



**nextech AR**  
s o l u t i o n s

**NEXTECH3D.AI CORPORATION  
(formerly NexTech AR Solutions Corp.)**

**Condensed Interim Consolidated Financial Statements**

**For the three months ended March 31, 2024 and 2023**

(Unaudited - Expressed in Canadian dollars)

**Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the Three Months Ended March 31, 2024 and 2023**

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*, part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of NexTech3D.AI Corporation for the interim periods ended March 31, 2024 and 2023 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of management.

The independent auditors, Davidson & Company LLP, have not performed a review of these unaudited condensed interim consolidated financial statements.

May 24, 2024

**NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)**  
**Condensed Interim Consolidated Statements of Financial Position**  
(Unaudited - Expressed in Canadian dollars)

	Note	March 31, 2024	December 31, 2023
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	6	103,455	907,847
Receivables	8	282,733	357,398
Contract asset	17(c)	19,040	51,320
Current portion of net investment in sublease	10	219,763	199,933
Prepaid expenses and deposits		240,506	294,471
		<b>865,497</b>	1,810,969
Equipment	9	335,253	325,633
Deferred consideration	7	206,850	206,850
Net investment in sublease	10	606,237	642,983
<b>Total assets</b>		<b>2,013,837</b>	2,986,435
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	12, 16	3,876,347	3,531,460
Deferred revenue	17(b)	416,184	342,192
Current portion of lease liability	10	146,136	143,722
		<b>4,438,667</b>	4,017,374
Lease liability	10	445,142	469,624
<b>Total liabilities</b>		<b>4,883,809</b>	4,486,998
<b>SHAREHOLDERS' DEFICIENCY</b>			
Share capital	14(b)	92,576,166	91,909,495
Reserves		14,503,393	14,166,972
Accumulated other comprehensive income		662,098	678,143
Deficit		(113,575,332)	(112,211,223)
Equity attributable to shareholders of the Company		(5,833,675)	(5,456,613)
Non-controlling interest		2,963,703	3,956,050
<b>Total shareholders' deficiency</b>		<b>(2,869,972)</b>	(1,500,563)
<b>Total liabilities and shareholders' deficiency</b>		<b>2,013,837</b>	2,986,435

Nature of operations and going concern (Note 1)  
Subsequent events (Note 24)

Approved and authorized for issue on behalf of the Board of Directors:

*/s/ "Evan Gappelberg "*  
Director

*/s/ "Belinda Tyldesley"*  
Director

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

**NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)**  
**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**  
(Unaudited - Expressed in Canadian dollars, except per share amounts and number of shares)

	Note	Three months ended 2024	March 31, 2023
		\$	\$
Revenue	17(a)	1,024,692	1,301,194
Cost of sales	16, 18(a)	(498,480)	(767,308)
<b>Gross profit</b>		<b>526,212</b>	<b>533,886</b>
<b>Operating expenses</b>			
Sales and marketing	18(b)	582,583	1,650,308
General and administrative	16, 18(c)	1,387,244	2,591,629
Research and development	18(d)	737,903	879,904
Share-based compensation	14(e), 16	449,409	1,170,671
Amortization of intangible assets	11	-	530,659
Amortization of right-of-use asset	10	-	55,846
Depreciation	9	24,523	29,331
<b>Operating loss</b>		<b>(2,655,450)</b>	<b>(6,374,462)</b>
<b>Other income (expenses)</b>			
Equipment write-off		-	(85,679)
Foreign exchange gain (loss)		(12,127)	179,641
Loss before taxes from continuing operations		(2,667,577)	(6,280,500)
Current income tax expense		-	(9,020)
Deferred income tax recovery		-	104,667
<b>Net loss from continuing operations</b>		<b>(2,667,577)</b>	<b>(6,184,853)</b>
Net loss from discontinued operations	7	-	(379,076)
<b>Net loss</b>		<b>(2,667,577)</b>	<b>(6,563,929)</b>
<b>Other comprehensive loss</b>			
Exchange loss on translation of foreign operations		(16,045)	(96,448)
<b>Comprehensive loss</b>		<b>(2,683,622)</b>	<b>(6,660,377)</b>
<b>Net loss from continuing operations:</b>			
Attributed to shareholders of the Company		(1,364,109)	(5,485,354)
Attributed to non-controlling interest		(1,303,468)	(699,499)
<b>Net loss from discontinued operations:</b>			
Attributed to shareholders of the Company		-	(379,076)
<b>Comprehensive loss:</b>			
Attributed to shareholders of the Company		(1,380,154)	(5,960,878)
Attributed to non-controlling interest		(1,303,468)	(699,499)
<b>Loss per share from continuing operations</b>			
Basic and diluted		(0.01)	(0.06)
<b>Loss per share from discontinued operations</b>			
Basic and diluted		-	-
<b>Weighted average number of common shares</b>			
Basic and diluted		128,824,058	106,925,657

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

**NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)**  
**Condensed Interim Consolidated Statements of Cash Flows**  
(Unaudited - Expressed in Canadian dollars)

