VSBLTY Groupe Technologies Corp.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2025 and 2024

(Expressed in United States dollars)
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements for VSBLTY Groupe Technologies Corp. (the "Company") have been prepared by management in accordance with International Financing Reporting Standards ("IFRS"). These condensed consolidated interim financial statements, which are the responsibility of management, are unaudited and have not been reviewed by the Company's auditors. The Company's Audit Committee and Board of Directors have reviewed and approved these unaudited condensed consolidated interim financial statements. In accordance with the disclosure requirements of National Instrument 51-102 released by the Canadian Securities Administrators, the Company's independent auditors have not performed a review of these unaudited condensed consolidated interim financial statements.

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

As at	Notes		September 30, 2025		December 31, 2024
ASSETS					
Current assets					
Cash		$	23,394	$	23,074
Restricted cash	5		-		53,757
Trade and other receivables	6, 13, 23		412,214		169,737
Share subscription receivable	19		46,339		44,874
Prepaid expenses	9		102,838		72,939
Contract asset	12		147,866		119,801
			732,651		484,182
Intangible asset	8		1,107,921		1,462,508
Equipment, net	7		10,143		18,629
Total assets		$	1,850,715	$	1,965,319
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	14, 19	$	8,599,130	$	6,073,074
Deferred revenue	20		1,032,226		1,142,555
Loans payable	15		3,739,765		4,185,906
			13,371,121		11,401,535
Non-Current liabilities					
Convertible debentures	15		631,216		936,376
Loans payable	15		592,635		592,635
Total liabilities			14,594,972		12,930,546
SHAREHOLDERS' EQUITY					
Share capital	17		49,795,133		47,154,454
Reserves	17		11,937,089		11,273,027
Obligation to issue warrants	17		338,033		338,033
Accumulated deficit			(74,020,258)		(69,063,574)
Accumulated other comprehensive income			(794,254)		(667,167)
Total shareholders' equity			(12,744,257)		(10,965,227)
Total liabilities and shareholders' equity		$	1,850,715	$	1,965,319
Nature of operations and going concern	1				
Contingency	25				
Subsequent events	27				

APPROVED BY THE BOARD OF DIRECTORS:

"Jay Hutton" Director *"Thomas Hays"* Director

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

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

	Notes	Three months ended September 30, 2025	Three months ended September 30, 2024	Nine months ended September 30, 2025	Nine months ended September 30, 2024
Revenue					
License fees		$ 17,656	$ 28,687	$ 34,975	$ 80,350
Media management	10	231,611	255,188	694,836	609,160
Professional services		213,085	63,530	1,075,721	262,937
Hardware and other		10,200	835	52,400	15,204
		472,552	348,240	1,857,932	967,651
Cost of sales	11	(502,193)	(165,712)	(1,798,481)	(732,011)
Gross profit		(29,641)	182,528	59,451	235,640
Sales and marketing expenses	18, 19	(232,141)	(352,091)	(804,681)	(1,317,639)
General and administrative expenses	18, 19	(234,871)	(711,047)	(1,820,173)	(1,939,544)
Research and development expenses	18, 19	(406,285)	(275,081)	(1,047,387)	(926,333)
Share-based payments	17(b),17(c),17(d)	(3,044)	(221,236)	(523,224)	(276,996)
Operating loss		(905,982)	(1,376,927)	(4,136,014)	(4,224,872)
Finance costs	15,16	(272,627)	(304,173)	(793,476)	(589,430)
Loss on loan impairment	13	-	-	-	(80,000)
Loss on derivative liability		-	(13,841)	-	(13,841)
(Loss) gain on settlement of payables		(185)	-	(23,839)	3,784
Gain on settlement of contingent consideration		-	-	-	189,871
Interest income		1,494	3,760	1,494	3,760
Foreign exchange gain (loss)		(5,212)	2,406	(4,849)	(4,140)
Net loss for the period		(1,182,512)	(1,688,775)	(4,956,684)	(4,714,868)
Foreign currency translation		13,548	(10,331)	(127,087)	2,402
Comprehensive loss for the period		$ (1,168,964)	$ (1,699,106)	$ (5,083,771)	$ (4,712,466)
Loss per share – Basic and diluted		$ (0.01)	$ (0.03)	$ (0.07)	$ (0.09)
Weighted average shares outstanding – Basic and diluted		85,199,520	53,519,687	77,638,935	49,783,695

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

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

	Notes	Number of common shares	Share capital	Reserves	Obligation to issue warrants	Accumulated deficit	Accumulated other comprehensive income (loss)	Total shareholders' equity
Balance, December 31, 2023		44,039,620	$46,048,518	$10,758,095	$ 338,033	$ (60,820,193)	$ (737,292)	$ (4,412,839)
Shares issued	17(a)	4,464,200	314,762	115,965	-	-	-	430,727
Earnout shares	17(a)	2,055,459	120,020	-	-	-	-	120,020
Shares issued for debt settlement	17(a)	1,694,444	105,496	-	-	-	-	105,496
Share issuance costs	17(a,b)	-	(76,938)	14,575	-	-	-	(62,363)
Consideration warrants issued		-	-	51,330	-	-	-	51,330
Share-based payments	17(b,c,d)	-	-	276,996	-	-	-	276,996
Foreign currency translation		-	-	-	-	-	2,402	2,402
Loss for the period		-	-	-	-	(4,714,868)	-	(4,714,868)
Balance, September 30, 2024		52,253,723	$46,511,858	$11,216,961	$ 338,033	$ (65,535,061)	$ (734,890)	$ (8,203,099)
Balance, December 31, 2024		59,203,723	$47,154,454	$11,273,027	$ 338,033	$ (69,063,574)	$ (667,167)	$ (10,965,227)
Shares issued	17(a)	23,235,185	2,141,076	-	-	-	-	2,141,076
Shares issued for debt settlement	17(a,b)	952,380	92,757	-	-	-	-	92,757
Share issuance costs	17(a,b)	-	(6,120)	-	-	-	-	(6,120)
Shares issued on conversion of debenture	17(a)	2,234,000	164,321	140,838	-	-	-	305,159
Shares issued for services		2,850,833	248,645	-	-	-	-	248,645
Share-based payments	17(b,c,d)	-	-	523,224	-	-	-	523,224
Foreign currency translation		-	-	-	-	-	(127,087)	(127,087)
Loss for the period		-	-	-	-	(4,956,684)	-	(4,956,684)
Balance, September 30, 2025		88,476,121	$49,795,133	$11,937,089	$ 338,033	$ (74,020,258)	$ (794,254)	$ (12,744,257)

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

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

		Nine months ended September 30, 2025		2024
Cash flows from operating activities				
Loss for the period	$	(4,956,684)	$	(4,714,868)
Adjustments for non-cash items:				
Depreciation		9,581		235,047
Interest expense		202,843		176,779
Consideration warrants issued for debt settlement		-		51,330
Amortization of intangible asset		354,587		-
Share-based payments		523,224		276,996
Shares issued for services		248,645		-
Bad debt expense		11,483		121,835
Write off of security deposit		10,916		-
Gain on settlement of contingent consideration		-		(189,871)
Loss on derivative liability		-		13,841
Impairment of loan receivable		-		80,000
Loss (gain) on settlement of accounts payable		23,839		(3,784)
Changes in non-cash working capital items:				
Trade and other receivables		(444,417)		285,768
Contract asset		(28,065)		-
Inventory		-		1,975
Prepaid expenses and deposits		(41,840)		28,793
Accounts payable and accrued liabilities		2,362,145		1,859,033
Deferred revenue		(110,329)		17,315
Net cash used in operating activities		(1,834,072)		(1,759,811)
Cash flows from investing activities				
Acquisition of equipment		(1,095)		-
Loan issuance		-		(80,000)
Net cash used by investing activities		(1,095)		(80,000)
Cash flows from financing activities				
Principal portion of lease payments		-		(15,929)
Proceeds from issuance of convertible debt		-		424,916
Proceeds from promissory notes		359,178		1,148,781
Proceeds from equity financing, net of share issuance costs		2,139,956		373,364
Repayment of loans		(569,126)		(98,257)
Net cash provided by financing activities		1,930,008		1,832,875
Net increase (decrease) in cash		94,841		(6,936)
Impact of currency translation on cash		(94,521)		(12,010)
Cash and cash equivalents, beginning of period		23,074		54,180
Cash and cash equivalents, end of period	$	23,394	$	35,234

Supplemental cash flow information (Note 26)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

VSBLTY Groupe Technologies Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on August 1, 2018. The Company's head office is located at Royal Centre, 1055 W. Georgia Street PO Box 11117, Vancouver, BC V6E 4N7, Canada and its registered office is located at The Corporation Trust Center, 1201 Orange Street, City of Wilmington, New Castle County, DE 19801. The Company is a software provider of artificial intelligence driven security and retail analytics technology. The Company's shares trade on the Canadian Securities Exchange under the symbol "VSBY", the OTCQB Venture Market under the symbol "VSGBF" and the Frankfurt stock exchange under the symbol "5VS".

