balance at December 31, 2020	$	1,946,352	$	30,643	$	1,976,995
Additions		3,052		2,487		5,539
FX Impact		(824)		-		(824)
Balance at December 31, 2021		1,948,580		33,130		1,981,710
Impairment		(1,806,103)		(30,516)		(1,836,619)
FX Impact		(142,477)		(2,614)		(145,091)
Balance at December 31, 2022	**$**	**-**	**$**	**-**	**$**	**-**
Accumulated Amortization						
Balance at December 31, 2020	$	658,440	$	10,683	$	669,123
Amortization		376,541		6,397		382,938
Balance at December 31, 2021		1,034,981		17,080		1,052,061
Amortization		338,100		5,713		343,813
Impairment		(1,314,382)		(21,744)		(1,336,126)
FX Impact		(58,699)		(1,049)		(59,748)
Balance at December 31, 2022	**$**	**-**	**$**	**-**	**$**	**-**
Net Book Value						
At December 31, 2021	$	913,599	$	16,050	$	929,649
At December 31, 2022	**$**	**-**	**$**	**-**	**$**	**-**

Previously patens consisted of patent projection for the Company's WPT systems, RGV wireless charging stations and drones, and its wireless charging mobile devices and home appliances. During the year ended December 31, 2022, the Company recorded a provision for impairment of $491,721 (2021 - $Nil) related to patents and $8,772 (2021 - $Nil) related to software.

(Express in Canadian dollars)

10. Right of Use Assets and Lease Liabilities

As at December 31, 2019, the Company held two building leases and one vehicle lease. During the year ended December 31, 2020, the Company entered into two 24-month building lease agreements, with no renewal or termination option, beginning April 19, 2020. During the year ended December 31, 2021, the Company entered into two vehicle lease agreements, one with a term of 4 years, and one with a term of 2 years, as well as a building lease agreement with a term of 2 years with no extension option. The Company recognized a lease liability and corresponding right of use asset by discounting future lease payments at 7.5%.

During the year ended December 31, 2022, the Company entered into a new building lease agreement as well as two lease extension agreements, with a term of 2 years. The Company recognized lease liability and corresponding right-of-use assets by discounting future lease payments at 8.34%. One vehicle lease was terminated in September 2022, and all other leases were terminated in February 2023 and March 2023.

Right of Use Assets		**Building**		**Vehicle**		**Total**
Cost						
Balance at December 31, 2020	$	173,572	$	-	$	173,572
Additions		29,825		42,010		71,835
Balance at December 31, 2021		203,397		42,010		245,407
Additions		176,727		-		176,727
Impairment		(357,816)		(38,012)		(395,828)
FX Impact		(22,308)		(3,998)		(26,306)
Balance at December 31, 2022	**$**	**-**	**$**	**-**	**$**	**-**
Accumulated Amortization						
Balance at December 31, 2020	$	65,090	$	-	$	65,090
Amortization		96,728		12,211		108.939
Balance at December 31, 2021		161,818		12,211		174,029
Additions		74,384		9,220		83,604
Impairment		(232,975)		(22,097)		(255,073)
FX Impact		(3,227)		667		(2,560)
Balance at December 31, 2022	**$**	**-**	**$**	**-**	**$**	**-**
Net Book Value						
At December 31, 2021	$	41,579	$	29,799	$	71,378
At December 31, 2022	**$**	**-**	**$**	**-**	**$**	**-**

During the year ended December 31, 2022, the Company recorded a provision for impairment of $140,755 (2021 - $Nil) related to building and vehicle leases.

Lease Liability		
Balance at December 31, 2020	**$**	**114,906**
Additions during the year		71,835
Lease payments made		(114,170)
Accretion		8,979
Foreign exchange		(10,767)
Balance at December 31, 2021		**70,783**
Additions during the period		176,727
Lease payments made		(114,322)
Accretion		11,775
Foreign exchange		(3,182)
Balance at December 31, 2022		**138,781**
Current Portion		103,232
Non-current portion	**$**	**35,549**

(Express in Canadian dollars)

10. Right of Use Assets and Lease Liabilities *(continued)*

The Company's minimum lease payments are as follows:

		December 31, 2022		December 31, 2021
Less than 1 year	$	**111,058**	$	52,742
1-2 years		**36,201**		14,992
Later than 2 years		-		8,061
Note minimum lease payments		**147,259**		75,795
Amount representing finance charges		**(8,478)**		(5,012)
Present value of net minimum lease payments	$	**138,781**	$	70,783