	Three months ended	
	2024	March 31, 2023
	\$	\$
<b>Operating activities:</b>		
Net loss for the period	(2,667,577)	(6,563,929)
Adjustments for:		
Interest income from sublease	(12,457)	-
Interest expense from lease	9,059	6,823
Share-based compensation	449,409	1,170,671
Amortization of intangible assets	-	531,458
Amortization of right-of-use asset	-	55,846
Depreciation	24,523	29,331
Equipment write-off	-	85,679
Impairment of intangible assets and goodwill	-	184,097
Expenses paid with common shares of the Company	-	57,227
Loss on disposal of PET	-	173,534
Changes in non-cash working capital:		
Receivables	74,665	(200,724)
Contract asset	32,280	67,619
Prepaid expenses and deposits	53,965	(52,663)
Inventory	-	26,746
Accounts payable and accrued liabilities	344,887	116,408
Deferred revenue	73,992	101,566
Deferred income tax liability	-	(99,347)
<b>Cash used in operating activities</b>	<b>(1,617,254)</b>	<b>(4,309,658)</b>
<b>Investing activities:</b>		
Purchase of equipment	(27,970)	(29,000)
Payments received from sublease	49,845	-
<b>Cash provided by (used in) investing activities</b>	<b>21,875</b>	<b>(29,000)</b>
<b>Financing activities:</b>		
Net proceeds from private placements	-	2,651,730
Proceeds from employee pay program	612,142	1,579,220
Proceeds from securities issued to non-controlling interest	252,662	86,748
Repayment of lease liability	(45,977)	(145,145)
<b>Cash provided by financing activities</b>	<b>818,827</b>	<b>4,172,553</b>
Effect of foreign exchange on cash and cash equivalents	(27,840)	(118,171)
Change in cash and cash equivalents	(776,552)	(166,105)
Cash and cash equivalents, beginning of period	907,847	3,786,493
<b>Cash and cash equivalents, end of period</b>	<b>103,455</b>	<b>3,502,217</b>
Income taxes paid	-	800
Interest expense paid	9,059	5,467
Interest income received	15,729	33,789

Supplemental cash flow disclosures (Note 20)

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

**NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)**  
**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)**  
(Unaudited - Expressed in Canadian dollars, except number of shares)

	Number of shares	Share capital	Reserves	Accumulated other comprehensive income	Deficit	Non- controlling interest	Total shareholders' equity (deficiency)
	#	\$	\$	\$	\$	\$	\$
Balance, December 31, 2022	103,437,469	83,271,707	12,754,706	827,101	(85,898,862)	2,174,048	13,128,700
Shares issued for employee pay program	2,091,998	1,579,220	309,593	-	-	-	1,888,813
Treasury shares	-	(252,366)	-	-	-	-	(252,366)
Shares issued from short form prospectus	3,614,457	2,783,132	216,867	-	-	-	2,999,999
Share issuance costs	-	(450,056)	101,787	-	-	-	(348,269)
Share-based compensation	-	-	948,126	-	-	222,545	1,170,671
Other net changes in capitalization	-	-	49,290	-	-	37,458	86,748
Exchange loss on translation of foreign operations	-	-	-	(96,448)	-	-	(96,448)
Net loss for the period	-	-	-	-	(5,864,430)	(699,499)	(6,563,929)
Balance, March 31, 2023	109,143,924	86,931,637	14,380,369	730,653	(91,763,292)	1,734,552	12,013,919
Shares for services	1,030,237	641,391	7,500	-	-	-	648,891
Shares issued for employee pay program	2,353,940	1,230,728	(619,318)	-	-	(230,519)	380,891
Treasury shares	-	252,366	-	-	-	-	252,366
Shares issued from short form prospectus	14,970,112	3,365,759	174,373	-	-	-	3,540,132
Share issuance costs	-	(512,386)	47,178	-	-	-	(465,208)
Share-based compensation	-	-	(77,087)	-	-	682,111	605,024
Distribution to shareholders	-	-	(1,000,000)	-	(750,000)	1,750,000	-
Other net changes in capitalization	-	-	1,253,957	-	-	1,472,402	2,726,359
Exchange loss on translation of foreign operations	-	-	-	(52,510)	-	-	(52,510)
Net loss for the period	-	-	-	-	(19,697,931)	(1,452,496)	(21,150,427)
Balance, December 31, 2023	127,498,213	91,909,495	14,166,972	678,143	(112,211,223)	3,956,050	(1,500,563)
Shares issued for employee pay program	3,711,140	625,671	(13,529)	-	-	-	612,142
Share-based compensation	200,000	41,000	233,147	-	-	175,262	449,409
Other net changes in capitalization	-	-	116,803	-	-	135,859	252,662
Exchange loss on translation of foreign operations	-	-	-	(16,045)	-	-	(16,045)
Net loss for the period	-	-	-	-	(1,364,109)	(1,303,468)	(2,667,577)
<b>Balance, March 31, 2024</b>	<b>131,409,353</b>	<b>92,576,166</b>	<b>14,503,393</b>	<b>662,098</b>	<b>(113,575,332)</b>	<b>2,963,703</b>	<b>(2,869,972)</b>

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

**NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2024 and 2023**  
(Unaudited - Expressed in Canadian dollars, except where noted)

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## **1. NATURE OF OPERATIONS AND GOING CONCERN**

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.) (“NexTech” or the “Company”) is a metaverse company that provides augmented reality experience technologies, wayfinding technologies, and 3D model services. The Company was incorporated in the province of British Columbia, Canada on January 12, 2018. The Company’s registered office is located at PO Box 64039 RPO Royal Bank Plaza, Toronto, Ontario, M5J 2T6. The Company’s shares are traded on the Canadian Securities Exchange (the “CSE”) under the trading symbol “NTAR”, on the Frankfurt Stock Exchange under the trading symbol “1SS”, and in the United States of America on the OTCQX under the trading symbol “NEXCF”.

On September 28, 2023, the Company changed its name from NexTech AR Solutions Corp. to NexTech3D.AI Corporation.

