YANGAROO Inc.

Financial Statements

For the Years Ended December 31, 2023 and 2022
(Expressed in United States Dollars)

June 26, 2024

Contents

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Yangaroo Inc.:

Opinion

We have audited the financial statements of Yangaroo Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of net (loss) income and comprehensive (loss) income, statements of changes in equity and statements of cash flow for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of Goodwill and Intangible Assets	
Refer to notes 8 and 9	Our approach to addressing the matter included the following procedures, among others:
As at December 31, 2023, the Company had intangible assets of $1,800,673 and goodwill of $359,146. Intangible assets with finite lives are assessed for any indications of impairment at the end of each reporting period. Goodwill is assessed for impairment annually, or more frequently if events and circumstances indicate that the carrying amount may be impaired. Management has performed its annual impairment test for goodwill as at December 31, 2023. Management determined that the CGU for the purpose of testing impairment of intangible assets and goodwill is the Advertising CGU. The recoverable amount for the Advertising CGU was based on value in use using a discounted cash flow model. The significant assumptions applied by management in determining value in use included the revenue projections, a revenue growth rate and a discount rate. The recoverable amount of the Advertising CGU was lower than its carrying amount and accordingly, an impairment loss of $3,513,390 was recognized in the year ended December 31, 2023. We considered this a key audit matter due to the judgment by management in determining the recoverable amounts, including the use of significant assumptions. This, in turn, led to a high degree of subjectivity and audit effort in performing procedures to test the significant assumptions.	Evaluated how management determined the recoverable amounts of the CGU, which included the following procedures: • Tested the appropriateness of the value in use method used and the mathematical accuracy of the discounted cash flow model. • Tested the reasonableness of the estimated cash flows by considering historical performance of the Company and the budget approved by management. • Tested the reasonableness of the terminal growth rate and forecasted growth rate of sales applied by management in the discounted cash flow model by comparing to past performance and external market data. • Tested the underlying data used in the discounted cash flow models. • Professionals with specialized skill and knowledge in the field of valuation assisted in testing the reasonableness of the discount rate applied by management based on available data for comparable companies.

Capitalization of internally generated development costs		
Refer to note 8		Our approach to addressing the matter included the following procedures, among others:
The nature of the Company's business requires it to develop and upgrade products offered to its customers. This involves significant expenditures being incurred for research and development activities. Significant new projects for the year ended December 31, 2023 consisted of new features in the Awards platform, improvements in the user interface in the Music and Advertising platforms, and significant new enhancements to the core technology infrastructure. Expenditure on research activities is recognized in profit or loss when incurred. Development expenditures are capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, the expenditures are recognized in profit or loss as incurred. Subsequent to initial recognition, capitalized development costs are measured at cost less accumulated amortization and any accumulated impairment losses. During the year ended December 31, 2023, the Company capitalized product development costs of $563,756 and as at December 31, 2023 the carrying amount was $1,528,089. We considered this a key audit matter due to the judgment by management in determining if internally generated development costs meet the criteria for capitalization, including the use of significant assumptions. This, in turn, led to a high degree of subjectivity and audit effort in performing procedures to test the significant assumptions.		• Evaluated management's assessment of the accounting policy and methodology for capitalization of development costs. • Agreed a sample of employee compensation costs capitalized to the underlying payroll records to determine that the employees' time was directly attributable to the development projects and consistent with the underlying employment contracts and that the time was accurately recorded. • Obtained a listing of all the projects and features for which development costs were capitalized and discussed with management the nature of the projects and features to assess if the software is technically feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete the development and to use or sell the asset. • Evaluated the ability to generate future economic benefits from the intangible assets related to the development costs by inspecting the Company's business plan and cash flow projections including revenue projections.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Anna C. Moreton.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
June 24, 2024

YANGAROO Inc.

