TSXV:SBIO · OTCQB:SABOF

Sabio Holdings Inc.

Consolidated Financial Statements

For the years ended
December 31, 2024 and 2023

Expressed in U.S. Dollars

Independent Auditor's Report

To the Shareholders of Sabio Holdings Inc.:

Opinion

We have audited the consolidated financial statements of Sabio Holdings Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and December 31, 2023, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity (deficit) and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

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, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits 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 audits 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.

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 of the current period. 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.

Impairment of Goodwill and Long-Lived Assets

Key Audit Matter Description

We draw attention to Note 2 and 3 of the consolidated financial statements for the Company's accounting policy and the significant judgements and estimates applied in determining the recoverable amount of the identified cash generating unit (CGU) and Note 7 to the consolidated financial statements which disclosed that the Company has recorded goodwill of $2,478,774 as of December 31, 2024.

The Company performs impairment testing for goodwill and long-lived assets on an annual basis or more frequently when there is an indication of impairment. An impairment is recognized if the carrying amount of an asset, or its CGU, exceeds its estimated recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. In determining the estimated recoverable amounts using a discounted cash flow model, the Company’s significant assumptions include future cash flows based on expected operating results, long term growth rates and the discount rate.

We considered this a key audit matter due to the significant judgment made by management in determination of CGU and estimating the recoverable amount for goodwill and long-lived assets and a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to management's estimates. This resulted in an increased extent of audit effort, including the involvement of internal valuation specialists.

Audit Response

We responded to this matter by performing procedures over the impairment of goodwill and long-lived assets. Our audit work in relation to this included, but was not restricted to, the following:

- Tested management's key assumptions, including a 'retrospective review' to compare management's assumptions in prior year expected future cash flows to the actual results to assess the Company's budgeting process.
- Assessed management's determination of CGU and the allocation of goodwill to the identified CGU
- Evaluated the reasonableness of key assumptions in the impairment model, including future cash flows based on expected operating results, long term growth rates and the discount rate.
- Tested the mathematical accuracy of management's impairment model and supporting calculations.
- Assessed the appropriateness of the disclosures relating to the assumptions used in the impairment assessment in the notes to the consolidated financial statements.
- With the assistance of internal valuation specialists, evaluated the reasonableness of the Company's impairment model, which included:
  - Evaluating the reasonableness of the discount rates by comparing the Company's weighted average cost of capital against publicly available market data;
  - Developing a range of independent estimates and comparing those to the discount rate selected by management; and
  - Performing a sensitivity analysis by developing a range of independent estimates of growth rates, forecasted earnings and weighted average cost of capital.

Other Information

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

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits 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 Accounting Standards as issued by the International Accounting Standards Board, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

MNP LLP

Toronto, Ontario
March 17, 2025

Chartered Professional Accountants
Licensed Public Accountants

Table of Contents

	December 31, 2024	December 31, 2023
	$	$
Assets		
Current assets		
Cash	**3,300,439**	2,612,112
Accounts receivable, net of expected credit losses (Note 5)	**14,732,197**	10,831,499
Due from related parties (Note 13)	**62,156**	787,107
Prepaid expenses and other current assets	**481,832**	418,445
	18,576,624	14,649,163
Due from related parties (Note 13)	**28,755**	90,639
Right of use asset (Note 9)	**1,351,893**	2,193,022
Intangible assets (Note 6)	**260,222**	351,029
Promissory notes receivable (Note 11)	**414,044**	418,766
Goodwill (Note 7)	**2,478,774**	2,478,774
	23,110,312	20,181,393
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	**15,424,579**	9,981,464
Deferred revenue	**42,204**	16,459
Current income tax liabilities (Note 12)	**46,575**	47,427
Lease liability (Note 9)	**448,882**	623,786
Loans payable (Note 10)	**6,415,377**	7,075,392
	22,377,617	17,744,528
Lease liability (Note 9)	**1,264,342**	1,829,111
Loans payable (Note 10)	**440,000**	1,688,101
Deferred income tax liabilities (Note 12)	**-**	370
	24,081,959	21,262,110
Shareholders' Equity (Deficiency)		
Common shares (Note 11)	**13,307,749**	13,074,238
Treasury shares (Note 11)	**(1,809)**	-
Equity component of convertible notes (Note 10)	**99,060**	99,060
Share-based benefits reserve (Note 11)	**1,672,778**	1,692,009
Deficit	**(15,930,297)**	(15,819,422)
Foreign currency translation reserve	**(119,128)**	(126,602)
	(971,647)	(1,080,717)
	23,110,312	20,181,393

Events after the reporting period (Note 17)

Approved by Directors:

'Aziz Rahimtoola'
Director

'Muizz Kheraj'
Director

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

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	For the year ended	
	December 31, 2024	December 31, 2023
	$	$
Revenues	**49,602,885**	35,954,934
Cost of sales	**18,975,496**	14,174,632
Gross profit	**30,627,389**	21,780,302
Expenses		
Sales and marketing	**14,927,110**	14,030,806
General and administrative	**6,101,389**	4,628,717
Research and technology costs	**5,761,481**	4,698,843
Amortization of intangible assets (Note 6)	**193,668**	162,261
Occupancy (Note 9)	**672,631**	656,332
Amortization of lease (Note 9)	**689,255**	605,899
Share-based compensation (Note 11)	**216,037**	721,285
	28,561,571	25,504,143
Gain (loss) from operations	**2,065,818**	(3,723,841)
Other income	**92,824**	-
Loss on loan forgiveness (Note 13)	**935,567**	-
Gain (loss) before finance costs and income taxes	**1,223,075**	(3,723,841)
Finance costs	**1,292,344**	1,049,140
Loss before income taxes	**(69,269)**	(4,772,981)
Income tax expense (recovery)	**41,606**	(8,445)
Net loss for the year	**(110,875)**	(4,764,536)
Other comprehensive gain (loss)		
Foreign currency translation gain (loss)	**7,474**	(22,256)
Comprehensive loss	**(103,401)**	(4,786,792)
Income (loss) per share		
Basic	**(0.00)**	(0.10)
Diluted	**(0.00)**	(0.10)
Weighted average number of shares outstanding		
Basic	**50,222,096**	48,172,524
Diluted	**50,222,096**	48,172,524

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

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	Number of Common Shares	Common shares	Common stock issuable	Treasury shares	Equity component of convertible notes	Share-based benefits reserve	Deficit	Foreign currency translation reserve	Total shareholders' equity (deficiency)
	#	$	$	$	$	$	$	$	$
Balance, December 31, 2022	46,378,188	12,058,242	10,645	-	-	1,438,399	(11,054,886)	(104,346)	2,348,054
Share-based compensation (Note 11)	-	-	-	-	-	771,490	-	-	771,490
Shares issued due to exercise of stock options (Note 11)	466,408	100,454	-	-	-	(42,406)	-	-	58,048
Shares issued due to exercise of warrants (Note 11)	2,804,702	667,193	-	-	-	(237,770)	-	-	429,423
Shares issued due to vesting of restricted stock units (Note 11)	375,572	237,704	-	-	-	(237,704)	-	-	-
Issuance of convertible notes (Note 10)	-	-	-	-	99,060	-	-	-	99,060
Common stock issuable	45,708	10,645	(10,645)	-	-	-	-	-	-
Net loss and total comprehensive loss	-	-	-	-	-	-	(4,764,536)	(22,256)	(4,786,792)
Balance, December 31, 2023	**50,070,578**	**13,074,238**	**-**	**-**	**99,060**	**1,692,009**	**(15,819,422)**	**(126,602)**	**(1,080,717)**
Balance, December 31, 2023	50,070,578	13,074,238	-	-	99,060	1,692,009	(15,819,422)	(126,602)	(1,080,717)
Share-based compensation (Note 11)	-	-	-	-	-	220,161	-	-	220,161
Shares issued due to vesting of restricted stock units (Note 11)	479,548	235,164	-	-	-	(235,164)	-	-	-
Shares issued due to exercise of stock options (Note 11)	33,359	10,098	-	-	-	(4,228)	-	-	5,870
Repurchased shares cancellation (Note 11)	(34,000)	(11,751)	-	-	-	-	-	-	(11,751)
Treasury shares pending cancellation (Note 11)	-	-	-	(1,809)	-	-	-	-	(1,809)
Net loss and total comprehensive loss	-	-	-	-	-	-	(110,875)	7,474	(103,401)
Balance, December 31, 2024	**50,549,485**	**13,307,749**	**-**	**(1,809)**	**99,060**	**1,672,778**	**(15,930,297)**	**(119,128)**	**(971,647)**