These unaudited condensed interim consolidated financial statements for the three months ended March 31, 2024 and 2023 (“financial statements”) have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. As at March 31, 2024, the Company had a working capital deficiency of \$3,573,170 (December 31, 2023 - 2,206,405) and an accumulated deficit of \$113,575,332 (December 31, 2023 - \$112,211,223). For the three months ended March 31, 2024, the Company incurred a net loss of \$2,667,577 (2023 - \$6,563,929) and used total cash in operations of \$1,617,254 (2023 - \$4,309,658). These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern. As a result, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company’s ability to continue as a going concern is dependent upon its ability to generate positive cash flows from operations, and/or raise adequate funding through equity or debt financing to discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

Should the Company be unable to continue as a going concern, asset and liability realization values may be substantially different from their carrying values. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

## **2. BASIS OF PREPARATION**

### **a) Statement of compliance**

These financial statements were approved by the Board of Directors and authorized for issue on May 24, 2024.

These financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS Accounting Standards”) as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company’s audited financial statements for the years ended December 31, 2023 and 2022 (the “Annual Financial Statements”).

### **b) Basis of presentation**

The financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS Accounting Standards. These financial statements have been prepared on an accrual basis, except for information presented in the condensed interim consolidated statements of cash flows.

### **c) Functional and presentation currency**

The financial statements are presented in Canadian dollars (“CAD”) which is the functional currency of the Company. An entity’s functional currency is the currency of the primary economic environment in which an entity operates and is listed in Note 2(d) for each of the Company’s subsidiaries. References to “\$” are to Canadian dollars, references to “US\$” or “USD” are to United States dollars.

**NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2024 and 2023**  
(Unaudited - Expressed in Canadian dollars, except where noted)

**2. BASIS OF PREPARATION (continued)**

**d) Basis of consolidation**

These financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

A summary of the Company's subsidiaries as at March 31, 2024 is as follows:

<b>Name of subsidiaries</b>	<b>Country of incorporation</b>	<b>Percentage ownership</b>	<b>Functional currency</b>	<b>Principal activity</b>
NexTech AR Solutions USA LLC	United States	100%	USD	Holding company
NexTech AR Solutions Inc. (formerly Jolokia Corporation)	United States	100%	USD	Technology services
AR Ecommerce LLC ("VCM")	United States	100%	USD	E-Commerce platforms
Threedy.ai Inc	United States	100%	USD	Technology services
ARway Ltd.	England	100%	USD	Holding company
ARway Corporation ("ARway")	Canada	49%	CAD	Technology services
Toggle3D.ai Inc. ("Toggle")	Canada	45%	CAD	Technology services
Toggle 3D AR Solution India Private Limited	India	100%	CAD	India operations

The Company obtained control over ARway and Toggle through its majority presentation on the board of directors in addition to its percentage of common share ownership.

**e) Reclassification and change in presentation of comparative figures**

Certain amounts on the statements of loss and comprehensive loss and statements of cash flows of the prior year comparable period have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

**3. MATERIAL ACCOUNTING POLICY INFORMATION**

The accounting policies applied in the preparation of these financial statements are consistent with those applied and disclosed in the notes to the Annual Financial Statements.

**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and expenses. Management continually evaluates these judgments, estimates and assumptions based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and judgments which may cause a material adjustment to the carrying amounts of assets and liabilities. The Company's interim results are not necessarily indicative of its results for a full year. The critical judgements and estimates applied in the preparation of these financial statements are consistent with those applied and disclosed in the notes to the Annual Financial Statements.

**5. SPINOUT TRANSACTION**

On June 13, 2023, the Company completed its spinout of Toggle, an AI-powered 3D design studio, which began trading on the CSE under the symbol "TGGL".

As part of the spinout of Toggle, Toggle issued a total of 28,632,473 common shares ("Toggle shares"). Of the Toggle shares issued, 19,999,900 were issued to the Company in exchange for intangible assets of the Company and 8,632,473 were issued to the non-controlling interest for cash proceeds of \$2,158,356. The Company transferred 4,000,000 Toggle shares to its shareholders with a fair value of \$1,000,000 as a distribution to shareholders, and 3,000,000 Toggle shares with a fair value of \$750,000 as compensation for services.



**NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2024 and 2023**  
(Unaudited - Expressed in Canadian dollars, except where noted)

**6. CASH AND CASH EQUIVALENTS**

**a) Cash held in guaranteed investment certificates**

As at March 31, 2024, cash and cash equivalents included \$nil held in guaranteed investment certificates (“GICs”) (December 31, 2023 - \$700,000 at 4.95%). During the three months ended March 31, 2024, interest income from GICs was \$3,086 (2023 - \$32,271) and is included in revenue (Note 17(a)).

**b) Cash held in relation to employee pay program**

As at March 31, 2024, in connection with the employee pay program, the Company had cash held in a trust account of \$21,783 (December 31, 2023 - \$847). The cash does not earn interest and is used to pay salaries and wages.

**7. DISCONTINUED OPERATIONS**

On March 9, 2023, the Company completed the sale of Infinite Pet (“PET”) to a third party for total purchase consideration of \$206,850 (US\$150,000) which is presented as deferred consideration on the consolidated statements of financial position. The purchase consideration is to be paid to the Company in cash each month from 50% profits generated by PET after closing of the sale until the purchase price is fully paid. As at March 31, 2024, deferred consideration remained outstanding. Prior to the transaction, PET carried goodwill valued at \$184,097 which was fully impaired.

A summary of the results of discontinued operations is as follows:

	Three months ended March 31,	
	<b>2024</b>	2023
	\$	\$
Revenue	-	29,053
Cost of sales	-	(50,557)
<b>Gross profit (loss)</b>	-	(21,504)
<b>Operating loss</b>	-	(21,504)
<b>Other expenses</b>		
Foreign exchange loss	-	59
Impairment of intangible assets and goodwill	-	(184,097)
Loss on disposal of PET	-	(173,534)
<b>Loss before tax from discontinued operations</b>	-	(379,076)
Income tax expense	-	-
<b>Net loss from discontinued operations</b>	-	(379,076)

During the three months ended March 31, 2024 and 2023, the discontinued operations did not generate any cash flows from operating activities, investing activities, and financing activities.

**NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2024 and 2023**  
(Unaudited - Expressed in Canadian dollars, except where noted)

**7. DISCONTINUED OPERATIONS (continued)**

A summary of the Company's loss on disposal of PET as at March 9, 2023 is as follows:

	\$
<b>Assets:</b>	
Cash	39,519
Receivables	31,425
Inventory	408,010
<b>Liabilities:</b>	
Accounts payable and accrued liabilities	98,570
<b>Net assets</b>	<b>380,384</b>
Deferred consideration	206,850
<b>Loss on disposal of PET</b>	<b>(173,534)</b>

**8. RECEIVABLES**

A summary of the Company's receivables is as follows:

	March 31, 2024	December 31, 2023
	\$	\$
GST receivables	15,375	66,118
Trade receivables	267,358	291,280
	<b>282,733</b>	<b>357,398</b>

**NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)**  
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**For the three months ended March 31, 2024 and 2023**  
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**9. EQUIPMENT**

A summary of the Company's equipment is as follows:

	Computer equipment	Trade show equipment	Office furniture and equipment	Total
	\$	\$	\$	\$
<b>Cost</b>				
Balance, December 31, 2022	461,264	16,440	200,549	678,253
Additions	219,208	-	8,042	227,250
Write-off	(156,352)	(16,440)	(122,908)	(295,700)
Currency translation effects	(13,963)	-	(1,744)	(15,707)
Balance, December 31, 2023	510,157	-	83,939	594,096
Additions	27,970	-	-	27,970
Currency translation effects	13,960	-	1,800	15,760
<b>Balance, March 31, 2024</b>	<b>552,087</b>	<b>-</b>	<b>85,739</b>	<b>637,826</b>
<b>Accumulated depreciation</b>				
Balance, December 31, 2022	233,893	15,619	150,278	399,790
Depreciation	74,758	821	12,245	87,824
Write-off	(81,109)	(16,440)	(112,472)	(210,021)
Currency translation effects	(7,701)	-	(1,429)	(9,130)
Balance, December 31, 2023	219,841	-	48,622	268,463
Depreciation	23,382	-	1,141	24,523
Currency translation effects	8,108	-	1,479	9,587
<b>Balance, March 31, 2024</b>	<b>251,331</b>	<b>-</b>	<b>51,242</b>	<b>302,573</b>
<b>Carrying value</b>				
Balance, December 31, 2023	290,316	-	35,317	325,633
<b>Balance, March 31, 2024</b>	<b>300,756</b>	<b>-</b>	<b>34,497</b>	<b>335,253</b>

**10. LEASES**

The Company entered lease agreements for an office space and a warehouse space. The present value of future lease payments was measured using an incremental borrowing rate of 6% per annum. During the three months ended March 31, 2024, the office lease expired and was not renewed. As at March 31, 2024 and December 31, 2023, the lease liability solely pertains to the warehouse lease.

In March 2023, the Company entered into a sublease agreement to re-lease the warehouse which is leased by the Company to a third party. The sublease commenced on April 1, 2023 and expires on June 20, 2028. The Company classified this sublease as a finance lease, leading to the derecognition of the right-of-use asset with a carrying value of \$778,350. Accordingly, the Company recognized a net investment in the sublease of \$898,976, calculated as the present value of future lease payments at a 6% discount rate, corresponding to the Company's incremental borrowing rate applied to the head lease. The Company reported a gain of \$120,626 in profit or loss upon recognizing the sublease.

A summary of the Company's right-of-use asset is as follows:

	\$
Balance, December 31, 2022	829,278
Amortization	(55,728)
Derecognition	(778,350)
Currency translation effects	4,800
<b>Balance, March 31, 2024 and December 31, 2023</b>	<b>-</b>

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**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2024 and 2023**  
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**10. LEASES (continued)**

A summary of the Company's lease liability is as follows:

	\$
Balance, December 31, 2022	804,836
Interest expense	30,217
Lease payments	(203,762)
Currency translation effects	(17,945)
Balance, December 31, 2023	613,346
Interest expense	9,059
Lease payments	(45,977)
Currency translation effects	14,850
<b>Balance, March 31, 2024</b>	<b>591,278</b>
Current portion	146,136
Non-current portion	445,142

A summary of the Company's future lease payments is as follows:

	\$
2024	188,937
2025	194,604
2026	200,445
2027	206,465
2028	51,995
Total undiscounted lease liability	842,446
Effects of discounting	(251,168)
<b>Balance, March 31, 2024</b>	<b>591,278</b>

Interest expense from leases for the three months ended March 31, 2024 was \$9,059 (2023 - \$6,823).

A summary of the Company's net investment in sublease is as follows:

	\$
Balance, December 31, 2022	-
Additions	898,976
Interest income	39,903
Payments received	(66,554)
Currency translation effects	(29,409)
Balance, December 31, 2023	842,916
Interest income	12,457
Payments received	(49,845)
Effects of movement in exchange rates	20,472
<b>Balance, March 31, 2024</b>	<b>826,000</b>
Current portion	219,763
Non-current portion	606,237

**NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2024 and 2023**  
(Unaudited - Expressed in Canadian dollars, except where noted)

**10. LEASES (continued)**

A summary of the Company's future minimum sublease receipts is as follows:

	\$
2024	206,333
2025	212,523
2026	218,899
2027	225,466
2028	58,057
Total undiscounted lease receivables	921,278
Effects of discounting	(95,278)
<b>Balance, March 31, 2024</b>	<b>826,000</b>

Interest income from the sublease for the three months ended March 31, 2024 was \$12,457 (2023 - \$nil) and was recorded within revenue in profit or loss.