Statements of Financial Position

(Expressed in United States dollars)

	December 31 2023	December 31 2022
Assets		
Current		
Cash	**$150,928**	$296,748
Accounts receivable (note 5)	**1,689,671**	1,566,633
Prepaid and sundry assets	**196,367**	439,925
Contract assets (note 11)	**69,727**	108,527
Other receivable	**26,121**	-
	2,132,814	2,411,833
Non-current		
Government assistance receivable (note 22)	**429,977**	538,019
Property and equipment and right of use assets (note 7)	**367,291**	685,306
Intangible assets (note 8)	**1,800,673**	1,657,554
Goodwill (note 9)	**359,146**	3,845,576
	$5,089,901	$9,138,288
Liabilities		
Current		
Revolving credit facility (note 13)	**$850,597**	$844,982
Trade and other payables (note 10)	**1,041,252**	879,420
Contract liabilities (note 11)	**159,501**	86,244
Current portion of lease obligations (note 12)	**87,797**	274,556
Current portion of term loan facility (note 13 & 24)	**1,656,679**	108,921
Current portion of contingent consideration (note 6)	**95,937**	-
	3,891,763	2,194,123
Non-current		
Lease obligations (note 12)	**205,175**	274,936
Term loan facility (note 13 & 24)	**-**	1,654,930
Convertible debenture (note 14)	**410,197**	382,908
Contingent consideration (note 6)	**88,100**	-
	4,595,235	4,506,897
Equity		
Share capital (note 15)	**27,826,282**	27,826,282
Share-based payments reserve	**5,971,266**	5,971,266
Foreign currency translation reserve	**1,157,622**	1,157,622
Deficit	**(34,460,504)**	(30,323,779)
	494,666	4,631,391
	$5,089,901	$9,138,288

Commitments and contingencies (note 23)
Events after reporting period (note 24)

Approved by the Board of Directors

"Anthony Miller"
Director

"Phil Benson"
Director

See accompanying notes, which are an integral part of these financial statements

YANGAROO Inc.

Statements of Net (Loss) Income and Comprehensive (Loss) Income

For the Years Ended December 31, 2023 and 2022
(Expressed in United States dollars)

	2023	2022
Revenue (note 20)	**$7,885,482**	$7,734,844
Expenses		
Salaries and consulting (notes 16, 21 & 22)	**4,925,803**	5,797,801
Marketing and promotion	**251,589**	243,872
General and administrative	**786,691**	1,103,024
Technology & Production (note 18)	**627,389**	640,266
Depreciation of property and equipment and right of use assets and intangible assets (note 7 & 8)	**920,877**	811,093
Acquisition fees (note 6)	**6,049**	-
Restructuring expense	**187,897**	107,158
Government subsidy (note 22)	**165,485**	(538,018)
	7,871,780	8,165,196
Income (loss) from operations	**13,702**	(430,352)
Other income (expenses)		
Interest income	**128**	31,431
Interest expense	**(498,064)**	(269,716)
Gain on disposal of tangible assets	**7,050**	-
Foreign exchange loss	**(119,373)**	171,542
Revaluation of foreign exchange embedded derivatives (note 14)	**(2,063)**	(32,361)
Revaluation of contingent consideration (note 6)	**(20,856)**	2,113,887
Goodwill impairment (note 9)	**(3,513,390)**	-
	(4,146,568)	2,014,783
Net (loss) income before income tax	**(4,132,866)**	1,584,431
Income tax expense (note 19)	**3,859**	14,142
Total net and comprehensive (loss) income	**$(4,136,725)**	$1,570,289
Basic income (loss) per share (note 17)	**$(0.07)**	$0.03
Diluted income (loss) per share (note 17)	**$(0.07)**	$0.03

YANGAROO Inc.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in United States dollars)

	Number of Shares	Share Capital	Share-Based Payments Reserve	Foreign Currency Translation Reserve	Deficit	Total
Balance at December 31, 2021	**60,697,140**	**$27,554,260**	**$6,149,389**	**$1,157,622**	**$(31,894,068)**	**$2,967,203**
Share-based payments	-	-	48,310	-	-	48,310
Exercise of options (note 15)	580,000	74,423	(28,834)	-	-	45,589
Exercise of RSUs (note 15)	1,160,000	197,599	(197,599)	-	-	-
Net income and comprehensive income for the year	-	-	-	-	1,570,289	1,570,289
Balance at December 31 2022	**62,437,140**	**27,826,282**	**5,971,266**	**1,157,622**	**(30,323,779)**	**4,631,391**
Net loss and comprehensive loss for the year	-	-	-	-	(4,136,725)	(4,136,725)
Balance at December 31, 2023	**62,437,140**	**$27,826,282**	**$5,971,266**	**$1,157,622**	**$(34,460,504)**	**$494,666**