These unaudited condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. To date, the Company has not been profitable and has an accumulated deficit of $74,020,258. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated financial statements.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary to the statement of financial position classifications used. Such adjustments could be material.

2. BASIS OF PRESENTATION

a) Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on February 10, 2026.

2. BASIS OF PRESENTATION (continued)

b) Basis of measurement

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

The preparation of these unaudited condensed consolidated interim financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated interim financial statements and the reported amount of expenses during the period. Actual results could differ from these estimates.

These unaudited condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout these unaudited condensed consolidated interim financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

c) Basis of consolidation

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, VSBLTY, Inc and VSBLTY Mexico, S. DE R.L. DE C.V, Shelf Nine LLC (“Shelf Nine”) and VSBLTY SPV1 (“SPV1”). All inter-company balances, transactions, income, and expenses have been eliminated upon consolidation.

Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an entity, when the Company is exposed, or has rights, to variable returns from the entity and when the Company has the ability to affect those returns through its power over the entity. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control. Where necessary, adjustments are made to the unaudited consolidated financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these unaudited condensed consolidated interim financial statements are consistent with the accounting policies disclosed in Note 3 of the audited financial statements for the year ended December 31, 2024. These unaudited condensed consolidated interim statements should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2024.

4. USE OF JUDGMENTS AND ESTIMATES

In preparing these unaudited condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the applicable of the Company's accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

In preparing these unaudited condensed consolidated interim financial statements, the significant estimates and critical judgments were the same as those applied to the financial statements as at and for the year ended December 31, 2024.

5. VSBLTY SPV1 "SPV1"

On May 14, 2024, the Company acquired a Master Services Agreement between Winkel and Austin GIS, ("Winkel MSA", "the Contract") from Austin GIS. The Winkel MSA involves Austin GIS deploying its equipment to the stores of Winkel's customers across various countries in South America for advertising.

The Company also incorporated a new entity VSBLTY SPV1 "SPV1". SPV1 is controlled by VSBLTY Inc. and will solely administer the Winkel MSA. In conjunction with the assumption of the MSA, the associated machinery and equipment and future billings, SPV1 also assumed a credit facility ("the Credit Facility") that Austin GIS entered into relating to the Winkel MSA. The credit facility has a maximum drawdown of $15,935,000.

At the date of acquisition, the Credit Facility had a balance of $2,177,363 (Note 15). In addition to assuming the Credit Facility, the Company also made a cash payment of $250,000 as consideration for the acquisition of the Winkel MSA.

At the time of the acquisition of the Winkel MSA, the Contract did not meet the definition of a business as defined under IFRS 3 "Business Combinations". As a result, the Transaction was accounted for as an asset acquisition with the results of operations to be included in Financial Statements from the date of acquisition.

The financial results of SPV1 have been included in the unaudited condensed consolidated financial statements and the revenues and net loss of SPV1 included in the consolidated statements of loss and comprehensive loss are $694,836 and $321,147 respectively.

The transaction was determined to constitute a related party transaction.

(Expressed in United States dollars)

5. VSBLTY SPV1 "SPV1" (continued)

The fair values of identifiable assets acquired, and liabilities assumed are as follows:

Consideration:		
Credit facility assumed	$	2,177,363
Consideration warrants issued (Note 17 (b))		246,122
Cash		250,000
Total consideration	$	2,673,485
Fair value of assets assumed:		
Intangible assets		1,762,543
Equipment		-
Accounts payable		(33,916)
Total assets		1,728,627
Transaction expense	**$**	**944,858**

The fair value of the intangible asset was calculated using the discounted cashflow method, based on the following inputs:

- Monthly cash flows of approximately $77,204 over a period of two years.
- Weighted average cost of capital("WACC") – calculated as the weighted average cost of the Company's cost of equity and cost of debt of 25%. The WACC is subject to volatility and several uncontrollable factors which could significantly affect the present value of the discounted future cash flows

The equipment's fair value at the date of acquisition was considered as $Nil. As no other identifiable assets were acquired, the excess of the consideration over the fair value of the identifiable assets amounting to $944,858 was recognized as a transaction expense in profit or loss.

As of May 14, 2024, the acquisition date, the assumed credit facility bore interest at an annual rate of 17.31%, which was considered consistent with market rates for comparable instruments. Accordingly, the balance of $2,177,363 was recognized as the fair value.

The credit facility is secured by the all assets under the Winkel MSA and bears interest at the 30-day average Secured Overnight Financing Rate ("SOFR") plus 13%, with the SOFR having a floor of 1%. In conjunction with acquiring the credit facility, the Company paid an origination fee of $16,000 and issued 4,800,000 warrants with an exercise price of CAD$12.50 (the "Warrants").

Any additional draw down of the credit facility will be subject to a 2% fee of the amount drawn down. The Company is required to pay 1/24 of the aggregate outstanding principal on the last day of each calendar month by the 15th day of the following month.

The Company was also required to deposit $150,000 to the lender as a reserve (the "DSRF Funding").

As part of obtaining the credit facility, SPV1 must maintain cash and cash equivalent balances of at least $350,000 (the "Liquidity Covenant") starting July 15, 2024. In the event the Company complies the Liquidity Covenant, the Company may redeem the DSRF Funding.

(Expressed in United States dollars)

5. VSBLTY SPV1 "SPV1" (continued)

In the event the Company fails to be in compliance with the Liquidity Covenant, the Company must deposit $150,000 with the lender; failure to do so, the lender has the discretion to fund this deposit and this will be deemed an additional advance under the credit facility. The Company did not deposit the DSRF Funding, and the lender agreed to fund the deposit via an additional advance under the credit facility. In addition, so long as there are balances outstanding under the credit facility, SPV1 may not issue additional debt exceeding $500,000. At September 30, 2025, there was $Nil in the account (December 31, 2024 - $53,757) which is restricted.

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

- The interest rate was amended to the SOFR plus 12% with the SOFR having a floor of 4%;
- The exercise price of the Warrants was amended to CA$13.50; and
- The payment terms were amended such that all amounts outstanding under the credit facility is to be paid in 48 monthly instalments beginning June 15, 2024.

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

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

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

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

On September 25, 2024, the Company received Notice of Events of Default, reflecting missed monthly principal and interest payments. The agent and lenders have determined to forbear from exercising their rights and remedies. The Company anticipates curing all defaults upon receipt of adequate financing.

6. TRADE AND OTHER RECEIVABLES

		September 30, 2025		December 31, 2024
Trade receivables	$	59,168	$	304,254
Trade receivable – Winkel (Note 13)		1,181,239		701,402
Sales tax receivable and other		4,203		4,469
Provision for doubtful accounts		(832,396)		(840,388)
	$	412,214	$	169,737

(Expressed in United States dollars)

6. TRADE AND OTHER RECEIVABLES (continued)

During the nine months ended September 30, 2025, the Company recorded a provision for doubtful accounts of $11,741 (2024 - $121,836).