**11. INTANGIBLE ASSETS AND GOODWILL**

**a) Intangible assets**

A summary of the Company's intangible assets is as follows:

	Customer relationship	Brand	Technology	Total
	\$	\$	\$	\$
<b>Cost</b>				
Balance, December 31, 2022	1,280,367	122,206	5,486,433	6,889,006
Currency translation effects	(30,062)	2,559	(134,245)	(161,748)
<b>Balance, March 31, 2024 and December 31, 2023</b>	<b>1,250,305</b>	<b>124,765</b>	<b>5,352,188</b>	<b>6,727,258</b>
<b>Accumulated amortization and impairment</b>				
Balance, December 31, 2022	615,629	93,563	2,866,073	3,575,265
Amortization	265,737	34,103	1,805,849	2,105,689
Impairment	388,887	-	768,989	1,157,876
Currency translation effects	(19,948)	(2,901)	(88,723)	(111,572)
<b>Balance, March 31, 2024 and December 31, 2023</b>	<b>1,250,305</b>	<b>124,765</b>	<b>5,352,188</b>	<b>6,727,258</b>
<b>Carrying value</b>				
Balance, December 31, 2022	664,738	28,643	2,620,360	3,313,741
<b>Balance, March 31, 2024 and December 31, 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

During the year ended December 31, 2023, it was determined that intangible assets had a recoverable amount of \$nil, resulting in full impairment. Accordingly, the Company recognized an impairment of \$1,157,876.

**b) Goodwill**

A summary of the Company's goodwill is as follows:

	\$
Balance, December 31, 2022	6,746,378
Impairment	(6,601,484)
Currency translation effects	(144,894)
<b>Balance, March 31, 2024 and December 31, 2023</b>	<b>-</b>

**NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2024 and 2023**  
(Unaudited - Expressed in Canadian dollars, except where noted)

**11. INTANGIBLE ASSETS AND GOODWILL (continued)**

On an annual basis, the Company estimates the recoverable amount of goodwill based on value-in-use method of the cash-generating units that the goodwill is attributed to. On March 9, 2023, the Company completed the sale of PET which resulted in a goodwill impairment of \$184,097. Additionally, during the year ended December 31, 2023, the Company recognized goodwill impairment of \$6,417,387 after the estimation of the recoverable amount.

The key assumptions used in the calculations of the recoverable amounts include sales growth per year, changes in cost of sales and capital expenditures based on internal forecasts. Cash flows were projected out five years and a terminal value was calculated using a long-term steady growth of 3%-5%. A discount rate of 25% was used.

**12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

A summary of the Company's accounts payable and accrued liabilities is as follows:

	<b>March 31, 2024</b>	December 31, 2023
	<b>\$</b>	<b>\$</b>
Accounts payables	<b>2,643,048</b>	2,380,792
Accrued liabilities	<b>1,233,299</b>	1,150,668
	<b>3,876,347</b>	3,531,460

**13. FACTORING LIABILITY**

In March 2023, the Company entered into a trade receivable factoring agreement ("Factoring Agreement") with a third-party factoring company. The Factoring Agreement allows the Company to receive in advance \$2,429,789 (US\$1,805,766), which is repaid with the sale of future trade receivables from a regular customer of the Company.

The trade receivables from the customer are transferred to the third-party factoring company upon invoicing to the customer of the performance obligations rendered for a determined period.

A summary of the Company's factoring liability is as follows:

	<b>\$</b>
Balance, December 31, 2022	-
Addition	2,429,789
Interest expense	285,433
Settlements	(2,708,436)
Currency translation effects	(6,786)
<b>Balance, March 31, 2024 and December 31, 2023</b>	<b>-</b>

**14. SHARE CAPITAL**

**a) Authorized**

The Company is authorized to issue unlimited number of common shares with no par value.

**b) Share capital**

During the three months ended March 31, 2024, the Company had the following share transactions:

- The Company issued 3,711,140 common shares upon the exercise of 3,711,140 warrants related to the employee pay program. Of the common shares issued, 3,387,640 shares, with average share price of \$0.18, were sold for cash proceeds of \$612,142.
- On March 12, 2024, the Company issued 200,000 common shares to two officers as compensation for their employment services, resulting in the recognition of \$41,000 as share-based compensation.

**NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2024 and 2023**  
(Unaudited - Expressed in Canadian dollars, except where noted)

**14. SHARE CAPITAL (continued)**

During the year ended December 31, 2023, the Company had the following share transactions:

- In January 2023, the Company closed a private placement in which the Company issued 3,614,457 units for gross proceeds of \$3,000,000. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$1.03 until January 31, 2025. Applying the residual method, fair value of \$2,783,134 was allocated to share capital and \$216,867 was allocated to reserves.
- In connection with the private placement in January 2023, the Company paid a broker transaction fee of \$354,617 in cash and granted 253,011 warrants with a fair value of \$101,787. Each warrant entitles the holder to acquire one common share at an exercise price of \$0.83 until January 31, 2025.
- On July 25, 2023, the Company closed a private placement in which the Company issued 5,812,390 units for gross proceeds of \$2,441,203. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$0.52 until July 25, 2026. Applying the residual method, fair value of \$2,266,830 was allocated to share capital and \$174,373 was allocated to reserves.
- In connection with the private placement in July 2023, the Company paid brokers transaction fees of \$308,526 in cash, granted 178,571 units and granted 467,133 warrants with a fair value of \$19,371. The warrants issued to the brokers are exercisable at \$0.52 until July 25, 2026.
- On July 25, 2023, the Company issued 250,000 units to the Chief Executive Officer (the "CEO") of the Company as remuneration for past services provided by the CEO, pursuant to a contractor agreement (Note 16). Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$0.52 until July 25, 2026. Applying the residual method, fair value of \$97,500 was allocated to share capital and \$7,500 to reserves.
- On November 29, 2023, the Company closed three tranches of a private placement in which the Company issued 9,157,722 units for gross proceeds of \$1,098,927. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$0.17 for 36 months after the issuance date.
- In connection with the private placement on November 29, 2023, the Company paid brokers transaction fees of \$40,521 in cash and granted 337,680 warrants with a fair value of \$27,806. The warrants issued to the brokers are exercisable at \$0.12 for 36 months after the issuance date and had the fair value of \$27,806 at grant date.
- The Company issued 601,666 common shares as payment for investor relations expense of \$474,250. The fair value of the common shares was determined by reference to the fair value of the services provided.
- The Company issued 4,445,938 common shares upon the exercise of 4,445,938 warrants related to the employee pay program. Of the common shares issued, 4,688,304 shares, with share price between \$0.55 and \$0.80, were sold for cash proceeds of \$2,269,704.

**c) Employee pay program**

On August 25, 2023, the Company granted 6,275,062 warrants to its employees. Each warrant has exercise price of \$0.55 and matures on August 25, 2024. As at March 31, 2024, a total of 3,711,140 warrants have been converted into common shares, all of which occurred during the three months ended March 31, 2024.

On March 4, 2024, the Company granted 6,275,062 warrants to its employees. Each warrant has exercise price of \$0.26 and matures on March 4, 2025. As at March 31, 2024, none of these warrants have been converted into common shares.

**d) Warrants**

A summary of the Company's warrants is as follows:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, December 31, 2022	16,687,859	1.69
Granted	26,346,026	0.47
Exercised	(4,445,938)	0.83
Expired	(1,703,856)	5.84
Balance, December 31, 2023	36,884,091	0.80
Granted	6,275,062	0.26
Exercised	(3,711,140)	0.55
<b>Balance, March 31, 2024</b>	<b>39,448,013</b>	<b>0.73</b>

**NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2024 and 2023**  
(Unaudited - Expressed in Canadian dollars, except where noted)

**14. SHARE CAPITAL (continued)**

The weighted average share price on the date of exercise for warrants exercised during the three months ended March 31, 2024 was \$0.17 (2023 - \$0.74).

A summary of the Company's outstanding warrants is as follows:

<b>Expiry date</b>	<b>Number</b>	<b>Weighted average exercise price</b>	<b>Weighted average remaining life</b>
	<b>#</b>	<b>\$</b>	<b>Years</b>
August 25, 2024	2,563,922	0.55	0.40
November 3, 2024	1,757,576	1.94	0.59
January 25, 2025	8,780,489	1.54	0.82
January 31, 2025	3,867,468	1.02	0.84
March 5, 2025	6,275,062	0.26	0.93
July 25, 2026	6,708,094	0.52	2.32
November 10, 2026	5,300,360	0.17	2.61
November 24, 2026	3,815,722	0.17	2.65
November 29, 2026	379,320	0.17	2.67
	<b>39,448,013</b>	<b>0.73</b>	<b>1.49</b>

**e) Stock options**

A summary of the Company's outstanding and exercisable options is as follows:

	<b>Number of stock options</b>	<b>Weighted average exercise price</b>
	<b>#</b>	<b>\$</b>
Balance, December 31, 2022	15,953,497	0.76
Granted	850,000	0.58
Forfeited	(221,200)	0.60
Expired	(1,006,345)	1.50
Balance, December 31, 2023	15,575,952	0.56
Granted	40,000	0.23
Forfeited	(426,000)	0.63
Cancelled	(500,000)	0.74
Expired	(342,800)	0.56
<b>Balance outstanding, March 31, 2024</b>	<b>14,347,152</b>	<b>0.55</b>
<b>Balance exercisable, March 31, 2024</b>	<b>1,260,200</b>	<b>0.55</b>

On January 30, 2024, the Company granted 40,000 stock options to an officer. These stock options vest in five equal tranches every six months from the grant date. Each stock option has an exercise price of \$0.23 and matures on January 30, 2027. The fair value of these stock options was \$4,896.



**NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2024 and 2023**  
(Unaudited - Expressed in Canadian dollars, except where noted)

**14. SHARE CAPITAL (continued)**

A summary of the Company's outstanding options is as follows:

<b>Expiry date</b>	<b>Number of options outstanding</b>	<b>Number of options exercisable</b>	<b>Weighted average exercise price</b>	<b>Weighted average remaining life</b>
	<b>#</b>	<b>#</b>	<b>\$</b>	<b>Years</b>
April 4, 2024 (Note 24)	4,000	4,000	0.65	0.01
June 20, 2025	1,907,000	1,144,200	0.55	1.22
November 1, 2025	50,000	20,000	1.23	1.59
March 31, 2026	70,000	28,000	0.73	2.00
September 12, 2026	20,000	4,000	0.36	2.45
September 28, 2026	300,000	60,000	0.26	2.50
June 20, 2027	11,956,152	-	0.55	3.22
January 30, 2027	40,000	-	0.23	2.84
	<b>14,347,152</b>	<b>1,260,200</b>	<b>0.55</b>	<b>2.92</b>

A summary of the Company's weighted average inputs used in the Black-Scholes option pricing model for stock options granted during the three months ended March 31, 2024 and 2023 is as follows:

	<b>2024</b>	<b>2023</b>
Share price	<b>\$0.21</b>	\$0.76
Exercise price	<b>\$0.23</b>	\$0.79
Risk-free interest rate	<b>3.94%</b>	1.62%
Expected life	<b>3 years</b>	3 years
Expected volatility	<b>112%</b>	81%
Expected annual dividend yield	<b>0%</b>	0%

During the three months ended March 31, 2024, \$449,409 (2023 - \$1,170,671) was recognized as share-based compensation from vested options. Included in the share-based compensation expense is the amount from stock options granted to the non-controlling interest of ARway and Toggle as part of their option plans.