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

	For the year ended	
	December 31, 2024	December 31, 2023
	$	$
Cash flows from (used in) operating activities		
Net loss	**(110,875)**	(4,764,536)
Adjustments for:		
Share-based compensation to employees (Note 11)	**216,037**	721,285
Share-based compensation to contractors (Note 11)	**4,124**	50,205
Finance costs (Note 9)	**289,504**	293,948
Foreign exchange	**7,474**	(22,256)
Amortization of intangible assets (Note 6)	**193,668**	162,261
Loss on disposal of intangibles (Note 6)	**-**	6,612
Loss on loan forgiveness (Note 13)	**935,567**	-
Amortization of lease (Note 9)	**689,255**	605,899
	2,224,754	(2,946,582)
Changes in non-cash working capital items:		
Accounts receivable	**(3,900,698)**	1,437,975
Prepaid expenses and other current assets	**(18,665)**	(75,256)
Deferred revenue	**25,745**	(259,575)
Accounts payable and accrued liabilities	**5,441,893**	(3,128,761)
	3,773,029	(4,972,199)
Cash flows used in investing activities		
Development costs (Note 6)	**(102,861)**	(165,746)
	(102,861)	(165,746)
Cash flows (used in) from financing activities		
(Payment) advances of loan payable	**(1,908,116)**	3,234,108
Advances to related parties	**(148,732)**	(600)
Proceeds from issuance of convertible notes (net of transacion costs) (Note 10)	**-**	1,239,158
Lease payments (Note 9)	**(917,303)**	(780,059)
Issuance of common shares upon exercise of stock options (Note 11)	**5,870**	58,048
Repurchased shares cancellation (Note 11)	**(11,751)**	-
Treasury shares pending cancellation (Note 11)	**(1,809)**	-
	(2,981,841)	3,750,655
Net increase (decrease) in cash	**688,327**	(1,387,290)
Cash, beginning of year	**2,612,112**	3,999,402
Cash, end of year	**3,300,439**	2,612,112

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

1. Description of business

Sabio Holdings Inc. (the "Company" or "Sabio") (formerly Spirit Banner II Capital Corp. and hereafter referred to as "Spirit"), was incorporated under the Business Corporation Act of Ontario, Canada on September 29, 2017. The registered corporate office is located at 150 King Street West, Suite 200, Toronto, Ontario, M5H 1J9. The corporate head office of the Company is located at 315 Culver Boulevard, Playa Del Rey, California, 90293.

On November 19, 2021, the Company completed its reverse takeover transaction with Spirit based on which its wholly-owned, U.S. operating subsidiary Sabio, Inc. acquired all of the issued and outstanding securities of Spirit, via a reverse-takeover transaction (the "Qualifying Transaction"). Upon completion of the Qualifying Transaction, Spirit became a wholly owned subsidiary of the Company, which carried on the business previously carried on by Spirit. The Company changed its name to "Sabio Holdings Inc." and the Shares commenced trading on the TSX Venture Exchange (the "Exchange") at opening on November 26, 2021, under the symbol "SBIO" as a Tier 2 technology issuer.

On January 14, 2022, Sabio Canada Inc., a wholly owned subsidiary of the Company, was incorporated in Ontario, Canada for the Company's operation in Canada.

On February 4, 2022, Vidillion Corp. (formerly, Sabio Acquisition Inc.), a wholly owned subsidiary of the Company, was incorporated in Delaware, United States. On April 1, 2022, the Company, through Vidillion Corp., completed the acquisition of substantially all of the assets of Vidillion Inc., a U.S. based CTV and OTT streaming supply side platform ("SSP") and technology provider for producers of content, in a combined stock and cash transaction. Effective February 15, 2024, the legal entity name of Vidillion Corp. was formally changed to FWD Tech Inc.

On February 6, 2023, Sabio London Limited, a wholly owned subsidiary of the Company, was incorporated in London, the United Kingdom for the Company's business expansion in European markets.

2. Material accounting policies

2.1 New standards, interpretations and amendments adopted from January 1, 2024

Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*

Amendments to IAS 1 - Presentation of financial statements - classification of liabilities as current or non-current affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied for annual periods beginning on or after January 1, 2024, which the Company has adopted. There was no material impact on adoption.

2. Material accounting policies *(continued from previous page)*

2.1 New standards, interpretations and amendments adopted from January 1, 2024 *(continued from previous page)*

Amendments to IAS 1: *Non-current liabilities with covenants*

Amendments to IAS 1 - Presentation of financial statements - non-current liabilities with covenants specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date). The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants. The amendments are applied for annual reporting periods beginning on or after January 1, 2024, which the Company has adopted. There was no material impact on adoption.

2.2 Summary of other material accounting policies

Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with IFRS® Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements of the Company were authorized for issuance by the Board of Directors on March 17, 2025.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. All financial information is presented in United States dollars (“U.S. dollars” or “USD”), the Company’s reporting currency, except share and per share amounts or as otherwise noted.

The material accounting policies are set out below.

Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

2. Material accounting policies *(continued from previous page)*

2.2 Summary of other material accounting policies *(continued from previous page)*

Basis of consolidation (continued from previous page)

The consolidated financial statements of the Company include Sabio Holdings Inc. and its wholly owned subsidiaries Sabio, Inc, AppScience, Inc., FWD Tech Inc. (formerly, Vidillion Corp.), Sabio Canada Inc., Sabio London Limited and Sabio Mobile India Private Limited.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in transaction costs.

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

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the statements of operations and comprehensive loss.

2. Material accounting policies *(continued from previous page)*

2.2 Summary of other material accounting policies *(continued from previous page)*

Business combinations and goodwill (continued from previous page)

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

(a) represent the lowest level within the entity at which the goodwill is monitored for internal management purposes; and

(b) not be larger than an operating segment as defined by paragraph 5 of IFRS 8 *Operating Segments* before aggregation.

Goodwill is tested for impairment at a level that reflects the way an entity manages its operations and with which the goodwill would naturally be associated. If an entity reorganizes its reporting structure in a way that changes the composition of one or more cash-generating units to which goodwill has been allocated, the goodwill shall be reallocated to the units affected.

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

Operating segments

The Company operates as one operating segment which is reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers are responsible for the allocation of resources and assessing the performance of the operating segment and have been identified as the CEO and CFO of the Company.

Foreign currency translation

The consolidated financial statements are presented in U.S. dollars. For each entity, the Company determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the U.S. based entities, including Sabio Inc., AppScience, Inc., FWD Tech Inc. (formerly, Vidillion Corp.), Sabio Canada Inc. (a Canadian entity) and Sabio Mobile India Private Limited (an Indian entity) is U.S dollars. The functional currency of Sabio Holdings Inc. (a Canadian entity) is Canadian dollars. The functional currency of Sabio London Limited (a U.K. entity) is British pounds.

Assets and liabilities of entities having a functional currency other than the U.S. dollar are translated at the rate of exchange at the reporting period date. Revenues and expenses are translated at average rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transaction are used. The resulting foreign currency translation adjustments are recognized in foreign currency translation reserve, one components of the Consolidated Statements of Changes in Shareholders' Equity (Deficit). Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are-

2. Material accounting policies *(continued from previous page)*

2.2 Summary of other material accounting policies *(continued from previous page)*

Foreign currency translation (continued from previous page)

-translated to the functional currency using the prevailing rate of exchange at the reporting period date. Gains and losses on translation of monetary items are recognized in the statement of operations and comprehensive loss.

Financial Instruments

IFRS 9 contains three principle classifications for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL") and eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Classification of financial assets under IFRS 9 is generally based on a business model and its contractual cash flow characteristics.

The following table shows the classification categories under IFRS 9 for each class of the Company's financial assets and financial liabilities.

Asset / liability:	Classification:
Cash and cash equivalents	FVTPL
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Deferred revenue	Amortized cost
Due from related parties	Amortized cost
Promissory notes receivable	Amortized cost
Loans payable	Amortized cost
Convertible notes	Amortized cost

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified and subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

2. Material accounting policies *(continued from previous page)*

2.2 Summary of other material accounting policies *(continued from previous page)*

Financial Instruments (continued from previous page)

Financial assets (continued from previous page)

Classification and subsequent measurement *(continued from previous page)*

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of accounts receivable, promissory notes receivable and due from related parties.

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.

- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of cash and cash equivalents.

- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

The Company measures all equity investments at fair value. Changes in fair value are recorded in profit or loss. The entity does not hold any equity investments.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

2. Material accounting policies *(continued from previous page)*

2.2 Summary of other material accounting policies *(continued from previous page)*

Financial Instruments (continued from previous page)

Financial assets (continued from previous page)

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for trade receivable. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit- impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

2. Material accounting policies *(continued from previous page)*

2.2 Summary of other material accounting policies *(continued from previous page)*

Financial Instruments (continued from previous page)

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, except for financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Research and development

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 deferred development costs 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 profit or loss in the period in which it is incurred.

