FOBI AI INC.

Consolidated Financial Statements

Years ended June 30, 2023 and 2022

(Expressed in Canadian Dollars)

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Independent Auditor's Report

To the Shareholders of Fobi AI Inc.

Opinion

We have audited the consolidated financial statements of Fobi AI Inc. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at June 30, 2023, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Group has incurred losses since inception and has an accumulated deficit of $70,995,769 as at June 30, 2023 and the continued operations of the Group are dependent on future profitable operations, management's ability to manage costs and the future availability of equity or debt financing. 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 Group 's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Nature of transactions relating to PulseIR revenue stream

The Group recognized revenue during the year relating to the sale of platform-as-a-service contracts for investor relation services ("PulseIR"). Management entered into two revenue contracts with customers which were settled through receipt of common shares of the customer in lieu of cash, and subsequently sold for proceeds for less than the original stated value of the revenue contracts. Management entered into two other revenue contracts where they also agreed to purchase equity instruments of the customer for approximately the same amount.

In addition, management entered into an agreement with a consultant for the provision of advisory support services throughout the planning and execution of the PulseIR platform-as-a-service product, which was paid in advance of the services being performed. The same consultant has provided capital markets consulting services for the Group, has participated in certain private placements, and has received stock options in exchange for services performed.

Significant judgment is required in assessing the nature of these transactions, their commercial substance, the impact on whether any of the contracts should be combined, and the pattern of revenue recognition that reflects the nature and substance of the performance obligations in the contract. Please refer to Notes 3(a), 3(b) and 9 of the consolidated financial statements for the Group's accounting policy, the significant judgments and estimates applied, details regarding the revenue contracts, common shares received, proceeds from sale and the realized/unrealized loss on investments, and Note 23 for the nature of the contracts entered into with the consultant.

How the key audit matter was addressed in the audit

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

- Obtaining and reviewing management's analysis of the accounting treatment in accordance with IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15"), and corroborating the facts therein to supporting evidence;
- Obtaining an understanding of the nature of these transactions and the commercial substance of the revenue transactions as well as all other related transactions and performing a detailed review of the relevant agreements and other documents to understand the terms, facts and circumstances related to the transactions;
- Testing the entirety of the known population of PulseIR revenue by tracing to the contract terms, invoices, consideration received and viewing the product delivered to the customer;
- Assessing the nature of the services received from the consultant through discussion with the counterparty and legal counsel;
- Assessing completeness of the population of transactions in the year to June 30, 2023 by reviewing publicly available information and events subsequent to year-end for any similar contracts; and
- Reviewing the adequacy of the disclosures in the consolidated financial statements, including disclosures related to significant judgments and estimates.

Impairment of goodwill and intangible assets

The Group has recognized goodwill as a result of the acquisitions that management determined to be business combinations in accordance with IFRS 3 *Business Combinations* ("IFRS 3"). In accordance with IAS 36 *Impairment of Assets* ("IAS 36"), management is required to test goodwill and indefinite lived intangible assets for impairment annually, or when facts and circumstances suggest there may be impairment. Management is required to exert judgment when determining cash generating units ("CGUs") within the Group and impairment testing requires the application of estimates with respect to revenues, growth rates, margins and the application of an appropriate discount rate. Management concluded that no impairment charge was required as a result of the impairment testing performed. Please refer to Notes 3(a), 3(c) and 4 of the consolidated financial statements for the Group's accounting policy, the significant judgments and estimates applied in determining the recoverable amount of the identified CGU's, and disclosure of the key assumptions applied in estimating the recoverable amount.

How the key audit matter was addressed in the audit

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

- Assessing management's determination of CGU's, the allocation of goodwill to the identified CGUs and the application of an appropriate valuation methodology to test for impairment;
- Critically assessed management's forecasts, which support their value-in-use calculations, through considering whether the judgments and estimates applied were appropriate based on our understanding of the CGU and its historical performance;
- Involving our valuation professionals with specialized skills and knowledge in evaluating the assumptions and inputs applied in the model; and
- Reviewing the adequacy of the disclosures in the consolidated financial statements, including disclosures related to significant judgments and estimates.

Accounting for acquisition transaction

The Group completed one acquisition transaction during the year. Through the application of IFRS 3, management determined that the acquisition should be accounted for as a business combination. Management is required to exert significant judgment in assessing the accounting determination, and estimation is required in calculating consideration paid for the acquisition and in the allocation to the assets acquired and liabilities assumed. We have therefore considered this a Key Audit Matter due to the judgment involved in accounting for the transaction and with respect to the estimation uncertainty related to fair value assessments. Please refer to Notes 3(a), 3(d), and 5 of the consolidated financial statements for the Group's accounting policy, significant judgments and estimates applied, and details regarding the acquisition transaction.

How the key audit matter was addressed in the audit

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

- Obtaining and reviewing management's analysis of the accounting treatment in accordance with IFRS 3, and corroborating the facts therein to supporting evidence;
- Obtaining an understanding of the business rationale for the acquisition transaction and performing a detailed review of the relevant transaction documents to understand the terms, facts and circumstances related to the acquisition transaction;
- Involving our valuation professionals with specialized skills and knowledge in evaluating the assumptions and inputs applied in the purchase price allocation;
- Assessing management's purchase price allocation, including applied valuation methodology, significant estimates adopted, and consideration of the reliability of future oriented cash flow forecasts; and

- Reviewing the adequacy of the disclosures in the consolidated financial statements, including disclosures related to significant judgments and estimates.

Other Matter

The consolidated financial statements of the Group for the year ended June 30, 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on October 28, 2022.

Other Information

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

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

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

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’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 Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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 Rob Scupham.

BDO Canada LLP
Chartered Professional Accountants

Vancouver, British Columbia
January 15, 2024

(Expressed in Canadian Dollars)

		As at June 30, 2023 $	As at June 30, 2022 $
Assets			
Current assets			
Cash	(Note 6)	201,241	1,031,021
Amounts receivable	(Note 7)	239,847	1,241,961
Prepaid expenses		21,706	310,715
Inventory	(Note 8)	-	120,336
Investments	(Note 9)	58,000	163,095
Loan receivable	(Note 10)	-	46,256
Total current assets		520,794	2,913,384
Non-current assets			
Equipment	(Note 11)	58,547	113,724
Right-to-use asset	(Note 12)	37,816	36,771
Intangible assets	(Note 13)	2,865,958	4,293,965
Goodwill	(Notes 4, 5)	1,498,646	1,182,751
Total assets		4,981,761	8,540,595
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	(Note 15)	1,391,874	1,802,027
Lease liabilities	(Note 17)	24,032	21,014
Deferred revenue	(Note 8)	496,194	221,908
Contingent consideration payable	(Note 5)	15,697	-
Total current liabilities		1,927,797	2,044,949
Deferred income taxes		107,295	142,850
Non-current portion of lease liabilities	(Note 17)	17,642	19,591
Warrant liabilities	(Note 18)	360,211	-
Total liabilities		2,412,945	2,207,390
Shareholders' equity			
Share capital	(Note 18)	56,605,978	50,660,328
Contributed surplus		17,068,177	14,134,698
Deficit		(70,995,769)	(58,243,607)
Accumulated other comprehensive loss		(109,570)	(218,214)
Total shareholders' equity		2,568,816	6,333,205
Total liabilities and shareholders' equity		4,981,761	8,540,595

Nature of operations, going concern and continuance of business (Note 1)
Commitments and contingencies (Note 23)
Subsequent events (Note 27)

Approved and authorized for issuance on behalf of the Board of Directors on January 15, 2024:

/s/ "Jeffrey Hyman"
Director

/s/ "Robert Douglas Anson"
Director

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

Fobi AI Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

	2023 $	2022 $
Revenue (Notes 9, 25)	2,022,764	2,036,440
Expenses		
Advertising and marketing	374,427	530,297
Amortization (Notes 11, 12, 13)	1,858,469	1,393,736
Consulting fees	1,027,712	1,826,163
Expected credit losses (Note 7)	66,041	9,939
Impairment of inventory (Note 8)	120,336	-
Insurance	131,644	66,267
Investor relations	117,731	136,804
Loss from sale of investments (Note 9)	375,380	-
Office and general	186,769	350,929
Professional fees	610,489	1,068,051
Rent	140,128	139,260
Research	528,608	-
Share-based compensation (Note 16)	4,263,554	7,978,310
Technology costs	1,091,981	1,023,756
Transfer agent and filing fees	103,206	186,927
Travel	100,050	129,492
Wages and benefits (Note 16)	4,347,236	5,896,816
Total operating expenses	15,443,761	20,736,747
Loss before other items	(13,420,997)	(18,700,307)
Other items		
Other income	8,874	52,574
Interest and accretion expense	(42,071)	(134,599)
Interest income	6,095	11,266
Foreign exchange gain (loss)	5,547	(17,945)
Unrealized loss on loan receivable	-	(321,162)
Gain on settlement of receivables	-	124,252
Gain on settlement of accounts payable	80,955	-
Unrealized gain (loss) on investments (Note 9)	263,393	(295,238)
Loss on loan receivable (Note 9)	(4,677)	-
Unrealized gain on warrants (Note 18)	279,395	-
Net loss before income taxes from continuing operations	(12,823,486)	(19,281,159)
Current income tax expense	(101)	-
Deferred income tax recovery	71,425	128,843
Net loss from continuing operations	(12,752,162)	(19,152,316)
Unrealized foreign exchange gain (loss)	108,644	(218,194)
Comprehensive loss	(12,643,518)	(19,370,510)
Basic and diluted loss per common share	(0.09)	(0.14)
Weighted average number of common shares outstanding	155,836,976	140,301,265

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

Fobi AI Inc.
Consolidated Statements of Changes in Equity
For the years ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