See accompanying notes, which are an integral part of these financial statements

YANGAROO Inc.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022
(Expressed in United States dollars)

	2023	2022
Cash flow from operating activities		
Net loss (income) for the year	$(4,136,725)	$1,570,289
Items not affecting cash:		
Depreciation of property and equipment and right of use assets and intangible assets	920,877	811,093
Bad debt expense (recovery)	(32,526)	123,294
Interest expense on convertible debentures	21,642	855
Financing costs	73,471	59,055
Share-based payments (note 16)	-	48,310
Revaluation of embedded derivative	2,063	32,361
Revaluation of contingent consideration	20,856	(2,113,887)
Goodwill impairment loss	3,513,390	-
Accrued severance payable	11,026	-
Changes in non-cash operating working capital:		
Accounts receivable	(90,513)	47,101
Prepaid and sundry assets	243,558	(550,224)
Contract assets	38,800	(17,797)
Other receivables	127,359	-
Trade and other payables	150,804	28,394
Contract liabilities	73,257	18,244
Net cash from operating activities	937,339	57,088
Cash flow used in investing activities		
Acquisition of property and equipment (note 7)	(28,313)	(104,765)
Additions of product development assets (note 8)	(563,756)	(671,372)
Net cash used in investing activities	(592,069)	(776,137)
Cash flow from financing activities		
Payment of lease obligations (note 12)	(271,327)	(283,432)
Principal repayment of term loan	(177,059)	(456,023)
Proceeds on exercise of options	-	45,589
Proceeds from revolving credit facility (note 13)	5,615	844,982
Proceeds from issuance of convertible debt (note 14)	-	349,469
Repayment of contingent consideration	(48,319)	-
Net cash (used in) from in financing activities	(491,090)	500,585
Net (decrease) in cash	(145,820)	(218,464)
Effect of foreign exchange on cash	-	(253,039)
Cash, beginning of year	296,748	768,251
Cash, end of year	$150,928	$296,748
Cash interest and taxes paid	$459,979	$269,716

See accompanying notes, which are an integral part of these financial statements

1. Nature of Operations

YANGAROO Inc. ("YANGAROO" or "the Company") is a software company that is the provider of workflow management solutions within the media and entertainment ecosystem. The Company's Digital Media Distribution System (DMDS) platform is a patented cloud-based technology that provides customers with a fully integrated workflow and broadcaster connected managed network for digital content delivery and related data management across the advertising, music, and entertainment award show markets.

YANGAROO Inc. is a publicly listed company incorporated on July 28, 1999 under the laws of Ontario as Musicrypt.com Inc. and changed to its present name on July 17, 2007. YANGAROO trades on the TSX Venture Exchange (TSX-V) under the symbol YOO and in the U.S. under OTCPK: YOOIF.

The address of the Company's corporate office and principal place of business is 360 Dufferin Street, Suite 203, Toronto, Ontario, M6K 3G1.

2. Basis of Preparation

(a) Basis of compliance

These financial statements of the Company have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and with interpretations of the IFRS Interpretations Committee ("IFRIC").

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

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except certain financial instruments measured at fair value and on an accrual basis except for cash flow information.

The financial statements are presented in US dollars, which is also the Company's functional currency.

(c) Significant accounting judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts and the valuation of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period reported.

The most significant judgements and estimates made by management in preparing the Company's financial statements are described as follows:

(i) Share-based payments

Share-based payments which include stock options and RSUs granted to employees, officers and directors and warrants granted to agents and debenture holders, to the extent that they are not measured at the fair value of the services received, are based on the fair value at the date of the award. These share-based payments are valued using the Black-Scholes option pricing model, which includes inputs that require management's estimates and assumptions.

(ii) Revenue recognition

To the extent a contract includes multiple performance obligations, the Company applies judgement to determine whether these performance obligations are capable of being distinct in the context of the contract. If these criteria are not met the promised services are accounted for as a combined performance obligation. Additionally, recognition of revenue requires significant judgement to determine if revenue is recognized at a point in time or over time.

(iii) Investment tax credits

The Company uses judgement to determine the reasonable assurance of collection and estimates the valuation of investment tax credits to be accrued.

(iv) Collectability of accounts receivable

The Company applies the simplified method to measure estimated credit loss on accounts receivable at an amount equal to the lifetime expected credit loss ("ECL"). The Company applies judgement to evaluate each receivable at year end using factors such as age of receivable, payment history and credit risk.