Subsequent to initial recognition, deferred development costs are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2. **Material accounting policies** *(continued from previous page)*

2.2 **Summary of other material accounting policies** *(continued from previous page)*

Other intangible assets

Brand name, customer/publisher relationships, technology and patents acquired in a business combination that qualify for separate recognition are recognized as intangible assets at their fair values.

All finite-lived intangible assets are initially recorded at fair value and then amortized on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing.

Amortization of finite-lived intangible assets has been included in Expenses. Subsequent expenditures to maintain customer/supplier relationship, technology and patents and brand name are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in profit or loss.

Impairment of non-financial assets

Property, equipment and intangible assets (other than goodwill) are tested for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. When an indication of impairment is identified, the carrying value of the asset or group of assets is measured against the recoverable amount. The Company evaluates impairments losses, other than goodwill impairment, for potential reversals when events or circumstances warrant such consideration.

Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive loss.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any 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 earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, and the liability is settled.

The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive loss or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At the end of each reporting period, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

2. Material accounting policies *(continued from previous page)*

2.2 Summary of other material accounting policies *(continued from previous page)*

Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed using the graded vesting method, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

The fair value of the options/warrants granted is measured using the Black-Scholes pricing model ("BSM") taking into account the terms and conditions upon which the options/warrants were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options/warrants that are expected to vest.

The BSM requires management to estimate the expected volatility, term of the equity instrument, the risk-free rate of return over the term, expected dividends, and the number of equity instruments expected to ultimately vest. In estimating expected volatility, the Company considers the historical share price volatility of similar publicly listed entities. Forfeitures are adjusted for on an actual basis.

The fair value of stock options/warrants is charged to loss and comprehensive loss with a corresponding increase in contributed surplus within equity. Previously recognized expenses are not subsequently reversed for options/warrants that vest but are not exercised. If, and when, share options/warrants are ultimately exercised, the applicable amount of contributed surplus is transferred to share capital.

The fair value of restricted stock units granted is the most recent closing trading price of the Company's common shares on the TSX Venture Exchange from the grant date. Compensation expense for each grant is recorded in the Consolidated statements of operations and comprehensive loss with a corresponding increase in Share-based benefits reserve on the Consolidated statements of financial position. The expense is based on the fair values at the time of the grant and is recognized over the vesting period of the respective RSU. The Company settles RSU's by issuing common shares upon redemption and the applicable amount of contributed surplus is transferred to share capital.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from shareholders' equity.

2. Material accounting policies *(continued from previous page)*

2.2 Summary of other material accounting policies *(continued from previous page)*

Treasury shares

Own equity instruments that are re-acquired (treasury shares) are recognized at cost and deducted from equity. Treasury shares that are acquired and canceled are recognized as a reduction in common shares. Treasury shares that are acquired but not yet canceled are presented as a separate component of equity in the consolidated statement of changes in shareholders' equity.

No gain or loss is recognized in profit or loss on the purchase, sale, issue, or cancellation of the Company’s own equity instruments. Any difference between the carrying amount and the consideration received when reissued is recognized in the share premium account, which is a component of shareholders’ equity.

Convertible notes

Convertible notes denominated in Canadian dollars issued by the Company are compound financial instruments as they can be converted to the Company’s common shares at the option of the holders and the number of common shares to be issued is fixed and does not vary with changes in their fair value.

The liability component of a convertible note is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the convertible note as a whole and the fair value of the liability component. The value of any derivative features (such as a call options) embedded in the compound financial instrument, other than the equity component (such as an equity conversion option), is included in the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a convertible note is measured at amortized cost using the effective interest method until it is extinguished on conversion or redemption. The equity component of a convertible note is not re-measured in subsequent years.

Interest related to the financial liability is recognized as part of finance costs in the Consolidated statements of operations and comprehensive income (loss).

Loss per share

The Company calculates basic loss per share amounts for loss attributable to common shareholders of the parent entity. Basic loss per share is calculated by dividing loss attributable to common shareholders of the parent entity (the numerator) by the weighted average number of common shares outstanding (the denominator) during the period.

Common shares escrowed pursuant to the requirements of the Exchange and will be released according to the Exchange’s schedule as the passage of time are not excluded from the number of outstanding common shares.

For the purpose of calculating diluted loss per share, the Company adjusts the loss attributable to common shareholders of the parent entity, and the weighted average number of common shares outstanding during the period, for the effects of all dilutive potential common shares. Potential common shares are treated as dilutive when, and only when, their conversion to common shares would decrease earnings per share or increase loss per share from continuing operations.

2. Material accounting policies *(continued from previous page)*

2.2 Summary of other material accounting policies *(continued from previous page)*

Fair value

Assets and liabilities carried at fair value must be classified using a three-level hierarchy that reflects the significance and transparency of the inputs used in making the fair value measurements.

Level 1 inputs are unadjusted quoted prices of identical instruments in active markets;

Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs that are not based on observable market data (unobservable data).

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. Cash held by the Company is valued at level 1.

Revenue recognition

The Company recognizes revenue in accordance with IFRS 15 Revenue from Contracts with Customers.

Revenue represents the fair value of consideration received or receivable from customers for goods and services provided by the Company, net of discounts and sales taxes. The Company generates revenue from managed service, programmatic sales, connected TV, and App Science™ insights.

The Company sells digital advertising directly to marketers or through advertising agencies. Revenue from advertising is mostly generated through video and display advertising delivered through advertising impressions. Advertising is typically sold on a cost-per-thousand ("CPM") basis and is evidenced by an Insertion Order, ("IO"). Revenue is recognized as the number of impressions are delivered. IOs may include multiple performance obligations as they contain distinct advertising products or services. For such arrangements, the Company allocates revenue to each distinct performance obligation based on their relative standalone selling price ("SSP"). Advertising arrangements comprised of multiple performance obligations are recognized either at a point in time or over time depending on the nature of the distinct performance obligation.

Contracts with multiple products or services

The Company enters into contracts that contain multiple products and services such as campaign management, insights, and studies. The Company evaluates these arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the product or service is distinct from some or all of the other products or services in the arrangement. A product or service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer. Non-distinct products and services are combined with other goods or services until they are distinct as a bundle and therefore form a single performance obligation.

2. Material accounting policies *(continued from previous page)*

2.2 Summary of other material accounting policies *(continued from previous page)*

Cost of sales

The Company's cost of sales consists of purchased ad inventory, production, and technical service costs and fees, in addition to data center, bandwidth, and cloud hosting costs connected to our revenue-producing platforms.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. The amount of a provision is the best estimate of the consideration at the end of the reporting period. Provisions measured using estimated cash flows required to settle the obligation are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The Company had no material provisions as at December 31, 2024 and 2023.

Research tax credits

The Company is entitled to certain Canadian federal and provincial tax incentives for qualified scientific research and experimental development. These investment tax credits were recorded as a reduction in the related expenditures when there is reasonable assurance that such credits will be realised. Investment tax credits that are related to capitalised expenditures such as deferred development costs are recognized in the statement of financial position as a reduction to the asset that the tax credit relates.

Leases

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

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. For the Company's right-of-use office leases, this period is approximately from 3 to 5 years.

The right-of-use assets are also subject to impairment.

2. Material accounting policies *(continued from previous page)*

2.2 Summary of other material accounting policies *(continued from previous page)*

Leases (continued from previous page)

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Company's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of office spaces (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

iv) Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

3. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors and management are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations, that the directors and management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

<u>Selecting the option pricing model to estimate the fair value of equity instruments granted</u>

The Company uses the Black-Scholes Merton formula to estimate the fair value of equity instruments granted in connection with equity-settled share-based payments. Management considers factors that knowledgeable, willing market participants would consider when selecting the option pricing model to apply.

<u>Determination of functional currency</u>

In determining its functional currency, the Company considers factors related to its primary economic environment. These include the currency which mainly influences the Company's sales prices for goods and services, the country whose competitive forces and regulations mainly determine sale prices of its services, and the currency which mainly influences costs related to providing its services. The Company also considers secondary factors including the currency in which funds from financing activities are generated, and the currency in which operating activities are usually retained.

<u>Determination of rate used to estimate the fair value of the liability component of the convertible notes</u>

The rate used in determining the appropriate value of the liability component of the convertible notes and to appropriately apply the effective interest rate method to the convertible notes is subject to management estimation.

<u>CGU Identification</u>

A cash generating unit ("CGU") is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The identification of which assets or groups of assets constitute CGUs of the company requires significant judgment.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Critical accounting judgments and key sources of estimation uncertainty *(continued from previous page)*

Key sources of estimation uncertainty (continued from previous page)

Expected credit losses

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for trade receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Valuation of common share purchase options and equity-settled share-based payments

The Company uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of common share purchase options/warrants and equity-settled share-based payments. The valuation techniques require the input of subjective assumptions including expected volatility, dividend yield and expected life of the instrument. Management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of these instruments.