A summary of the Company's share-based compensation expense by function is as follows:

	<b>Three months ended</b>	
	<b>2024</b>	<b>March 31, 2023</b>
	<b>\$</b>	<b>\$</b>
Cost of sales	<b>112,130</b>	1,612
Sales and marketing	<b>90,181</b>	63,098
General and administrative	<b>124,207</b>	1,040,865
Research and development	<b>122,891</b>	65,096
	<b>449,409</b>	1,170,671

**NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2024 and 2023**  
(Unaudited - Expressed in Canadian dollars, except where noted)

**15. NON-CONTROLLING INTEREST**

A summary of the Company's non-controlling interest is as follows:

	<b>ARway</b>	<b>Toggle</b>	<b>Total</b>
	\$	\$	\$
Balance, December 31, 2022	2,174,048	-	2,174,048
Shares issued for employee pay program	(121,890)	(108,629)	(230,519)
Distribution to shareholders	-	1,750,000	1,750,000
Share-based compensation	652,471	252,185	904,656
Other net changes in capitalization	239,068	1,270,792	1,509,860
Net loss attributed to non-controlling interest	(1,654,245)	(497,750)	(2,151,995)
Balance, December 31, 2023	1,289,452	2,666,598	3,956,050
Share-based compensation	109,212	66,050	175,262
Other net changes in capitalization	90,101	45,758	135,859
Net loss attributed to non-controlling interest	(985,906)	(317,562)	(1,303,468)
<b>Balance, March 31, 2024</b>	<b>502,859</b>	<b>2,460,844</b>	<b>2,963,703</b>

**16. RELATED PARTY TRANSACTIONS AND BALANCES**

The Company entered into a number of transactions with key management personnel that have the authority and responsibility for the planning, directing and controlling of the activities of the Company. The Company considers the executive officers and directors as the key management of the Company.

A summary of the transactions with key management personnel is as follows:

	Three months ended	
	2024	March 31, 2023
	\$	\$
Compliance fees included in general and administrative	7,848	7,353
Management fees included in general and administrative	201,935	232,770
Salaries of the Chief Financial Officer included in general and administrative	53,250	62,500
Share-based compensation	93,823	150,000
	<b>356,856</b>	<b>452,623</b>

The Company has an agreement with the Chief Executive Officer ("CEO") in which the Company compensates the CEO for management services on monthly basis, combining cash and share issuance over a five-year term until April 1, 2027. As at March 31, 2024, accounts payable and accrued liabilities included \$1,207,347 owed to the CEO (December 31, 2023 - \$939,532). The amounts are non-secured, non-interest bearing, payable on demand and represent the value of shares to be issued to the CEO.

**NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2024 and 2023**  
(Unaudited - Expressed in Canadian dollars, except where noted)

**17. REVENUE FROM CONTRACTS WITH CUSTOMERS**

**a) Revenue disaggregation**

A summary of the Company's revenue disaggregation by service for the three months ended March 31, 2024 and 2023 is as follows:

	Three months ended	
	2024	March 31, 2023
	\$	\$
Technology services	-	80,250
Renewable software licenses	<b>1,009,149</b>	1,188,673
Other revenue	<b>15,543</b>	32,271
	<b>1,024,692</b>	1,301,194

For the three months ended March 31, 2024, other revenue is comprised of interest income of \$3,086 earned from the GICs (2023 - \$32,271) and interest income of \$12,457 earned from the sublease (2023 - \$nil).

For the three months ended March 31, 2024, the renewable software licenses revenue stream has one customer who contributed 55.28% (2023 - 51.00%) of total revenue.

**b) Deferred revenue**

A summary of the Company's deferred revenue is as follows:

	\$
Balance, December 31, 2022	437,746
Revenue recognized	(1,195,058)
Revenue deferred	1,108,588
Currency translation effects	(9,084)
Balance, December 31, 2023	342,192
Revenue recognized	(196,475)
Revenue deferred	262,220
Currency translation effects	8,247
<b>Balance, March 31, 2024</b>	<b>416,184</b>

**c) Contract asset**

A summary of the Company's contract asset is as follows:

	\$
Balance, December 31, 2022	589,015
Contract asset billed	(534,778)
Currency translation effects	(2,917)
Balance, December 31, 2023	51,320
Contract asset billed	(32,480)
Contract assets unbilled	200
<b>Balance, March 31, 2024</b>	<b>19,040</b>

**NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2024 and 2023**  
(Unaudited - Expressed in Canadian dollars, except where noted)

**18. EXPENSES BY NATURE**

The Company presents operating expenses by function with the exception of amortization, depreciation, and share-based compensation. A summary of the Company's operating expenses by nature is as follows:

**a) Cost of sales**

A summary of the Company's cost of sales is as follows:

	Three months ended March 31,	
	2024	2023
	\$	\$
Consulting fees	184,112	168,594
Computer software & maintenance	-	2,180
Employee benefits	-	246
Salaries, wages, and commissions	314,368	596,288
	<b>498,480</b>	<b>767,308</b>