(v) Capitalized development costs

The Company uses judgement to determine when internally generated development costs are available for intended use and to assess if expenditures meet the criteria for capitalization under IAS 38.

(vi) Business combinations

On initial recognition, the assets and liabilities of the acquired business and consideration paid for them are included in the statement of financial position at their fair value. In measuring fair value, management uses estimates of future cash flows and discount rates.

(vii) Contingent consideration

The Company measures the contingent consideration payable in a business combination at the estimated fair value at each reporting date. The fair value is estimated using a Black-Scholes probability weighted approach, which includes inputs that require management's estimates and assumptions. The Company applies judgement annually at every anniversary of the acquisition to revalue the contingent consideration based on the revenue history of the related Millenia3 customers.

3. Material Accounting Policy Information

The accounting policies set below have been applied consistently to all years presented in these financial statements, except as otherwise noted.

(a) Cash

Cash in the statements of financial position is comprised of cash on deposit at banks.

(b) Financial instruments

(i) Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument, except for trade receivables and debt securities which are initially recognized when they are originated. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write- off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and Measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- those to be measured subsequently at fair value, either through profit or loss (“FVTPL”) or through other comprehensive income (“FVTOCI”); and,

- those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

- amortized cost;

- FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,

- FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost or at FVTOCI are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

The Company's financial assets consist of cash and accounts receivables, which are classified and measured at FVTPL, with realized and unrealized gains or losses related to changes in fair value reported in profit or loss. The Company's financial liabilities consist of trade and other payables, line of credit, convertible debentures, contingent consideration and the term loan facility which are classified and measured at amortized cost using the effective interest method. Interest expense is reported in profit or loss.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportable forward-looking information.

(ii) Fair value

The Company's accounting policies and disclosures may require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

In establishing fair value, the Company uses a fair value hierarchy based on the levels as defined below:

- Level 1 fair value measurements are based on unadjusted quoted market prices.

- Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices.

- Level 3 fair value measurements are those with inputs for the asset or liability that are not based on observable market data.

(c) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured initially at cost and subsequently at cost less accumulated depreciation and accumulated impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within general and administrative expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated based on the cost of the asset less its estimated residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets.

The estimated useful lives are as follows:

- Office equipment - 5 years
- Computer equipment - 3 years
- Computer software - 3 years
- Leasehold improvements - 5 years of the term of lease
- Right of use assets - duration of underlying lease agreement (typically 5 years)

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(d) Impairment

(i) Financial assets

The Company prospectively estimates the ECL associated with the financial assets accounted for at amortized cost. The percentage of impairment used depends on whether there is a significant increase in the credit risk. For accounts receivable, the Company measures loss allowances at an amount equal to the lifetime ECL under the simplified method. The Company recognizes in profit or loss the amount of expected credit losses (or reversal thereof) that is required to adjust the loss allowance at the reporting date to the required amount.

(ii) Non-financial assets

Other non-financial assets, comprised of property and equipment, intangible assets and goodwill, are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable, except goodwill which is tested annually. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of its value in use and fair value less costs of disposal, the asset is written down to its recoverable amount.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

An impairment loss in respect of other assets is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(e) Goodwill and Other Intangible Assets

(i) Goodwill/Intangible Assets

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value at the date of acquisition. Acquisition related transaction costs are expensed as incurred. Identifiable assets and liabilities, including intangible assets, of acquired businesses are recorded at their fair value at the date of acquisition. When the Company acquires control of a business, any previously held equity interest also is re-measured to fair value. The excess of the purchase consideration and any previously held equity interest over the fair value of identifiable net assets acquired is goodwill. If the fair value of identifiable net assets acquired exceeds the purchase consideration and any previously held equity interest, the difference is recognized in profit or loss as a gain on bargain purchase.

Contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

(ii) Research and Development

Expenditure on research activities is recognized in profit or loss when incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss.

Other intangible assets

Other intangible assets, including customer relationships and brand that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

Amortization

Amortization is calculated using the straight-line method over their estimated useful lives and is recognized in profit or loss. Goodwill is not amortized.