Income taxes

At the end of each reporting period, the Company assesses whether the realization of deferred tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the exercise of judgment on the part of management with respect to, among other things, benefits that could be realized from available income tax strategies and future taxable income, as well as other positive and negative factors. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income and benefits from available income tax strategies are lowered, or if changes in current income tax regulations are enacted that impose restrictions on the timing or extent of the Company's ability to utilize deferred tax benefits.

3. Critical accounting judgments and key sources of estimation uncertainty *(continued from previous page)*

Key sources of estimation uncertainty (continued from previous page)

Income taxes *(continued from previous page)*

The Company's effective income tax rate can vary significantly quarter-to-quarter for various reasons, including the mix and volume of business in lower income tax jurisdictions and in jurisdictions for which no deferred income tax assets have been recognized because management believed it was not probable that future taxable profit would be available against which income tax losses and deductible temporary differences could be utilized. The Company's effective income tax rate can also vary due to the impact of foreign exchange fluctuations.

Amortization of intangible assets

The Company applies the straight-line method to recognize amortization of intangible assets. Management is satisfied that the straight-line method best reflects the pattern in which the assets' future economic benefits are expected to be consumed by the Company.

Internally generated development costs

Management monitors the progress of internal research and development projects and uses judgment to distinguish research from the development phase. Expenditures during the research phase are expensed as incurred. Development costs are recognized as an intangible asset when the Company can demonstrate certain criteria listed in Note 2 of the Company's audited consolidated financial statements for the year ended December 31, 2024. Otherwise, they are expensed as incurred.

Impairment of intangible assets and goodwill

IAS 36 requires that the Company ensures that its assets are carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired, and the standard requires the entity to recognize an impairment loss. In assessing impairment, management uses judgment to allocate goodwill to each of the Company's cash-generating units (CGUs) and estimates recoverable amount for each CGU based on expected future cash flows and discount rates. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Going Concern

These annual consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future.

4. Standards issued but not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the International Accounting Standards Board (IASB) that are effective in future accounting periods that the Company has decided not to adopt early.

The following amendments are effective for the period beginning on or after January 1, 2025:

- Lack of Exchangeability (Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates).

The following amendments are effective for the period beginning on or after January 1, 2026:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7).

The following amendments are effective for the period beginning on or after January 1, 2027:

- IFRS 18 Presentation and Disclosure in Financial Statements.

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not expect any other standards issued by the IASB, but are yet to be effective, to have a material impact on the Company.

5. Accounts receivable

	December 31, 2024	December 31, 2023
	$	$
Trade receivables	**14,805,810**	10,896,499
Expected credit loss provision	**(73,613)**	(65,000)
Net carrying value	**14,732,197**	10,831,499

6. **Intangible assets**

	Internally Generated Intangible Assets	Acquired Technology and Patents	Acquired Customer/Publisher Relationships	Acquired Brand Name	Total
	$	$	$	$	$
Cost					
Balance at December 31, 2022	3,363,460	129,000	83,000	75,000	3,650,460
Additions	157,788	7,958	-	-	165,746
Disposal	-	(7,958)	-	-	(7,958)
Balance at December 31, 2023	3,521,248	129,000	83,000	75,000	3,808,248
Additions	102,861	-	-	-	102,861
Balance at December 31, 2024	**3,624,109**	**129,000**	**83,000**	**75,000**	**3,911,109**
Accumulated amortization and impairment losses					
Balance at December 31, 2022	3,256,668	19,600	12,000	8,036	3,296,304
Amortization expense	106,849	27,648	17,050	10,714	162,261
Disposal	-	(1,346)	-	-	(1,346)
Balance at December 31, 2023	3,363,517	45,902	29,050	18,750	3,457,219
Amortization expense	140,303	26,050	16,600	10,715	193,668
Balance at December 31, 2024	**3,503,820**	**71,952**	**45,650**	**29,465**	**3,650,887**
Net book value as at:					
December 31, 2023	157,731	83,098	53,950	56,250	351,029
Balance at December 31, 2024	**120,289**	**57,048**	**37,350**	**45,535**	**260,222**

7. Goodwill

The Company performed its annual impairment test on December 31, 2024 and 2023. Goodwill is allocated to the operating segments expected to benefit from the synergies of the business combinations in which the goodwill arises and is compared to its recoverable value.

In 2023, the impairment test was conducted at FWD Tech Inc. (formerly Vidillion Corp.), which was treated as a standalone cash-generating unit (CGU). At the time, FWD Tech operated independently, with its own assets and separate cash inflows. It was also managed and monitored separately by the Board of Directors and Company management.

In 2024, the Company restructured its operations, cash flow generation, and management approach:

- The Board of Directors and management now focus on consolidated financial results rather than evaluating the performance of individual entities.
- FWD Tech Inc.'s platforms and infrastructure have been integrated into Sabio Inc.'s scalable technology platform.
- Customer demands are now fulfilled in-house, leading to synergies and consolidated revenue streams.
- The Company aims to position itself as an integrated Demand-Side Platform (DSP) and Supply-Side Platform (SSP), offering customers a comprehensive advertising solution with AppScience, Inc's analytics & insights as part of its proprietary, end-to-end technology ecosystem.
- Vidillion has been legally renamed FWD Tech Inc. and rebranded as Sabio SSP, now fully integrated into Sabio Inc.'s service offerings.

Due to these structural changes, the goodwill arising from the acquisition of FWD Tech Inc. in 2021 is no longer associated solely with FWD Tech's business. Instead, it is now part of the broader operations of the Company. Going forward, goodwill will be tested for impairment at the consolidated level, reflecting the Company's current operational structure and cash flow management approach.

The impairment model was changed from value-in-use to fair value less costs to sell to align with market participant assumptions. This reflects that Sabio now operates at the group level, with Sabio CGU as the sole CGU.

As at 31 December 2024, the recoverable amount of Sabio CGU of $16,878,026 (2023: $4,559,090 for FWD Tech Inc.'s CGU). This was determined based on the fair value less costs to sell of Sabio CGU (in 2023: based on the value in use of FWD Tech Inc.'s CGU) calculated using cash flow projections from financial budgets approved by management covering a five-year period. The projected cash flows have been updated to reflect the increased demand for inventories and services and the strategic decisions made in respect of the associated cash-generating unit. The pre-tax discount rate applied to cash flow projections is at the high of 20% and the low of 18.4% (2023: 16.4% and 14.8%) and cash flows beyond the five-year period are extrapolated using a 2% growth rate (2023: 2%) that is the same as the long-term average growth rate for the industry. The discount rate ranges reflect appropriate adjustments relating to market risk and specific risk factors of Sabio CGU (in 2023: of FWD Tech Inc.'s CGU). It was concluded that the fair value less costs to sell of Sabio CGU of $16,878,026 (2023: the value in use of FWD Tech Inc.'s CGU of $4,559,090) did exceed the carrying value of Sabio CGU. At this stage, those assumptions have not resulted in a material impact on the recoverable amount of its non-current assets and no impairment was recognized for fiscal years 2024 and 2023.

7. Goodwill *(continued from previous page)*

Cash inflows are inflows of cash and cash equivalents received from parties external to the entity. In identifying whether cash inflows from an asset (or group of assets) are largely independent of the cash inflows from other assets (or groups of assets), an entity considers various factors including how management monitors the entity's operations (such as by product lines, businesses, individual locations, districts or regional areas) or how management makes decisions about continuing or disposing of the entity's assets and operations.

Sensitivity analysis

The Company has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount of the Company CGU (in 2023: the recoverable amount for FWD Tech Inc.'s CGU) to which goodwill is allocated. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount of the Company CGU (in 2023: the recoverable amount of the FWD Tech Inc.'s CGU) is based on would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the associated CGU.

A one percent decrease in the terminal growth rate to 1% (after incorporating any consequential effects of the change on other inputs used in the recoverable amount estimate), would reduce the headroom in the Company CGU to between $15,944,007 and $18,230,764 (in 2023: the headroom in FWD Tech Inc.'s CGU to between $820,652 and $1,447,582) but would not result in an impairment charge.

A discount rate between 28% to less than 135% (in 2023: 22.4% to 24.4%) (after incorporating any consequential effects of the change on other inputs used in the recoverable amount estimate) would reduce the headroom in the Company CGU (in 2023: the headroom in FWD Tech Inc.'s CGU) to nil but would not result in an impairment charge.

