

VSBLTY Groupe Technologies Corp.
CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

(Expressed in United States dollars)

Independent Auditor's Report

To the Shareholders of VSBLTY Groupe Technologies Corp.

Opinion

We have audited the consolidated financial statements of VSBLTY Groupe Technologies Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its 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 audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company has not been profitable and has an accumulated deficit of \$69,063,574 as at December 31, 2024. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section. We have determined the matter described below to be the key audit matter to be communicated in our report.

Vancouver

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Vancouver, BC V6E 4G1
604.687.4747

Surrey

200 – 1688 152 St.
Surrey, BC V4A 4N2
604.531.1154

Tri-Cities

700 – 2755 Lougheed Hwy
Port Coquitlam, BC V3B 5Y9
604.941.8266

Victoria

320 – 730 View St.
Victoria, BC V8W 3Y7
250.800.4694

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Acquisition of Winkel MSA We draw attention to Note 5 to the financial statements. As at December 31, 2024, the Company acquired a Master Services Agreement (“MSA”) between Winkel and Austin GIS (the “Contract”) along with other assets and liabilities associated with the Contract from Austin GIS who is a related party. Consideration of the acquisition consisted of cash, liabilities assumed, and warrants. The consideration was measured at fair value using various valuation models and techniques. We considered this a key audit matter due to the significant management estimates and judgements required to determine the fair value of this acquisition. Auditing these estimates required a high degree of subjectivity in applying audit procedures and in evaluating the results of those procedures. This has resulted in a high degree of auditor judgement and audit effort in performing procedures relating to this matter, including the involvement of valuation specialists.	Our approach to addressing the matter included the following procedures, among others: • With the assistance of valuation specialists, ◦ Evaluated management’s valuation approaches and methodologies used in the determination of the fair value of the consideration, the intangible asset acquired and liabilities assumed; ◦ Assessed the reasonableness of the assumptions applied; ◦ Tested the mathematical accuracy of the valuation model; and • Assessed the adequacy of the Company’s financial statement disclosures relating to this matter.

Other Information

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

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

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

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 David Goertz.

A handwritten signature in black ink. It features a large, stylized 'D' that loops around the letters 'MCL'. To the right of 'MCL' are the letters 'LLP' in a smaller, simpler font.

DMCL LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

February 11, 2026

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

As at	Notes	December 31, 2024	December 31, 2023
ASSETS			
Current assets			
Cash		\$ 23,074	\$ 54,180
Restricted cash	5	53,757	-
Trade and other receivables	7	169,737	633,842
Share subscription receivable	20	44,874	72,184
Prepaid expenses	10	72,939	88,108
Contract asset	14	119,801	-
Inventory	13	-	1,975
		484,182	850,289
Intangible asset	9	1,462,508	-
Equipment	8	18,629	43,764
Prepaid expenses – non current	10	-	10,916
Right-of-use assets	18	-	27,982
Total assets		\$ 1,965,319	\$ 932,951
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	16, 21	\$ 6,073,074	\$ 4,116,863
Deferred revenue	22	1,142,555	86,305
Contingent consideration	6	-	304,843
Current portion of lease liability	18	-	64,489
Loans payable	17	4,185,906	773,290
		11,401,535	5,345,790
Non-Current liabilities			
Convertible debentures	17	936,376	-
Loans payable	17	592,635	-
Total liabilities		12,930,546	5,345,790
SHAREHOLDERS' DEFICIT			
Share capital	19	47,154,454	46,048,518
Reserves	19	11,273,027	10,758,095
Obligation to issue warrants	19	338,033	338,033
Accumulated deficit		(69,063,574)	(60,820,193)
Accumulated other comprehensive income		(667,167)	(737,292)
Total shareholders' deficit		(10,965,227)	(4,412,839)
Total liabilities and shareholders' deficit		\$ 1,965,319	\$ 932,951
Nature of operations and going concern	1		
Contingencies	27		
Subsequent events	30		

APPROVED BY THE BOARD OF DIRECTORS:

"Jay Hutton" Director "Thomas Hays" Director
The accompanying notes are an integral part of these consolidated financial statements.

VSBLTY Groupe Technologies Corp.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in United States dollars)

			Year ended December 31,	
	Notes		2024	2023
Revenue				
Media management	11	\$	1,009,358	\$ 234,170
Professional services			340,098	83,842
License fees			108,871	500,000
Hardware and other			55,587	51,606
			1,513,914	869,618
Cost of sales	12		(1,452,675)	(1,648,957)
Gross profit (loss)			61,239	(779,339)
Sales and marketing expenses	20, 21		(1,336,186)	(2,682,893)
General and administrative expenses	20, 21		(3,024,851)	(2,840,984)
Research and development expenses	20, 21		(1,203,563)	(2,074,108)
Share-based payments	19(b,c,d)		(115,481)	(37,150)
Impairment of inventory	13		-	(45,581)
Impairment reversal (Impairment) of loan receivable	15		170,000	(490,181)
Operating loss			(5,448,842)	(8,950,236)
Finance costs	16, 17, 18, 19(b)		(828,509)	(223,576)
Impairment of goodwill	6		-	(1,274,174)
Transaction expense	5		(944,858)	-
Change in fair value of financial instruments	15		-	(1,000,000)
Change in fair value of convertible debenture	17		(461,460)	-
Gain on extinguishment of debt	5		18,146	-
Gain on settlement of contingent consideration	6		54,531	-
Loss on settlement of debt			(41,651)	-
Loss on joint venture	15, 17		(592,635)	-
Loss on discontinuation of lease	18		-	(75,140)
Interest income			5,991	4,108
Foreign exchange (loss) gain			(4,094)	16,628
Loss for the year			(8,243,381)	(11,502,390)
Other comprehensive loss				
Items that will not be reclassified to profit or loss				
Foreign currency translation			70,125	(70,172)
Comprehensive loss for the year		\$	(8,173,256)	\$ (11,572,562)
Loss per share – Basic and diluted		\$	(0.16)	\$ (0.40)
Weighted average shares outstanding – Basic and diluted			50,787,493	28,966,848

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

VSBLTY Groupe Technologies Corp.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in United States dollars)

	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, 2022		24,609,054	\$ 41,781,470	\$ 10,483,287	\$ 338,033	\$ (49,317,803)	\$ (667,120)	\$ 2,617,867
Shares issued		17,794,628	3,919,336	207,224	-	-	-	4,126,560
Share issuance costs	19(a)	-	(242,245)	54,508	-	-	-	(187,737)
Shares issued for warrant exercises	19(a,b)	49,412	65,409	(1,840)	-	-	-	63,569
Shares issued for option exercises	19(a,d)	101	263	(68)	-	-	-	195
Shares issued for RSU vested		4,175	22,166	(22,166)	-	-	-	-
Shares issued for business acquisition		1,582,250	502,119	-	-	-	-	502,119
Share-based payments	19(b,c,d)	-	-	37,150	-	-	-	37,150
Foreign currency translation		-	-	-	-	-	(70,172)	(70,172)
Loss for the year		-	-	-	-	(11,502,390)	-	(11,502,390)
Balance, December 31, 2023		44,039,620	\$46,048,518	\$ 10,758,095	\$ 338,033	\$ (60,820,193)	\$ (737,292)	\$ (4,412,839)
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 for private placement	19(a)	11,414,200	814,732	115,965	-	-	-	930,697
Issuance of earn-out shares	6	2,055,459	240,040	-	-	-	-	240,040
Share issued for debt settlement	19(a)	1,694,444	128,104	22,790	-	-	-	150,894
Share issuance costs	19(a,b)	-	(76,940)	14,575	-	-	-	(62,365)
Consideration warrants issued	19(b)	-	-	246,121	-	-	-	246,121
Share-based payments	19(b,c,d)	-	-	115,481	-	-	-	115,481
Foreign currency translation		-	-	-	-	-	70,125	70,125
Loss for the year		-	-	-	-	(8,243,381)	-	(8,243,381)
Balance, December 31, 2024		59,203,723	\$ 47,154,454	\$ 11,273,027	\$ 338,033	\$ (69,063,574)	\$ (667,167)	\$ (10,965,227)

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

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

		Year ended December 31,	
		2024	2023
	Note		
Cash flows from operating activities			
Loss for the year		\$ (8,243,381)	\$ (11,502,390)
Adjustments for non-cash items:			
Depreciation	8,18	61,417	136,403
Amortization of intangible asset	9	300,035	-
Interest expense		226,234	148,326
Gain on settlement of contingent consideration	6	(54,531)	-
Loss on settlement of debt		41,651	-
Gain on modification of debt	5	(18,146)	-
Change in fair value of convertible debenture	17	461,460	-
Share-based payments	19(b,c,d)	115,481	37,150
Bad debt expense		166,411	68,414
Impairment (impairment reversal) of loan receivable	15	(170,000)	490,181
Transaction expense	5	944,858	-
Impairment of inventory	13	-	45,581
Loss on discontinuation of lease	18	-	75,140
Loss on joint venture		592,635	-
Impairment of goodwill	6	-	1,274,174
Change in fair value of financial instruments	15	-	1,000,000
Changes in non-cash working capital items:			
Trade and other receivables		299,380	850,668
Inventory		1,975	(586)
Contract asset	14	(119,801)	-
Prepaid expenses and deposits		29,794	231,016
Accounts payable and accrued liabilities		2,147,019	2,414,662
Deferred revenue	22	1,056,250	78,624
Net cash used in operating activities		(2,161,259)	(4,652,637)
Cash flows from investing activities			
Acquisition of equipment	8	(8,300)	(3,451)
Cash acquired from the acquisition of Shelf Nine	6	-	1,408
Lease receivable repayment		-	37,953
Loan issuance	15	170,000	(490,181)
Net cash used in investing activities		161,700	(454,271)
Cash flows from financing activities			
Principal portion of lease payments		(15,929)	(64,454)
Proceeds from issuance of convertible debt	17	474,916	-
Proceeds from exercise of warrants		-	63,569
Proceeds from loans and promissory notes		863,312	1,143,000
Proceeds from equity financing, net of share issuance costs		873,332	3,881,534
Repayment of loans payable	17	(196,307)	(779,200)
Net cash provided by financing activities		1,999,324	4,244,449
Net decrease in cash		(235)	(862,459)
Impact of currency translation on cash		(30,871)	(147,586)
Cash, beginning of year		54,180	1,064,225
Cash, end of year		23,074	54,180
Cash		23,074	54,180
Restricted cash		53,757	-
Cash, end of year		\$ 76,831	\$ 54,180

Supplemental cash flow information (Note 29)

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

VSBLTY Groupe Technologies Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in United States dollars)

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 consolidated financial statements (“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 \$69,063,574. 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 consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

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

b) Basis of measurement

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

2. BASIS OF PRESENTATION (continued)

b) Basis of measurement (continued)

The preparation of these consolidated 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 consolidated financial statements and the reported amount of expenses during the period. Actual results could differ from these estimates.