A reconciliation of the provision is below:

Balance, December 31, 2023	$	678,160
Bad debts expense		166,411
Accounts receivable written off		(4,183)
Balance, December 31, 2024	$	840,388
Bad debts expense		11,481
Accounts receivable written off		(19,473)
Balance, September 30, 2025	**$**	832,396

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision matrix is based on historical loss experience and current conditions. Set out below is the information about the credit risk exposure on the Company's trade receivables using the provision matrix:

As at September 30, 2025	Older than 1 year	Older than 6 months	Older than 4 months	91 + days	61 to 90 days	31 to 60 days	Current
Expected credit loss rate	100%	85%	60%	10.6%	3.6%	1.6%	0.3%
Expected credit losses	$ 662,180	$ 94,209	$59,645	$8,184	$6,318	$ 1,571	$289
As at December 31, 2024	**Older than 1 year**	**Older than 6 months**	**Older than 4 months**	**91 + days**	**61 to 90 days**	**31 to 60 days**	**Current**
Expected credit loss rate	100%	85%	60%	10.6%	3.6%	1.6%	0.3%
Expected credit losses	$ 688,007	$ 115,194	$ 34,872	$ 552	$1,123	$ 455	$185

(Expressed in United States dollars)

7. EQUIPMENT

	Computer equipment	Equipment	Furniture	Total
Cost				
Balance, December 31, 2023	$ 112,268	$ 64,273	$ 9,010	$ 185,551
Additions	-	8,300	-	8,300
Balance, December 31, 2024	$ 112,268	$ 72,573	$ 9,010	$ 193,851
Additions	1,095	-	-	1,095
Balance, September 30, 2025	$ 113,363	$ 72,573	$ 9,010	$ 194,946
Accumulated depreciation				
Balance, December 31, 2023	$ 84,204	$ 54,433	$ 3,150	$ 141,787
Additions	22,645	8,982	1,808	33,435
Balance, December 31, 2024	$ 106,849	$ 63,415	$ 4,958	$ 175,222
Additions	5,140	3,088	1,353	9,581
Balance, September 30, 2025	$ 111,989	$ 66,503	$ 6,311	$ 184,803
Net book value:				
Balance, December 31, 2024	$ 5,419	$ 9,158	$ 4,052	$ 18,629
Balance, September 30, 2025	$ 1,374	$ 6,070	$ 2,699	$ 10,143

8. INTANGIBLE ASSET

The intangible asset relates to the Winkel MSA acquired during the year ended December 31, 2024 (Note 5).

	Winkel MSA
Cost	
Balance, December 31, 2023	$ -
Additions	1,762,543
Balance, December 31, 2024 and September 30, 2025	1,762,543
Accumulated amortization	
Balance, December 31, 2023	$ -
Additions	300,035
Balance, December 31, 2024	$ 300,035
Additions	354,587
Balance, September 30, 2025	$ 654,622
Net book value:	
Balance, December 31, 2024	$ 1,462,508
Balance, September 30, 2025	$ 1,107,921

The amortization expense has been included as part of cost of sales.

(Expressed in United States dollars)

9. PREPAID EXPENSES

	September 30, 2025	December 31, 2024
Prepaid services and subscriptions	$ 68,126	$ 37,851
Prepaid insurance and rent	34,172	24,172
Lease deposit (Note 16)	$ -	$ 10,916
Total	$ 102,838	$ 72,939

During the nine months ended September 30, 2025, the Company had rental arrears and as a result the security deposit was written off as a result of its collectability being doubtful.

10. REVENUE

Media management revenue comprises of revenue from the following sources:

	For the nine months ended September 30, 2025	For the nine months ended September 30, 2024
Equipment rental	$ 694,836	$ 609,160
Total Media management fees	$ 694,836	$ 609,160

11. COST OF SALES

	For the nine months ended September 30, 2025	For the nine months ended September 30, 2024
Media management	$ 886,515	$ 256,690
License fees	256,378	-
Professional services and other	289,839	475,321
Hardware and other	11,162	-
Amortization of intangible asset	354,587	-
Total Cost of sales	$ 1,798,481	$ 732,011

12. CONTRACT ASSET

As at September 30, 2025, the Company has contract assets of $147,866 (December 31, 2024 - $119,801) relating to costs incurred on customer contracts for which control of the goods or services has not yet been transferred to the customer. These assets represent costs incurred to date on projects that will be recognised as cost of sales when the related revenue is recognised at a point in time, upon satisfaction of the relevant performance obligation.

12. CONTRACT ASSET (continued)

Under IFRS 15 Revenue from Contracts with Customers, revenue for this contract will be recognised at a point in time, which is expected to be upon completion, when control is transferred to the customer. Until that point, the costs incurred that relate directly to the contract are deferred as a contract asset.

During the year ended December 31, 2024, $119,801 and $114,438 in revenue and cost of sales respectively was recognized in respect of this contract. The Company expects to recognise the remaining revenue and corresponding cost of sales during the subsequent period.

13. INVESTMENT IN JOINT VENTURES

Investment in Winkel

On July 9, 2021, the Company entered into an agreement with Retailigent Media, and Grupo Modelo (a subsidiary of Anheuser-Busch InBev SA/NV – ("ABI")) to create a joint venture, Winkel, as a 33.33% participant. As a participant, the Company earns revenue through sales of proprietary software for analytics, security and visual displays to Winkel. The Company will earn 33.33% of all profits in exchange for a start-up contribution of $25,725 and the provision of a bridge loan of up to $1,600,000 to fund operations. The bridge loan is non-interest bearing and there are no stated terms of repayment.

The Company and Winkel have since agreed to increase the bridge loan in order to meet increased cash demands.

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

In accordance with the Winkel MSA, the Company has also accrued an additional $58,294 being its share of the balance of the amount demanded by Austin GIS.

On September 30, 2025, the bridge loan had a balance of $2,409,731 (December 31, 2024 - $2,409,731) that was fully impaired.

As at September 30, 2025 and December 31, 2024, the Company has a 33.33% equity interest in Winkel. Management has determined that the Company has significant influence over the joint venture and accordingly is using the equity method to account for this investment.

Transactions with Winkel

During the nine months ended September 30, 2025, the Company sold $1,009,358 (2024 - $596,590) in software services to Winkel.

(Expressed in United States dollars)

13. INVESTMENT IN JOINT VENTURES (continued)

Investment in Winkel (continued)

The Company has reviewed Winkel's financial results and determined that outstanding accounts receivable balances may not be collectible based on the initial agreed upon repayment schedule without additional outside funding. Accordingly, the Company has not recognized any software revenue (as opposed to MSA revenue) in relation to Winkel.

During the year ended December 31, 2024, the Company received $656,500 from Winkel for outstanding accounts receivable.

As at September 30, 2025, $1,904,653 (December 31, 2024 - $1,853,855) was outstanding of trade accounts receivable, of which $94,880 (2024 - $1,132,090) in software sales that was not recognized under IFRS 15. Of the amount outstanding, the Company had $519,059 in Winkel MSA receivables.

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

Carrying value of accounts receivable due from Winkel, December 31, 2023	$	-
Amounts billed on contracts with Winkel		935,842
Revenue not recognized under IFRS 15 due to uncertain collectability		(240,120)
Amount received		(656,500)
Carrying value of accounts receivable due from Winkel, December 31, 2024	$	39,222
Amounts billed on contracts with Winkel for equipment rental		789,717
Revenue not recognized under IFRS 15 due to uncertain collectability		(94,880)
Amount received		(215,000)
Carrying value of accounts receivable due from Winkel, September 30, 2025	**$**	**519,059**

The Company's carrying value of the investment in Winkel was $Nil as at January 1, 2025 and 2024 and no additional contributions were made to increase the carrying value during the nine months ended September 30, 2025 and the year ended December 31, 2024. Therefore, no share of loss is recognized during the nine months ended September 30, 2025, and 2024.

13. INVESTMENT IN JOINT VENTURES (continued)

Investment in Radar USA

The Company holds 23.57% of common shares outstanding in Radar USA, representing voting rights of 23.57%. Officers, directors and employees of the Company represent another 4.43%.

Management has determined that the Company has significant influence over Radar USA and accordingly is using the equity method to account for this investment.