	Common Shares			Accumulated Other Comprehensive		
	Number	Amount $	Contributed Surplus $	Loss $	Deficit $	Total Shareholders' Equity (Deficit) $
Balance, June 30, 2021	**134,862,263**	**42,232,912**	**7,562,494**	**(20)**	**(39,091,291)**	**10,704,095**
Issuance of common shares for acquisition of intellectual property (Note 13)	1,524,031	4,112,513	-	-	-	4,112,513
Warrants exercised (Notes 18, 20)	8,616,260	1,732,439	-	-	-	1,732,439
Stock options exercised (Notes 18, 19)	2,817,500	2,613,764	(1,406,106)	-	-	1,207,658
Share issue costs	-	(31,300)	-	-	-	(31,300)
Share-based compensation (Notes 16, 19)	-	-	7,978,310	-	-	7,978,310
Accumulated other comprehensive loss	-	-	-	(218,194)	-	(218,194)
Net loss	-	-	-	-	(19,152,316)	(19,152,316)
Balance, June 30, 2022	**147,820,054**	**50,660,328**	**14,134,698**	**(218,214)**	**(58,243,607)**	**6,333,205**
Issuance of common shares for cash, net of share issuance costs (Note 18)	8,405,541	2,090,612	-	-	-	2,090,612
Issuance of common shares for business combinations (Note 5)	1,674,264	538,561	-	-	-	538,561
Issuance of common shares to settle debt (Note 18)	520,312	107,958	-	-	-	107,958
Issuance of common shares for services (Note 18)	970,642	336,177	-	-	-	336,177
Warrants liabilities (Note 18)	-	(639,606)	-	-	-	(639,606)
Warrants exercised (Notes 18, 20)	2,335,488	790,789	-	-	-	790,789
Stock options exercised (Notes 18, 19)	4,641,600	2,721,160	(1,330,075)	-	-	1,391,085
Share-based compensation (Notes 16, 19)	-	-	4,263,554	-	-	4,263,554
Accumulated other comprehensive income	-	-	-	108,644	-	108,644
Net loss	-	-	-	-	(12,752,162)	(12,752,162)
Balance, June 30, 2023	**166,367,901**	**56,605,978**	**17,068,177**	**(109,570)**	**(70,995,769)**	**2,568,816**

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

Fobi AI Inc.
Consolidated Statements of Cash Flows
For the years ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

	2023 $	2022 $
Operating activities		
Net loss	(12,752,162)	(19,152,316)
Items not affecting cash:		
Amortization	1,858,469	1,393,736
Expected credit losses	66,041	-
Deferred income tax recovery	(71,425)	(128,843)
Interest and accretion expense	4,285	134,599
Impairment of inventory	120,336	-
Unrealized loss on loan receivable	-	321,162
Unrealized (gain) loss on investments	(263,393)	295,238
Unrealized gain on warrants	(279,395)	-
Gain (loss) on settlement of receivables	4,677	(124,252)
Gain on settlement of accounts payable	(80,955)	-
Share-based compensation	4,263,554	7,978,310
Loss on sale of investments	375,380	-
Changes in non-cash operating working capital:		
Amounts receivable	997,171	(787,819)
Prepaid expenses	289,009	17,850
Inventory	-	(120,336)
Accounts payable and accrued liabilities	92,548	1,166,771
Proceeds from sale of shares received from customers	250,953	-
Deferred revenue	142,441	113,420
Net cash used in operating activities	**(4,982,466)**	**(8,892,480)**
Investing activities		
Cash acquired in Passworks acquisition	12,640	-
Purchase of equipment	(9,420)	(59,399)
Purchase of investments (Note 9)	(126,000)	-
Purchase of intellectual property	-	(511,152)
Net cash used in investing activities	**(122,780)**	**(570,551)**
Financing activities		
Proceeds from shares issued for cash	2,113,274	-
Share issuance costs	(22,662)	(31,300)
Proceeds from exercise of options	1,391,085	1,207,658
Proceeds from exercise of warrants	790,789	1,732,439
Net proceeds from advancement and repayment of loans	41,579	116,976
Repayment of principal portion of the lease liability	(35,541)	(26,251)
Net cash provided by financing activities	**4,278,524**	**2,999,522**
Effect of foreign exchange on cash	(3,058)	(7,223)
Decrease in cash	(829,780)	(6,470,732)
Cash, beginning of year	1,031,021	7,501,753
Cash, end of year	**201,241**	**1,031,021**
Cash is comprised of:		
Cash in bank	126,241	898,521
Cashable guaranteed investment certificates	75,000	132,500
Total cash	**201,241**	**1,031,021**

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

1. Nature of Operations, Going Concern and Continuance of Business

Fobi AI Inc. (formerly “Loop Insights Inc.”) (the “Company”) was incorporated under the laws of the province of British Columbia, Canada, on January 12, 1987, under the name 320092 British Columbia Ltd. On January 24, 2009, the Company continued into the province of Alberta. Effective August 11, 2016, the Company changed its name to AlkaLi3 Resources Inc. (“AlkaLi3”) and began trading on the NEX board of the TSX Venture Exchange (“TSXV”) under the symbol “ALK.H” on August 16, 2016. On May 31, 2021, the Company’s trading name changed to “FOBI” on TSX Venture Exchange and to “FOBIF” on OTCQF.

The Company operates in the technology industry and earns revenues from directly selling software as a service (“SaaS”), reselling, referring, and licensing its technology to licensors, and from consulting and development services. The address of the Company’s corporate office and principal place of business is Suite 200, 560 Beatty Street, Vancouver B.C., V6B 2L3.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (”IASB”) applicable to a going concern, which contemplates the realization of assets and the discharge of liabilities in the normal course of business. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company’s ability to continue as a going concern.

The Company has incurred losses since inception and has an accumulated deficit of $70,995,769 as at June 30, 2023. The continued operations of the Company are dependent on future profitable operations, management’s ability to manage costs and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to June 30, 2023, is uncertain. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

2. Basis of Preparation

a) Statement of Compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB") and were approved by the Board of Directors on January 15, 2024.

The consolidated financial statements have been prepared on a historical cost basis except for certain non-current assets and financial instruments, being investments and warrants, which are measured at fair value.

b) Basis of Consolidation and Functional Currency

These consolidated financial statements include the accounts of the Company and the following subsidiaries:

Subsidiaries	Country of incorporation	Functional currency	Percentage of ownership
Fobi AI (USA) Inc.	USA	US Dollar	100%
Pulse Investor Services Ltd.	Canada	Canadian Dollar	100%
Fobi AI Germany GmbH	Germany	Euros	100%
*Passworks, S.A.	Portugal	Euros	100%

*Acquired in the year ended June 30, 2023

Subsidiaries are entities that the Company controls directly. Control is defined as the exposure, or rights, or variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when the Company has existing rights and the ability to direct the activities that significantly affect the investee's returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital. All inter-company balances and transactions have been eliminated upon consolidation. Where necessary, adjustments are made to the results of the subsidiaries and entities to bring their accounting policies in line with those used by the Company.

During the year ended June 30, 2023, the Company acquired 50% of the shares of BevWorks Brands Inc. ("BevWorks"). Please see Note 14 for further details on the Company's investment in associate using the equity method.

The consolidated financial statements are presented in Canadian Dollars (CAD), which is the Company's presentation and functional currency.

3. Significant Accounting Policies

a) Significant Accounting Estimates and Judgments

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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, relate to, but are not limited to, the following:

<u>Estimated useful lives</u>
Depreciation and amortization of equipment and intangible assets are dependent upon estimates of useful lives. Management bases these estimates on a number of factors, including product life cycle, expected usage and comparative industry standards. Useful life is based on the period over which an asset is expected to be available for use by the Company.

<u>Impairment considerations</u>
The assessment of any impairment of equipment and intangible assets is dependent upon estimates of recoverable amounts that take into account factors, such as economic and market conditions and the useful lives of assets, are determined through the exercise of judgment. The Company tests for impairment whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable. 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. Key estimates and judgements used by management when calculating the recoverable amount include the Company’s future cash flows and the discount rate used.

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. When a test for impairment indicates that the carrying amount of an assets is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value. Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Goodwill is assessed annually for potential impairment losses and carried net of these losses. The impairment test methodology is based on a comparison between the higher of fair value less costs to sell and value-in-use of each of the Company's cash generating units (“CGU”) and the net asset carrying values (including goodwill). Within the Company's reporting structure, business units generally reflect the CGU. An impairment is recognized if the carrying amount of a CGU exceeds its estimated recoverable amount.

<u>Goodwill</u>
When there is an acquisition, the relative fair value of the allocation of the purchase consideration over the fair value of the assets acquired and liabilities assumed results in goodwill. The information necessary to measure the fair values as at the acquisition date of assets acquired requires management to make certain judgements and estimates about the future performance of these assets.

<u>Share-based compensation</u>
In calculating the share-based compensation expense, key estimates such as the performance conditions being achieved of options granted, rate of forfeiture of options granted, the expected life of the option, the volatility of the Company’s stock price and the risk-free interest rate are used

3. Significant Accounting Policies (continued)

a) Significant Accounting Estimates and Judgments (continued)

Business combinations
Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. In determining the allocation of the purchase price in a business combination, including any acquisition related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. The excess of the purchase price paid for the acquisition of a subsidiary over the fair value of the net tangible assets and the intangible assets acquired is classified to goodwill.

Deferred tax assets and liabilities
The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

Revenue recognition
Management applies judgement in its evaluation of whether the applicable criteria for revenue recognition have been met. The Company uses significant judgment to assess whether services sold in a customer contract are considered distinct and should be accounted for as separate performance obligations.