These consolidated financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout these consolidated 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 consolidated 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, VSBLTY SPV1, and Shelf Nine LLC (“Shelf Nine”). 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 consolidated financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all period presented in these Financial Statements, unless otherwise indicated.

a) Foreign currency transactions

Functional and presentation currency

The functional currency of the Company is determined based on the currency of the primary economic environment in which the Company operates. The functional currency of the Parent Company, is the Canadian dollar. The functional currency of the Company’s wholly owned subsidiaries and joint ventures, Winkel Media, S.A.P.I. de C.V. (“Winkel”), Radar USA Inc. and Austin GIS Inc. (“Austin GIS”) is the United States dollar. The presentation currency of the Company is the United States dollar.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

a) Foreign currency transactions (continued)

Transactions and balances

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into the relevant functional currency using the exchange rate in effect at that date. At the reporting period end date, monetary assets and liabilities are translated into the relevant functional currency using the exchange rate in effect at that date and the related translation differences are recognized in profit or loss.

Non-monetary assets and liabilities that are measured at historical cost are translated into the relevant functional currency by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated.

Translation into the presentation currency

The operating results and consolidated statements of financial position of entities with functional currencies different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities presented are translated at the year-end closing rate as at the date of the consolidated statements of financial position;
- Income and expenses for the statements of loss are translated at average exchange rates, unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the rate on the dates of the transactions; and
- All resulting exchange differences from translating foreign operations are recognized in a separate component of shareholders' equity as other comprehensive income (loss).

b) Inventory

Inventory is comprised of hardware components. Inventory is initially valued at cost and subsequently at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. Cost is determined using the first-in, first-out method. Cost includes acquisition costs net of discounts, and other costs incurred to bring inventories to their present location and condition. The Company reviews inventory for obsolete and slow-moving goods and any such inventory is written down to net realizable value.

c) Equipment

Equipment is recorded at cost and carried net of accumulated depreciation, amortization and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost and any costs directly attributable to bringing the asset to the location and condition necessary for operation. Subsequent expenditures are capitalized only if it is probable that the future economic benefits associated with the expenditures will flow to the Company.

Repairs and maintenance costs are expensed as incurred. Depreciation is calculated over the estimated useful lives using the straight-line method at the following rates:

- Computer equipment – 3 years
- Equipment and furniture – 3 to 5 years

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

c) Equipment (continued)

The Company reviews the estimated useful lives, residual values and depreciation method at the end of each reporting period, accounting for the effect of any changes in estimate on a prospective basis.

d) Impairment of assets

The carrying amount of the Company's non-financial assets (which includes equipment intangible assets and goodwill) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in the previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

e) Valuation of equity units issued in private placements

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued together as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

f) Loss per share

Basic loss per share is calculated by dividing the Company's net loss by the weighted average number of shares outstanding and reduced by any shares held in escrow during the reporting period.

Diluted loss per share is calculated by dividing the Company's net loss by the sum of the weighted average number of shares issued and outstanding assuming all additional shares that would have been outstanding if potentially dilutive instruments were converted and reduced by any shares held in escrow, unless the escrow shares are issuable dependent only on the passage of time with all other conditions having been satisfied.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

g) Revenue recognition

Revenue represents the fair value of consideration received or receivable for products and services in its contracts with customers, net of discounts and sales taxes. The Company has the following revenue streams:

- a) Media management
- b) Professional services and software development
- c) License fees
- d) Hardware and other

Media management refers to equipment rental revenue and revenue earned from the management of content on in store screens at customer locations.

Professional services and software development revenue consists of the following;

- Fees charged for creative services provided to develop and execute brand messaging used in hardware units as well as installation and maintenance for the hardware units.
- Programmatic advertising revenue consists of fees earned from the automated selling of digital advertising space.
- Displays and other advertising consists of fees earned under fixed contracts for the maintenance of various forms of advertising displays. These contracts are customized to meet the advertising campaign's specific needs.
- Fees charged to customers for projects undertaken to develop software solutions tailored to meet their specific needs.

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.

Hardware and other revenue include sale and delivery of hardware units.

Contracts with multiple products or services

The Company's contracts with customers often include multiple products and services such as software licenses, connectivity, creative development, and hardware. 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. Where a contract consists of more than one performance obligation, revenue is allocated to each based on their estimated stand-alone selling price.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

g) Revenue recognition (continued)

Nature of products and services

Revenue from licensing arrangements, which allows customers to use software over a term, is provided on a subscription basis and is recognized rateably over the term of the subscription. Where licensing arrangements includes connectivity services, the connectivity services are non-distinct and recognized over the same term.

Revenue from software license development is evaluated to determine whether performance obligations are satisfied at point in time or over time based on whether the software does not have an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date:

- For software license development license where performance obligations are satisfied at a point in time, revenue is recognized when control of the software has transferred to the customer; and
- For software license development where performance obligations are satisfied over time, revenue is recognized using a method of transfer that depicts the Company's performance or using the "as-invoiced" practical expedient, when applicable.

Professional services revenue consists of the provision of creative services to develop and execute brand messaging used in hardware units, services provided for the installation and support for hardware units and consulting services. These professional services' revenue is recognized at a point in time upon the completion of the service.

Professional services relating to the creating and installation of custom hardware systems are recognized over the term of the project using the input method based on costs incurred to date in relation to estimated total contract costs, as that most accurately depicts the Company's performance.

Professional services also include revenue earned from the management of content on in store screens and maintenance of the screens at customer locations. These performance obligations are satisfied over time and this revenue is recognized on a straight-line basis over the period of the contract.

Revenue from displays and other advertising is recognized on a straight-line basis over the period of the contract. As the customer receives the benefits as the entity maintains advertising displays during the period of the contract, these performance obligations are satisfied over time.

Programmatic advertising revenue involves the automated selling of advertising space on digital screens in stores across its network through a bidding process. Revenue is recognized when the advertisements are published on the digital screens.

Hardware and equipment sales are accounted for as hardware revenue. Hardware revenue is recognized when control of the product has transferred under the terms of an enforceable contract and, where required, installation services have been completed.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

g) Revenue recognition (continued)

Nature of products and services (continued)

Revenue from all the revenue streams is recognized based on the price specified in the contract, net of estimated discounts and taxes. Billings rendered in advance of performance under contracts are recorded as deferred revenue. The amount of deferred revenue to be recognized within twelve months following the year end date is classified as current.

When the period between the receipt of consideration and revenue recognition is greater than one year, the Company determines whether the financing component is significant to the contract. Where a contract is determined to have a significant financing component, the transaction price is adjusted to reflect the financing. The discount rate used in adjusting the promised amount of consideration is the rate that would be reflected in a separate financing transaction between the Company and the customer at contract inception. This rate is not subsequently adjusted for any other changes over the contract term. The accretion of the interest income is recognized in the finance income line in the consolidated statements of loss and comprehensive loss.

h) Cost of Sales

The Company's cost of sales includes the cost of hardware units for resale, shipping costs related to the acquisition of hardware, reseller fees, contracted labour for software development, installation and creative services, as well as provisions for reserves related to product shrinkage, or lower of cost and net realizable value adjustments as required.

i) Leases

Lessee

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

The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for leases with a lease term of 12 months or less and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments and expected payments at the end of the lease, discounted using the rate implicit in the lease. If the rate implicit in the lease cannot be readily determined, the Company uses its incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method and by reducing the carrying amount to reflect the lease payments made.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

i) Leases (continued)

The right-of-use asset is measured at a cost that includes the lease liability, adjusted for any initial direct costs; prepaid lease payments; estimated costs to dismantle, remove or restore; and lease incentives received. The right-of use asset is subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use asset is depreciated on a straight-line basis over the expected lease term.