8. Accounts payable and accrued liabilities

	December 31, 2024	December 31, 2023
	$	$
Trade accounts payable and accrued liabilities	**15,312,299**	9,830,189
Interest payable	**112,280**	151,275
	15,424,579	9,981,464

9. Right of use asset and lease liabilities

Right-of-use asset

	Office premises
Cost	$
Balance, December 31, 2022	2,000,228
Additions	1,319,671
Balance, December 31, 2023	3,319,899
Additions	-
Adjustment due to lease reassessment (*)	(151,874)
Balance, December 31, 2024	**3,168,025**
Accumulated amortization	
Balance, December 31, 2022	520,978
Amortization	605,899
Balance, December 31, 2023	1,126,877
Amortization	689,255
Balance, December 31, 2024	**1,816,132**
Carrying amount	
December 31, 2023	2,193,022
December 31, 2024	**1,351,893**

There was no new lease entered during the year ended December 31, 2024. During the year ended December 31, 2023, the Company recognized right-of-use assets and lease liabilities for the leases entered during the year, which were initially measured at the present value of the future lease payments, discounted at rate of 15%.

Lease Liability

Cost	**$**
Balance, December 31, 2022	**1,619,337**
Additions	1,319,671
Interest accretion	293,948
Lease payments	(780,059)
Balance, December 31, 2023	2,452,897
Interest accretion	289,504
Lease payments	(917,303)
Adjustment due to lease reassessment (*)	(111,874)
Balance, December 31, 2024	**1,713,224**
Current	448,882
Non-current	1,264,342
Balance, December 31, 2024	**1,713,224**

9. Right of use asset and lease liabilities *(continued from previous page)*

The following table provides the remaining lease commitments in 2025 and onward. The amounts disclosed in the maturity analysis are the contractual undiscounted cash flows before deducting interest or finance charges.

	$
Less than 1 year	644,687
1-2 years	511,331
2-3 years	546,429
3-4 years	436,647
After 4 years	37,013
	2,176,107

The Company has certain short-term office leases which are not capitalized in accordance with IFRS 16 due to their short-term nature. The Company recorded occupancy expenses of $672,631 for the year ended December 31, 2024 (2023 - $656,332) related to these short-term office leases in the consolidated statements of operations and comprehensive loss.

(*) During the fourth quarter of 2024, the Company received an early termination notice from Crosbyview L.P., the successor-in-interest to 43 Crosby Street Property Owner LLC, following its purchase of the building at 43 Crosby St, New York, NY 10012, USA, along with the underlying land and the landlord's interest in the lease. In accordance with Section 70 of the leases for the 3rd, 5th, and 6th floors of the building, Crosbyview L.P. notified the Company that the lease termination date for these leases would be March 30, 2025. Upon the Company's timely vacating and delivering of the demised premises on or before the early termination date, Crosbyview L.P. agreed to pay the Company a termination fee of forty thousand dollars ($40,000) within thirty (30) days. As a result, the lease liabilities and right-of-use assets associated with these leases were adjusted to reflect the shortened lease term. This reassessment resulted in a reduction of lease liabilities by $111,874 (net of the $40,000 early termination fee), a reduction of right-of-use assets by $$151,874 in accordance with IFRS 16.

10. Loans payable

	Note	**December 31, 2024**	December 31, 2023
		$	$
U.S. Small Business Administration promissory note	(a)	**440,000**	490,000
Avidbank Credit Facility	(b)	**-**	7,070,644
SLRDF Revolving Credit Facility	(c)	**5,219,387**	-
Convertible notes	(d)	**1,195,990**	1,202,849
		6,855,377	8,763,493
Current portion of loans payable		**6,415,377**	7,075,392
U.S. Small Business Administration promissory note	(a)	***-***	4,748
Avidbank Credit Facility	(b)	***-***	7,070,644
SLRDF Revolving Credit Facility	(c)	***5,219,387***	-
Convertible notes	(d)	***1,195,990***	-
Long-term portion of loans payable		**440,000**	1,688,101
U.S. Small Business Administration promissory note	(a)	***440,000***	485,252
Convertible notes	(d)	***-***	1,202,849
		6,855,377	8,763,493

10. Loans payable *(continued from previous page)*

Future principal repayments are as follows:

Less than 1 year	**6,415,377**
1-2 years	**8,625**
2-3 years	**13,734**
3 years and beyond	**417,641**
	6,855,377

a) On April 1, 2020, the Company closed on an unconditional guarantee disaster loan from the U.S. Small Business Administration in the amount of $500,000. The Loan is intended to alleviate economic injury caused by disaster occurring in the month of January 2020. The loan bears interest at a fixed rate of 3.75% per annum, with a maturity date of thirty years from the date of the Loan. Interest and principal payments were deferred for the first 30 months. During the year ended December 31, 2024, the Company paid $50,000 (2023 - $nil) in principal and recognized $17,594 (2023 - $18,376) of interest expense.

(b) The settled facility between the Company and Avidbank was secured against assets of the Company including, but not limited to, its Accounts Receivable and provides for an Accounts Receivable Line of Credit, with $7,500,000 maximum loans outstanding, at an interest rate of the greater of the Wall Street Journal prime rate plus 1.00% to 4%, with a floor between 9.5% to 12.5%. Under the facility, the Company could pledge its accounts receivables to Avidbank to receive funds up front to improve its cash flows. On April 23, 2024, the Company and Avidbank agreed on terms for a 90-day extension until August 21, 2024 for the bank's credit facility. The extended facility, based on certain conditions, provided for a maximum of $6,500,000 in loans outstanding during the extended period. The facility was replaced with a new three-year facility with SLR Digital Finance closed on July 31, 2024 as disclosed in Note 10 (c) below.

During the year ended December 31, 2024, the Company withdrew $13,991,559 (2023 - $23,701,096) and paid $21,062,203 (2023 - $20,494,062) in principal and recognized $367,902 (2023 - $541,314) of interest expense.

(c) On July 31, 2024, the Company closed a new credit facility pursuant to the terms of a credit agreement between its U.S. operating subsidiaries, including Sabio, Inc., AppScience, Inc. and FWD Tech Inc., and SLR Digital Finance ("SLRDF").

The facility has replaced the Company's previous credit facility with Avidbank and provides for a US$10 million senior-secured revolving credit facility at an interest rate of the greater of: (i) Prime rate plus 2.15%, or (ii) 8.5%. The facility has a three (3)-year term and is secured against all of the assets of the Company. Advances made under the facility will be available up to an amount equal to: (a) 85% of eligible accounts receivable of the Company's U.S. operating subsidiaries; plus (b) the lesser of (i) 70% of the aggregate outstanding amount of eligible unbilled receivables or (ii) $3,000,000.

During the year ended December 31, 2024, the Company withdrew $29,027,153 (2023 - $nil) and paid $23,807,766 (2023 - $nil) in principal and recognized $328,194 (2023 - $nil) of interest expense.

(d) On August 16, 2023, the Company entered into agreement for issue of secured convertible notes (the "secured notes") and unsecured convertible notes (the "unsecured notes" and together with the "secured notes", the "notes") to raise aggregate gross proceeds of $1,289,380 (CAD $1,737,850) which comprises of the issuance of-

10. Loans payable *(continued from previous page)*

-secured notes in the aggregate principal amount of $890,328 (CAD $1,200,000) and unsecured notes in the aggregate principal amount of $399,052 (CAD $537,850). The notes issued have a maturity date of August 16, 2025. The notes will be convertible in whole or in part, at the option of the holder, into common shares of the Company at a price of CAD $1.00 per common share at any time before or on the maturity date. The secured notes bear interest at the rate of 14% per annum payable semi-annually in arrears in cash or common shares at the option of the Company and are secured against accounts receivable, deposit account, intellectual property including general intangibles, notes receivable and other assets of the Company, as more particularly described in the security agreement between the Company and Pathfinder Asset Management Ltd., the lead investor acting as collateral agent for the benefit of itself and for the other secured note holders. The security interests are structurally subordinated to the first lien security interest, formerly held by Avidbank and now held by SLRDF. The Company may, at any time, prepay all or part of the principal amount of the secured notes plus accrued and unpaid interest without penalty or bonus, except for the case of repayment within the twelve months following the issue date, the holder will be entitled to receive a repayment amount that is equal to the principal amount and interest calculated for a period of twelve months from the issue date. The unsecured notes bear interest at the rate of 14% per annum payable monthly in cash. The Company may prepay the unsecured notes issued at any time after twelve months from the issuance date.

In accordance with IFRS, the convertible notes have been bifurcated into a liability and an equity component using residual method. The equity component represents the value of the conversion feature and is the difference between the estimated fair value of the liability component and the proceeds received.

Management has estimated the value of the liability component of the secured and unsecured convertible notes using a discount rate of 18% and 25% respectively. The directly attributable transaction costs were allocated to the liability and equity components proportionately. The convertible notes, net of equity component and transaction costs, are accreted such that the carrying amount of convertible notes will equal the $1,289,380 (CAD $1,737,850) principal balance at maturity.