**b) Sales and marketing**

A summary of the Company's sales and marketing expense is as follows:

	Three months ended March 31,	
	2024	2023
	\$	\$
Advertising	63,728	205,128
Consulting fees	50,788	92,283
Employee benefits	18,180	16,118
Investor relations	186,297	703,699
Salaries, wages, and commissions	212,152	577,112
Software and other expenses	51,438	55,968
	<b>582,583</b>	<b>1,650,308</b>

**c) General and administrative**

A summary of the Company's general and administrative expense is as follows:

	Three months ended March 31,	
	2024	2023
	\$	\$
Compliance fees	70,346	69,875
Computer, software and maintenance	176,425	309,909
Consultant fees	74,310	36,282
Employee benefits	73,639	225,464
Interest expense	9,059	6,823
Management fees	201,935	393,543
Professional fees	148,270	421,188
Salaries and wages	437,312	872,447
Office, general and other expenses	195,948	256,098
	<b>1,387,244</b>	<b>2,591,629</b>

**NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2024 and 2023**  
(Unaudited - Expressed in Canadian dollars, except where noted)

**18. EXPENSES BY NATURE (continued)**

**d) Research and development**

A summary of the Company's research and development expense is as follows:

	Three months ended March 31,	
	2024	2023
	\$	\$
Consulting fees	328,463	156,319
Employee benefits	9,288	18,143
Management fees	-	82,871
Salaries and wages	238,698	361,062
Platform, maintenance and other expenses	161,454	261,509
	<b>737,903</b>	<b>879,904</b>

**19. SEGMENT INFORMATION**

The Chief Operating Decision Maker ("CODM") of the Company has been identified as the Chief Financial Officer, who makes strategic decisions and allocates resources based on the information available by operating segment. The CODM determines the reportable segments of the Company based on the availability of discrete financial results and the nature of operations relating to each operating segment. The CODM identified three reportable segments being 1) the eCommerce platforms, 2) the technology services provided for eCommerce, virtual events, higher education and advertising, and 3) general corporate activities.

During the year ended December 31, 2022, the Company decided to discontinue the eCommerce platforms, resulting in this segment being reported as discontinued operations (Note 7). As at March 31, 2024, the Company's sole continuing operation that generates revenue is technology services.

**20. SUPPLEMENTAL CASH FLOW DISCLOSURES**

A summary of the Company's supplemental cash flow disclosures is as follows:

	Three months ended March 31,	
	2024	2023
	\$	\$
Non-cash share issuance costs	-	101,787
Proceeds from securities issued to non-controlling interest:		
Proceeds from employee pay program in ARway	168,395	86,748
Proceeds from employee pay program in Toggle	84,267	-
	<b>252,662</b>	<b>86,748</b>

**21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

As at March 31, 2024, the Company's financial assets and liabilities include cash and cash equivalents, trade receivables, deferred consideration, and accounts payable and accrued liabilities. These instruments were classified as amortized cost.

The carrying values of cash and cash equivalents, receivables and accounts payable and accrued liabilities approximate their fair values because of their short-term nature.

The Company is exposed to certain financial risks through its financial instruments. The risk exposures and the impact on the Company's financial instruments are summarized below.

## **21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

### **a) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to fulfill its contractual obligations. The Company is exposed to credit risk through its cash and cash equivalents, trade receivables, and contract asset. The Company mitigates credit risk related to cash by placing cash with sound financial institutions. For sales contracts and trade receivables, the Company trades with recognized creditworthy third parties and regularly reviews the collectability of its accounts receivable. As at March 31, 2024, the carrying amount of trade receivables from the Company's most significant customer was \$53,672 (December 31, 2023 - 291,280).

### **b) Liquidity risk**

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's main source of cash resources is through equity financing. The Company's financial obligations are limited to its current liabilities which have contractual maturities of less than one year and lease liabilities that have a fixed schedule of payment.

As at March 31, 2024, the Company had cash and cash equivalents of \$103,455 (December 31, 2023 - \$907,847) and working capital deficit of \$3,573,170 (December 31, 2023 - \$2,206,405).

### **c) Currency risk**

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and a portion of the Company's expenses are incurred in USD. A significant change in the currency exchange rates between the Canadian dollar relative to the USD could affect the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at March 31, 2024, the Company is exposed to currency risk through cash and cash equivalents, receivables, deferred consideration and accounts payable denominated in USD. A 10% change in exchange rate could increase or decrease the Company's net loss by \$69,394.

### **d) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to interest rate risk as there is no financial asset or liability that has a variable interest rate.

## **22. CAPITAL MANAGEMENT**

The Company's definition of capital includes equity, comprising share capital, reserves, accumulated other comprehensive income, deficit and non-controlling interest. The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. As at March 31, 2024, the Company had shareholders' deficiency of \$2,869,972 (December 31, 2023 - \$1,500,563).

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 and consultants to sustain future development of the business. The Company obtains funding primarily through equity issuance. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. There were no changes to the Company's approach to capital management during the three months ended March 31, 2024.

The Company is not subject to any externally imposed capital requirements.

## **23. CONTINGENT LIABILITY**

During the year ended December 31, 2020, the Company has received a legal claim against the Company in respect of the acceleration term on the right to exercise certain warrants. As at March 31, 2024, the claim remains at the preliminary stage. It is premature to determine the outcome of this claim.

#### **24. SUBSEQUENT EVENTS**

On April 4, 2024, 4,000 stock options with exercise price of \$0.65 expired unexercised.

From April 3, 2024 to May 2, 2024, the Company has issued 5,205,991 common shares upon the exercise of warrants related to the employee pay program.