Lessee

The Company re-measures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

As an intermediate lessor

When the Company acts as an intermediate lessor, it accounts for its interests in the head lease and sublease separately. The Company assesses the sublease with reference to the ROU asset arising from the head lead.

j) Financial instruments

Recognition, classification and measurement

Financial instruments are accounted for in accordance with IFRS 9 Financial Instruments: Classification and Measurement. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets/liabilities	Classification
Cash	Amortized cost
Restricted cash	Amortized cost
Trade and other receivables	Amortized cost
Share subscription receivable	Amortized cost
Investment	Fair value through profit and loss
Accounts payable	Amortized cost
Convertible debentures	Amortized cost
Contingent consideration	Fair value through profit and loss
Loans payable	Amortized cost

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

j) Financial instruments (continued)

The classification of debt instruments is driven by the business model for managing the financial assets and their contractual cash flow characteristics. Debt instruments are measured at amortized cost if the business model is to hold the instrument for collection of contractual cash flows and those cash flows are solely principal and interest. If the cash flows are not solely principal and interest, it is classified as FVTPL.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are recorded to profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in the profit or loss in the period in which they arise.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Derecognition of financial assets

Financial assets are derecognized when the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recorded to profit or loss.

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

FVTPL - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities - This category consists of liabilities carried at amortized cost using the effective interest method. Trade payables, customer deposits and loans are included in this category.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

j) Financial instruments (continued)

Derecognition of financial liabilities

Financial liabilities are derecognized when its contractual obligations are discharged, cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are recognized in profit or loss.

k) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

l) Share-based payments

The Company operates a stock option plan. Share-based payments to employees are measured at the grant date fair value of the instruments and recognized in expense over the vesting periods. Share-based payments to nonemployees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined that the fair value of the goods or services received cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of the options is determined using a Black -Scholes Option Pricing Model.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

l) Share-based payments (continued)

The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Upon the exercise of stock options, consideration received on the exercise is recorded as share capital and the related amount in reserves is transferred to share capital. Amounts recorded for forfeited unvested options are reversed in the period the forfeiture occurs.

m) Restricted Share Units

The restricted share units (“RSUs”) entitle employees, directors, or officers to either the issuance of common shares or cash payments payable upon vesting based on vesting terms determined by the Company’s Board of Directors at the time of the grant. On the grant date of RSUs, the Company determines whether it has a present obligation to settle in cash. If the Company has a present obligation to settle in cash, the RSUs are accounted for as liabilities, with the fair value remeasured at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss for the period. RSUs settled in common share are measured at the fair value of awards on the grant date using the prior days closing price. Amounts recorded for forfeited unvested RSUs are reversed in the period the forfeiture occurs. The expense is recognized on a graded vesting basis over the vesting period, with a corresponding charge to profit or loss.

n) Intangible Asset

Intangible assets acquired separately are carried at cost at the time of initial recognition. Intangible assets acquired in a business combination and recognized separately from goodwill as well as intangible assets acquired in an asset acquisition are initially recognized at their fair value at the acquisition date.

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

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

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures 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 loss in the period in which it is incurred.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

n) Intangible Asset

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. As at December 31, 2024, the Corporation had not recognized any internally-generated intangible assets.

The Company's intangible asset relates to the Winkel MSA (refer to Note 5) and is amortized over four years which is the contract period.

o) Business combinations

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. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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 organised 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.

Any contingent consideration to be transferred by the acquirer will be recognised 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 recognised in the statement of profit or 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 recognised in profit or loss.

p) Investment in associates and joint ventures

Associates are entities over which the Company has significant influence, but not control. Significant influence is generally presumed to exist where the Company has between 20 percent and 50 percent of the voting rights but can also arise where the Company holds less than 20 percent of the voting rights, but it has power to be actively involved and influential in policy decisions affecting the entity. The Company accounts for its investment in associates and joint ventures using the equity method.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

p) Investment in associates and joint ventures (continued)

Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's shares of profit or loss of the associate. Additional losses are recognized to the extent of any legal or constructive obligations on behalf of the associate or joint venture by the Company and recognized as a liability on the statement of financial position. The Company's share of income or loss of associates is recognized in the consolidated statement of loss.

Dilution gains and losses arising from changes in interests in investments in associates where significant influence is retained are recognized in the consolidated statements of loss.

At each reporting date, the Company determines whether there is any objective evidence that the investment in the associate is impaired or if previously recorded impairment should be reversed. If impairment is determined to exist, the amount of the impairment is recognized in the statement of comprehensive loss. The amount of impairment is calculated as the difference between the recoverable amount of the investment in the associate and its carrying value.

If objective evidence of reversal exists, the reversal is recognized in net income in the period the reversal occurs and is limited by the carrying value that would have been determined, from the application of equity accounting method, had no impairment charge been recognized in prior periods.

q) New and amended IFRS standards that are effective for the current year

IAS 1, Presentation of Financial Statements ("IAS 1")

In October 2022, the IASB issued amendments to IAS 1 titled Non-current Liabilities with Covenants. These amendments seek to improve the information that an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within 12 months after the reporting period. These amendments to IAS 1 do not override but incorporate the previous amendments, Classification of Debt as Current or Non-current, issued in January 2020, which clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if a company has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendments became effective on January 1, 2024. The adoption of these amendments is not expected to have a significant impact on the company's financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

r) Accounting standards and amendments issued but not yet effective

IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 is effective for reporting periods beginning on or after January 1, 2027. It introduces several new requirements that are expected to impact the presentation and disclosure of most, if not all, entities. These include: The requirement to classify all income and expense into specified categories and provide specified totals and subtotals in the statement of profit or loss; enhanced guidance on the aggregation, location and labeling of items across the primary financial statements and the notes; and mandatory disclosures about management-defined performance measures (a subset of alternative performance measures). The Company has not yet determined the impact that these amendments will have on the consolidated financial statements.

4. USE OF JUDGMENTS AND ESTIMATES

In preparing these consolidated 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.

Judgments

Judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements are outlined below.

Going concern

The Company's ability to execute its strategy by funding future working capital requirements requires significant judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

Functional currency

The functional currency for the Company and each of its subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of the functional currency involves certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

Contingencies

The assessment of contingencies involves the exercise of significant judgment and estimates of the outcome of future events. In assessing loss contingencies related to legal proceedings that are pending against the Company and that may result in regulatory or government actions that may negatively impact the Company's business or operations.

4. USE OF JUDGMENTS AND ESTIMATES (continued)

Judgments (continued)

The Company and its legal counsel evaluate the perceived merits of the legal proceeding or unasserted claim or action as well as the perceived merits of the nature and amount of relief sought or expected to be sought, when determining the amount, if any, to recognize as a contingent liability or when assessing the impact on the carrying value of the Company's assets. Contingent assets are not recognized in the consolidated financial statements.

Significant Influence of Joint Ventures and Associates

Management has assessed the level of influence that the Company has on its joint ventures, Winkel Media, S.A.P.I. de C.V. ("Winkel") and Radar USA Inc ("Radar USA") and its associate Austin GIS of which the Company owns 33.33%, 23.57% and 25.49% of the shareholding respectively. This is because the Company has the power to participate in financial and operating policy decisions as well as the rights to a share of the profits in these joint ventures and associate.

For Winkel, the Company has the right to appoint two out of the six members of the board of directors. Significant transactions of Winkel must be approved with at least one of member of the board from each of the three parties. Based on the above factors, management has assessed that the Company has significant influence, but not control of Winkel.

In Radar USA, the Company owns 23.57% of the shareholding, while officers, directors and employees of the Company hold another 4.43%. The Company also has as the right to appoint one out of the six members of the board of directors and has significant transactions with Radar USA. Based on the above factors, management has assessed that the Company has significant influence, but not control of Radar USA. During the year ended December 31, 2024, Radar USA became inactive.

Management has assessed that the Company has significant influence on its investment in Austin GIS starting October 2023, when the Company converted its preferred shares to common shares, resulting in an approximate 25.49% holding of the voting power in Austin GIS, and as a result has the power to participate in financial and operating policy decisions as well as the rights to a share of the profits in Austin GIS. During the year ended December 31, 2024, Austin GIS was inactive.

Acquisition of Winkel Master Service Agreement ("Winkel MSA")

At the time of acquisition, the Company considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Company accounts for an acquisition as a business combination where an integrated set of activities and assets, is acquired. More specifically, consideration is given to the extent to which significant processes are acquired. When the acquisition of subsidiaries does not represent a business combination, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized. Acquisition of the Winkel MSA is considered to be an asset acquisition. See Note 5.

4. USE OF JUDGMENTS AND ESTIMATES (continued)

Judgments (continued)

Acquisition of Shelf Nine LLC

At the time of acquisition, the Company considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Company accounts for an acquisition as a business combination where an integrated set of activities and assets, is acquired. When the acquisition of subsidiaries does not represent a business combination, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized. The acquisition of Shelf Nine LLC is considered to be a business combination. See Note 6.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on the Monte Carlo model. The key assumption taken into consideration was the probability of meeting each performance target. Future developments may require further revisions to the estimate (Note 6).

Fair value of investments measured at FVTPL

The Company's investments are recorded in the consolidated statements of financial position at fair value. Management uses their judgment to select a variety of methods and make assumptions that are not always supported by quantifiable market prices or rates. Judgment is required in order to determine the appropriate valuation methodology under this standard and subsequently in determining the inputs into the valuation model used. These judgments include assessing the future earnings potential of investee companies, appropriate earnings multiples to apply, adjustments to comparable multiples, liquidity and net assets. In making estimates and judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates have been applied in a manner consistently and there are no known trends, commitments, events or uncertainties that the Company believes will materially affect the methodology or assumptions utilized in making these estimates in these Financial Statements.

Accordingly, actual values realized in future market transactions may differ from the estimates presented in these Financial Statements and the differences may be material. The use of different market assumptions and/or valuation methodologies may have a material effect on the estimated fair values of various assets and liabilities. The fair values of financial instruments with quoted bid and ask prices are based on the price within the bid-ask spread that are most representative of fair value and may include closing prices in exchange markets.