Transactions with Radar USA

During the nine months ended September 30, 2025 and 2024, the Company did not transact with Radar USA.

During the year ended December 31, 2022, the Company also assigned five existing customer contracts to Radar USA, whereby Radar USA would act as a reseller of the Company's licenses for no consideration.

During the year ended December 31, 2022, the Company also entered into an agreement with Radar USA in which each party agreed sublease 50% of the lease between the Company and Cracker Factory, LLC ("Cracker") for an office space. Radar USA paid $16,837 relating to these rentals during the year ended December 31, 2023.

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

The Company's carrying value of the investment in Radar USA was $Nil as at January 1, 2024 and 2023 and no additional contributions were made to increase the carrying value during the nine months ended September 30, 2025 and the year ended December 31, 2024. Therefore, no share of loss is recognized during the nine months ended September 30, 2025, and 2024.

Investment in Austin GIS

On August 30, 2021, the Company acquired 1,000,000 Preferred shares of Austin GIS Inc. ("Austin GIS"), a privately held corporation incorporated in the state of Delaware for $1,000,000 through a series A funding.

The Class A Preferred Shares may be converted at any time into common shares of Austin GIS at the option of the holder at a conversion price. Each Class A Preferred Share will automatically be converted into common shares:

(i) immediately prior to the closing of an initial public offering, provided that the offering price per share is not less than $3.00 and the aggregate gross proceeds are not less than $20,000,000;
(ii) immediately prior to the closing of a business combination, merger, consolidation or share exchange transaction with the special purpose acquisition company in which the common shares of the surviving entity is listed on the New York Stock Exchange, Nasdaq, or another

13. INVESTMENT IN JOINT VENTURES (continued)

Investment in Austin GIS (continued)

exchange approved by the Board of Directors. The Company must also not be valued at a price per share less than $3.00 and the aggregate gross proceeds to the Company are not less than $20,000,000;

(iii) any other public company transaction similar to point (ii); and

(iv) upon receipt by the Company of a written request for such conversion from the holders of a majority of the Preferred Shares outstanding;

The investment in Austin GIS represented an investment in a private company for which there is no active market and for which there are no publicly available quoted market prices. As such, at initial recognition, the Company classified its investment in Austin GIS as Level 3 in the fair value hierarchy with fair value measurements recorded in profit and loss.

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

On October 23, 2023 ("Conversion Date"), the Company converted all of its Series A Preferred Stock into common stock of Austin GIS, and as at September 30, 2025 the Company holds 25.49% (December 31, 2024 – 25.49%) of common shares outstanding in Austin, with potential voting rights of 9.43% (December 31, 2024 – 9.43%) on a diluted basis.

Due to the conversion of the Series A Preferred Stock into common stock, the Company determined that the investment which was previously accounted for as a financial asset measured at fair value through profit or loss in accordance with IFRS 9, now falls under the scope of IAS 28 - Investments in Associates and Joint Ventures as the Company had attained significant influence over Austin GIS and accordingly reclassified the investment to an investment in an associate accounted for using the equity method. Austin GIS's fair value on the date of conversion was determined to be $Nil and a loss for change in fair value of the investment of $1,000,000 was recognized.

The fair value of the Austin GIS on the date of conversion was determined using the net asset and market approaches. Key inputs included: discount for lack of marketability of 20.0% and revenue multiples of 3.0.

Transactions with Austin GIS

During the nine months ended September 30, 2025, the Company did not transact with Austin GIS.

The Company's carrying value of the investment in Austin GIS was $Nil as at January 1, 2025, and January 1, 2024 and no additional contributions were made to increase the carrying value during the nine months ended September 30, 2025. Therefore, no share of loss is recognized during the nine months ended September 30, 2025, and September 30, 2024.

(Expressed in United States dollars)

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2025	December 31, 2024
Accounts payable	$ 4,438,662	$ 3,478,997
Accrued liabilities	2,895,813	2,035,408
Accrued interest (Note 15)	1,264,655	558,669
	$ 8,599,130	$ 6,073,074

(Expressed in United States dollars)

15. LOANS PAYABLE

	10% Loans	60% Loans	48% Loans	18% and 22% Loans	Shelf Nine Promissory Note	12.68% Promissory Note	SPV1 Loan (Note 5)	Tech Mahindra Loan	Total
Balance, December 31, 2023	$ 95,137	$ 349,000	$ 55,000	$ -	$ 274,153	$ -	$ -	$ -	$ 773,290
Additions	-	20,500	-	247,000	-	106,608	3,248,150	592,635	4,214,893
Transaction costs	-	-	-	-	-	-	(63,223)	-	(63,223)
Interest converted to principal	-	-	-	-	-	-	45,000	-	45,000
Accretion of loan (Note 5)	-	-	-	-	-	-	18,146	-	18,146
Repayments	-	(68,174)	-	-	(30,083)	-	(98,050)	-	(196,307)
Foreign exchange	(7,393)	-	-	-	-	(5,865)	-	-	(13,258)
Balance, December 31, 2024	$ 87,744	$ 301,326	$ 55,000	$ 247,000	$ 244,070	$ 100,743	$ 3,150,023	$ 592,635	$ 4,778,541
Additions	-	-	-	357,000	-	-	-	-	357,000
Interest	-	-	-	-	-	7,221	-	-	7,221
Settlement	-	-	-	-	(244,070)	-	-	-	(244,070)
Repayments	-	(25,000)	-	(84,000)	-	(107,964)	(352,162)	-	(569,126)
Foreign exchange	2,834	-	-	-	-	-	-	-	2,834
Balance, September 30, 2025	$ 90,578	$ 276,326	$ 55,000	$ 520,000	$ -	$ -	$ 2,797,861	$ 592,635	$ 4,332,400
Current	$ 90,578	$ 276,326	$ 55,000	$ 520,000	$ -	$ -	$2,797,861	$ -	$ 3,739,765
Non-current	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 592,635	$ 592,635

15. LOANS PAYABLE (continued)

10% Loans
These amounts are unsecured, bear interest at 10% per annum, and are due on demand. During the nine months ended September 30, 2025, the Company recorded $6,777 (2024 - $6,960) in interest expense included in finance cost, and as at September 30, 2025, there was accrued interest of $60,125 (December 31, 2024 - $51,661) included in accounts payable and accrued liabilities.

60% Loans
During the nine months ended September 30, 2025, the Company issued promissory notes for a total principal amount of $nil (2024 - $20,500). The promissory notes bear interest at 60% per annum, are payable on demand and are secured against the Company's accounts receivables. A principal amount of $25,000 was repaid during the nine months ended September 30, 2025 (2024 - $65,774).

During the nine months ended September 30, 2025, the Company recorded $138,613 (2024 - $148,495) in interest expense included in finance cost, and as at September 30, 2025, there was accrued interest of $379,450 (December 31, 2024 - $240,836) included in accounts payable and accrued liabilities.

18% and 22% Loans
During the nine months ended September 30, 2025, the Company issued 18% promissory notes for a total principal amount of $247,000 (2024 - $300,000). The promissory notes are payable on demand and are secured against the Company's accounts receivables.

During the same period, the Company also issued a senior secured $100,000 note with a $10,000 fee and 22% interest after maturity on October 9, 2025. This loan is secured by the assets of the Company.

During the nine months ended September 30, 2025, the Company recorded $42,741 (2024 - $19,920) in interest expense included in finance cost, and as at September 30, 2025, there was accrued interest of $82,754 (December 31, 2024 - $40,013) included in accounts payable and accrued liabilities.

SPV1 Loan
During the year ended December 31, 2024, the balance on the credit facilities assumed with the Winkel MSA was $2,177,363 (Note 5). On May 15, 2024, the Company drew down an additional $985,000.

The credit facility attracts interest at SOFR plus 12% with the SOFR having a floor of 4%. $35,000 in financing costs were recorded as part of the draw down.

During the nine months ended September 30, 2025, the Company recorded $478,395 (2024 - $47,543) in interest expense included in finance cost, and as at September 30, 2025 there was accrued interest of $636,491 (December 31, 2024 - $158,095) included in accounts payable and accrued liabilities.