When transaction price includes non-cash consideration, the fair value of non-cash consideration is calculated when the non-cash consideration is received. The fair value of non-cash consideration can be variable. Changes in the fair value of non-cash consideration can relate to the form of the consideration or to other reasons. Non-cash consideration that is variable for reasons other than only the form of the consideration is included in the transaction price but is subject to the constraint on variable consideration. Where the change relates to both the form of consideration and to the entity's performance, an entity should apply judgement to determine how to account for the variability.

The Company's contracts with customers often include promises to transfer multiple goods and services to a customer. Determining whether goods and services are considered distinct performance obligations that should be accounted for separately versus together may require judgment. Judgment is also needed in assessing the ability to collect the corresponding receivables.

Going concern
Management applies judgment in its evaluation of the Company's ability to continue as a going concern. If the going concern assumption were not appropriate for these consolidation financial statements, then adjustments would be necessary to the carrying value of the assets and liabilities, the reported expenses and the statement of financial position classifications used.

3. Significant Accounting Policies (continued)

b) Revenue Recognition

Revenue represents the amount the Company expects to receive for services in its contracts with customers, net of sales taxes. The Company reports revenue and disaggregates under four revenue categories being:

i) Revenue from platform-as-a-service (PaaS) arrangements, which allows customers on-demand access to a complete, ready-to-use, cloud-hosted platform for developing, running, maintaining and managing applications. Revenue from the PaaS, which includes wallet passes and coupon subscriptions, is recognized in the month they are earned.

ii) Consulting services, including data supply and insight consulting, are recognized as revenue as services are performed.

iii) Development services, including implementation services, custom programming and certain product training, are recognized as revenue as services are performed to the extent that the development services represent a distinct performance obligation.

iv) Software revenue, comprised of non-recurring fees charged for the use of software products provided under one-year or multiple-year arrangements, are recognized as revenue over the length of the contract term. The timing of revenue recognition often differs from contract payment schedules. Amounts billed in accordance with customer contracts, but not yet earned, are recorded and presented as part of deferred revenue.

The Company’s technologies in relation to software revenue and PaaS provide the customer with a right to access the technologies as they exist when made available to the customer. The Company also, from time to time, enters into contracts that contain maintenance and support for its products. In accordance with IFRS 15, the Company evaluates these arrangements to determine the appropriate accounting treatment in order to recognize revenue based on whether the multiple products in the contract are distinct. A product 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 product or services is separately identifiable from other promises in the contract. Non-distinct products or services are combined with other products or services until they are distinct as a bundle and therefore form a single performance obligation.

Typically software revenue and PaaS is recognized over the period of time when the software is made available to the customer provided that the following criteria are met: the parties to the contract have approved the contract and are committed to perform their respective obligations; the Company can identify each party's rights regarding the goods or services to be transferred; the Company can identify the payment terms for the goods or services to be transferred; the contract has commercial substance; and it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

3. Significant Accounting Policies (continued)

c) Impairment of Long-lived Assets

Long-lived assets, including property and equipment and intangible assets are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its estimated recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

The carrying amount of the CGU or group of CGUs to which goodwill has been allocated is tested annually for impairment or when there is an indication that the goodwill may be impaired. Any impairment is recognized as an expense immediately. Should there be a recovery in the value of a CGU or group of CGUs, any impairment of goodwill previously recorded is not subsequently reversed.

d) Business Combination

Acquisitions of businesses are accounted for using the acquisition method. At the acquisition date the identifiable assets acquired, and the liabilities assumed are recognized at their fair value, except deferred tax assets or liabilities, which are recognized and measured in accordance with IAS 12, *"Income Taxes"*. Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement period adjustments. The measurement period is the period between the date of the acquisition and the date where all significant information necessary to determine the fair values is available and cannot exceed 12 months. All other subsequent changes are recognized in the consolidated statements of comprehensive loss.

The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed including any contingently payable purchase price obligation due over time. The Company uses valuation techniques, which are generally based on forecasted future net cash flows discounted to present value. These valuations are closely linked to the assumptions used by management on the future performance of the related assets and the discount rates applied. The determination of fair value involves making estimates relating to acquired intangibles assets, property and equipment and contingent consideration.

Acquisition-related costs are recognized in the consolidated statements of comprehensive loss as incurred. Management determines whether assets acquired, and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs.

During the year ended June 30, 2023, the Company completed a transaction described in Note 5 and concluded that the transaction qualifies as a business combination under IFRS 3.

3. Significant Accounting Policies (continued)

e) Investment in Associate

The Company accounts for its investment in associate using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of earnings and losses of the associate and for impairment losses after the initial recognition date. Where change in an investment in an entity results in the Company retaining significant influence over the investee, the investee is accounted for using the equity method, and the initial cost of investment in an associate is the fair value of the investment retained in the former subsidiary when control was lost. The Company's share of an associate's losses that are in excess of its investment in the associate are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share of earnings and losses of an associate are recognized through profit or loss during the period. Distributions received from an associate are accounted for as a reduction to the carrying amount of the Company's investment in the associate. Intercompany transactions between the Company and an associate are recognized only to the extent of unrelated investors' interests in the associate.

At the end of each reporting period, the Company assesses whether there is any objective evidence that its investment in an associate is impaired. Objective evidence includes observable data indicating that there is a measurable decrease in the estimated future cash flows of the associate's operations. When there is objective evidence that its investment in an associate is impaired, the carrying amount of such investment is compared to its recoverable amount, being the higher of its fair value less cost to sell and value in use (i.e. present value of its future cash flows). If the recoverable amount of investment in an associate is less than its carrying amount then an impairment loss is recognized in that period. When an impairment loss reverses in a subsequent period, the carrying amount of the investment in an associate is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized through profit or loss in the period that the reversal occurs.

f) Property and Equipment

Property and equipment are measured at cost less accumulated amortization and impairment losses. The Company amortizes its office equipment on a straight-line basis over three years. The Company amortizes its hardware on a straight-line basis over three years once it is available for use. Right-of-use assets are amortized over the lease term of the underlying asset.

g) Intangible Assets

Intangible assets, acquired separately, are measured on initial recognition at cost. Intangible assets acquired through business combinations are measured at the fair value on the date of the acquisition and are subsequently assessed for impairment at each reporting date.

Intangible assets with finite useful lives are amortized over their estimated useful lives as follows:

Intellectual property	3 years
Customer relationships	3 years
Developed technology	5 years
Non-compete	5 years

Amortization methods, useful lives and residual value are reviewed at each reporting date and adjusted if appropriate.

h) Cash

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash.

3. Significant Accounting Policies (continued)

i) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease liability is recognized at the commencement of the lease term at the present value of the lease payments that are not paid at that date. At the commencement date, a corresponding right-of-use asset is recognized at the amount of the lease liability, adjusted for lease incentives received, retirement costs and initial direct costs. Depreciation is recognized on the right-of-use asset over the lease term. Interest expense is recognized on the lease liabilities using the effective interest rate method and payments are applied against the lease liability.

j) Financial Instruments

Recognition and measurement

Financial instruments are required to be classified into one of the following categories: amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL in which case transaction costs are expensed as incurred.

Financial assets and financial liabilities are recognized initially on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

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

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding.

Fair value through profit or loss

Financial instruments classified as FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the statement of comprehensive loss in the period in which they occur.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) is based on quoted market prices at the close of trading on the reporting date. The Company uses the last traded market price for both financial assets and financial liabilities. In circumstances where there is no closing price, the average of the closing bid and the closing ask price on the valuation date is used. The Company's policy is to recognize transfers into and out of the fair value hierarchy levels described in Note 23 as of the date of the event or change in circumstances giving rise to the transfer.

3. Significant Accounting Policies (continued)

j) Financial Instruments (continued)

Amortized cost

Financial assets and liabilities classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequently measurement is at amortized cost using the effective interest method, less any impairment losses.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

Classification of financial instruments

Cash	FVTPL
Trade accounts receivable	Amortized cost
Investments	FVTPL
Loans receivable	Amortized cost
Accounts payable	Amortized cost
Lease liabilities	Amortized cost
Warrant liabilities	FVTPL
Contingent consideration	FVTPL

k) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and common share warrants are recognized as a deduction from equity. The Company has adopted the residual method with respect to the measurement of common shares and warrants issued as equity units.

l) Loss Per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Basic and diluted loss per share is the same for the periods presented.

3. Significant Accounting Policies (continued)

m) Share-based Payments

The fair value of stock options granted is measured at the grant date using the Black-Scholes option pricing model. Where options are granted to consultants for goods or services rendered, the options are measured at the fair value of the goods or services received by the Company. If the fair value of the goods and services received cannot be reliably measured, the fair value of the stock option granted is used instead. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards expected to ultimately vest is computed. This best estimate include options that vest based on certain performance conditions being achieved. The movement in cumulative expense is recognized in the statement of loss with a corresponding entry within equity, against share-based compensation reserve. No expense is recognized for awards that do not ultimately vest. When options are exercised, the proceeds received together with any related amount in share-based compensation reserve is credited to share capital.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

n) Research

The Company incurs costs on activities that relate to research of new products and services. Research costs are expensed as incurred.

o) Income Taxes

Current income tax - current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Deferred income tax - Deferred income tax is provided for based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Current income and deferred tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

p) Accounting Pronouncements Not Yet Adopted

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. The Company did not identify any standards that may have any impact on the Company's consolidated financial statements during the period.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's consolidated financial statements.