Assessment of Customer Rental Contract

The Company acquired a contract ("the Contract") with Winkel from Austin GIS for the rental of equipment (refer to Note 5). Management assessed this arrangement to determine the appropriate accounting treatment under the applicable IFRS standards, specifically whether they fall within the scope of IFRS 15- Revenue from Contracts with Customers or IFRS 16- Leases.

4. USE OF JUDGMENTS AND ESTIMATES (continued)

Judgments (continued)

Based on the nature and terms of the Contract, management has concluded that this arrangement does not constitute a lease under IFRS 16. The key judgement made in reaching this conclusion was that the Contract does not convey the right to control the use of the equipment for a period of time in exchange for consideration. In particular, the Company determined that Winkel cannot direct the use of the equipment which is required for the Contract to be accounted for as a lease under IFRS 16.

As a result, this contract has been accounted for under IFRS 15. Revenue is recognised over time as the performance obligation (i.e. provision of equipment rental services) is satisfied, which corresponds to the rental period during which the customer receives and consumes the benefits of the services provided.

Estimates

Estimates and assumptions where there are significant risk of material adjustments to assets and liabilities in future accounting periods are outlined below.

Expected credit losses on trade receivables

When determining expected credit losses (“ECLs”), the Company considers the historic credit losses observed by the Company, customer-specific payment history and economic conditions. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL’s, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience, informed credit assessment and forward-looking information.

Useful lives of equipment and intangible assets

Estimates of the useful lives of equipment and intangible assets are based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed annually and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of the relevant assets may be based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in the factors mentioned above.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the equipment and intangible assets would increase the recorded expenses and decrease the non-current assets.

4. USE OF JUDGMENTS AND ESTIMATES (continued)

Estimates (continued)

Fair value adjustments for business combinations

In accordance with IFRS 3, 'Business Combinations', the Company estimates the acquisition-date fair values of the identifiable assets acquired and liabilities assumed. Similarly, consideration given, including shares issued, is also measured at fair value. The necessary measurements are based on information available on the acquisition date and are based on expectations and assumptions that have been deemed reasonable by management. These judgments, estimates and assumptions can materially affect the financial position and profit.

Where possible, fair value adjustments are based on external appraisals or valuation. These valuation methods rely on various assumptions such as estimated future cash flows, remaining useful economic life.

Revenue recognition - Estimating stand-alone selling prices

The Company estimates the stand-alone selling price in contracts with more than one performance obligation as per IFRS 15. The stand-alone selling price of each performance obligation in such contracts is determined based on the expected cost of satisfying the performance obligation plus an appropriate markup. For any performance obligation which the entity has not yet established a price for that service, the entity allocates any residual amounts which are the total contract price less the sum of the observable stand-alone selling prices of performance obligations promised in the contract.

Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these income tax provisions at the end of each reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made. Deferred tax assets are recognized when it is determined that the company is likely to recognize their recovery from the generation of taxable income.

Carrying amount of investment in associate

The Company, on each reporting date, considers whether this is objective evidence that its net investment in associate has suffered any impairment as a result of one or more events that may have occurred after initial recognition. The assessment requires estimates and assumptions such as discount rates, adoption of the underlying technology and commodity prices.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, include, but are not limited to, the following:

4. USE OF JUDGMENTS AND ESTIMATES (continued)

Estimates (continued)

Carrying amount of investment in associate (continued)

- Forecasted revenues and revenue growth rates
- Rates of inflation
- Future tax rates
- Discount rates

Share-based payments

The cost of share-based payment transactions with directors, officers and employees are measured by reference to the fair value of the equity instruments. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, risk free interest rate, expected forfeiture rate and dividend yield of the stock option.

Discount rate on contracts with a significant financing component

Under IFRS 15 -Revenue ("IFRS 15"), the Company assesses whether or not there is a significant financing component of revenue contracts and if so, take into consideration the effects of the time value of money. It was determined that there is a significant financing component to the Company's revenue transactions throughout the year with Winkel, the Company's joint venture, based on the timing of expected payments in the future. The Company must use a discount rate that would reflect the credit characteristics of Winkel as the party receiving financing under the contract. As the credit risk of the newly formed joint venture is difficult to identify, management assesses the credit risk of the its joint venture partner Grupo Modelo, a subsidiary of Anheuser-Busch InBev SA/NV.

Impairment of non-financial assets

The Company reviews the carrying amounts of its non-financial assets, including equipment and intangible assets, when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. These calculations are based on available data, other observable inputs and projections of cash flows, all of which are subject to estimates and assumptions. Recoverable amounts are also sensitive to assumptions about the future usefulness of in-process development and the related marketing rights.

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.

VSBLTY Groupe Technologies Corp.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in United States dollars)

5. VSBLTY SPV1 “SPV1” (continued)

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 17). 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 consolidated financial statements and the revenues and net loss of SPV1 included in the consolidated statements of loss and comprehensive loss are \$695,722 and \$1,000,045 respectively.

The transaction was determined to constitute a related party transaction.

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

Consideration:		
Credit facility assumed	\$	2,177,363
Consideration warrants issued (Note 19 (b))		246,122
Cash		250,000
Total consideration	\$	2,673,485
Fair value of assets and liabilities assumed:		
Intangible assets		1,762,543
Equipment		-
Accounts payable		(33,916)
Total net assets		1,728,627
Transaction expense	\$	944,858

The fair value of the intangible asset, being the Winkel MSA contract (Note 9) 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

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5. VSBLTY SPV1 “SPV1” (continued)

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 asset amounting to \$944,858 was recognised 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.

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 December 31, 2024, there was \$53,757 in the account 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:

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5. VSBLTY SPV1 “SPV1” (continued)

- 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 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. ACQUISITION OF SHELF NINE

On October 31, 2023 (“Acquisition Date”), the Company acquired all of the outstanding shares of Shelf Nine (“the Transaction”), a company in the business of digital media advertising, from the previous shareholders (“the Sellers”).

The consideration for the Transaction consisted of the following:

- 1,582,250 common shares issued on the Acquisition date, with a fair value \$502,119 as determined by the market value of the Company’s shares on the Acquisition date (issued). 125,000 of these common shares issued to the Sellers are to be held in escrow for 15 months following the Acquisition date.
- The Sellers shall be entitled to additional consideration of up to \$3,890,000 payable in common shares of the Company if the following revenue milestones are met;
 - Common shares with a value of \$650,000 and \$325,000 based on the volume weighted average trading price for the prior 20 days to issuance, if the revenue of at least \$512,000 and \$256,000, respectively, is earned during the period between July 1, 2023 and December 31, 2023.
 - Common shares with a value of \$1,170,000 and \$585,000 based on the volume weighted average trading price for the prior 20 days to issuance, if revenue of at least \$5,715,000 and \$2,858,000, respectively, is earned during the period between January 1, 2024 and December 31, 2024.
 - Common shares with a value of \$1,170,000 and \$585,000 based on the volume weighted average trading price for the prior 20 days to issuance, if the revenue of at least \$12,653,000 and \$6,327,000, respectively, is earned during the period between January 1, 2025 and December 31, 2025.
 - Common shares with a value of \$900,000 and \$450,000 based on the volume weighted average trading price for the prior 20 days to issuance, if the revenue of at least \$6,076,000 and \$3,038,000, respectively, is earned during the period between January 1, 2026 and June 30, 2026.

The fair value at acquisition date was determined as \$304,843 using the Monte Carlo model. During the year ended December 31, 2023, there was a partial attainment of the first milestone for earning \$256,000 in revenue and as a result 2,055,459 common shares with a fair value of \$240,040 were issued to the Sellers during the year ended December 31, 2024.

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6. ACQUISITION OF SHELF NINE (continued)

A fair value gain of \$54,531 was recognized in consolidated profit and loss and other comprehensive income from the settlement of the contingent consideration. The second milestone was not met during the year ended December 31, 2024.

A promissory note in the amount of \$336,096 with a 6% per annum blended payment rate which includes both the interest and principal. The promissory note is payable over a period of 2 years and is secured against the assets of the Company.

The Acquisition date fair value of this promissory note was determined to be \$314,353 based on a discount rate of 15.53%. On January 13, 2025 the Company received Notice of Events of Default, reflecting missed quarterly principal and interest payments.

The lender has determined to forbear from exercising their rights and remedies. The Company is negotiating curing all defaults upon receipt of adequate financing.

The Company determined that Shelf Nine constituted a business as defined by IFRS 3 and the transaction was accounted for as a business combination. The Company has retained Shelf Nine's key management personnel and has also implemented Shelf Nine's operational processes that together significantly contribute to the ability to create output. The Transaction was accounted for using the acquisition method under IFRS 3, with the results of operations to be included in Financial Statements from the date of acquisition. The fair values of identifiable assets acquired and liabilities assumed are as follows:

Consideration:		
Common shares	\$	502,119
Contingent consideration		304,843
Total consideration	\$	806,962
Fair value of net assets assumed:		
Accounts receivable		23,753
Inventory assets		1,975
Cash and cash equivalents		1,408
Accounts payable and accrued liabilities		(179,995)
Notes payable (Note 17)		(314,353)
Total net liabilities		(467,212)
Goodwill	\$	1,274,174

Goodwill arising from the acquisition relates to expected synergies from an expanded digital signage network and enhanced retail advertising capabilities.

At December 31, 2023, based on the impairment test performed the Company determined that the goodwill was impaired due to the financial performance of Shelf Nine not meeting expected targets. As a result, goodwill was fully written off for a total impairment loss of \$1,274,174.