The estimated useful lives are as follows:

- Brand and trademarks - 3 years
- Customer relationships - 3 years
- Development costs - 3 years

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(f) Investment Tax Credits

Investment tax credits (“ITCs”) arising from research and development are recognized when their realization is reasonably assured and are recorded in prepaid and sundry assets on the statement of financial position. ITCs earned with respect to current expenditures for qualified research and development activities are included in profit or loss as a reduction of research and development costs. ITCs associated with capital expenditures are reflected as reductions in the carrying amounts of the assets.

(g) Leases

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company’s incremental borrowing rate is used instead. The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurement of the lease liability. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance expenses in profit or loss. Operating lease payments are recognized as an operating expense in profit or loss on a straight-line basis over the lease term. See additional information regarding leases on these financial statements in note 12.

(h) Share capital – common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects. When the Company issues equity units, the proceeds are allocated among equity components using the residual method.

Share-based payments

The grant date fair value of options awarded to employees, directors, and service providers who perform employee-like services is measured using the Black-Scholes option pricing model and recognized in profit or loss, with a corresponding increase in share-based payments reserve over the vesting period. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon exercise of the option, consideration received, together with the amount previously recognized in share-based payments reserve, is recorded as an increase to share capital. If share options expire unexercised on maturity, the applicable fair value remains in share-based payment reserve.

(i) Revenue

Identification of the contract, or contracts, with the customer

The Company considers the terms and conditions of written contracts and its customary business practices in identifying its contracts under IFRS 15 – Revenue from Contracts with Customers. In general, contract terms will be reflected in a written document that is signed by both parties.

Identification of the performance obligations in the contract

Performance obligations are promises in a contract to transfer distinct products or services to a customer and is the unit of account under IFRS 15. A contract's transaction price is allocated to each distinct performance obligation and revenue is recognized when the performance obligation is satisfied. A product or service is a distinct performance obligation if the customer can both benefit from the product or service either on its own or together with other resources that are readily available to the customer, and it is separately identifiable from other items within the context of the contract. Performance obligations are satisfied by transferring control of the product or service to the customer. Control of the product or service is transferred either at a point in time or over time depending on the performance obligation.

The Company generates revenue primarily from pay-per-use and monthly subscription fees for the Company's platform service. These fees are generally recognized as they are billed based on volume and size of distribution services provided in a given month. The Company's other performance obligations include maintenance services, email and phone support, and unspecified software updates released when, and if, available.

Hosting is considered a separate performance obligation which is satisfied over time; however, such activities are immaterial at any given point in time.

Determination of the transaction price

The transaction price is determined based on the consideration to which the Company expects to be entitled in exchange for providing services to the customer. Usage fees have fixed pricing. A significant financing component generally does not exist under the Company's standard contracting and billing practices.

Recognition of revenue when, or as, the Company satisfies a performance obligation

The Company recognizes revenue when the services are delivered to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. The Company is principally responsible for the satisfaction of its distinct performance obligations, which are satisfied either at a point in time or over a period of time.

Performance obligations satisfied at a point in time

Usage Fees - Advertising and Entertainment (Music)
Distribution and production of media comprise two distinct performance obligations that are satisfied at a point in time, and revenue is recognized at the point in which the distribution and production service has been delivered to the end user.

Performance obligations satisfied over a period of time

Awards Management - Entertainment
Customization, support and maintenance, and hosting comprise a bundle of performance obligations that are satisfied over a period of time. These performance obligations are not distinct in the context of each contract. Any hosting and support and maintenance activities are provided concurrent with the performance of customization within the billing period and are not considered material. Revenue is recognized over time, based on milestones of the awards management contract.

Contract Costs

Contract costs consist of customer acquisition costs to fulfill a contract. Customer acquisition costs are capitalized only if the costs are incrementally incurred to obtain a customer contract and may consist of sales commissions paid to sales personnel or third-party resellers. The Company elected the practical expedient approach and records the costs of obtaining a contract when incurred into profit or loss for contracts of less than 12 months.

Contract modifications may create new, or change existing, enforceable rights and obligations of the parties to the contract. The Company generally modifies an existing contract using an addendum or signed change order. A contract modification is accounted for as a new contract if it reflects an increase in scope that is regarded as distinct from the original contract and is priced in-line with the standalone selling price for the related product or services obligated. If a contract modification is not considered a new contract, the modification is combined with the original contract and the impact on the revenue recognition profile depends on whether the remaining products and services are distinct from the original contract. If the remaining goods or services are distinct from those in the original contract, all remaining performance obligations will be accounted for on a prospective basis with unrecognized consideration allocated to the remaining performance obligations. If the remaining goods or services are not distinct, the modification will be treated as if it were a part of the existing contract, and the effect that the contract modification has on the transaction price, and on our measure of progress toward satisfaction of the performance obligations, is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) at the date of the contract modification on a cumulative catch-up basis.