4. Passcreator Acquisition

On April 16, 2021, the Company acquired 100% control over Fobi AI Germany GmbH, formerly Mediaheldon GmbH and d/b/a Passcreator ("Passcreator"). Based in Germany, Passcreator is a European digital wallet and mobile marketing company. In consideration for the acquisition of Passcreator, the Company paid $154,001 (US$123,000) in cash and issued 1,301,425 common shares of the Company with a fair value of $1,952,138. The Company acquired all the issued and outstanding common shares of Passcreator. As the Company is the sole owner of all the common shares and has certain provisions, including the ability to elect the majority of the directors, in accordance with IFRS 10, the Company has control over Passcreator. The investment in Passcreator has been accounted for as a business combination. In accordance with IFRS 3, the assets acquired, and liabilities assumed are measured at their fair value at the acquisition date and the excess value of the consideration above the fair value of the net assets acquired is recognized as goodwill.

The acquisition was recorded as follows:

Fair value of consideration		
Cash	$	154,001
Common shares issued		1,952,138
	$	2,106,139
Assets acquired and liabilities assumed		
Customer relationships	$	329,870
Developed technology		209,917
Trade name		359,858
Non-compete		5,998
Goodwill		1,320,468
Deferred income taxes		(271,693)
Equipment		14,076
Other current assets		137,645
	$	2,106,139

The goodwill recorded upon acquisition of Passcreator represents the sales and growth potential of Passcreator and will not be deductible for tax purposes.

During the year ended June 30, 2023, the Company recorded amortization expense of $153,139 (2022 - $153,140) in connection with the customer relationships, developed technology and non-compete intangible assets. The Passcreator Trade name is not subject to amortization as it is deemed to have an indefinite useful life given its unlimited time period of intended use as it drives 100% of Passcreator's mobile wallet application revenue.

The Company also recorded an adjustment gain of $85,894 (2022 – loss of $137,717) to goodwill to record the change on the functional currency translation, which has been recorded within other comprehensive loss.

(Expressed in Canadian Dollars)

4. Passcreator Acquisition (continued)

In accordance with IAS 36, the Company completed its annual impairment test of goodwill as of June 30, 2023 and determined the Passcreator CGU, which includes Passcreator's customer relationships, developed technology, trade name and non-compete agreement issued to key employees acquired, as well as the intangible assets acquired from Quicket GmbH, had an estimated recoverable amount that was greater than its carrying value, and therefore no impairment was recorded.

The following key assumptions were used to determine recoverable amount for the impairment test performed at June 30, 2023:

	Pre-Tax Discount Rate	Terminal Value Multiple	Terminal Revenue Growth Rate
Assumptions	27.50%	4%	2%

	Change in working capital as % of revenue	Capital expenditures as % of revenue	EBITDA as % of revenue in year one	EBITDA as % of revenue thereafter
Estimates used to measure recoverable amount	5%	3%	13%	47%

These assumption percentages may change over time if there are significant changes in economic, industry and general business conditions. The financial forecasts determined by the Company accurately reflect management's best estimate of future operating performance of Passcreator at June 30, 2023.

Fair value is based on a discounted cash flow (DCF) method involving several key assumptions that were used in the test for goodwill impairment.

The assumptions resulted in a recoverable amount of the Passcreator CGU of $2,900,639. A 1% change in pre-tax discount rate would result in an impact to the recoverable amount of $133,018, while a 1% change in EBITDA as a percentage of revenue would result in an impact to the recoverable amount of $76,933.

(Expressed in Canadian Dollars)

5. Passworks Acquisition

On April 19, 2023, the Company acquired 100% control over Passworks S.A. ("Passworks"). Based in Portugal, Passworks is a European digital wallet and mobile marketing company. In consideration for the acquisition of Passworks, the Company issued 1,674,264 common shares ("Consideration Shares") of the Company with a fair value of $636,220. The Company acquired all the issued and outstanding common shares of Passworks. As the Company is the sole owner of all the common shares, in accordance with IFRS 10, the Company has control over Passworks. The investment in Passworks has been accounted for as a business combination. In accordance with IFRS 3, the assets acquired, and liabilities assumed are measured at their fair value at the acquisition date and the excess value of the consideration above the fair value of the net assets acquired is recognized as goodwill.

The acquisition was recorded as follows:

Fair value of consideration		
1,674,264 common shares of Fobi at a fair value of $0.38 per share	$	636,220
Restricted stock discount		(97,659)
Fair value of earn-out payments		15,697
	$	554,258
Assets acquired and liabilities assumed		
Cash	$	12,640
Amounts receivable		61,098
Equipment		591
Developed technology		195,837
Customer relationships		102,656
Goodwill		230,001
Deferred income tax liability		(26,177)
Amounts payable		(22,388)
	$	554,258

In addition to the Consideration Shares, in the event the gross revenue of the Passworks from: (i) sales originating from existing clients of Passworks at Closing; and/or (ii) new clients originating as a result of the Passworks seller's efforts meets or exceeds €300,000 ($433,350) during the one year period from the Closing Date, the Company agrees to pay to the seller €50,000 ($72,225), payable in common shares of the Company. The fair value of the earn out payments was calculated at $15,697, and remained the same as at June 30, 2023.

As the common shares are subject to a contractual escrow program, a restricted stock discount of $97,659 has been applied to the fair value of consideration based on an average liquidity discount of 15% for the 25% of Consideration Shares released 3 months following issuance, 20% for the 35% of Consideration Shares released 6 months following issuance and 23% for the 20% of Consideration Shares released 9 months following issuance.

On April 19, 2023, the Company also entered into a one-year term service agreement (the "Service Agreement") with Sortido Cinzento, Unipessoal, LDA (the "Service Provider"), a sole shareholder company that is wholly owned and controlled by the seller, pursuant to which, the Company engaged the services of the seller on a full time basis. Pursuant to the Service Agreement, the Company has agreed to pay to the Service Provider a monthly fee of €10,000 ($14,445), plus applicable taxes, for the initial one year term of the Service Agreement and issue to the Service Provider €60,000 ($86,177) in common shares of the Company ("common shares") on the one month anniversary of the Service Agreement (the "Initial Shares") and €40,000 ($57,780) in common shares on the one year anniversary of the Service Agreement. During the year ended June 30, 2023, the Company issued 226,781 common shares at $0.38 to complete the Initial Shares requirement.

The goodwill recorded upon acquisition of Passworks represents the sales and growth potential of Passworks, as well as the fair value of Passworks assembled workforce, and is not deductible for tax purposes. During the year ended June 30, 2023, the Company recorded amortization expense of $14,476 (2022 - $nil) in connection with the intangible assets.

(Expressed in Canadian Dollars)

6. Cash

Cash include $75,000 (2022 – $132,500) of cash held in a GIC.

7. Amounts Receivable

Amounts receivable consist primarily of GST and VAT receivable and amounts due from customers. The Company's outstanding payroll tax payable balance at June 30, 2023 has been offset with the Company's outstanding GST receivable balance.

IFRS 9 requires the Company to recognize an allowance for expected credit losses ("ECL") for all instruments not held at FVTPL. The Company applies the simplified approach to trade receivables which requires ECLs to be recognized from initial recognition. The provision rates are based on days since invoicing for customer balances that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates and is then adjusted with forward looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The Company recorded an allowance for ECL of $66,041 for the year-ended June 30, 2023.

		June 30, 2023		June 30, 2022
GST/VAT recoverable	$	36,318	$	886,989
Trade accounts receivable		203,530		354,972
	$	**239,847**	**$**	**1,241,961**

8. Inventory

		June 30, 2023		June 30, 2022
Electronic components	**$**	-	$	120,336

The Company's inventory of $120,336 was determined to be impaired during the year ended June 30, 2023 (2022 - $nil).

9. Revenue

a) On March 1, 2022, the Company received 4,166,666 common shares of Azincourt Energy Corp. ("Azincourt") with a fair value of $333,333 to settle amounts receivable from Azincourt of $262,500 related to consulting services provided beginning December 15, 2021. On March 1, 2022, the Company recognized a gain on settlement of receivables of $70,833. Those shares had a trade restriction ending on May 14, 2022. On August 3, 2023 and August 4, 2023, the Company sold all 4,166,666 common shares of Azincourt for gross proceeds of $113,495 and recorded a gain of $21,828 (2022 – loss of $241,666).

   As a result of these transactions, the Company received net proceeds of $113,495 for the consulting service agreement.

b) On March 23, 2022, the Company paid Turnium Technology Group Inc. ("Turnium") $125,000 to acquire 223,214 units of as part of a non-brokered private placement. Each unit consists of one common share and one-half common share purchase warrant. The Company received the units on June 16, 2022. On June 13, 2022, the Company also entered into a PaaS contract with Turnium. On July 4, 2022, Turnium paid $126,000 as consideration for the PaaS contract and applicable taxes to the Company. At the time of purchase, the per unit cost is allocated in full to each common share. On July 22, 2022 and July 28, 2022, the Company sold all common shares of Turnium for gross proceeds of $66,788 and recorded a gain of $1,330 (2022 – loss of $53,572).

   As a result of these transactions, the Company received net proceeds, after loss on disposal, of $66,758. The Company recognized $53,900 of revenue and $65,100 of deferred revenue, during and as at the year ended June 30, 2023.

(Expressed in Canadian Dollars)

9. Revenue (continued)

c) The Company entered into a PaaS agreement with Pangenomic Health Inc. (“Pangenomic”) which was executed on January 16, 2023 by the Company and January 17, 2023 by Pangenomic. On January 18, 2023, the Company paid $126,000 and received 840,000 units of Pangenomic as part of a non-brokered private placement completed by Pangenomic[1]. On January 20, 2023, the Company received the total contract value amounting to $120,000 plus applicable taxes from Pangenomic. On May 23, 2023 and May 24, 2023, the Company sold all common shares of Pangenomic for gross proceeds of $41,550 and recorded a loss of $78,450. As a result of these transactions, the Company received net proceeds, after loss on disposal, of $41,550. The Company recognized $37,655 of revenue and $82,345 of deferred revenue, during and as at the year ended June 30, 2023.