For the impairment test performed, the key assumptions used in the cash flow model included various significant unobservable inputs.

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6. ACQUISITION OF SHELF NINE (continued)

The following significant unobservable inputs, all of which are classified as Level 3 on the fair value hierarchy and are subject to volatility and several uncontrollable factors which could significantly affect the present value of the discounted future cash flows, were used by management as part of this model:

- a) Weighted average cost of capital("WACC") – calculated as the weighted average cost of the Company's cost of equity and cost of debt;
- b) Revenue growth – projected at 5% per year.

7. TRADE AND OTHER RECEIVABLES

	December 31, 2024	December 31, 2023
Trade receivables	\$ 304,254	\$ 595,275
Trade receivable – Winkel (Note 15)	701,402	662,180
Sales tax receivable and other	4,469	54,547
Provision for doubtful accounts	(840,388)	(678,160)
	\$ 169,737	\$ 633,842

During the year ended December 31, 2024, the Company recorded a provision for doubtful accounts of \$840,388 (December 31, 2023 - \$678,160).

A reconciliation of the provision is below:

Balance, December 31, 2022	\$ 932,767
Bad debts expense	68,414
Allowance of credit losses from the acquisition of Shelf Nine (Note 6)	5,575
Accounts receivable written off	(328,596)
Balance, December 31, 2023	\$ 678,160
Bad debts expense	166,411
Accounts receivable written off	(4,183)
Balance, December 31, 2024	\$ 840,388

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:

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7. TRADE AND OTHER RECEIVABLES

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
As at December 31, 2023	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	\$ 663,933	\$ 6,347	\$ 3,971	\$ 1,787	\$ 219	\$ 318	\$ 1,585

8. EQUIPMENT

	Computer equipment	Equipment	Furniture	Total
Cost				
Balance, December 31, 2022	\$ 108,817	\$ 64,273	\$ 9,010	\$ 182,100
Additions	3,451	-	-	3,451
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
Accumulated depreciation				
Balance, December 31, 2022	\$ 51,341	\$ 43,652	\$ 1,348	\$ 96,341
Additions	32,863	10,781	1,802	45,446
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
Net book value:				
Balance, December 31, 2023	\$ 28,064	\$ 9,840	\$ 5,860	\$ 43,764
Balance, December 31, 2024	\$ 5,419	\$ 9,158	\$ 4,052	\$ 18,629

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9. INTANGIBLE ASSET

The intangible asset relates to the Winkel MSA acquired during the year ended December 31, 2024 (Note 5), which consists of fixed monthly cash flow stream of \$77,204 per month for the term of the contract which end in January 2028. The total undiscounted cash flows under the contract amount to \$3,439,316.

	Winkel MSA
Cost	
Balance, December 31, 2022 and 2023	\$ -
Additions	1,762,543
Balance, December 31, 2024	\$ 1,762,543
Accumulated amortization	
Balance, December 31, 2022 and 2023	\$ -
Additions	300,035
Balance, December 31, 2024	\$ 300,035
Net book value:	
Balance, December 31, 2023	\$ -
Balance, December 31, 2024	\$ 1,462,508

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

10. PREPAID EXPENSES

	December 31, 2024	December 31, 2023
Current		
Prepaid services and subscriptions	\$ 37,851	\$ 64,409
Prepaid insurance and rent	24,172	23,699
Lease deposit (Note 18)	10,916	-
Total	\$ 72,939	\$ 88,108
Non-Current		
Lease deposit (Note 18)	\$ -	\$ 10,916
Total Non-Current	\$ -	\$ 10,916

11. REVENUE

Media management revenue comprises revenue from the following sources:

	For the year ended December 31, 2024	For the year ended December 31, 2023
Equipment rental	\$ 695,722	\$ -
Store content management fees	313,636	234,170
Total Media management fees	\$ 1,009,358	\$ 234,170

12. COST OF SALES

	For the year ended December 31, 2024	For the year ended December 31, 2023
Media management	\$ 243,416	\$ 541,911
License fees	337,167	637,048
Professional services	530,377	416,700
Hardware and other	41,680	53,298
Amortization of intangible asset	300,035	-
Total Cost of sales	\$ 1,452,675	\$ 1,648,957

13. INVENTORY

Balance, December 31, 2022	\$ 44,995
Purchases	46,884
Inventory from acquisition of Shelf Nine (Note 6)	1,975
Cost of sales	(46,298)
Impairment	(45,581)
Balance, December 31, 2023	\$ 1,975
Cost of sales	(1,975)
Balance, December 31, 2024	\$ -

During the year ended December 31, 2023, an impairment loss of \$45,581 was recognized related to cooler door monitors and kits at a third-party warehouse. The impairment was related to the expected recoverability of the inventory as the customer purchasing the equipment filed for bankruptcy.

14. CONTRACT ASSET

As at December 31, 2024, the Group recognised a contract asset of \$119,801 (2023: \$Nil) 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 a project that will be recognised as cost of sales when the related revenue is recognised over time, upon satisfaction of the relevant performance obligations and milestones set out in the contract using the input method.

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 next financial year. No impairment losses were recognised in relation to contract assets during the year (2023: \$Nil).

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15. 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. During the year ended December 31, 2023, the Company advanced an additional \$90,181 to Winkel.

Winkel had 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.

During the year ended December 31, 2023, the Company advanced \$400,000 on behalf of Winkel to Austin GIS in response to this demand letter, and during the year ended December 31, 2024, the Company advanced an additional \$150,000 and received \$320,000 from Winkel as partial payment for the bridge loan owed to the Company resulting in a reversal of impairment of \$170,000.

On December 31, 2024, the bridge loan had a balance of \$2,409,750 (December 31, 2023 - \$2,521,436) receivable from Winkel that was fully impaired.

As at December 31, 2024 and December 31, 2023, 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 year ended December 31, 2024, the Company sold \$240,120 (2023 -\$264,460) in software services to Winkel. These amounts have not been recognized in terms of IFRS 15 due to their uncollectibility.

During the year ended December 31, 2024, the Company sold \$695,722 (2024 -\$Nil) in media management services to Winkel as part of the MSA.

The Company has reviewed Winkel’s financial results and determined that the outstanding accounts receivable balances related to the software services 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 (2023-\$1,301,800) from Winkel for outstanding accounts receivable.

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15. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (continued)**Investment in Winkel (continued)**

As at December 31, 2024, \$1,853,855 (December 31, 2023 - \$1,672,493) was outstanding of trade accounts receivable, of which \$240,120 (2023 - \$262,260) was not recognized under IFRS 15. Of the amount outstanding, the Company had \$39,222 (December 31, 2023 - \$Nil) in Winkel MSA receivables.

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

Carrying value of accounts receivable due from Winkel, December 31, 2022	\$	1,252,041
Reversal of previous impairment		47,959
Amounts billed on contracts with Winkel		264,460
Revenue not recognized under IFRS 15 due to uncertain collectability		(262,660)
Amount received		(1,301,800)
Carrying value of accounts receivable due from Winkel, December 31, 2023	\$	-
Amounts billed on contracts with Winkel for equipment rental		695,722
Amounts billed on contracts with Winkel for software services		240,120
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

Summarized statement of financial position of Winkel as at December 31, 2024 and 2023

	December 31, 2024	December 31, 2023
Cash	\$ 50,152	\$ 9,607
Other assets	655,790	757,847
	705,942	767,454
Non-Current		
Other assets	73,002	-
Equipment	1,365,346	1,051,821
Total Assets	\$ 2,144,290	\$ 1,819,275
Current		
Accounts payable and accrued liabilities	\$ 2,314,094	\$ 2,962,614
	2,314,094	2,962,614
Non-Current		
Long term debt	6,489,842	6,952,099
Total Liabilities	8,803,936	9,914,713
Equity	(6,659,646)	(8,095,438)
Total Liabilities and Equity	\$ 2,144,290	\$ 1,819,275

15. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (continued)

Investment in Winkel (continued)

Summarized statement of loss of Winkel:

	December 31, 2024	December 31, 2023
Revenue	\$ 1,942,632	\$ 1,469,511
Cost of sales	(755,050)	(2,403,169)
General and administrative expenses	(1,374,716)	(2,703,620)
Net loss for the period	(187,134)	(3,637,278)
Company's 33.33% share of net loss	\$ (62,372)	\$ (1,212,305)

The Company's carrying value of the investment in Winkel was \$Nil as at January 1, 2024, and 2023 and no additional contributions were made to increase the carrying value during the years ended December 31, 2024, and 2023. However, the Company recognized a loss of \$592,635 (2023 - \$Nil) related to the recognition of a joint-obligor obligation for a loan acquired by Winkel during the year ended December 31, 2024, see Note 17 for details.

Investment in Radar USA

Radar USA was incorporated in the State of Delaware, United State of America under Delaware General Corporation Law. Radar USA was formed as a collaboration between the Company and Radar APP S.A.P.I. de C.V. ("Radar App").

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 year ended December 31, 2024, the Company provided consulting services to Radar USA in the amount of \$Nil (2023 - \$125,050), and during the 2023 financial year the Company established that the collectability of some of revenue from Radar USA amounting to \$90,000 was doubtful, therefore only revenue of \$35,050 was recognized in accordance with IFRS 15.

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.