15. LOANS PAYABLE (continued)

Shelf Nine Promissory Note

The Company also issued a note payable during the year ended December 31, 2023, in connection with the acquisition of Shelf Nine.

During the nine months ended September 30, 2025, the Company recorded $9,631 (2024 - $25,827) in interest expense included in finance cost, and as at September 30, 2025, there was accrued interest of $Nil (December 31, 2024 - $38,982) included in accounts payable and accrued liabilities.

On July 31, 2025, the Company settled this loan against the outstanding receivables owed to the Company.

Tech Mahindra

The Company is a Co-Obligor, along with the other shareholders of Winkel, of Winkel's $1,777,904 obligation to Tech Mahindra which was obtained by Winkel during the year ended December 31, 2024. The loan is not due till May 2026, and has been presented as a long-term liability under loans payable on the statement of financial position as at September 30, 2025, and $592,635 was recognized for the Company's share of the loan as at September 30, 2025 (December 31, 2024 - $592,635). An amount of $nil has been recognized in the statement of loss under loss on joint venture for the Company's share of the loan during the three months ended September 30, 2025 (2024 - $nil).

Convertible debentures

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

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

Each unit will consist of one common share of the Company and one common share purchase warrant. Each warrant will be exercisable into one common share at a price of $0.122 (CAD$0.165) for a period of 36 months after the closing date.

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

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

Each unit will consist of one common share of the Company and one common share purchase warrant. Each warrant will be exercisable into one common share at a price of $0.055 (CAD$0.07) for a period of 36 months after the closing date.

(Expressed in United States dollars)

15. LOANS PAYABLE (continued)

Convertible debentures (continued)

The Company designated both tranches as a single financial liability measured at fair value through profit and loss.

As at December 31, 2024, the convertible debentures were revaluated using the Monte Carlo simulation based on the assumptions set out as follows:

	Fair value at December 31, 2024
Annual risk-free interest rate	3.00%
Expected volatility	140.00%
Market yield	27.5%
Simulation iterations	500,000

In connection with the issuance of the debentures, the Company incurred $6,806 in directly attributable costs for legal fees and out-of-pocket expenses.

Transactions costs were allocated between the host debt liability and embedded derivative components of the debentures on a relative fair value basis.

On February 25, 2025, $110,000 of principal was converted into 2,234,000 units of the Company. The relative fair value of this conversion was calculated to be $305,160.

A continuity of the Convertible debenture is as follows:

		Tranche 1	**Tranche 2**	**Total**
Balance, December 31, 2023	$	-	-	-
Issued during the year		304,916	170,000	474,916
Change in fair value of derivative		159,851	301,609	461,460
Balance, December 31, 2024	$	464,767	471,609	936,376
Conversion		-	(305,160)	(305,160)
Balance, September 30, 2025	**$**	**464,767**	**166,449**	**631,216**

As at September 30, 2025, there was accrued interest of $103,657 (December 31, 2024 - $51,521) included in accounts payable and accrued liabilities.

(Expressed in United States dollars)

16. LEASES

The Company leases certain assets under lease agreements. The lease liability consists of two leases for office space. The leases have an imputed interest rate of 10% per annum and expire between 2024 and 2025.

Right-of-use assets		
Balance, December 31, 2022	$	173,182
Derecognition of right of use assets		(54,243)
Depreciation expense		(90,957)
Balance, December 31, 2023		27,982
Depreciation expense		(27,982)
Balance, December 31, 2024 and September 30, 2025	$	-

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

Lease liability		**September 30, 2025**		**December 31, 2024**
Current portion	$	-	$	-
Total lease liability	$	-	$	-

At September 30, 2025, the Company is committed to minimum lease payments as follows:

Maturity analysis		**September 30, 2025**		**December 31, 2024**
Less than one year	$	-	$	-
Total undiscounted lease liabilities	$	-	$	-

Amounts recognized in profit or loss		**September 30, 2025**		**September 30, 2024**
Interest on lease liabilities	$	-	$	1,546
	$	-	$	1,546

Amounts recognized in the statement of cash flows		**September 30, 2025**		**September 30, 2024**
Interest paid	$	-	$	1,480
Principal payments on lease liabilities		-		15,929
Total cash outflows for leases	$	-	$	17,409

The Company entered into a sublease agreement related to office space with Radar USA which was discontinued during the year ended December 31, 2023.

17. SHAREHOLDERS' EQUITY

a) Share capital

Authorized share capital of the Company consists of an unlimited number of common shares with no par value.

During the nine months ended September 30, 2025, the Company issued an aggregate of:

- 23,235,185 common shares in the capital of the Company for proceeds of $2,141,076 (CAD$3,065,000). Cash finder's fee and legal fees totalling $6,120 (CAD$8,800) were paid
- 952,380 common shares in the capital of the Company at a fair value of $92,757 per share to settle $100,000 worth of debt. A loss of $23,215 was recognized.
- 2,234,000 units upon conversion of convertible debentures with a face value of $110,000. The fair value Upon conversion, 2,234,000 common shares and common share purchase warrants were issued with fair values of $164,321 and $140,838 respectively.
- 2,850,833 common shares in the capital of the Company as compensation for services with a fair value of $248,645.

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

- 4,464,200 units for gross proceeds of $430,727 (CAD$580,346) pursuant to a non-brokered private placement at CAD$0.13 per unit. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase one common share at a price of CAD$0.16 for a period of 3 years from the closing date. The warrants were allocated a value of $115,965 (CAD$156,247) based on the residual method. Cash finder's fee and legal fees totalling $62,365 (CAD$84,028) were paid, and 357,136 agent warrants valued at $14,575 (CAD$19,673) were issued. Each agent warrant entitles the holder to purchase one common share at a price of CAD$0.16 for a period of 3 years from the closing date.
- 2,055,459 common shares were issued pursuant to the Shelf Nine acquisition transaction. The shares were issued at a price of CAD$0.08 per share for a value of $240,040 (CAD$328,874) resulting in a gain on settlement of consideration of $54,531 (CAD$74,312) and a foreign exchange gain of $19,135 upon settlement of this liability.
- 444,444 units were issued to settle CAD$50,000, the common shares had a fair value of $32,396 (CAD$44,444) and a gain on settlement of debt of $22,595 was recognized. Each unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable for one common share of the Company at a price of CAD$0.1125 per warrant share for a period of three years from the date of issuance. $22,790 (CAD 31,369) was allocated to the warrants based on the Black Scholes model.

17. SHAREHOLDERS' EQUITY (continued)

a) Share capital (continued)

- 1,250,000 common shares were issued to settle CAD$100,000 worth of debt at a price of CAD$0.08 per share. The common shares had a fair value of $68,362 (CAD$93,750) and a loss on settlement of debt of $4,602 was recognized.

b) Warrants

On July 9, 2021, the Company formed a joint venture, Winkel (Note 13). In connection with the agreement, the Company issued 1,550,000 warrants to Grupo Modelo. These warrants had a total fair value of $8,845,763, or $5.70 per warrant, using the Black Scholes model with the following inputs: i) exercise price: $8.40; ii) share price: $7.80; iii) term: 5.00 years; iv) volatility: 100%; v) discount rate: 0.74%. Each warrant is exercisable for one common share at $6.30 (CAD $8.40) per share for a period of five years subject to the following vesting conditions:

- 15% vested immediately upon execution (vested);
- 15% vest upon the execution of a definitive agreement for the formation of a joint venture (vested);
- 20% vest upon the joint venture installed and operating in at least 1,500 locations ("Milestone 3") (vested);
- 20% vest upon the joint venture installed and operating in at least 5,000 locations ("Milestone 4");
- 15% will vest upon the joint venture installed and operating in at least 20,000 locations ("Milestone 5"); and
- 15% will vest upon the joint venture installed and operating in at least 30,000 locations ("Milestone 6").

The vesting conditions are not related to the market price of the equity instruments of the Company and, as a result, they are non-market performance conditions. At December 31, 2023 and March 31, 2024, management re-assessed when certain conditions will be met, and did not expect Milestones 4 to 6 to vest prior to the expiry of the warrants. As a result, share based compensation expense of $194,110 (CAD$261,945) previously recognized for the vesting of these milestones was reversed during the year ended December 31, 2023.