[1]As part of this private placement, each unit consists of one Class A common share and one- half Class A common share purchase warrant entitling the holder to purchase one additional share at a price of $0.30 per share for a period of 24 months, valued at $73,874 at June 30, 2023. The common shares had a trade restriction until May 20, 2023.

d) The Company entered into a PaaS contract with ParcelPal Logistics Inc. (“ParcelPal”) on February 22, 2023. The price stipulated in the contract was $120,000, however, the parties agreed for a settlement in 1,800,000 common shares of ParcelPal with a fair value of $51,345. The shares had trade restriction ending on July 17, 2023. The Company recognized $15,281 of revenue and $36,064 of deferred revenue, during and as at the year ended June 30, 2023.

e) The Company entered into a PaaS contract with Empower Clinics Inc. (“Empower”) on March 15, 2023. The price stipulated in the contract was $120,000, however, the parties agreed for a settlement in 6,000,000 common shares of Empower with a fair value of $54,000. On May 25, 2023 and May 26, 2023, the Company sold all common shares of Empower for gross proceeds of $29,150 and recorded a loss of $24,850. The Company recognized $15,830 of revenue and $38,170 of deferred revenue, during and as at the year ended June 30, 2023.

The Company had the following investments in public entities stated at fair value:

		At June 30, 2023			At June 30, 2022	
		Amount	**Common Shares**		**Amount**	**Common Shares**
Azincourt Energy Corp.	$	-	-	$	91,667	1,666,666
Turnium Technology Group Inc.		-	-		65,428	223,214
ParcelPal Logistics Inc.		58,000	2,900,000		-	-
	$	**58,000**	**2,900,000**	**$**	**157,095**	**1,889,880**

The continuity of the Company’s investments during the years ended June 30, 2023 and 2022 is as follows:

	Total $
Fair value balance, June 30, 2021	-
Azincourt Energy Corp. common shares	333,333
Turnium Technology Group Inc. common shares	119,000
Accumulated unrealized losses	(295,238)
Fair value balance, June 30, 2022	157,095
Pangenomic Health Inc. common shares	120,000
ParcelPal Logistics Inc. common shares	101,500
Empower Clinics Inc. common shares	54,000
Proceeds from disposition	(250,953)
Accumulated unrealized gain	251,738
Realized losses	(375,380)
Fair value balance, June 30, 2023	58,000

(Expressed in Canadian Dollars)

9. Revenue (continued)

Revenue stream		Revenue during 2023		Revenue during 2022
PaaS	$	1,906,732	$	1,678,801
Consulting services		81,661		357,639
Development services		34,371		-
Software revenue		-		-

For the years ended June 30,		2023		2022
Deferred revenue as at beginning of the year	$	221,908	$	108,488
Additional deferred revenue during the year		1,081,445		326,431
Recognized as revenue during the year		807,159		213,011
Deferred revenue as at end of the year		496,194		221,908

10. Loans receivable

On October 13, 2021, the Company entered into an Asset Purchase Agreement with Qples, Inc. (“Qples”) to acquire certain assets and assume certain liabilities (“Purchased Assets”). In connection with the acquisition of the Purchased Assets, as further described in Note 14(b), the Company granted a loan to Qples (the “Loan”) of $367,418 (US$294,405). The Loan is non-interest bearing and is subject to repayment by Qples to the Company using proceeds from the sale of SBA-Payout shares, as further described in Note 14(b). On March 27, 2022, the Company and Qples entered into an amending agreement whereby the repayment period of the Loan was extended to April 1, 2023. On May 19, 2023, Qples disposed of the SBA-Payout shares and paid $41,579 in cash to the Company to settle the Loan. As the fair value of the SBA-Payout shares was reduced to $46,256 at June 30, 2022, the Company has recorded a realized loss on loan receivable of $4,677 to reduce the carrying value of the loan receivable as at June 30, 2023 to $nil (2022 – unrealized loss on loan receivable of $321,162).

11. Equipment

	Total $
Cost:	
Balance, June 30, 2021	155,199
Additions	59,399
Balance, June 30, 2022	214,598
Foreign exchange	35
Acquisition of Passworks equipment	591
Additions	9,420
Balance, June 30, 2023	224,644
Accumulated amortization:	
Balance, June 30, 2021	33,137
Amortization	67,737
Balance, June 30, 2022	100,874
Foreign exchange	(17)
Amortization	65,240
Balance, June 30, 2023	166,097
Carrying amounts:	
Balance, June 30, 2022	113,724
Balance, June 30, 2023	58,547

(Expressed in Canadian Dollars)

12. Right-of-use Assets

	Total $
Cost:	
Balance, June 30, 2021	56,588
Additions	29,626
Dispositions	(24,795)
Balance, June 30, 2022	61,419
Additions	38,909
Dispositions	(14,813)
Balance, June 30, 2023	85,515
Accumulated amortization:	
Balance, June 30, 2021	18,916
Amortization	23,765
Dispositions	(18,033)
Balance, June 30, 2022	24,648
Amortization	31,280
Dispositions	(8,229)
Balance, June 30, 2023	47,699
Carrying amounts:	
Balance, June 30, 2022	36,771
Balance, June 30, 2023	37,816

13. Intangible Assets

a) On February 18, 2021, the Company acquired the intellectual property assets of Digital2Go Media Networks, Inc. dba Locally to integrate with the Company's technology. In consideration, the Company issued 166,250 common shares with a fair market value of $199,500.

b) On September 22, 2021, the Company entered into an Asset Purchase Agreement with Qples to acquire certain assets including the Qples SaaS coupon management platform 4.0, the Grocery Coupon Network Mobile App, the Qples Platform 3.0, and to assume specified liabilities ("Purchased Assets"). In consideration for the Purchased Assets, the Company paid US$2,120 ($2,704), issued 1,222,551 common shares with a fair value of $3,569,848, and granted a US$294,405 ($375,543) loan to Qples. The loan was paid directly by the Company to the Small Business Administration ("SBA") on behalf of Qples as repayment in full by Qples of its loan from the SBA. The loan is subject to repayment by Qples to the Company using proceeds from the sale of 114,212 shares of the Company ("SBA Pay-out Shares"), on the date that is four months and one day after the issuance of SBA Pay-Out shares. On March 27, 2022, the Company and Qples entered into an amending agreement whereby the repayment period of the loan was extended to April 1, 2023. On May 19, 2023, Qples disposed of the SBA Payout shares and paid $41,579 in cash to the Company to settle the Loan. As the fair value of the SBA-Payout shares was reduced to $46,256 at June 30, 2022, the Company has recorded a realized loss on loan receivable of $4,677 to reduce the carrying value of the loan receivable as at June 30, 2023 to nil (2022 – unrealized loss on loan receivable of $321,162).

As additional consideration for the Purchased Assets, in the event the aggregate gross revenue generated directly from the Purchased Assets during the period January 1, 2022 to December 31, 2022 exceeded $1,600,000 and $3,200,000, the Company shall issue to Qples an aggregate of $500,000 and $1,000,000 of Earn-Out Shares respectively ("Revenue Targets"). As at June 30, 2023, Revenue Targets were not reached and no Earn-Out Shares were due to Qples.

c) On November 4, 2021, the Company completed its acquisition of certain assets and assumed certain liabilities related to the PassWallet application from Quicket GmbH to integrate with Passcreator. In consideration, the Company paid $511,153 in cash and issued 301,480 common shares with a fair market value of $542,664.

(Expressed in Canadian Dollars)

13. Intangible Assets (continued)

	Total $
Cost:	
Balance, June 30, 2021	1,104,963
Additions	4,623,665
Foreign currency adjustment	(73,254)
Balance, June 30, 2022	5,655,374
*Additions	298,493
Foreign currency adjustment	39,360
Balance, June 30, 2023	5,993,227
Accumulated amortization:	
Balance, June 30, 2021	59,175
Amortization	1,302,234
Balance, June 30, 2022	1,361,409
Amortization	1,775,335
Foreign currency adjustment	(9,475)
Balance, June 30, 2023	3,127,269
Carrying amounts:	
Balance, June 30, 2022	4,293,965
Balance, June 30, 2023	2,865,958

* See Note 5 for further additions details.

The Company reviews the carrying value of its intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. During the year ended June 30, 2023, the Company did not identify any indicators of impairment.

(Expressed in Canadian Dollars)

14. Investment in Associate

On June 21, 2023, BevWorks Brands Inc. ("BevWorks") exercised its option to issue 11,875,000 common shares (the "Equity") to the Company in consideration for the use of the Company's technology in relation to the agreement completed between BevWorks Brands Co. and the Company on March 24, 2023.

As per the agreement, the Company entered into a license agreement to grant BevWorks a non-exclusive license to use the Company's platform to enhance, market and commercialize their business. Given that BevWorks did not hold any assets at June 21, 2023, the value of common shares received is $nil at June 21, 2023.

The Equity equaled 50% of all outstanding shares of BevWorks at the time of issuance. In accordance with IFRS 10 and 28, the Company's interest in BevWorks is recorded as an investment in an associate, accounted for using the equity method, given BevWorks founders have operational control and the board is made up of two members appointed by BevWorks and one member appointed by the Company.

As at		June 30, 2023		June 30, 2022
Current assets[1]	$	151,901	$	-
Non-current liabilities		(200,000)		-
Net assets (liabilities)		(48,099)		-
The Company's share of net assets (liabilities) – 50% (2022 – 0%)	$	(24,049)	$	-

[1] Inclusive of Cash of $151,901 at June 30, 2023 (2022 - $nil).