11. Trade Payables and Accrued Liabilities

		December 31, 2022		December 31, 2021
Accounts payable and accrued liabilities	$	**810,031**	$	214,027
Withholdings		**28,060**		6,340
Tax penalties		-		5,330
Other		-		647
Total	$	**838,091**	$	226,344

12. Provision for Severance Liabilities

Severance liabilities are calculated based on different assumptions applicable to the employees of Korean subsidiary pursuant to Korean Labour Law as per the below:

Basic assumption	**Assumptions used**
Left service year	8.82
Mortality rate	Benchmark
Age of retirement	62 years old
Salary increases rate	1.50%
Discount rate	5.16% (Unguaranteed AAA corporate 10Y bond yield)

Left service year is calculated based on the stochastic method, benchmark rate is in accordance with the Korea Insurance Development and discount rate is in accordance with KIS Pricing.

A sensitivity analysis has been prepared on the provision, as per the below:

Sensitivity of discount rate

	Current discount rate	Discount +1%	Discount -1%
Pension liability	$45,042	$42,360	$48,104
Discount rate	5.16%	6.16%	4.16%

Sensitivity of salary increase ratio

	Current discount rate	Discount +1%	Discount -1%
Pension liability	$45,042	$48,192	$42,242
Expected salary increase	1.50%	2.50%	0.50%

13. Share Capital

Authorized:

Unlimited number of voting Common Shares.

During the year ended December 31, 2022, the Company consolidated its shares on a 9 to 1 basis. All figures relating to issued shares, options and warrants have been restated to reflect the consolidation.

During the year ended December 31, 2021, the Company completed the following share capital transactions:

- Issued 10,720,000 shares valued at $4,399,488 for the asset transfer (Note 5).
- Issued 536,000 shares valued at $335,268 for the settlement of accounts payable of $335,268.

Subscription receipts

Subscription receipts were issued to Columbia Capital Inc. (the “Columbia Subscription Receipts”) as an advisory fee on May 27, 2021. On the date (the “Conversion Date”) on which both (i) a receipt has been issued for the Company's prospectus and (ii) the Company has received confirmation from the CSE that the Company has met all CSE requirements for the Company's common shares to be listed for trading on the CSE, each Columbia Subscription Receipt would automatically convert, without any further action by or additional consideration from the holder of the Columbia Subscription Receipts, into one Common Share and one Common Share purchase option of the Company (each, a “Columbia Subscription Receipt Option”). Columbia Subscription Receipt were converted into 536,000 shares and at the same number of options.

Stock options

The Company has adopted an incentive stock option plan (the “SOP”), as amended, under the rules of the CSE pursuant to which it is authorized to grant options to executive officers, directors, employees and consultants. The SOP has been amended on November 29, 2021. Under the amended SOP, the option exercise price of any option granted shall be equal to the greater of i) the trading day prior to the date of grant of the options; and ii) the date of grant of the options. The options can be granted for a maximum term of 10 years after the date of grant. Options granted to eligible persons performing investor relations activities shall vest over a minimum of 12 months with no more than 25% of such options vesting in any three-month period. All other options granted the Board determine the manner in which an option shall vest and become exercisable. For stock options granted to employees, officers, directors and consultants, the Company recognizes stock-based compensation expense based on the estimated fair value of the stock options granted as calculated using the Black-Scholes option-pricing model on the date of the grant.

On November 16, 2021, the company granted 536,000 options to the Company owned by one former director at a fair value price of $0.4095, resulting in stock-based compensation expense of $219,503. The options vest immediately and are exercisable for a period of two years from the date of grant. The value of Columbia Subscription Receipt Option was determined using the Black-Scholes Option Pricing Model using the following assumptions: share price $0.4104; exercise price $1.98; expected life 1.94 years; forfeiture rate 0%; risk free rate 1.05%; and volatility of 125% based on comparable company average. The Columbia Subscription Receipts were valued at $219,503.