The discount rate of 18% (for secured notes) and 25% (for unsecured notes) used in determining the appropriate value of the liability component of the convertible notes and to appropriately apply the effective interest rate method to the convertible security is based on significant management estimation. The breakdown of convertible notes by components upon issuance is as follows:

	Proceeds	**Secured notes**	**Unsecured notes**	**Equity component**
	$	$	$	$
Convertible security upon issuance	1,289,380	821,687	327,524	140,169
Transaction cost - cash	(50,222)	(32,005)	(12,757)	(5,460)
Deferred tax impact	-	-	-	(35,649)
Net balance upon issuance	**1,239,158**	**789,682**	**314,767**	**99,060**

A summary of changes in convertible notes during the years ended December 31, 2024, and 2023, is as follows:

10. Loans payable *(continued from previous page)*

	December 31, 2024	December 31, 2023
	$	$
Convertible notes, beginning of year	1,202,849	-
Proceeds from issue of convertible notes	-	1,289,380
Transaction cost	-	(50,222)
Amount classified as equity (net of transaction costs)	-	(134,709)
Interest expense (*)	263,604	95,343
Interest paid	(174,322)	(17,462)
Foreign exchange fluctuation	(96,141)	20,519
Convertible notes, end of year	**1,195,990**	**1,202,849**

The breakdown of convertible notes into secured and unsecured categories as of December 31, 2024, is as follows:

	Secured notes	Unsecured notes	Total
Balance as on December 31, 2023	882,251	320,598	1,202,849
Interest expense (*)	171,506	92,098	263,604
Interest paid	(118,322)	(56,000)	(174,322)
Foreign exchange fluctuation	(68,776)	(27,365)	(96,141)
Balance as on December 31, 2024	**866,659**	**329,331**	**1,195,990**

(*) Interest expense is calculated by applying the effective interest rate of 30.37% to the liability component of unsecured notes and 22.17% to the liability component of secured notes.

During the year ended December 31, 2024, the effective interest on the convertible notes recorded in finance costs was $263,604 (2023: $95,343). The actual interest paid during the year ended December 31, 2024 was $174,322 (2023: $17,462).

All interest accrued related to these loans have been recorded under accounts payables and accrued liabilities.

11. Share capital

a) Authorized share capital

The authorized share capital of the Company consists of an unlimited number of common shares with a nominal par value.

	#	$
Balance, December 31, 2022	46,378,188	12,058,242
Issuance of common shares for common stock issuable	45,708	10,645
Issuance of common shares due to exercise of stock options	466,408	100,454
Issuance of common shares due to exercise of warrants	2,804,702	667,193
Issuance of common shares due to vesting of restricted stock units	375,572	237,704
Balance December 31, 2023	**50,070,578**	**13,074,238**
Balance, December 31, 2023	50,070,578	13,074,238
Issuance of common shares due to vesting of restricted stock units	479,548	235,164
Issuance of common shares due to exercise of stock options	33,359	10,098
Repurchased shares cancellation	(34,000)	(11,751)
Balance December 31, 2024	**50,549,485**	**13,307,749**

11. Share capital *(continued from previous page)*

a) Authorized share capital *(continued from previous page)*

On March 26, 2024, the TSX Venture Exchange accepted a notice filed by the Company to implement a Normal Course Issuer Bid, whereupon the Company may, during the 12-month period commencing April 2, 2024, and ending April 1, 2025, purchase up to 852,184 shares in total, being 5% of the total number of 17,043,687 shares outstanding as at March 19, 2024. For the year ended December 31, 2024, the Company repurchased a total of 39,500 shares under this bid at a total cost of CAD $18,895 ($13,560). These shares were purchased at a price ranging from CAD 0.42 to CAD 0.50 per share ($0.30 to $0.36). Out of these shares, 2,500 shares were cancelled on October 2, 2024, 19,500 shares were cancelled on November 4, 2024, 12,000 shares were cancelled on December 2, 2024, and 5,500 shares were subsequently canceled on January 3, 2025. The total cost of 34,000 repurchased shares cancelled in 2024 was CAD $16,333 ($11,751), which was recorded as a reduction in common shares.

During the year ended December 31, 2024, 33,359 (2023 – 466,408) stock options and 479,548 (2023 – 375,572) restricted stock units were redeemed, for net proceeds of $5,870 (2023 - $58,048) and nil (2023 – nil) respectively. The total share-based benefits reserve reclassified to common shares was $4,228 (2023 – $42,406) for stock options and $235,164 (2023 - $237,704) for restricted stock units. Also, there were 2,804,702 warrants exercised during the year ended December 31, 2023. The total share-based benefits reserve reclassified to common shares was $237,770 for warrants.

b) Treasury shares

The reserve for the Company's treasury shares represents the cost of its own common shares held by the Company, awaiting cancellation. As of December 31, 2024, the Company held 5,500 of its own common shares (2023: nil), with a total repurchase cost of CAD $2,563 ($1,809). These shares were subsequently canceled on January 3, 2025.

c) Escrow shares

Subject to certain permitted exemptions, all securities of the Company held by principals of the Company were also subject to escrow. As of December 31, 2024, no such securities remained in escrow. As of December 31, 2023, the Company's escrow shares were contemplated in the weighted average shares outstanding calculation as they were placed in escrow according to the requirements of the Exchange and were released when the passage of certain timelines was met.

In connection with the Qualifying Transaction, 7,343,838 shares held by principals of the Company and founders of Sabio Inc. were deposited into escrow at closing of the Qualifying Transaction (the "Value Escrow Shares"), of which 10% of the Value Escrow Shares were released upon the date of issuance of the Final Exchange Bulletin, 15% were released on May 24, 2022, 15% were released on November 24, 2022, 15% were released on May 24, 2023, 15% were released on November 24, 2023, 15% were released on May 24, 2024 and 15% were released on November 24, 2024. Additionally, 414,846 shares of the Company held by former shareholders of Spirit were held in escrow at closing of the Qualifying Transaction ("CPC Escrow Shares"), of which 25% of the CPC Escrow Shares were released upon the date of the Final Exchange Bulletin, 25% were released on May 24, 2022, 25% were released on November 24, 2022, and 25% were released on May 24, 2023.

11. Share capital *(continued from previous page)*

d) Share based compensation and share based payment reserve

The Company has established an omnibus incentive plan for its employees, directors, officers and consultants under which the Company may grant security-based compensation, including options and restricted stock units, from time-to time to acquire a maximum of 10% of the issued and outstanding common shares. The grant of security-based compensation and the exercise price of each option granted under the plan shall be determined by the Board of Directors.

Stock options

Options may be exercised for a maximum term of ten years from the date of the grant. They are non-transferable and expire after 30 days to 90 days of termination of employment.

A summary of changes in share-based compensation during the years ended December 31, 2024, and 2023, is as follows:

Measurement date	**Number of Options**	**Weighted average exercise price**
	#	$
Balance, December 31, 2022	3,144,081	0.55
Granted	417,500	0.64
Exercised	(466,408)	0.12
Forfeited	(253,442)	0.61
Balance, December 31, 2023	2,841,731	0.63
Granted	350,000	0.24
Exercised	(33,359)	0.17
Forfeited	(652,207)	0.66
Balance, December 31, 2024	**2,506,165**	**0.57**

The following tables summarize information about the Company's share options outstanding as at December 31, 2024:

Range of exercise prices	**Number of options**	**Weighted average exercise price**	**Weighted average remaining contractual life in years**
	#	$	#
0.09	3,656	0.09	2.76
0.17	896,560	0.17	6.03
0.18	210,000	0.18	9.43
0.29	57,500	0.29	8.81
0.32	140,000	0.32	9.97
0.58	104,998	0.58	7.79
0.74	234,998	0.74	8.26
1.10	858,453	1.10	7.04
	2,506,165	**0.57**	**7.22**

11. Share capital *(continued from previous page)*

d) Share based compensation and share based payment reserve *(continued from previous page)*

Stock options *(continued from previous page)*

During the year ended December 31, 2024, 350,000 (2023 – 417,500) share options were issued with a weighted average fair value of $0.21 per option at the date of grant (2023 - $0.49 per option) to directors and employees, and the options vest quarterly from the grant date over a three (3) year period.

The fair value of the share options granted during the years was determined using the Black-Scholes-Merton option pricing model with the following weighted average assumptions:

	December 31, 2024	December 31, 2023
Estimated fair value per common share	**$0.16 to $0.28**	$0.23 to $0.56
Exercise price of the option	**$0.18 to $0.32**	$0.29 to $0.74
Expected volatility of the underlying common share	**88.1%-89.2%**	68%-72.5%
Expected life of the option (in years)	**10 years**	10 years
Expected dividend yield	**0.00%**	0.00%
Risk-free rate of interest	**4.3%-4.5%**	3.3%-4.9%

During the year ended December 31, 2024, the Company recognized stock-based compensation for granted options of $78,458 (2023 - $340,387) under share-based compensation expense and $4,124 (2023 - $30,593) under contractor and corresponding expenses.