15. INVESTMENT IN JOINT VENTURES ASSOCIATES (continued)

Investment in Radar USA (continued)

Below is a continuity of Radar USA's accounts receivable balance:

Carrying value of accounts receivable due from Radar USA, December 31, 2022	\$	-
Amounts billed on contracts with Radar USA		120,000
Amounts billed on the sale of equipment to Radar USA		5,050
Revenue not recognized under IFRS 15 due to uncertain collectability		(90,000)
Amounts received		(35,050)
Carrying value of accounts receivable due from Radar USA, December 31, 2023 and December 31, 2024	\$	-

Summarized statement of loss of Radar USA:

	December 31, 2024	December 31, 2023
Revenue	\$ -	\$ 24,086
General and administrative expenses	-	(791,056)
Net loss for the year	-	(766,970)
Company's 23.57% share of net loss	\$ -	\$ (180,775)

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 years ended December 31, 2024 and 2023. Therefore, no share of loss is recognized during both years. During the year ended December 31, 2024, Radar USA became inactive.

Investment in Austin GIS

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

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, the Company converted all of its Series A Preferred Stock into common stock of Austin GIS, and as at December 31, 2024 the Company holds 28.80% (December 31, 2023 – 25.49%) of common shares outstanding in Austin, with potential voting rights of 18.87% (December 31, 2023 – 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

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15. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (continued)**Investment in Austin GIS (continued)**

\$Nil and a loss for change in fair value of the investment of \$1,000,000 was recognized during the year ended December 31, 2023. 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 year ended December 31, 2024, the Company acquired the Winkel MSA from Austin GIS (refer to Note 5).

Summarized statement of financial position of Austin GIS as at December 31, 2024 and December 31, 2023

	December 31, 2024	December 31, 2023
Current		
Cash	\$ 44,139	\$ 170,102
Receivables	144,232	147,187
Other assets	87,851	47,296
	276,222	364,585
Non-current		
Equipment	7,623	1,543,457
Intangible assets	-	249,550
Other non-current assets	10,000	62,518
Total Assets	\$ 293,845	\$ 2,220,110
Current		
Accounts payable and accrued liabilities	\$ 559,356	\$ 2,497,497
Other current liabilities	524,692	591,810
Non-current		
Long term debt	2,950,000	2,810,210
Total Liabilities	4,034,048	5,899,517
Equity	(3,740,203)	(3,679,407)
Total Liabilities and Equity	\$ 293,845	\$ 2,220,110

Summarized statement of loss of Austin GIS:

	December 31, 2024	October 1, 2023- December 31, 2023
Revenue	\$ 1,008,051	\$ 1,597,397
General and administrative expenses	(2,313,723)	(5,849,849)
Net loss for the year	(1,305,672)	(4,252,452)
Company's 23.57% share of net loss	\$ (307,747)	\$ (1,063,113)

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15. INVESTMENT IN JOINT VENTURES AND ASSOCIATES (continued)**Investment in Austin GIS (continued)**

The Company's carrying value of the investment in Austin GIS was \$Nil as at January 1, 2024 and no additional contributions were made to increase the carrying value during the year ended December 31, 2024. Therefore, no share of loss is recognized during the year ended December 31, 2024. During the year ended December 31, 2024, Austin GIS became inactive.

16. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2024	December 31, 2023
Accounts payable	\$ 3,478,997	\$ 2,604,455
Accrued liabilities	2,035,408	1,402,765
Accrued interest (Note 17)	558,669	109,643
	\$ 6,073,074	\$ 4,116,863

Included in finance costs is \$16,753 (2023 - \$41,792) related to accounts payable balances.

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17. LOANS PAYABLE

	10% Loans	60% Loans	12.68% Promissory note	48% Loans	18% Loans	Shelf Nine Promissory Note	SPV1 Loan (Note 5)	Tech Mahindra Loan	Total
Balance, December 31, 2022	\$ 93,104	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,104
Additions	-	958,000	-	185,000	-	314,353	-	-	1,457,353
Repayments	-	(609,000)	-	(130,000)	-	(40,200)	-	-	(779,200)
Foreign exchange	2,033	-	-	-	-	-	-	-	2,033
Balance, December 31, 2023	\$ 95,137	\$ 349,000	\$ -	\$ 55,000	\$ -	\$ 274,153	\$ -	\$ -	\$ 773,290
Additions	-	20,500	106,608	40,000	207,000	-	3,248,150	592,635	4,214,893
Transaction costs	-	-	-	-	-	-	(63,223)	-	(63,223)
Interest converted into principal (Note 5)	-	-	-	-	-	-	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	\$ 100,743	\$ 95,000	\$ 207,000	\$ 244,070	\$ 3,150,023	\$592,635	\$ 4,778,541
Current	\$ 87,744	\$ 301,326	\$ 100,743	\$ 95,000	\$ 207,000	\$ 244,070	\$ 3,150,023	\$ -	\$4,778,541
Non-current	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$592,635	\$ -

17. LOANS PAYABLE (continued)

10% Loans

These amounts are unsecured, bear interest at 10% per annum, and are due on demand. During the year ended December 31, 2024, the Company recorded \$9,232 (2023 - \$9,345) in interest expense included in finance cost, and as at December 31, 2024, there was accrued interest of \$53,873 (December 31, 2023 - \$46,473) included in accounts payable and accrued liabilities.

12.68% Loans

During the year ended December 31, 2024, the Company settled outstanding payables of \$173,822CAD with a supplier through the issuance of a promissory note amounting to \$123,822CAD and 444,444 units to settle \$50,000CAD of outstanding payables. A loss on settlement of \$18,844 was recognized in connection with the settlement (Note 19). The promissory note bears interest at an annual rate of 12.68% for the first two months after the due date (1.00% per month) and 25.00% per annum (1.88% per month) thereafter until full repayment. During the year ended December 31, 2024, the Company recorded \$16,353 (2023 - \$Nil) in interest expense included in finance cost, and as at December 31, 2024, there was accrued interest of \$16,353 (December 31, 2023 - \$Nil).

60% Loans

During the year ended December 31, 2024, the Company issued promissory notes for a total principal amount of \$20,500 (2023 - \$958,000). The promissory notes bear interest at 60% per annum, are payable on demand and are secured against the Company's accounts receivables. During the year ended December 31, 2024, a total principal repayment of \$68,174 (2023 - \$609,000) was made, of which \$25,000 was settled through the issuance of convertible debt. During the year ended December 31, 2024, the Company recorded \$184,065 (2023 - \$136,304) in interest expense included in finance cost, and as at December 31, 2024, there was accrued interest of \$240,836 (December 31, 2023 - \$1,349) included in accounts payable and accrued liabilities.

48% and 18% Loans

During the year ended December 31, 2024, the Company issued promissory notes for a total principal amount of \$247,000 (2023 - \$185,000) to an officer and director. During the year ended December 31, 2024, the Company repaid principal of \$Nil (2023 - \$130,000). The promissory notes bear interest at 48% and 18% per annum, are payable on demand and are secured against the Company's accounts receivables. These promissory notes are payable on demand and are secured against the Company's accounts receivables.

During the year ended December 31, 2024, the Company recorded \$33,611 (2023 - \$11,362) in interest expense included in finance cost, and as at December 31, 2024, there was accrued interest of \$40,013 (December 31, 2023 - \$6,162) 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 \$1,070,787.

17. LOANS PAYABLE (continued)

The credit facility incurs interest at SOFR plus 12% with the SOFR having a floor of 4%. \$63,223 in financing costs were recorded as part of the draw down, with \$63,223 (2023 - \$nil) having been recognized as of December 31, 2024.

The credit facility's terms were amended during the year (Note 5) and a total gain on extinguishment of \$18,146 was recognized in relation to these loan amendments.

During the year ended December 31, 2024, the Company recorded \$405,423 (2023 - \$nil) in interest expense included in finance cost, an accretion expense \$56,326 (2023-\$nil) and as at December 31, 2024 there was accrued interest of \$158,095 (December 31, 2023 - \$nil) included in accounts payable and accrued liabilities.

Shelf Nine Promissory Note

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

During the year ended December 31, 2024, the Company recorded \$39,743 (2023 - \$3,424) in interest expense included in finance cost, and as at December 31, 2024, there was accrued interest of \$14,331 (December 31, 2023 - \$6,162) included in accounts payable and accrued liabilities.

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 due May 2026, and has been presented as a long-term liability under loans payable on the statement of financial position as at December 31, 2024. An amount of \$592,635 has been recognized in the statement of loss under loss on joint venture for the Company's share of the loan.

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.

17. LOANS PAYABLE (continued)

Convertible debentures (continued)

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.

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 revalued 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.

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 debenture		159,851	301,609	461,460
Balance, December 31, 2024	\$	464,767	471,609	936,376

As at December 31, 2024, there was accrued interest of \$51,521 (December 31, 2023 - \$Nil) included in accounts payable and accrued liabilities.

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18. 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	\$	-

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

Lease liability	December 31, 2024	December 31, 2023
Current portion	\$ -	\$ 64,489
Total lease liability	\$ -	\$ 64,489

At December 31, 2024, the Company is committed to minimum lease payments as follows:

Maturity analysis	December 31, 2024	December 31, 2023
Less than one year	\$ -	\$ 39,150
Total undiscounted lease liabilities	\$ -	\$ 39,150

Amounts recognized in profit or loss	December 31, 2024	December 31, 2024
Interest on lease liabilities	\$ 3,295	\$ 24,773
Interest income on sublease	-	(4,108)
	\$ 3,295	\$ 20,665

Amounts recognized in the statement of cash flows	December 31, 2024	December 31, 2024
Interest paid	\$ 1,480	\$ 13,176
Principal payments on lease liabilities	15,929	64,454
Total cash outflows for leases	\$ 17,409	\$ 77,630

The Company entered into a sublease agreement related to office space with Radar USA which was discontinued during the year ended December 31, 2023. During the year ended December 31, 2024, the Company earned interest income of \$Nil (2023 - \$6,960). At December 31, 2023 the Company's lease receivable related to this sublease agreement office leases.