In addition, to the above warrants, the Company will issue to Modelo 500,000 additional top up Warrants (the "Additional Warrants") upon the satisfaction of Milestone 3 which, if met, will be priced at the date of satisfaction of Milestone 3 and which will be subject to the following vesting conditions:

- 50% will vest immediately (vested); and
- 50% will vest upon the satisfaction of Milestone 4.

17. SHAREHOLDERS' EQUITY (continued)

b) Warrants (continued)

Each Additional Warrant will have an exercise price equal to the closing price of the Company's shares on the last trading prior to the date of satisfaction of Milestone 3 and will be exercisable for a period of five years from the date of issuance. The Additional Warrants have a total fair value of $482,480, or $9.65 per warrant, using the Black Scholes model with the following inputs: i) exercise price: $18.00; ii) share price: $18.00; iii) term: 5.00 years; iv) volatility: 97%; v) discount rate: 3.55%.

During the year ended December 31, 2022, Milestone 3 was achieved and 250,000 of the Additional Warrants vested. The Company however, has not yet issued these warrants and, an obligation to issue securities was recorded during the year ended December 31, 2022 of $318,906 (CAD$431,994).

The other 250,000 Additional Warrants related to the attainment of Milestone 4 are not expected to vest and therefore no expense was recognized during the nine months ended September 30, 2025 (2024 - $nil).

As part of the convertible debenture conversion which occurred during the nine months ended September 30, 2025, 2,234,000 warrants were granted at a value of $140,827 (CAD$201,046). Each warrant entitles the holder to purchase one common share at a price of $0.055 (CAD$0.07) for a period of 3 years from the closing date.

As part of the private placement completed during the nine months ended September 30, 2025, 23,491,685 warrants were issued and a $Nil value was assigned to the warrants based on the residual value.

As part of the brokered private placement completed during the nine months ended September 30, 2024, 4,464,200 warrants were granted valued at $115,965 (CAD$156,257). Each warrant entitles the holder to purchase one common share at a price of CAD$0.16 for a period of 3 years from the closing date. 357,136 agent warrants were also issued pursuant to the offering. Each agent warrant entitles the holder to purchase one common share at a price of CAD$0.16 for a period of 36 months from the closing date. These warrants had a total fair value of $14,575 (CAD$19,673), or CAD$0.06 per warrant, using the Black Scholes model with the following inputs: i) exercise price: CAD$0.16; ii) share price: CAD$0.10; iii) term: 3.00 years; iv) volatility: 108.07%; v) discount rate: 3.78%.

On April 22, 2024, an additional 444,444 warrants were issued as part of a debt settlement agreement. Each warrant is exercisable for one common share of the Company at a price of CAD$0.1125 per warrant share for a period of three years from the date of issuance. These warrants had a total fair value $22,790 (CAD $31,369), or CAD$0.08 per warrant, using the Black Scholes model with the following inputs: i) exercise price: CAD$0.1125; ii) share price: CAD$0.12; iii) term: 3.00 years; iv) volatility: 109%; v) discount rate: 3.53%.

17. SHAREHOLDERS' EQUITY (continued)

b) Warrants (continued)

On April 22, 2024, 500,000 warrants were issued as consideration to the creditor for the debt settlement agreement mentioned above. Each warrant is exercisable for one common share of the Company at a price of CAD$0.1125 per warrant share for a period of three years from the date of issuance. These warrants had a total fair value of $30,817 (CAD$42,417), or CAD$0.08 per warrant, using the Black Scholes model with the following inputs: i) exercise price: CAD$0.12; ii) share price: CAD$0.11; iii) term: 3.00 years; iv) volatility: 124%; v) discount rate: 4.18%.

As part of the acquisition of the Winkel MSA, the Company also issued 4,800,000 warrants as consideration for the SPV1 loan (Note 5) to the lenders. Each warrant is exercisable for one common share of the Company at a price of CAD$0.135 per warrant share for a period of five years from the date of issuance. These warrants had a total fair value of $246,122 (CAD$336,326), or CAD$0.06 per warrant, using the Black Scholes model with the following inputs: i) exercise price: CAD$0.135; ii) share price: CAD$0.08; iii) term: 5.00 years; iv) volatility: 124%; v) discount rate: 3.76%.

On July 9, 2024, the Company also issued an additional 500,000 warrants as consideration for the deferment of the monthly payments due related to the SPV1 loan (Note 5) to the lenders. Each warrant is exercisable for one common share of the Company at a price of $0.055 (CAD$0.08) per warrant share for a period of five years from the date of issuance. Share-based payments relating to these warrants vesting during the year ended December 31, 2024, using the Black-Scholes option pricing model was $24,202 (2023 - $Nil).

These warrants' fair value was determined using the Black Scholes model with the following inputs: i) exercise price: CAD$0.08; ii) share price: CAD$0.07; iii) term: 5.00 years; iv) volatility: 125%; v) discount rate: 3.47%. The entire fair value has been recorded as part of the share-based compensation expense.

Continuity of the Company's warrants is as follows:

(Expressed in United States dollars)

17. SHAREHOLDERS' EQUITY (continued)

b) Warrants

	Number of warrants	Weighted average exercise price ($CAD)	Weighted average exercise price ($USD)
Outstanding, December 31, 2023	24,038,670	$ 4.90	$ 3.62
Granted	11,065,780	0.14	0.10
Expired	(907,789)	0.65	0.48
Outstanding, December 31, 2024	**34,196,661**	**$ 1.19**	**$ 0.86**
Granted	23,491,685	0.14	0.10
Expired	(3,564,701)	4.55	3.36
Outstanding, September 30, 2025	**54,123,645**	**$ 0.50**	**$ 0.36**

As at September 30, 2025, the following warrants were outstanding and exercisable:

Number of warrants outstanding	Exercise price ($CAD)	Exercise price ($USD)	Expiry date	Number of warrants exercisable
1,550,000	8.40	6.34	March 18, 2026	1,550,000
12,500	3.00	2.26	November 10, 2025	12,500
324,220	5.00	3.77	November 10, 2025	324,220
6,725,000	0.80	0.57	July 20, 2027	6,725,000
1,122,700	0.75	0.57	July 25,2027	1,122,700
658,000	0.75	0.57	August 11, 2027	658,000
9,173,760	0.16	0.12	December 22, 2026	9,173,760
4,821,336	0.16	0.12	January 23, 2027	4,821,336
944,444	0.11	0.08	May 1, 2027	944,444
4,800,000	0.14	0.10	May 22, 2029	4,800,000
500,000	0.08	0.06	July 9, 2029	500,000
72,500	0.16	0.11	January 27, 2028	72,500
2,234,000	0.08	0.06	July 9, 2027	2,234,000
21,185,185	0.14	0.10	April 17,2028	21,185,185
54,123,645	**0.50**	**0.36**		**54,123,645**

As at September 30, 2025, the weighted average remaining contractual life of outstanding warrants is 2.08 years.