Restricted stock units

On June 29, 2022, shareholders of the Company approved a replacement omnibus equity incentive plan that permits the granting of certain compensation securities, including restricted stock units. Restricted stock units are automatically converted into the Company's common shares upon vesting and when the common shares are issued upon redemption, the shares will be fully paid and non-assessable shares in the share capital of the Company.

A summary of changes in restricted stock units during the years ended December 31, 2024, and 2023, is as follows:

Measurement date	**Number of RSUs**	**Weighted average grant price**
	#	$
Balance, December 31, 2022	657,313	0.65
Granted	625,793	0.54
Forfeited	(128,907)	0.58
Vested and redeemed	(375,572)	0.63
Balance, December 31, 2023	778,627	0.59
Granted	320,585	0.36
Forfeited	(131,668)	0.74
Vested and redeemed	(479,548)	0.49
Balance, December 31, 2024	**487,996**	**0.49**

11. Share capital *(continued from previous page)*

d) Share based compensation and share based payment reserve *(continued from previous page)*

Restricted stock units *(continued from previous page)*

During the year ended December 31, 2024, 320,585 restricted stock units were issued (2023 – 625,793) with a weighted average grant price of $0.36 per unit at the date of grant (2023 - $0.54 per unit) to directors and employees. 50,000 RSUs granted to one employee of the Company vests over three years with 1/3 vesting at the one-year anniversary of the grant and quarterly vesting over the next two years. 270,585 RSUs granted to certain directors of the Company vest at the one-year anniversary of the grant.

During the year ended December 31, 2024, 479,548 (2023 – 375,572) restricted stock units were redeemed for the same number of common shares upon vesting in accordance with the terms of the omnibus incentive plan. The total share-based benefits reserve reclassified to common shares was $235,164 (2023 – $237,704).

During the year ended December 31, 2024, the Company recognized stock-based compensation for granted restricted stock units of $137,579 (2023 - $380,898), under share-based compensation expense and $nil (2023 - $19,612) under contractor expenses.

Warrants

A summary of changes in share-based compensation during the years ended December 31, 2024, and 2023, is as follows:

Measurement date	Number of Warrants	Weighted average exercise price
	#	$
Balance, December 31, 2022	4,178,188	0.57
Exercised	(2,804,702)	0.17
Expired	(1,373,486)	1.39
Balance, December 31, 2023 and December 31, 2024	**-**	**-**

On November 20, 2023, several arrangements were agreed to between the Company and certain Canadian parties (including one related party), for the exercise of an aggregate of 2,804,702 share purchase warrants at an exercise price of CAD$0.21 ($0.17) previously issued by the Company on January 11, 2021. These arrangements include the provision of promissory notes between the Company and warrant holders. The principal amount outstanding under the 3 year-term bears interest at the prime rate as published by the Bank of Canada and matures on December 31, 2026, and the interest is due on maturity. The Company agreed that (ii) no interest shall be due and payable by the promissory notes holders in the event the proceeds from the sale of the Company's common shares held by the notes holders are not sufficient to satisfy in whole the obligations to pay the principal amount outstanding and the accrued interest on the maturity date and (ii) the remaining obligation of the notes holders to repay the balance of the principal amount outstanding subsequent to the sale of the Company's common shares will be forgiven. In the circumstance where the notes holders seek to sell their common shares for proceeds insufficient to satisfy in whole their respective promissory note principal and interest obligations, the Company may elect to repurchase the common shares from the note holders, subject to applicable securities law, for cancellation in consideration of forgiving the principal amount outstanding. The balance of promissory notes including accrued interest as at December 31, 2024 comprised $28,755 (2023 - $29,083) due from a related party as disclosed in Note 13 and $414,044 (2023 - $418,766) due from other parties.

There were no warrants issued during the year ended December 31, 2024 (2023 – Nil).

12. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2023 – 26.5%) to the effective tax rate is as follows:

	December 31, 2024	December 31, 2023
	$	$
Net loss before recovery of income taxes	**(69,269)**	(4,772,981)
Expected tax rate	**26.5%**	26.5%
Expected tax benefit resulting from loss	**(18,355)**	(1,264,840)
Difference in foreign tax rates	**40,606**	(47,291)
Book to filing adjustment	**(36,574)**	(39,982)
Non-deductible expenses	**119,332**	303,285
US loss for inverted entity	**(470,101)**	(263,678)
Change in tax rate	**14,367**	(35,524)
Change in tax benefits not recognized	**392,331**	1,339,585
	41,606	(8,445)

The Company's income tax expense (recovery) is allocated as follows:

	December 31, 2024	December 31, 2023
	$	$
Current tax expense (recovery)	**46,932**	48,119
Adjustment in respect of current tax expense (receovery) of prior year	**(4,969)**	(20,593)
Deferred tax expense (recovery)	**(357)**	(35,971)
	41,606	(8,445)

The following table summarizes the components of deferred tax:

	December 31, 2024	December 31, 2023
Deferred income tax assets (liabilities)	**$**	$
Deferred income tax assets		
Canadian losses	**17,468**	42,631
Lease liabilities	**379,540**	608,742
Deferred tax liabilities		
Convertible notes	**(17,468)**	(42,631)
Investment tax credits	**-**	(370)
Right of use assets and net investment in sublease	**(379,540)**	(608,742)
Net deferred tax asset (liability)	**-**	(370)

Movement in net deferred tax assets (liabilities) is as follows:

	December 31, 2024	December 31, 2023
	$	$
Balance at the beginning of the year	**(370)**	(683)
Recognized in profit or loss	**357**	35,971
Recognized in equity	**-**	(35,649)
Other	**13**	(9)
Balance at the end of the year	**-**	(370)

12. Income Taxes *(continued from previous page)*

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	December 31, 2024	December 31, 2023
	$	$
Intangible assets - research & development	**522,321**	391,875
Research & development credits	**89,375**	129,779
Lease liability	**361,330**	259,874
Net operating loss carried forward	**13,011,581**	12,721,218
Charitable donations carryforward	**24,359**	61,564
Stock options	**439,905**	333,301
Share issuance costs	**149,801**	259,967
Others	**1,065,845**	278,625
Balance at the end of the year	**15,664,517**	14,436,203

The Canadian non-capital loss carry forwards expire between 2041 and 2044. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the therefrom.

The Company's Canadian, US and UK non-capital income tax losses, the benefit of which has not been recognized on the consolidated financial statements, expire as follows:

	Canada	**US**	**UK**
	$	$	$
2040	-	-	-
2041	43,946	-	-
2042	949,544	-	-
2043	835,218	-	-
2044	1,477,362	-	-
Indefinite	-	9,409,922	295,589
	3,306,070	**9,409,922**	**295,589**

13. Related Party Transactions

Compensation of key management personnel

Key management personnel are individuals responsible for planning, directing, and controlling activities of an entity, and include management executives of the Company. Compensation provided to key management is as follows:

	December 31, 2024	December 31, 2023
	$	$
Salaries and short-term employee benefits	**3,083,181**	2,410,578
Forgiveness of note receivable	**935,567**	-
Stock based compensation	**11,128**	147,579
	4,029,876	2,558,157

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13. Related Party Transactions *(continued from previous page)*

Amounts due from related parties as at December 31 2024 and 2023, were as follows:

	December 31, 2024	December 31, 2023
	$	$
Simon Wong	**62,156**	61,556
Liam Farrell	**28,755**	29,083
Aziz Rahimtoola	**-**	787,107
	90,911	877,746

The balance from Simon Wong is a loan principal of $60,076 (bearing an interest rate of 1% per annum) plus accrued interest. During the second quarter of 2023, the loan was extended for two (2) additional years and is due on July 15, 2025.

The balance from Aziz Rahimtoola represented non-interest-bearing advances made to a shareholder due on demand. During 2024, the Company provided additional advances totaling $148,460, bringing the total to $935,567. The total balance was forgiven as incremental incentive compensation for Aziz Rahimtoola based on his funding of the Company in its early stages and stewardship of the Company since going public.

On August 16, 2023, the Company entered into agreements for issue of secured convertible notes and unsecured convertible notes. As a part of this offering, Aziz Rahimtoola subscribed for an unsecured note in the aggregate principal amount of $399,052 (CAD $537,850). At the date of issue, $314,767 (net of transaction costs of $12,757) were classified as a liability component and $71,528 was classified as equity component. The balance of the unsecured convertible note due to Aziz Rahimtoola as at December 31, 2024 classified as a liability component was $329,331 (2023 - $320,598) and classified as equity component was $71,528 (2023 - $71,528). Refer Note 10(d) above for further details.