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18. LEASES (continued)

During the year ended December 31, 2023, the Company discontinued one of the office leases and subsequent to year end, received a letter of demand from the lessor of the discontinued lease. As a result, the Company has accrued for all remaining payments under the term of the lease of \$190,198 in accounts payable and accrued liabilities, the right of use asset and related lease liability were derecognized and a loss on derecognition of \$75,140 was recognized.

19. 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 year ended December 31, 2024, the Company issued an aggregate of:

- 6,950,000 common shares for gross proceeds of \$499,970 (CAD\$695,000) pursuant to a non-brokered private placement at CAD\$0.10 per common share.
- 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 (Note 6). 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 fair value of \$22,790 (CAD \$31,369) based on the Black Scholes model were allocated to the warrants resulting a loss on settlement of debt of \$18,844. 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.
- 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 \$95,708 (CAD\$131,250) and a loss on settlement of debt of \$22,813 was recognized.

19. SHAREHOLDERS' EQUITY (continued)

a) Share capital (continued)

During the year ended December 31, 2023, the Company issued an aggregate of:

- 8,345,700 units for gross proceeds of \$3,167,869 (CAD\$4,172,850) pursuant to a non-brokered private placement at CAD\$0.50 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\$0.75 for a period of 48 months from the closing date. No value was allocated to the warrants based on the residual method. The Company also issued 160,000 units in exchange for accounts payable of \$60,720 (CAD\$80,000) under the same terms of the private placement financing with no loss or gain recognized. Cash finder's fee and legal fees totalling \$169,504 (CAD\$226,522) were paid, 120,090 common shares valued at \$4,557 (CAD\$6,005) were issued as corporate finance fees, and 309,190 agent warrants valued at \$54,202 (CAD\$71,311) were issued. Each agent warrant entitles the holder to purchase one common share at a price of CAD\$0.75 for a period of 24 months from the closing date.
- 7,091,915 units for gross proceeds of \$694,563 (CAD\$921,949) pursuant to a 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 36 months from the closing date. The warrants were allocated a value of \$207,224 (CAD\$275,065) based on the residual method.
- The Company also issued 2,076,923 to settle debts amounting to \$203,408 (CAD\$270,000) under the same terms of the private placement financing with no loss or gain recognized. The Company paid transaction costs of \$18,233 (CAD\$24,556) in association with this private placement and issued 4,923 agent warrants valued at \$306 (CAD\$406). 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.
- As at December 31, 2023, \$72,184 (CAD\$95,692) was owed to the Company by some private placement subscribers.
- 1,582,250 shares were issued as part of the Transaction (Note 6).
- 49,412 common shares for the exercise of warrants for proceeds of \$63,569 (CAD\$86,169) as a result \$1,840 (CAD\$2,471) was reclassified from reserves.
- 101 common shares for the exercise of options for proceeds of \$195 (CAD\$263) as a result \$68 (CAD\$92) was reclassified from reserves.
- 4,175 common shares were issued related to the vesting of RSUs, and as a result \$22,166 has been reclassified from reserves.

b) Warrants

On July 9, 2021, the Company formed a joint venture, Winkel (Note 15). 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:

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19. SHAREHOLDERS' EQUITY (continued)**b) Warrants (continued)**

- 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, management re-assessed when certain conditions will be met and did not expect Milestone 4 to vest prior to the expiry of the warrants. As a result, share based payment expense related to this milestone 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.

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.

As part of the brokered private placement completed during the year ended December 31, 2024, 4,464,200 warrants were allocated a fair value of \$115,965 (CAD\$156,257) based on the residual method. 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.

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19. SHAREHOLDERS' EQUITY (continued)**b) Warrants (continued)**

As part of the brokered private placement, 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\$0.10; iii) term: 3.00 years; iv) volatility: 120%; v) discount rate: 4.18%.

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.

19. SHAREHOLDERS' EQUITY (continued)

b) Warrants (continued)

Continuity of the Company's warrants is as follows:

	Number of warrants	Weighted average exercise price (\$CAD)	Weighted average exercise price (\$USD)
Outstanding, December 31, 2022	8,148,916	\$ 5.00	\$ 3.70
Granted	17,988,651	4.49	3.39
Exercised	(49,412)	1.70	1.28
Expired	(2,049,485)	1.68	1.27
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

As at December 31, 2024, 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	775,000
302,190	0.8	0.57	July 20, 2025	302,190
7,000	0.8	0.57	July 25, 2025	7,000
2,214,994	5.00	3.77	July 28, 2025	2,214,994
153,334	3.00	2.26	July 28, 2025	153,334
887,183	5.00	3.77	August 31, 2025	887,183
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
34,196,661	1.19	0.86		33,421,661

As at December 31, 2024, the weighted average remaining contractual life of outstanding warrants is 2.32 years.

19. SHAREHOLDERS' EQUITY (continued)

c) Options

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, 2022	1,432,583	\$ 4.86	\$ 3.40
Granted	640,600	2.31	1.72
Exercised	(101)	1.70	1.30
Expired	(282,000)	3.00	2.30
Forfeited	(136,500)	5.00	3.70
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
Exercisable, December 31, 2024	1,337,999	\$ 4.08	\$ 3.03

As at December 31, 2024, the following stock options were outstanding and exercisable:

Number of options outstanding	Exercise price (\$CAD)	Exercise price (\$USD)	Expiry date	Number of options exercisable
25,000	3.00	2.20	Jan 12, 2025	25,000
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	185,000
19,500	8.10	6.00	Jan 31, 2027	13,000
10,000	5.40	4.00	Apr 27, 2027	6,667
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	399,683
60,000	0.45	0.34	October 31, 2026	60,000
1,513,032	4.23	3.12		1,337,999

As at December 31, 2024, the weighted average remaining contractual life of outstanding options is 1.78 years.

During the year ended December 31, 2024, the Company granted Nil options (2023 – 640,600) options with a fair value of \$Nil (2023 - \$590,305).

Share-based payments relating to options vesting during the year ended December 31, 2024, using the Black-Scholes option pricing model was \$69,682 (2023 - \$829,117).

19. SHAREHOLDERS' EQUITY (continued)

c) Options (continued)

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. None-employee options are measured at the end of each reporting period over the term that goods and services are received.

There were no options granted during the year ended December 31, 2024, and the fair value of stock options granted during the year ended December 31, 2023, was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	December 31, 2024	December 31, 2023
Risk-free interest rate	-	3.02% – 4.5%
Expected volatility	-	94.24% – 110.42%
Dividend yield	-	0%
Weighted average share price at grant date	-	\$1.48
Weighted average exercise price	-	\$1.72
Expected life	-	3.00 – 5.00 years

d) Restricted Share Units (“RSU”)

Share-based payments relating to RSUs vesting during the year ended December 31, 2024, using the Black-Scholes option pricing model was \$17,345 (2023 - \$18,317).

As at December 31, 2024, there were 10,000 RSUs outstanding of which 6,667 RSUs were vested and 3,333 unvested.

Continuity of the Company’s RSUs is as follows:

	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
Exercisable, December 31, 2024	6,667	\$ 2.75	\$ 2.01

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20. EXPENSES BY NATURE

		Year ended December 31, 2024		Year ended December 31, 2023
Marketing expenses	\$	366,379	\$	1,182,258
Meals and entertainment		6,868		29,866
Tradeshows expenses		-		45,028
Salaries and wages		962,939		1,425,741
Total sales and marketing expense	\$	1,336,186	\$	2,682,893
General and administrative expenses	\$	767,814	\$	795,030
Professional fees		562,341		605,025
Consulting fees		651,436		589,330
Management fees		-		62,500
Rent		82,370		16,495
Salaries and wages		617,383		270,487
Travel		27,452		135,514
Depreciation (Note 8)		33,435		45,446
Lease-related depreciation (Note 18)		27,982		90,957
Utilities		38,645		79,251
Bad debt expenses		166,411		68,414
Transfer agent and filing fees		49,582		82,535
Total general and administrative expense	\$	3,024,851	\$	2,840,984
Contract development and materials expense	\$	91,078	\$	182,852
Consulting fees		489,985		945,351
Salaries and wages		622,500		945,905
Total research and development expenses	\$	1,203,563	\$	2,074,108

21. 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.

		For the years ended December 31,	
		2024	2023
Management fees	\$	1,155,100	\$ 980,100
Director fees		-	160,300
Share-based payments		27,352	696,076
Total	\$	1,182,452	\$ 1,836,476

Other related party transactions

During the years ended December 31, 2024, and 2023, other related party transactions consisted of the following:

21. RELATED PARTY TRANSACTIONS (continued)

	December 31, 2024	December 31, 2023
Revenue earned on the sale of equipment to Radar US, included in hardware revenue	\$ -	\$ 5,050
Revenue earned from the Winkel MSA	695,722	-
Revenue earned on the sale of software, included in license fee revenue	-	1,800
Revenue earned on the provision of consulting services, included in professional services revenue	-	30,000
Rental income on sublease	-	16,837
Consideration paid by the Company to Austin GIS for the acquisition of the Winkel MSA (Note 5)	2,427,363	-
Winkel MSA Intangible Asset acquired from Austin GIS (Note 5)	1,762,543	-
Transaction expense related to the acquisition of the Winkel MSA (Note 5)	664,820	-
Director fees, included in general and administrative expenses	-	160,300
Marketing expenses paid to a related entity, included in sales and marketing expenses	38,475	397,879
Accounting and administrative fees paid to related entities, included in general and administrative expenses	88,138	82,435
Interest expense for notes payable to related parties, excluding discount accretion	\$ 186,850	\$ 84,893

Related party balances

As of December 31, 2024, an amount of \$603,326 was owing to directors and management and was included in the loans payable balance (December 31, 2023 - \$304,000). These loans accrue interest at rates between 18% and 60% per annum, and they are secured against the Company's accounts receivables. The accrued interest relating to these loans of \$248,376 is included in accounts payable and accrued liabilities (December 31, 2023 - \$43,747).