15. Accounts Payable and Accrued Liabilities

		June 30, 2023		June 30, 2022
Accounts payable	$	1,257,709	$	710,671
Accrued liabilities		134,165		1,091,356
	$	**1,391,874**	**$**	**1,802,027**

(Expressed in Canadian Dollars)

16. Related Party Transactions and Balances

The Company's related parties with transactions during the year ended June 30, 2023, consist of directors, officers and the following companies with common directors and officers:

Related party	Nature of transactions		June 30, 2023		June 30, 2022
Fobisuite Technologies (Officer)	License expenses	$	10,000	$	10,000
Catapult Consulting Corp. (Officer)	Professional fees		16,364		-
Vancouver Corporate Solutions (Corporate Secretary)	Professional fees		50,440		-
PSG Associates Holdings (Director)	Director fees and share-based payments		50,000		566,983
Lotz CPA Inc. (former Officer)	Professional fees and share-based payments		5,000		256,717
Seablue Inc. (former Director)	Director fees and share-based payments		-		40,000
Limelight Capital Services Inc. (former Corporate Secretary)	Professional fees and share-based payments		10,000		153,617

No post-employment benefits, other long-term benefits and termination benefits were made during the year ended June 30, 2023. Key management compensation during the years ended June 30, 2023 and 2022, inclusive of their related companies, consists of the following:

		June 30, 2023		June 30, 2022
Salaries, wages and professional fees	$	1,207,926	$	1,143,724
Share-based payments		2,386,814		2,818,048
	$	**3,594,740**	**$**	**3,961,772**

As at June 30, 2023, the Company has amounts payable to its directors and officers totaling $4,725 (June 30, 2022- $24,615) which is included in accounts payable and accrued liabilities The amounts payable are unsecured, non-interest bearing and due on demand.

17. Lease Liabilities

		June 30, 2023		June 30, 2022
Lease liability, beginning of period	$	40,605	$	39,130
Leases recognized during the period		38,909		29,626
Disposition of lease		(16,826)		(10,575)
Finance costs		5,237		8,675
Lease payments		(26,251)		(26,251)
Lease liability, end of period		**41,674**		**40,605**
Less current portion		24,032		21,014
Non-current portion	$	17,642	$	19,591

The lease liability was discounted using the Company's incremental borrowing rate of 18%.

As at June 30, 2023, the Company's future minimum lease payments are as follows:

Fiscal year ended June 30, 2024	$	48,489
Total lease payments		48,489
Amounts representing interest over the term of the lease		(6,815)
Present value of net lease payments	$	41,674

The Company's corporate office lease is a one-year term. Since the lease is for not greater than 12 months, it qualifies for the IFRS 16 short-term exemption and is not included in the recognition of a right-of-use asset and a lease liability

18. Share Capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

As at June 30, 2023, the Company had 166,367,901 (2022 - 147,820,054) issued and fully paid common shares.

During the year ended June 30, 2023:

a) On September 26, 2022, the Company completed a non-brokered private placement offering of 3,681,595 units at $0.35 per unit for gross proceeds of $1,288,558. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.65 per share at any time on or before September 26, 2024. In connection with this private placement, the Company incurred share issuance costs of $787. In accordance with IAS 32, equity classification applies to instruments where a fixed amount of cash (or liability), denominated in the issuer's functional currency, is exchanged for a fixed number of shares (often referred to as the "fixed for fixed" criteria). Instruments issued that fail to meet equity classification will be accounted for as a liability. Given the variability of the adjustment clause in the number of common shares purchasable per warrant exercise, the warrants will be treated as a liability. The initial fair value of the private placement warrants was $367,964. At June 30, 2023, the fair value of these warrants was $84,307, resulting in a gain of $283,657 in the year ended June 30, 2023.

b) On January 24, 2023, the Company completed a non-brokered private placement offering of 4,723,946 units at $0.175 per unit for gross proceeds of $826,691. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.30 per share at any time on or before January 24, 2025. In connection with this private placement, the Company incurred share issuance costs of $21,875 and issued 125,000 finder's warrants with a fair value of $13,655. The finder's warrants have the same terms as the common share purchase warrants issued from the private placement. In accordance with IAS 32, equity classification applies to instruments where a fixed amount of cash (or liability), denominated in the issuer's functional currency, is exchanged for a fixed number of shares (often referred to as the "fixed for fixed" criteria). Instruments issued that fail to meet equity classification will be accounted for as a liability. Given the variability of the adjustment clause in the number of common shares purchasable per warrant exercise, the warrants will be treated as a liability. The initial fair value of the private placement warrants was $271,642. At June 30, 2023, the fair value of these warrants was $275,904, resulting in a loss of $4,262 in the year ended June 30, 2023.

c) On July 14, 2022, the Company issued a total of 12,500 common shares to an employee of the Company pursuant to the exercise of options at $0.42 per share for gross proceeds of $5,250. Contributed surplus of $4,681 was reversed and included in the share capital.

d) On July 21, 2022, the Company issued a total of 167,000 common shares to an advisor of the Company pursuant to the exercise of options at $0.37 per share for gross proceeds of $61,790. Contributed surplus of $62,953 was reversed and included in the share capital.

e) On August 12, 2022, the Company issued a total of 40,000 common shares to a consultant of the Company pursuant to the exercise of options at $0.27 per share for gross proceeds of $10,800. Contributed surplus of $12,447 was reversed and included in the share capital.

f) On August 17, 2022, the Company issued a total of 150,000 common shares to a consultant of the Company pursuant to the exercise of options at $0.27 per share for gross proceeds of $40,500. Contributed surplus of $46,675 was reversed and included in the share capital.

g) On November 1, 2022, the Company issued a total of 375,000 common shares to an employee of the Company pursuant to the exercise of options at $0.11 and $0.19 per share for gross proceeds of $65,250. Contributed surplus of $93,132 was reversed and included in the share capital.

18. Share Capital (continued)

h) On November 7, 2022, the Company issued a total of 121,500 common shares to a consultant of the Company pursuant to the exercise of options at $0.27 per share for gross proceeds of $32,805. Contributed surplus of $37,807 was reversed and included in the share capital.

i) On December 16, 2022, the Company issued a total of 281,600 common shares to an officer of the Company pursuant to the exercise of options at $0.25 per share for gross proceeds of $70,400. Contributed surplus of $64,149 was reversed and included in the share capital.

j) On January 6, 2023, the Company issued a total of 900,000 common shares to an officer of the Company pursuant to the exercise of options at $0.25 per share for gross proceeds of $225,000. Contributed surplus of $205,022 was reversed and included in the share capital.

k) On February 14, 2023, the Company issued a total of 25,000 common shares to an employee of the Company pursuant to the exercise of options at $0.24 per share for gross proceeds of $6,000. Contributed surplus of $6,752 was reversed and included in the share capital.

l) On February 23, 2023, the Company issued a total of 75,000 common shares to an employee of the Company pursuant to the exercise of options at $0.24 per share for gross proceeds of $18,000. Contributed surplus of $20,257 was reversed and included in the share capital.

m) On March 27, 2023, the Company issued a total of 385,000 common shares to an officer of the Company pursuant to the exercise of options at $0.39 per share for gross proceeds of $150,150. Contributed surplus of $132,695 was reversed and included in the share capital.

n) On April 6, 2023, the Company issued a total of 125,000 common shares to employees of the Company pursuant to the exercise of options at $0.24 per share for gross proceeds of $30,000. Contributed surplus of $33,761 was reversed and included in the share capital.

o) On April 11, 2023, the Company issued a total of 100,000 common shares to employees of the Company pursuant to the exercise of options at $0.24 per share for gross proceeds of $24,000. Contributed surplus of $27,009 was reversed and included in the share capital.

p) On April 20, 2023, the Company issued a total of 100,000 common shares to employees of the Company pursuant to the exercise of options at $0.24 per share for gross proceeds of $24,000. Contributed surplus of $27,009 was reversed and included in the share capital.

q) On April 20, 2023, the Company issued a total of 550,000 common shares to an advisor of the Company, pursuant to the exercise of options at $0.37 per share for gross proceeds of $203,500. Contributed surplus of $178,603 was reversed and included in the share capital.

r) On April 24, 2023, the Company issued a total of 449,000 common shares to an officer of the Company pursuant to the exercise of options at $0.39 per share for gross proceeds of $175,110. Contributed surplus of $154,753 was reversed and included in the share capital.

s) On May 11, 2023, the Company issued a total of 100,000 common shares to an employee of the Company pursuant to the exercise of options at $0.24 per share for gross proceeds of $24,000. Contributed surplus of $27,009 was reversed and included in the share capital.

t) On May 30, 2023, the Company issued a total of 200,000 common shares to an officer of the Company pursuant to the exercise of options at $0.33 per share for gross proceeds of $65,000. Contributed surplus of $64,585 was reversed and included in the share capital.

u) On June 12, 2023, the Company issued a total of 100,000 common shares to an advisor of the Company pursuant to the exercise of options at $0.25 per share for gross proceeds of $25,000. Contributed surplus of $22,745 was reversed and included in the share capital.