(Expressed in United States dollars)

17. SHAREHOLDERS' EQUITY (continued)

c) Options (continued)

Continuity of the Company's stock options is as follows:

	Number of options		Weighted average exercise price ($CAD)		Weighted average exercise price ($USD)
Outstanding, December 31, 2023	1,654,582	$	4.34	$	3.04
Forfeited	(136,550)		3.26		2.42
Expired	(5,000)		3.00		2.21
Outstanding, December 31, 2024	**1,513,032**		**4.23**		**3.12**
Granted	**3,919,404**		**0.13**		**0.09**
Forfeited	**(50,000)**		**1.57**		**1.12**
Outstanding, September 30, 2025	**5,382,436**	**$**	**1.27**	**$**	**0.91**
Exercisable, September 30, 2025	**5,336,919**	**$**	**1.26**	**$**	**0.90**

As at September 30, 2025, the following stock options were outstanding and exercisable:

Number of options outstanding	Exercise price ($CAD)	Exercise price ($USD)	Expiry date	Number of options exercisable
204,899	1.70	1.30	Oct 6, 2025	204,899
30,000	2.50	1.80	Nov 24, 2025	30,000
286,250	5.10	3.80	Aug 10, 2026	286,250
3,333	6.00	4.40	Aug 20, 2026	3,333
27,500	7.50	5.50	Sep 20, 2026	27,500
3,000	9.70	7.20	Oct 1, 2026	3,000
12,000	16.20	12.00	Nov 18, 2026	12,000
15,000	12.50	9.20	Dec 15, 2026	15,000
265,000	8.10	6.00	Jan 27, 2027	265,000
19,500	8.10	6.00	Jan 31, 2027	19,500
10,000	5.40	4.00	Apr 27, 2027	10,000
10,000	2.80	2.10	Aug 18, 2027	10,000
62,500	3.00	2.20	Oct 24, 2027	56,667
479,050	2.50	1.80	Mar 31, 2028	439,366
60,000	0.45	0.34	October 31, 2026	60,000
3,894,404	0.13	0.09	January 7, 2028	3,894,404
5,382,436	**1.27**	**0.91**		**5,336,919**

As at September 30, 2025, the weighted average remaining contractual life of outstanding options is 2.04 years.

(Expressed in United States dollars)

17. SHAREHOLDERS' EQUITY (continued)

c) Options (continued)

During the nine months ended September 30, 2025, the Company granted 3,919,404 options (2024 - Nil) options with a fair value of $391,220 (2024 - $Nil). Share-based payments relating to options vesting during the nine months ended September 30, 2025, using the Black-Scholes option pricing model was $287,697 (2024 - $55,119).

Employee options were measured at fair value on the grant date and recognized over the vesting period from the date of grant. Nonemployee options were measured indirectly with reference to the fair value of the equity instruments granted as the fair value of goods and services received cannot be measured reliably. Nonemployee options are measured at the end of each reporting period over the term that goods and services are received.

The fair value of stock options granted during the nine months ended September 30, 2025, was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	September 30, 2025	September 30, 2024
Risk-free interest rate	2.88%	-
Expected volatility	134.97%	-
Dividend yield	0%	-
Expected life	3.00 years	-

d) Restricted Share Units ("RSU")

Share-based payments relating to RSUs vesting during the nine months ended September 30, 2025, using the Black- Scholes option pricing model was $235,529 (2024 - $14,795).

On May 29, 2025, the Company also granted restricted stock units to certain directors, officers' employees and consultants of the Company to acquire a total of 3,000,000 common shares of the Company. The restricted stock units granted allow the holders the ability to purchase a total of 3,000,000 common shares of the company for a three-year term expiring March 27, 2028.

As at September 30, 2025, there were 3,000,000 RSUs outstanding.

Continuity of the Company's RSUs is as follows:

(Expressed in United States dollars)

17. SHAREHOLDERS' EQUITY (continued)

d) Restricted Share Units ("RSU") (continued)

	Number of RSUs	Weighted average fair value per award ($CAD)	Weighted average fair value per award ($USD)
Outstanding, December 31, 2022	44,175	$ 7.50	$ 5.60
Exercised	(4,175)	7.20	5.40
Forfeited	(15,000)	6.20	4.70
Outstanding, December 31, 2023	25,000	$ 8.30	$ 6.20
Expired	(15,000)	11.90	8.70
Outstanding, December 31, 2024	**10,000**	**2.75**	**2.01**
Granted	3,000,000	0.11	0.08
Expired	(10,000)	2.75	1.98
Outstanding and exercisable, September 30, 2025	**3,000,000**	**$ 0.11**	**$ 0.08**

18. EXPENSES BY NATURE

	Three months ended September 30, 2025	Three months ended September 30, 2024	Nine months ended September 30, 2025	Nine months ended September 30, 2024
Marketing expenses	$ 23,268	$ 55,340	$ (3,728)	$ 319,155
Meals and entertainment	-	2,188	474	6,646
Salaries and wages	208,873	294,563	807,935	991,838
Total sales and marketing expense	$ 232,141	$ 352,091	$ 804,681	$ 1,317,639
General and administrative expenses	$ 135,568	$ 141,150	$ 524,159	$ 486,561
Professional fees	116,332	110,603	470,718	383,639
Consulting fees	105,430	143,293	542,031	495,391
Rent	21,839	4,034	67,456	19,698
Salaries and wages	48,098	14,473	134,585	98,632
Travel	1,795	17,564	16,685	22,940
Depreciation (Note 7)	1,942	189,051	9,581	209,516
Lease-related depreciation (Note 16)	-	7,351	-	25,531
Utilities	612	7,978	15,938	33,683
Bad debt expenses	(213,436)	64,877	11,483	121,835
Transfer agent and filing fees	16,691	10,673	27,537	42,118
Total general and administrative expense	$ 234,871	$ 711,047	$ 1,820,173	$ 1,939,544
Consulting fees	$ 152,764	$ 113,725	$ 431,519	$ 373,182
Contract development and materials expense	111,021	18,856	188,368	73,151
Salaries and wages	152,764	142,500	427,500	480,000
Total research and development expenses	$ 406,285	$ 275,081	$ 1,047,387	$ 926,333

(Expressed in United States dollars)

19. RELATED PARTY TRANSACTIONS

Key management compensation

Key management consists of the Officers and Directors who are responsible for planning, directing, and controlling the activities of the Company. All related party transactions are carried out in the normal course of operation.

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Management fees	$ 284,400	$ 229,400	$ 778,200	$ 778,200
Share-based compensation	-	15,485	342,836	31,076
	$ 284,400	$ 244,885	$ 1,121,036	$ 809,276

During the nine months ended September 30, 2025, and 2024, other related party transactions consisted of the following:

	Three months ended September 30, 2025	**Three months ended September 30, 2024**	**Nine months ended September 30, 2025**	**Nine months ended September 30, 2024**
Revenue earned from the Winkel MSA	$ 231,612	$ 156,188	$ 694,836	$ 416,500
Marketing expenses paid to a related entity, included in sales and marketing expenses	$ 8,087	$ 6,228	$ 12,150	$ 38,457
Rental expenses paid to related entities, included in general and administrative expenses	$ 21,840	$ 21,840	$ 67,456	$ 66,298
Directors's fees included in general and administrative expenses	$ -	$ -	$ -	$ -
Interest expense for notes payable to related parties, excluding discount accretion	$ 43,846	$ 49,056	$ 126,149	$ 142,711

Related party balances

As of September 30, 2025, an amount of $663,500 was owing to directors and management and was included in the loans payable balance (December 31, 2024 - $515,500). These loans accrue interest at rates between 18% and 60% per annum, and they are secured against the Company's accounts receivables. The accrued interest relating to these loans of $410,981 is included in accounts payable and accrued liabilities (December 31, 2024 - $248,547).

At September 30, 2025, $1,791,841 (December 31, 2024 - $1,461,170) was due to related parties and is included in accounts payable and accrued liabilities. The amounts were non-interest bearing and due on demand.

At September 30, 2025, $1,904,653 (December 31, 2024 - $1,853,855) was due from Winkel of which $662,180 is recognized and included in trade and other receivables.

During the nine months ended September 30, 2025, the Company advanced $nil (2024 - $400,000) to Winkel under the bridge loan agreement and received $Nil (2024 - $320,000). The balance of the bridge loan of $2,409,731 (December 31, 2024 - $2,409,731) was determined not be collectible and impaired to $Nil.

(Expressed in United States dollars)

19. RELATED PARTY TRANSACTIONS (continued)

During the year ended December 31, 2024, Winkel acquired a loan of $1,777,904 for which the Company is a co-obligor for along with the other shareholders of Winkel. The Company has recognized a liability of $592,635 within loans payable representing the Company's prorated ownership of Winkel, was recognized in the statement of loss within loss on joint venture in that period. As at September 30, 2025, the balance of $592,635 (December 31, 2024 - $592,635) remains within loans payable.

As at September 30, 2025, $46,339 (CAD$64,500) was due from a formerly related party for the subscription of units during the private placement (December 31, 2024 - $44,874).