At December 31, 2024, \$1,397,095 (December 31, 2023 - \$931,293) was due to related parties and is included in accounts payable and accrued liabilities. The amounts were non-interest bearing and due on demand.

At December 31, 2024, \$1,853,855 (December 31, 2023 - \$1,672,493) was due from Winkel of which \$662,180 is recognized and included in trade and other receivables.

During the year ended December 31, 2024, the Company advanced \$570,000 (2023 - \$490,181) to Winkel under the bridge loan agreement and received \$400,000 (2023-\$Nil) resulting in an impairment reversal of the loan receivable of \$170,000 (2023 - \$Nil). The balance of the bridge loan of \$2,409,731 (December 31, 2023 - 2,579,731) was determined not be collectible and impaired to \$Nil (2023- \$Nil).

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21. 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.

As at December 31, 2024, \$44,874 (CAD\$64,500) was due from a formerly related party for the subscription of units during the private placement (December 31, 2023 - \$65,417).

22. 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 year ended December 31, 2024, and the year ended December 31, 2023:

Balance, December 31, 2022	\$	7,681
Deposits received		221,687
Revenue recognized		(143,063)
Balance, December 31, 2023	\$	86,305
Deposits received		1,424,970
Revenue recognized		(368,720)
Balance, December 31, 2024	\$	1,142,555

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.

23. 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:

	December 31, 2024			December 31, 2023			
	United States	Mexico	Total	United States	Belgium	Other	Total
Revenue	\$ 597,893	\$916,021	\$ 1,513,194	\$ 357,270	\$500,000	\$ 12,348	\$ 869,618
Inventory	\$ -	\$ -	\$ -	\$ 1,975	\$ -	\$ -	\$ 1,975
Contract asset	\$ 119,801	\$ -	\$ 119,801	\$ -	\$ -	\$ -	\$ -
Intangible asset	\$ 1,462,508	\$ -	\$1,462,508	\$ -	\$ -	\$ -	\$ -
Equipment	\$ 18,629	\$ -	\$ 18,629	\$ 43,764	\$ -	\$ -	\$ 43,764
ROU asset	\$ -	\$ -	\$ -	\$ 27,982	\$ -	\$ -	\$ 27,982

During the year ended December 31, 2024, the Company's sales to its joint venture Winkel, represented 47% of the total revenue earned in the year. As at December 31, 2024, there was a balance of \$1,853,855 (2023 - \$1,672,493) due from Winkel included in accounts receivable (Note 15) of which \$ 1,814,633 was reserved (2023-\$1,672,493).

Revenues from one customer represented approximately 57% of the Company's total revenues earned during the year ended December 31, 2023. As at December 31, 2023 there was a balance of \$500,000 due from this customer included in trade and other receivables.

24. 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 year ended December 31, 2024, 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 December 31, 2024, the Company had a credit facility (Note 5), bearing interest at SOFR plus 12% (floor 4%), repayable in 24 monthly installments 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.

24. CAPITAL MANAGEMENT (continued)

As at December 31, 2024, the Company was in default under the facility and was taking steps to cure its covenant non-compliance.

25. 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 December 31, 2024, 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 December 31, 2024 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 \$300 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 December 31, 2024, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect the current forward-looking information on economic factors affecting the ability of customers to settle receivables. Accounts receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, business failure, the failure of a debtor to engage in a repayment plan, and a failure to make contractual payments over the negotiated contract period.

25. FINANCIAL RISK MANAGEMENT (continued)

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

	December 31, 2024	December 31, 2023
Current	\$ 15,160	\$ 90,877
1- 30 days	113,658	516,382
31- 60 days	9,870	5,830
61 - 90 days	15,570	(13,399)
91+ days	855,867	712,312
Provision for doubtful accounts	(840,388)	(678,160)
Total	\$ 169,737	\$ 633,842

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 December 31, 2024, the Company had a variable-interest loan with an outstanding balance of \$3,150,023.

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 \$31,500 for the year.

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.

26. 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 market data (unobservable inputs).

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26. BASIS OF FAIR VALUE (continued)

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.

27. CONTINGENCIES

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

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 December 31, 2024, 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.

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.

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28. INCOME TAXES

The following table reconciles the expected income tax expense at United States statutory income tax rates to the amounts recognized in the statements of loss and comprehensive loss:

	December 31, 2024	December 31, 2023
Net loss before taxes	\$ (8,243,381)	\$ (11,502,390)
Statutory tax rate	27%	27%
Expected income tax recovery	\$ (2,226,000)	\$ (3,106,000)
Non-deductible items	40,000	570,000
Change in foreign tax and foreign exchange rates and other	(958,000)	1,919,000
Share issue cost	(64,000)	(65,000)
Adjustment to prior years provision versus statutory tax returns	19,000	(764,000)
Change in deferred tax assets not recognized	3,189,000	1,446,000
Total income tax expense	-	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding values for tax purposes. Deferred tax assets (liabilities) as at December 31, 2024 and 2023 are as follows:

	December 31, 2024	December 31, 2023
Share and debt issuance costs	\$ 58,000	\$ 89,000
Property, plant and equipment	-	-
Leases	-	34,000
Tax loss carry forwards	12,677,000	9,433,000
	12,735,000	9,556,000
Unrecognized deferred tax asset	(12,735,000)	(9,556,000)
Net deferred tax asset	\$ -	\$ -

The Company did not recognize deferred tax assets for the following deductible temporary differences because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom:

	December 31, 2024	December 31, 2023
Share issue costs	\$ 213,000	\$ 329,000
Property, plant and equipment	-	-
Leases	-	143,000
Tax loss carry forwards	43,952,000	38,300,000
Unrecognized deductible temporary differences	\$ 44,165,000	\$ 38,772,000

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28. INCOME TAXES (continued)

As at December 31, 2024, the Company had net operating tax loss carry forwards in the United States of \$31,896,000 which will never expire but its utilization is limited to 80% of taxable income in any future year. In addition, the Company had non-capital tax loss carry forwards in Canada of \$11,438,000 which can be applied to reduce future Canadian Taxable income and will expire between 2040 and 2044.

29. SUPPLEMENTAL CASH FLOW INFORMATION

	December 31, 2024	December 31, 2023
Supplemental cash flow disclosures:		
Interest paid	\$ 226,234	\$ 140,150
Non-Cash Investing and Financing Activities:		
Shares issued to settle debt	\$ 128,104	\$ 270,000
Warrants issued to settle debt	\$ 22,790	\$ -
Fair value of warrants, options and RSUs exercised	\$ -	\$ 24,074
Broker warrants issued	-	\$ 54,508

30. SUBSEQUENT EVENTS*Non brokered private placement*

On January 27, 2025, the Company closed a private placement (the "Private Placement") offering of units of the Company ("Units") at a price of CAD \$0.10 per Unit (the "Offering") for gross aggregate proceeds of approximately \$CAD205,000 (\$143,500) by issuing 2,050,000 common shares.

On April 17, 2025, the Company closed another private placement offering of units of the Company ("Units") at a price of CAD \$0.135 per Unit (the "Offering") for gross aggregate proceeds of approximately \$CAD2,860,000 (\$2,000,000) by issuing 21,185,185 units.

Each Warrant will entitle the holder thereof to purchase one additional Common Share (a "Warrant Share") at a price of CAD \$0.29 per Warrant Share for a period of three (3) years from the date of issuance, subject to an accelerated expiry clause (the "Acceleration Clause"). Pursuant to the Acceleration Clause, if the Common Shares of the Company close at or above CAD \$0.40 for thirty (30) consecutive trading days on the Canadian Securities Exchange.

30. SUBSEQUENT EVENTS (continued)

Promissory notes

Subsequent to December 31, 2024, the Company issued promissory notes for a total principal amount of \$568,000. 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. During the subsequent period, \$109,000 has been repaid on notes that were outstanding at December 31, 2024.

Conversion of debentures

During the subsequent period, convertible debentures amounting to \$110,000 were converted into 2,234,000 units. Upon conversion, 2,234,000 common share purchase warrants and common shares were issued.

Debt settlement

On January 30, 2025, the Company agreed to settle \$100,000 worth of debt through the issuance of 952,380 common shares in the capital of the Company at a price of \$0.08 per share.

Stock option grants

On January 7, 2025, the Company also granted stock options to certain employees of the Company to acquire a total of 3,894,404 common shares of the Company. The exercise price of these options is \$CAD 0.13 and they vested on the date of grant.

Restricted stock unit grants

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 May 27, 2028.

Shares for services

On June 23, 2025, the Company issued 2,850,833 common shares of the Company at a price per share of \$0.09 (CAD\$0.12) for total value of \$248,644 (CAD\$342,100) to an arms length consultant for consulting services.

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.

Senior secured loan

Subsequent to December 31, 2024, the Company issued a senior secured loan of \$100,000 payable in 10 days for a \$10,000 fee and interest at 22% per annum after maturity.