On November 20, 2023, arrangements were agreed to between the Company and certain Canadian parties, including Liam Farrell – a related party - for exercising an aggregate of 2,804,702 share purchase warrants (including 182,136 share purchase warrants held by Liam Farrell) at an exercise price of CAD$0.21 ($0.17). The share purchase warrants were originally issued by the Company on January 11, 2021. These arrangements include the provision of promissory notes between the Company and warrant holders. The balance of promissory note due from Liam Farrell, including accrued interest, as at December 31, 2024 was $28,755 (2023 - $29,083), and the terms of the note are disclosed in Note 11(d) above.

14. Risk management arising from financial instruments

a) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's principal financial assets that expose it to credit risk are trade receivables and promissory note receivables. The Company mitigates this risk by monitoring the credit worthiness of its customers and promissory notes holders.

The Company recognizes a provision for expected credit losses based on its assessment of the probability of specific losses, estimates of future individual exposures and provisions based on historical experience.

14. Risk management arising from financial instruments *(continued from previous page)*

a) Credit risk *(continued from previous page)*

The following is the breakdown of the aging of trade receivables:

	December 31, 2024	December 31, 2023
Trade receivables aging		
0-30 days	**10,900,959**	7,986,841
31-60 days	**1,819,076**	1,749,543
61-90 days	**1,765,685**	702,557
Greater than 90 days	**320,090**	457,558
	14,805,810	10,896,499
Allowance for expected credit losses	**(73,613)**	(65,000)
Net trade receivables	**14,732,197**	10,831,499

At December 31, 2024, of the Company's trade receivables, one customers accounted for 28.3% (2023 – two customers for 28%).

The Company applies the simplified approach to provide for expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. The expected credit loss provision is based on the Company's historical collections and loss experience and incorporates forward-looking factors, where appropriate. The provision matrix below shows the expected credit loss rate for each aging category of trade receivables as at December 31, 2024 and 2023.

December 31, 2024	**Total**	**0-30 days**	**31-60 days**	**61-90 days**	**>90 days**
Default rates		0.11%	1.01%	1.59%	4.74%
Trade receivables	**$ 14,805,810**	$ 10,900,959	$ 1,819,076	$ 1,765,685	$ 320,090
Expected credit loss	**$ 73,613**	$ 11,997	$ 18,373	$ 28,074	$ 15,169

December 31, 2023	**Total**	**0-30 days**	**31-60 days**	**61-90 days**	**>90 days**
Default rates		0.15%	0.33%	1.68%	7.73%
Trade receivables	**$ 10,896,499**	$ 7,986,841	$ 1,749,543	$ 702,557	$ 457,558
Expected credit loss	**$ 65,000**	$ 11,981	$ 5,848	$ 11,796	$ 35,375

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's revolving demand facility has variable interest rates. Changes in the lending institution's prime lending rates can cause fluctuations in interest payments and cash flows.

14. Risk management arising from financial instruments *(continued from previous page)*

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach in managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due, by continuously monitoring actual and forecasted cash flows.

December 31, 2024	**Contractual cash flows**	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
Trade and other payables	**15,424,579**	15,424,579	-	-	-
Lease liability	**2,176,107**	644,687	1,057,760	473,660	-
Loans payable	**6,855,377**	6,415,377	22,359	29,060	388,581
	24,456,063	22,484,643	1,080,119	502,720	388,581

December 31, 2023	**Contractual cash flows**	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
Trade and other payables	**9,981,464**	9,981,464	-	-	-
Lease liability	**3,215,993**	918,539	1,277,365	1,020,089	-
Loans payable	**8,763,493**	7,075,392	1,226,702	25,707	435,692
	21,960,950	17,975,395	2,504,067	1,045,796	435,692

d) Foreign currency risk

The Company is exposed to currency risk related to the fluctuation of foreign exchange rates. The Company is exposed to currency risk through its operations in Indian rupees and in British pounds and through maintaining cash in Canadian dollars and purchasing services in Canadian dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. A change of 1% in the INR/USD, CAD/USD and GBP/USD exchange rates on the December 31, 2024, would have had an impact on the Company's cash in Indian rupees of $1,894, on the Company's cash and promissory notes receivable in Canadian dollars of $389 and $4,385 respectively, on the Company's cash and accounts receivable in British pounds of $4,692 and $9,435 respectively, on the Company's accounts payable and accrued liabilities in Canadian dollars of $1,557, on the Company's accounts payable and accrued liabilities in British pounds of $1,866, on the Company's lease liabilities in Indian rupees of $1,178 and of $11,843 on the Company's convertible notes in Canadian dollars.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting periods follows:

	December 31, 2024	December 31, 2023
	INR	INR
Cash	**16,367,195**	13,384,623
Net financial assets	**16,367,195**	13,384,623

14. Risk management arising from financial instruments *(continued from previous page)*

d) Foreign currency risk *(continued from previous page)*

	December 31, 2024	December 31, 2023
	CAD $	CAD $
Cash	**56,408**	4,260
Promissory notes receivable	**636,446**	593,699
Net financial assets	**692,854**	597,959

	December 31, 2024	December 31, 2023
	GBP $	GBP $
Cash	**378,000**	789
Accounts receivable	**760,111**	8,701
Net financial assets	**1,138,111**	9,490

	December 31, 2024	December 31, 2023
	CAD $	CAD $
Accounts payable and accrued liabilities	**226,049**	97,371
Net financial liabilities	**226,049**	97,371

	December 31, 2024	December 31, 2023
	GBP $	GBP $
Accounts payable and accrued liabilities	**150,306**	-
Net financial assets	**150,306**	-

	December 31, 2024	December 31, 2023
	INR	INR
Lease liabilities	**10,185,365**	14,126,446
Net financial liabilities	**10,185,365**	14,126,446

	December 31, 2024	December 31, 2023
	CAD $	CAD $
Convertible notes	**1,719,023**	1,594,580
Net financial liabilities	**1,719,023**	1,594,580

14. Risk management arising from financial instruments *(continued from previous page)*

e) Management of capital

The Company's objective of managing capital, comprising of shareholder's equity, is to ensure its continued ability to operate as a going concern. The Company manages its capital structure and makes changes to it based on economic conditions. With approval from the Board of Directors, management will adjust its capital structure through the issue of new shares, debt or other activities deemed appropriate under specific circumstances. Management and the Board of Directors review the Company's capital management approach on an ongoing basis and believe this approach, given the relative size of the Company, is reasonable. The Company is subject to capital requirements from SLRDF for the use of the granted credit facility. There were no material changes in the Company's capital management objectives, policies and processes during the year ended December 31, 2024.

15. Segmented Information

The Company has identified one operating segment that is a technology provider in the high-growth advertising areas of connected TV ("CTV") and over-the-top ("OTT") streaming. The Company sells services in the United States of America ("USA") and Europe with Sabio Inc. and Sabio London Limited providing targeted campaign solutions to top agencies and the brands they represent by filling the Sabio SSP ad slots in FWD Tech Inc. (formerly, Vidillion Corp.) and other non-Sabio SSP CTV/OTT apps. AppScience, Inc. provides an agnostic platform to track, measure and analyze media buys across multiple partners, while Sabio Mobile India Private Limited and Sabio Canada Inc. work as operational extensions of the Company for data engineering, data science activities and administration activities.

In accordance with IFRS 8 – Operating Segments, the Company reports revenue based on customer location as follows:

Geographic Region	**Revenue December 31, 2024**
	$
North America	**48,170,200**
Europe	**1,432,685**
Total Revenue	**49,602,885**

Since Europe revenue represents less than 10% of total revenue, it does not meet the threshold for separate segment reporting. The Company's decision makers review information on a consolidated basis, confirming that the Company has one reportable segment under IFRS 8.

16. Commitments

On August 8, 2022, the Company entered a lease for a new office in Hyderabad, India with Gowra Ventures (P) Ltd with the assured period of five years from the rent commencement date. The lease contains non-lease components for maintenance charges and usage charges amounting to $273,253 (INR 22,589,800) for the assured period.

On March 17, 2023, the Company entered a lease for a new office in Playa del Rey, California for 67 months with Culver Studio Partners LLC. The lease contains non-lease components for maintenance charges and usage charges amounting to $548,097 for the 67-month term.

16. Commitments *(continued from previous page)*

The future minimum commitment for these contracts, excluding lease payments identified in Note 9, as at December 31, 2024 is as follows:

Within one year	$	150,143
Less than one year and not longer than five years		407,084
Thereafter		-
	$	**557,227**

17. Subsequent Events

On March 3, 2025, the Company entered into a new office lease on the second floor of 10 Crosby (also known as 444 Broadway), New York with Madison Capital Madison 444 Realty LLC. The lease commences on April 1, 2025 and expires on June 30, 2028. The total lease payments over the term amount to $1,476,992, including non-lease components for maintenance and usage charges.