20. DEFERRED REVENUE

From time to time, the Company receives consideration in advance of the services being rendered; this is presented as deferred revenue on the balance sheet. The following table summarizes the deferred revenue activity for the nine months ended September 30, 2025, and the year ended December 31, 2024:

Balance, December 31, 2023	$	86,305
Deposits received		1,424,970
Revenue recognized		(368,720)
Balance, December 31, 2024	$	1,142,555
Deposits received		184,683
Revenue recognized		(295,012)
Balance, September 30, 2025	**$**	**1,032,226**

Performance obligations

Information about the Company's performance obligations is summarized below:

Software licensing
Software license revenue is comprised of license fees charged for the use of software, licensed under fixed-term arrangements and for the development of customized software solutions. The revenue is recognized over time as the services are provided, generally on a straight-line basis over the contractual service period, as this pattern best depicts the transfer of services to the customer. Payment is generally received by the Company before the commencement of the service.

Installation and Creative services
The Company provides creative and installation services in connection with the deployment of its solutions. Creative services include the design and customization of digital content and configurations tailored to customer requirements. Installation services include the on-site deployment, setup, integration, and testing of hardware and software at customer locations. Revenue related to these services is recognized upon completion of the services and customer acceptance. The performance obligation is satisfied upon completion of installation and acceptance of the customer. Payment is generally received by the Company before the commencement of the service.

(Expressed in United States dollars)

21. OPERATING SEGMENTS

The Company operates in one reportable segment being the development and sale of software as a service, including any required hardware to operate the software.

Geographic information related to the Company's assets and location of its customers is as follows:

	September 30, 2025				December 31, 2024			
	United States	Mexico	Other	Total	United States	Mexico	Other	Total
Contract asset	$ 147,866	$ -	$ -	$ 147,866	119,801	$ -	$ -	$ 119,801
Intangible asset	$ 1,107,921	$ -	$ -	$ 1,107,921	1,462,508	$ -	$ -	$1,462,508
Equipment	$ 10,143	$ -	$ -	$ 10,143	$ 18,629	$ -	$ -	$ 18,629

	September 30, 2025				September 30, 2024			
	United States	Mexico	Other	Total	United States	Mexico	Other	Total
Revenue	$ 981,694	$ 727,836	$ 148,402	$ 1,857,932	$ 452,797	$ 512,100	$ 2,754	$ 967,651

22. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue its operations and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Company considers its capital for this purpose to be its equity, promissory notes and convertible debt.

For the nine months ended September 30, 2025, there was no change in the Company's approach to capital management. The Company's primary source of capital is through the issuance of common shares. The Company manages and adjusts its capital structure when changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding. The Company may require additional capital resources to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required in the long term but recognizes there will be risks involved that may be beyond its control. As of September 30, 2025, the Company had a credit facility (Note 5), bearing interest at SOFR plus 12% (floor 4%), repayable in 24 monthly instalments and secured by all assets under the Winkel MSA.

The facility contains covenants, including maintaining minimum cash of $350,000, limiting additional debt to $500,000 while outstanding, and maintaining a $150,000 reserve with the lender. As at September 30,2025, the Company was in default under the facility and was taking steps to cure its covenant non-compliance.

23. FINANCIAL RISK MANAGEMENT

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

Foreign exchange risk
Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. Foreign exchange risks are closely monitored, and attempts are made to match foreign cash inflows and outflows. As at September 30, 2025, the Company is primarily exposed to foreign exchange risk through its cash and cash equivalents denominated in Canadian dollars. The Company mitigates foreign exchange risk by monitoring foreign exchange rate trends and evaluating reinvestment opportunities when possible. The Company does not currently hedge its foreign exchange risk. Based on current exposures as at September 30, 2025 and assuming that all other variables remain constant, a 10% appreciation or depreciation of the Canadian dollar against the United States dollar would result in a gain or loss of approximately $100 in the Company's consolidated statements of loss and comprehensive loss.

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

Trade and other receivables also include refundable goods and services tax which bears minimal credit risk as it is receivable from the Canadian government. For trade receivables, the Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before September 30, 2025, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect the current forward-looking information on economic factors affecting the ability of customers to settle receivables. Accounts receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, business failure, the failure of a debtor to engage in a repayment plan, and a failure to make contractual payments over the negotiated contract period.

(Expressed in United States dollars)

23. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

The Company's aging of trade receivables was as follows:

	September 30, 2025	December 31, 2024
Current	$ 117,692	$ 15,160
1- 30 days	98,208	418,315
31- 60 days	30,232	(70,130)
61 - 90 days	87,604	(64,430)
91+ days	910,874	711,210
Provision for doubtful accounts	(832,396)	(840,388)
Total	$ 412,214	$ 169,737

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk on its variable-rate borrowings. At September 30, 2025, the Company had a variable-interest loan with an outstanding balance of $2,797,861. A 1% increase (decrease) in market interest rates, with all other variables held constant, would have resulted in an increase (decrease) in interest expense and a corresponding decrease (increase) in profit before tax of approximately $28,000 for the period.

The sensitivity analysis has been prepared based on the variable-rate debt outstanding at the reporting date and assumes the balance remained outstanding for the entire period.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The Company addresses its liquidity through equity financing obtained through the issuance of equity and common shares. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

24. BASIS OF FAIR VALUE

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable marker data (unobservable inputs).

The Company's financial instruments consist of cash, trade and other receivables, share subscription receivable accounts payable, loans payable and convertible debentures. With the exception of notes payable, the carrying value of the Company's financial instruments approximate their fair values due to their short-term maturities. The fair value of notes payable approximates their carrying value, excluding discounts, due to minimal changes in interest rates and the Company's credit risk since issuance of the instruments.

25. CONTINGENCY

In the ordinary course of business, the Company and its subsidiary may become involved in various legal and regulatory actions. The Company establishes legal provisions when it becomes probable that the Company will incur a loss and the amount can be reliably estimated.

Interknowlogy
During the year ended December 31, 2020, a demand letter was received by the Company from Interknowlogy, LLC ("Interknowlogy"), a formerly related company, pertaining to outstanding payment and corresponding late charges. The Company contested the work performed by Interknowlogy and plans to vigorously defend the suit and file a substantial counter claim for failure to deliver as well as damages incurred.

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

As at September 30, 2025, an amount of $587,759 is recognized in accounts payable and accrued liabilities, including interest of $77,760. The likelihood of Interknowlogy claim being successful cannot be assessed at this time. Management is of the view that it is improbable there will be a material financial impact to the Company as a result of this claim. Consequently, no provision has been recorded in these Financial Statements.

(Expressed in United States dollars)

25. CONTINGENCY (continued)

Alpha Modus

In December 2024, Alpha Modus Corp. filed a lawsuit in the United States District Court against the Company and one of its customers, alleging patent infringement. On March 12, 2025, the parties reached a settlement agreement; however, no payment has been made as of the date of these financial statements. As the financial impact could not be measured reliably at the reporting date, no provision has been recognized.

26. SUPPLEMENTAL CASHFLOW INFORMATION

	September 30, 2025	September 30, 2024
Supplemental cash flow disclosures:		
Interest paid	$ -	$ 1,480
Non-Cash Investing and Financing Activities:		
Consideration warrants issued	$ -	$ 44,194
Shares issued on conversion of convertible debentures	$ 305,159	$ -
Shares issued to settle debt	$ -	$ 105,496

27. SUBSEQUENT EVENTS

Promissory notes

Subsequent to September 30, 2025, the Company issued promissory notes for a total principal amount of $311,000. These promissory notes mature in two or less months to one year, accrue effective interest from of 10% to 18% per annum, and most are secured against the Company's accounts receivables.

Non-brokered private placement of convertible debenture

The Company issued 10% convertible unsecured debentures for up to $2,000,000 with an additional $2,000,000 gross proceeds available at the lender's sole discretion. The debt is convertible into a unit at $0.10 USD. Each unit will consist of one common share and one common share purchase warrant at a price of USD $0.15 per warrant share for a period of three years.