On January 17, 2022, the Company has granted options to acquire a total of 789,222 common shares of the Company to officers, directors, employees, and consultants of PRT Korea Inc. a subsidiary of the Company at the exercise price of $1.80 per share for a period of three years, subject to vesting requirements. The value of options was determined using the Black-Scholes Option Pricing Model using the following assumptions: share price $1.71; exercise price $1.80; expected life 3 years; forfeiture rate 0%; risk free rate 1.40%; and volatility of 144.63% based on comparable company average. The fair value of the options granted was $971,314 and the Company recognized $847,254 in stock-based compensation during the year ended December 31, 2022.

(Express in Canadian dollars)

13. Share Capital *(continued)*

Stock options (*continued)*

During the year ended December 31, 2022, the stock option transactions are summarized as below:

Expiry Date	Number of Options	Weighted Average Exercise Price ($)
Balance at December 31, 2021	536,000	1.98
Granted	789,222	1.80
Cancelled	(79,000)	1.80
Balance at December 31, 2022	1,246,222	1.88

At December 31, 2022, the following stock options outstanding and exercisable:

Expiry Date	Options Outstanding	Options Exercisable	Exercise Price ($)	Weighted Average Remaining Years
November 16, 2023	536,000	536,000	1.98	0.88
January 14, 2025	710,221	124,623	1.80	2.04
	1,246,221	660,623	1.88	1.54

14. Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that its key management personnel are the members of the Company's current and former Board of Directors and its executive officers who were granted cash compensation.

Key management personnel include executive officers and directors. During the year ended December 31, 2022 below are the transactions incurred with related parties:

Transactions with related parties		Year Ended December 31, 2022		Year Ended December 31, 2021
Service and consulting fees	$	33,847	$	352,463
Salaries		201,540		220,040
Share-based compensation		292,897		335,031
Provision for severance liabilities		-		5,951
Purchase of vehicles		-		43,824
Loans to related parties		-		16,434
Purchase from related parties		-		27,295
Total transactions with related parties	**$**	**528,284**	$	**1,001,038**

Amounts due to related parties		As at December 31, 2022		As at December 31, 2021
Accounts payable	$	140,650	$	87,292
Payables due to asset transfer		-		77,711
Borrowings from related parties		1,078		-
Total due to related parties	**$**	**141,728**	$	**165,003**

Amounts due from related parties		As at December 31, 2022		As at December 31, 2021
Loan receivable	$	-	$	10,660
Amounts receivable		-		5,138
Total due from related parties	**$**	**-**	$	**15,798**

The amounts due to related parties are due on demand, unsecured and bear no interest. Transactions with related parties are incurred in the normal course of business and initially recorded at fair value.

(Express in Canadian dollars)

15. Financial Instruments and Risk Management

The Company's financial instruments consist of cash, receivables, trade payables and accrued liabilities and provision for severance liabilities. The carrying amounts of current assets and current liabilities approximate their fair value due to their short period to maturity. The carrying amounts of the long-term liabilities approximate fair value as these liabilities were discounted using market rates.

IFRS establishes a three-level hierarchy that prioritizes the inputs relative to the valuation techniques used to measure fair value. Fair values of assets and liabilities included in Level 1 of the hierarchy are determined by reference to quoted prices in active markets for identical assets and liabilities. Fair value of assets and liabilities in Level 2 are determined using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Fair value of assets and liabilities in Level 3 are determined based on inputs that are unobservable and significant to the overall fair value measurement.

The Company has categorized its financial instruments into one of three Classification of financial instruments per category:

Financial Instrument	Classification and measurement
Cash	FVTPL
Receivables	Amortized Cost
Trade payables and accrued liabilities	Amortized Cost
Provision for severance liabilities	FVTPL

Cash is recorded at fair value using level 1 inputs.

The Company's activities expose it to a variety of financial risks. The Company is exposed to credit, liquidity, and market risk because of holding certain financial instruments. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk Management is carried out by senior management.

Credit risk

Credit risk arises when one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation.

The maximum exposure of financial assets to credit risk relate to cash and receivables.

Receivables and other current assets are dispersed to various customers. Cash is held with major Canadian and Korean financial institutions and as a result management considers credit risk to be low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company generally relies on funds generated from operations and credit facilities to provide sufficient liquidity to meet budgeted operating requirements and to supply capital to increase the development of its technology services.

The Company has sufficient working capital to meet obligations as they come due provided long-term debt holder does not demand repayment.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2022, the Company had a cash balance of $39 (2021 - $494,695) to pay current liabilities of $1,141,184 (2021 - $280,430), and therefore, will need to seek sources of cash inflows to meet obligations as they come due.