18. Share Capital (continued)

v) On June 23, 2023, the Company issued a total of 50,000 common shares to an employee of the Company pursuant to the exercise of options at $0.24 per share for gross proceeds of $12,000. Contributed surplus of $13,505 was reversed and included in the share capital.

w) On June 26, 2023, the Company issued a total of 335,000 common shares to an officer of the Company pursuant to the exercise of options at $0.33 per share for gross proceeds of $108,875. Contributed surplus of $108,180 was reversed and included in the share capital.

x) On September 20, 2022, the Company issued a total of 37,600 common shares pursuant to the exercise of warrants at $0.35 per share for gross proceeds of $13,160.

y) On October 12, 2022, the Company issued a total of 15,000 common shares pursuant to the exercise of warrants at $0.35 per share for gross proceeds of $5,250.

z) On November 7, 2022, the Company issued a total of 1,205,000 common shares pursuant to the exercise of warrants at $0.35 per share for gross proceeds of $421,750.

aa) On May 16, 2023, the Company issued a total of 77,892 common shares pursuant to the exercise of warrants at $0.65 per share for gross proceeds of $50,630.

bb) On June 12, 2023, the Company issued a total of 714,286 common shares pursuant to the exercise of warrants at $0.30 per share for gross proceeds of $214,286.

cc) On June 14, 2023, the Company issued a total of 285,710 common shares pursuant to the exercise of warrants at $0.30 per share for gross proceeds of $85,713.

dd) On December 1, 2022, the Company issued a total of 229,146 common shares with a fair market value of $101,970 to settle debt of $101,970 with two vendors.

ee) On June 26, 2023, the Company issued a total of 291,166 common shares with a fair market value of $78,615 to settle debt of $78,615 with one former officer and two vendors.

ff) On December 1, 2022 and June 26, 2023, the Company issued a total of 743,861 common shares with a fair market value of $209,764 to settle brand awareness services of $250,000 due with one vendor. As part of the same contract commitment, the Company paid $125,000 cash to the same vendor for brand awareness services in the year ending June 30, 2022 and will pay an additional $125,000 in the year ending June 30, 2024.

gg) The Company issued a total of 1,674,264 common shares at $0.38 per share pursuant to the acquisition of Passworks (as further described in Note 5).

hh) The Company issued a total of 226,781 common shares at $0.38 per share pursuant to fulfil the initial Services rendered under the Passworks acquisition (the Initial Shares of the Service Agreement as further described in Note 5).

During the year ended June 30, 2022:

(a) The Company issued 1,222,551 common shares with a fair value of $3,569,848 pursuant to the acquisition of Purchased Assets from Qples as further described in Note 13(c).

(b) The Company issued 301,480 common shares with a fair value of $542,664 pursuant to the acquisition of certain assets and assume certain liabilities related to the PassWallet application from Quicket GmbH as further described in Note 13(b).

(c) The Company issued a total of 2,817,500 common shares pursuant to the exercise of stock options between $0.11 to $1.58 per share for gross proceeds of $1,207,658.

(d) The Company issued a total of 8,616,260 common shares pursuant to the exercise of warrants between $0.15 to $0.35 per share for gross proceeds of $1,732,439.

(Expressed in Canadian Dollars)

19. Stock Options

During the year ended June 30, 2023, the Company granted a total of 14,938,893 (2022 - 6,512,500) stock options. The total grant date fair value of the stock options was determined using the Black-Scholes option pricing model, which requires management to make estimates that are subjective and may not be representative of the actual results. A total of 1,000,000 options are subject to various vesting terms, including but not limited to the completion of certain performance conditions. These performance conditions include being based off the Company's run rate, new client signings and new acquisitions being executed. At June 30, 2023, the fair value of options with performance conditions was $230,173 (2022 - $nil) with $176,722 recognized as share-based compensation expense during the fiscal year ended June 30, 2023 (2022 - $nil). A total of 600,000 of these options with performance conditions had vested as of the year ended June 30, 2023 (2022 – nil). Changes in assumptions can materially affect estimates of fair value.

The following table summarizes the continuity of the Company's stock options:

	2023		2022	
	Number of Options	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**
Outstanding – beginning of year	13,535,500	$0.74	14,119,750	$0.61
Granted	14,938,893	0.33	6,512,500	1.01
Exercised	(4,641,600)	0.30	(2,817,500)	0.43
Forfeited/Expired	(5,127,400)	0.77	(4,279,250)	0.90
Outstanding – end of year	18,705,393	$0.51	13,535,500	$0.74
Exercisable – end of year	16,223,818	$0.53	12,053,625	$0.73

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the year ended June 30, 2023, the Company recognized share-based compensation expense of $4,263,554 (2022 - $7,978,310), of which $2,386,814 (2022 - $2,818,048) pertains to directors and officers of the Company. Weighted average assumptions used in calculating the fair value of share-based compensation expense are as follows:

	2023	2022
Exercise price	$0.41	$1.01
Risk-free interest rate	2.98%	1.74%
Dividend yield	0.00%	0.00%
Expected volatility	129%	147%
Expected life (years)	4.13	4.89

(Expressed in Canadian Dollars)

19. Stock Options (continued)

Additional information regarding options outstanding as at June 30, 2023, is as follows:

	Stock options outstanding		Stock options exercisable	
Exercise prices	Number of stock options outstanding	Weighted average years to expiry	Number of stock options outstanding	Weighted average years to expiry
$0.10 - $0.90	15,800,393	4.07	13,225,568	3.92
$1.00 - $1.99	2,995,000	3.23	2,995,000	3.23
	18,795,393	3.93	16,223,818	3.79

20. Warrants

In accordance with IAS 32, equity classification applies to instruments where a fixed amount of cash (or liability), denominated in the issuer's functional currency, is exchanged for a fixed number of shares (often referred to as the "fixed for fixed" criteria). Instruments issued that fail to meet equity classification will be accounted for as a liability. Given the variability of the adjustment clause in the number of common shares purchasable per warrant exercise for the warrants issued in the reporting period, the warrants will be treated as a liability.

As of June 30, 2023, the Company has recorded the initial fair value of the warrants and subtracted this from the related private placement amount. The Company has also recorded the related loss or gain in the Company's profit and loss statement that occurred with the change in total fair value of each respective warrants' issuance (using the difference in the Black Scholes warrant fair value at the date of the respective private placement and the Black Scholes warrant fair value at the date of the June 30, 2023 year end).

Given there was no variability clause in the previous reporting periods' warrants issuances, the related warrants were treated as equity.

The following table summarizes the continuity of the Company's warrants:

	2023		2022	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding – beginning of year	5,087,635	$1.12	13,692,795	$0.55
Adjustment	-	-	11,100	0.35
Issued	4,327,768	0.45	-	-
Exercised	(2,335,488)	0.34	(8,616,260)	0.20
Expired	(3,830,035)	1.37	-	-
Outstanding – end of year	3,249,880	$0.49	5,087,635	$1.12

Additional information regarding warrants outstanding as at June 30, 2023, is as follows:

Exercise prices	Warrants Outstanding	Weighted Average Remaining Contracted Life (years)
$0.30	1,486,977	1.57
$0.65	1,762,903	1.24
$0.49	3,249,880	1.39

(Expressed in Canadian Dollars)

21. Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the general operations of the Company and facilitate the liquidity needs of its operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include cash and share capital.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during year ended June 30, 2023. The Company is not subject to externally imposed capital requirements.

22. Financial Instruments

The Company's financial instruments are comprised of cash, amounts receivable, loans receivable, investments, accounts payable, lease liabilities, warrant liabilities and contingent considerations. The carrying value of cash as presented in the statement of financial position is a reasonable estimate of its fair value.

Financial assets and liabilities measured at fair value on a recurring basis are classified in their entirety based on the lowest level of input that is significant to their fair value measurement. Certain non-financial assets and liabilities may also be measured at fair value on a non-recurring basis. There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value financial assets and liabilities are described below.

Level 1 - Quoted Prices in Active Markets for Identical Assets

Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Cash, investments and loans receivable are valued using quoted market prices in active markets. Accordingly, these are included in Level 1 of the fair value hierarchy.

Level 2 - Significant Other Observable Inputs

Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability. There are no items in Level 2 of the fair value hierarchy.

Level 3 - Significant Unobservable Inputs

Unobservable (supported by little or no market activity) prices.

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	June 30, 2022	Level 1	Level 2	Level 3	**June 30, 2023**
	$	$	$	$	$	$	$	**$**
Cash	1,031,021	-	-	1,031,021	201,241	-	-	201,241
Loans receivable	46,256	-	-	46,256	-	-	-	-
Investments	163,095	-	-	163,095	58,000	-	-	58,000

There were no transfers between Levels 1, 2, or 3 in these consolidated financial statements.

Except as described in the following paragraphs, in management's opinion, the Company is not exposed to financial instrument risks including credit risk, foreign exchange rate risk or interest rate risk.

(Expressed in Canadian Dollars)

22. Financial Instruments (continued)

The Company will be exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The most important risks include market risk, interest rate risk, credit risk, liquidity risk and foreign currency risk. These risks and related risk management practices employed by the Company are discussed below:

(a) Market risk

The Company is exposed to market risk with respect to its marketable securities, which consist of common shares held in publicly traded companies and is dependent upon the market price or the fair value of the common shares for those companies. These publicly traded companies serve in the energy, logistics, software development and health and wellness industries. The market price or the fair value of the common shares of those companies can fluctuate significantly, and there is no assurance that the future market price or the fair value of those companies will not decrease significantly. The Company is exposed to other price risk through its investment in ParcelPal shares traded in an active market. A 10% change in the share price, holding other factors consistent, would impact other comprehensive loss by $5,800 (2022 - $nil).

(b) Interest rate risk

Interest rate risk refers to the effect on the fair value of the Company's assets and liabilities due to fluctuations in interest rates. The Company does not have investments in any variable interest-bearing securities and therefore is not subject to interest rate risk.

(c) Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables consist of accounts receivable from customers and GST receivable from the Government of Canada.

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The majority of the Company's financial liabilities recorded in accounts payable and accrued liabilities are due within 90 days. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there are sufficient funds to meet short-term and specific obligations.