The contractual maturity period of financial liabilities are as follows:

As at December 31, 2022:

Account		Carrying value		Less than 1 year		1~5 years
Trade payables and accrued liabilities	$	838,091	$	838,091	$	-
Short-term borrowing		199,861		199,861		-
Provision for severance indemnities		45,042		-		45,042
Total	**$**	**1,082,994**	**$**	**1,037,952**	**$**	**45,042**

(Express in Canadian dollars)

15. Financial Instruments and Risk Management *(continued)*

As at December 31, 2021:

Account		Carrying value		Less than 1 year		1~5 years
Trade payables and accrued liabilities	$	226,345	$	226,345	$	-
Lease liabilities		70,783		49,195		21,588
Provision for severance indemnities		53,848		-		53,848
Advances from customers		4,890		4,890		-
Total	**$**	**355,866**	**$**	**280,430**	**$**	**75,436**

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

i. Interest rate risk

The Company has cash balances and no variable rate interest-bearing debt.

ii. Foreign currency risk

The Company's and its subsidiary's functional currencies are the Canadian Dollar ("CAD") and the Korean Won ("KRW") respectively. The Company is exposed to fluctuations in the KRW and CAD relative to there functional currencies. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time. The Company is exposed the following currency risk.

iii. Commodity risk

The Company is not exposed to commodity price risk.

16. Supplemental Disclosure with respect to Cash Flows

During the year ended December 31, 2022, there were no non-cash transactions affecting cash flows from financing and investing activities.

During the year ended December 31, 2021, the following non-cash transactions affected cash flows from financing and investing activities:

- The Company issued 536,000 common shares for consulting services of $335,268
- The Company entered into an Asset Transfer agreement, as discussed in Note 5.

17. Capital Management

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1.

The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,

ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any externally or internally imposed capital requirements. There have been no changes to the Company's capital management during the year. The Company is dependent on financing from shareholders to fund its activities.

(Express in Canadian dollars)

18. Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		December 31, 2022		December 31, 2021
Loss for the year	$	(3,411,274)	$	(3,397,286)
Expected income tax (recovery) at statutory rate		(921,000)		(830,000)
Change in statutory, foreign tax, foreign exchange rate and other		50,000		5,000
Permanent differences		291,000		72,000
Change in unrecognized deductible temporary differences		580,000		753,000
Total income tax expense (recovery)	**$**	**-**	**$**	**-**
Current income tax	**$**	**-**	**$**	**-**
Deferred tax recovery	**$**	**-**	**$**	**-**

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

		2022	Expiry Date Range		2021	Expiry Date Range
Temporary differences						
Intangible assets	$	627,000	No expiry date	$	376,000	No expiry date
Non-capital losses available for future period	$	2,368,000	2039 to 2042	$	2,072,000	2039 to 2041
Lease liabilities	$	33,000	2023 to 2024	$	-	N/A
Total temporary differences not recognized	**$**	**3,028,000**		**$**	**2,448,000**	
Total non-capital losses and expiry dates:						
Canada	$	1,330,000	2039 - 2042	$	1,061,000	2039 - 2041
South Korea		9,133,000	2026 - 2037		8,171,000	2026 - 2036
	$	**10,463,000**		**$**	**9,232,000**	

19. Contingencies

The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. It does not believe that adverse decisions in any pending or threatened proceedings, or any amount it may be required to pay by reason thereof, will have a material adverse effect on the financial condition or future results of operations of the Company.

Certain severance payments, salaries, benefits and/or withholding payments were not made in accordance with the labor laws which could result in certain penalties and interests. The Company is not able to reasonably estimate the potential amount of penalties and interests, if any, but believes that the amount will not be significant due to the declining operations, provisions, and overall costs.

20. Subsequent Events

a) On November 16, 2023, 536,000 stock options expired unexercised.

b) On January 25, 2024, British Columbia Securities Commission granted the Company a partial revocation order (a "Partial Revocation Order") of the FFCTO to allow the Company to complete a private placement of up to 5,000,000 common shares at a price of $0.10 per share. On February 8, 2024, pursuant to a partial revocation order issued by BCSC, the Company closed the first tranche of private placement for gross proceeds of $200,000 through issuance of 2,000,000 common shares of the Company at a price of $0.10 per share to PRH Co., Ltd, a control party of the Company.