The maturities of the Group's financial liabilities are as follows:

Liquidity Risk

		As of June 30, 2023
Less than 90 days:		
Accounts payable	$	1,257,709
Lease liabilities		5,880

22. Financial Instruments (continued)

(e) Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates. The Company is mainly exposed to foreign currency risk to the extent that the following monetary assets and liabilities are denominated in US dollars and Euros:

As at June 30, 2023:

	US$	Euro
Cash and cash equivalents	19,971	36,059
Amounts receivable	68,365	140,014
Accounts payable and accrued liabilities	(121,279)	(73,662)
Net exposure	**(32,944)**	**102,411**
Canadian dollar equivalent	**(43,617)**	**147,932**

As at June 30, 2022:

	US$	Euro
Cash and cash equivalents	206,519	106,139
Amounts receivable	127,671	61,469
Loans receivable	64,860	-
Accounts payable and accrued liabilities	(46,260)	(40,066)
Net exposure	**352,790**	**127,542**
Canadian dollar equivalent	**454,605**	**171,761**

A 10% change in the foreign exchange rate of Euro's or US dollars is not expected to have a material impact on the Company's consolidated financial statements.

23. Commitments and Contingencies

(a) From time to time, the Company is engaged in various legal proceedings and claims that have arisen in the normal course of business. The outcome of all the proceedings and claims against the Company is subject to future resolution, including the uncertainties of litigation. Management believes that the probable ultimate resolution of any such proceedings and claims, individually or in the aggregate, will not have a material adverse effect on the financial condition of the Company. At June 30, 2023, there were no legal proceedings or claims.

(b) The Company has entered into employment agreements with its COO and CEO wherein the Company has agreed to pay annual salaries to these individuals. Should the employment of these individuals be terminated for any reason other than for-cause termination or resignation, the individuals will be eligible for compensation equivalent to an aggregate of one year's salary and any performance bonus equivalent to one-half of any of the average of the two highest performance bonuses paid in the previous five fiscal years.

(c) On February 7, 2022, the Company entered into a two-year contract agreement for $500,000 with Higher Ground Sports Management Inc. As part of this agreement, the Company issued a total of 743,861 common shares with a fair market value of $209,764 to settle brand awareness services of $250,000 in the year ended June 30, 2023. As part of the same contract commitment, the Company paid $125,000 cash in the year ending June 30, 2022 and will pay an additional $125,000 in the year ending June 30, 2024 for similar brand awareness services.

23. Commitments and Contingencies (continued)

(d) Beginning February 1, 2020, the Company entered into a three-year contract agreement for $106,500 with a consultant for capital market consulting services, including but not limited to capital structure, financing, merger and capital raising advice for the purpose of developing the Company's business. On July 28, 2020, the Company issued 359,119 common shares at a deemed price of $0.335 per share in settlement of this agreement and, as such, had related prepaid expenses of $24,020 at the year ended June 30, 2022. The Company recognized $24,020 in consulting fees during the year ended June 30, 2023 (2022- $41,177).

On March 14, 2022, the Company entered into a one-year consulting agreement with the same consultant for advisory support throughout the planning and execution of a new product – PulseIR, for a total consideration of $360,000, payable in monthly installments during the duration of the contract. On March 14, 2022, the Company decided to prepay the full amount of the consideration in cash to the consultant. The Company recognized $255,000 in consulting fees during the year ended June 30, 2023 (2022- $105,000). The Company had $nil in prepaid expenses related to this contract at June 30, 2023 (at June 30, 2022- $255,000).

On January 24, 2023, the consultant participated in a private placement (Note 18), acquiring 1,428,571 units for total proceeds of $250,000.

On April 4, 2023, the Company issued 550,000 stock options for no consideration as bonus for services rendered by the consultant. The consultant exercised 550,000 options on April 20, 2023, for proceeds of $203,500.

On June 12, 2023, the consultant exercised 714,286 warrants for proceeds of $214,286.

On May 1, 2023, the Company entered into a one-year consulting agreement with the same consultant for similar capital market consulting services, for a total consideration of $240,000, payable in monthly instalments during the duration of the contract. The Company accrued $40,000 in consulting fees during the year ended June 30, 2023. On September 1, 2023, the Company decided to prepay the full amount of the consideration in cash to the consultant.

On August 29, 2023, the consultant participated in a private placement (Note 28), acquiring 1,750,000 units for total proceeds of $385,000.

The Company received proceeds of $172,000 from the consultant in a series of payments between November 1, 2023 and November 22, 2023. On November 2, 2023, the Company issued 1,323,076 stock options for no consideration as bonus for services rendered by the consultant. The consultant exercised 1,323,076 options on November 7, 2023.

On November 22, 2023, the Company issued 1,250,000 stock options for no consideration as bonus for services rendered by the consultant. The consultant exercised 1,250,000 options on November 24, 2023. The Company received proceeds of $150,000 from the consultant in a series of payments between December 6, 2023 and December 22, 2023.

(Expressed in Canadian Dollars)

24. Income Taxes

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statement of operations and comprehensive loss for the period ended June 30, 2023 and 2022:

	Jun-30 2023 $	Jun-30 2022 $
Net loss before income taxes from continuing operations	(12,823,486)	(19,281,159)
Statutory tax rate	27.0%	27.0%
Expected income tax recovery	(3,462,341)	(5,205,913)
Non-deductible items and other	39,009	70,557
Stock based compensation	1,072,691	2,154,144
Impact of different foreign statutory tax rates on earnings of subsidiaries	(4,579)	2,871
Share Issuance cost		
Change in estimates	(28,239)	-
Change in deferred tax asset not recognized	2,312,134	2,849,498
Other		
Total income tax recovery	(71,325)	(128,843)

	Jun-30 2023 $	Jun-30 2022 $
Current tax expense	101	-
Deferred tax recovery	(71,425)	(128,843)
Total tax recovery	(71,325)	(128,843)

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Details of deferred tax assets (liabilities) are as follows:

	Jun-30 2023 $	Jun-30 2022 $
ROU Assets	(10,210)	(9,928)
Lease Liability	10,210	9,928
Intangible Assets	(198,970)	(194,280)
Goodwill	-	(23,655)
Non-capital Losses	44,003	37,843
Business Losses	47,672	37,242
Net deferred tax assets (liabilities)	(107,295)	(142,850)

Movement in net deferred tax balances:	Jun-30 2023 $	Jun-30 2022 $
Balance at the beginning of the year	(142,850)	(271,693)
Recognized in business combination	(26,177)	
Recognized in profit/loss	71,425	128,843
Other - foreign exchange	(9,693)	
Balance at the end of the year	(107,295)	(142,850)

(Expressed in Canadian Dollars)

24. Income Taxes (continued)

The unrecognized deductible temporary differences as at June 30, 2023 and 2022 are comprised of the following:

	Jun-30 2023 $	Jun-30 2022 $
Intangible assets	2,928,722	1,268,297
Mineral Properties	2,019,143	2,019,143
Vacation accrual	7,572	-
Marketable Securities	131,700	-
Lease Liability	3,858	3,834
Financing Costs	303,488	551,259
Capital Losses	8,984,457	8,313,571
Non-capital Losses	42,926,839	36,169,579
Total unrecognized deductible temporary differences	57,305,779	48,325,683

The Company has not recognized a deferred tax asset in respect of non-capital loss carryforward of approximately $42,913,492 (2022: $36,169,579) which may be carried forward to apply against future income for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring between 2038 and 2043.

The Company has not recognized deferred tax assets in respect of net operating losses of approximately $13,347 (2022: $nil) which may be carried forward to apply against future income for US income tax purposes, subject to the final determination by taxation authorities expiring in 2043.

(Expressed in Canadian Dollars)

25. Segmented Information

The Company operates in one operating segment, being the technology segment wherein the Company earns revenues from directly selling software as a service, reselling, referring and licensing its technology to licensors. The Company's operations and non-current assets in different geographical segments are as follows:

Geographical Segments	North America	Europe	Total
Non-current assets other than financial instruments			
Balance, June 30, 2023	$ 3,921,460	$ 539,507	$ 4,460,967
Balance, June 30, 2022	3,779,571	1,847,640	5,627,211
Liabilities			
Balance, June 30, 2023	$ 2,156,778	$ 256,166	$ 2,412,945
Balance, June 30, 2022	2,004,651	202,739	2,207,390
Year ended June 30, 2023			
Revenues	$ 1,002,671	$ 1,020,093	$ 2,022,764
Impairment losses	120,336	-	120,336
Net loss before income taxes from continuing operations	(12,507,261)	(316,225)	(12,823,485)
Year ended June 30, 2022			
Revenues	$ 1,194,504	$ 841,936	$ 2,036,440
Net loss before income taxes from continuing operations	(19,094,256)	(186,903)	(19,281,159)

26. Supplemental Cash Flow Information

	Year ended June 30, 2023	Year ended June 30, 2022
Non-cash activities:		
Shares issued for investments	$ 538,561	$ -
Shares issued to settle debt	107,958	-
Shares issued for services rendered	336,177	-
Acquisition of shares for services provided	155,500	-
Fair value of finder's warrants issued	13,655	-
Additions to ROU assets	-	29,626
Shares issued to intellectual property	-	4,112,513

27. Subsequent Events

(a) Subsequent to year-end, the Company issued a total of 902,600 common shares pursuant to the exercise of options at $0.325 per share for gross proceeds of $293,345, issued 1,323,076 common shares pursuant to the exercise of options at $0.13 per share for gross proceeds of $172,000, and issued 1,250,000 common shares pursuant to the exercise of options at $0.12 per share for gross proceeds of $150,000.

(b) Subsequent to year-end, the Company completed a non-brokered private placement offering of 6,806,180 units at $0.22 per unit for gross proceeds of $1,497,360. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at $0.30 per share at any time on or before three (3) years from the closing of the respective date of closing of each tranche.

(c) Subsequent to year-end, the Company has entered into an asset purchase agreement with Wallet Communication SL, a Spanish limited liability company pursuant to which the Company proposes to acquire certain business assets and intellectual property related to Wallet-Com, a leading digital wallet agency based in Spain for €29,010 ($41,905). In accordance with IFRS 3, further details of the transaction are not required given the size of the transaction.