Contract assets and contract liabilities

Agreements with Award Show customers have billing cycles which differ from the Company's revenue recognition policies. For services that have been performed and not yet billed, the Company recognizes a contract asset. For services that have been billed and not yet performed, the Company recognizes a contract liability. Since the work for award shows are billed and revenues recognized are in short cycles of one year or less, it is expected that amounts in contract assets and liabilities would flow into the profit or loss within the next fiscal year.

Remaining performance obligations

The Company's contracts are for delivery of goods or services within the next following 12 months of a contract's execution; therefore, the Company uses the practical expedient allowed in Paragraph 121(a) of IFRS 15. Following Paragraph 121(a), the Company does not disclose the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period.

(j) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except for items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in statutory tax rates is recognized in profit or loss in the year of change. Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(k) Income (loss) per share

Basic income (loss) per share is computed by dividing the net income (loss) applicable to common shares of the Company by the weighted average number of common shares for the year. Diluted income (loss) per share is computed by dividing the net income (loss) applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. When there is a loss, no potential shares are included in the computation as they are anti-dilutive.

(l) Provisions

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

(m) Adoption of new and revised international financial reporting standards

Adoption of amendments to IAS 1 Presentation of Financial Statements

Effective January 1, 2023, amendments to IAS 1 Presentation of Financial Statements were adopted with respect to disclosure of the Company’s accounting policies. The adoption of the amendments did not result in any changes to the Company's accounting policies, the only impact was to the accounting policy information disclosed in the financial statements. As a result of the adoption of the amendments, the title of this note 3 was changed from “significant accounting policies” which had been used in all previous periods. Where management determined necessary, clarifying language was applied in order to enhance focus on the materiality of a policy, and immaterial policy language was deleted.

Adoption of amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Effective January 1, 2023, the Company adopted the amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors with respect to the new definition of "accounting estimates". The amendments clarify how measurement techniques and inputs are used to develop accounting estimates, and clarifies the distinction between changes in accounting policies, correction of prior period errors, and when changes are made to accounting estimates, including the facts and circumstances that are considered. The definition of a change in accounting estimates was deleted.

Standards and interpretations issued but not yet effective

At the date of authorization of these financial statements, the IASB has not issued any new or revised standards expected to have a material impact on the results and financial position of the Company when adopted. The Company has evaluated the impact of future accounting pronouncements and does not expect them to have a material impact on its financial statements.

4. Capital Risk Management

The Company includes equity comprised of share capital, share-based payments reserve, foreign currency translation reserve and deficit, in the definition of capital. In 2023, the amount of equity was $494,666 (2022 - $4,631,391). The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to further develop and market platform services, and to maintain its ongoing operations. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity and warrants, debt or by securing strategic partners.

The Company has covenants in relation to the Term Loan facility (see note 13) during the year ended December 31, 2023.

5. Risk Management

Financial Instruments and Risk Management

The Company is exposed to a variety of financial risks by virtue of its activities: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by management under policies approved by the Board of Directors. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

(a) Market risk:

Market risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in the market prices. Market risk is comprised of three types of risk such as foreign currency risk, interest rate risk and commodity risk. Two types of risk are applicable to the Company:

(Expressed in United States dollars, unless otherwise noted)

(i) Currency risk:

The Company operates internationally, and the US dollar (“USD”) is the presentation currency. The Company, however, does have revenues, expenses, assets, and liabilities denominated in currencies other than USD, primarily Canadian dollar (“CAD”). The principal foreign currency risk as at December 31, 2023 is therefore the CAD.

A 5% change in exchange rates would result in a $153,012 impact on profit or loss. Balances in foreign currencies at December 31, 2023 are as follows:

	USD
Cash	$41,076
Accounts receivable	$179,910
Trade and other payables	$105,145
Revolving credit facility	$850,597
Convertible debentures	$410,197
Term loan	$1,656,679
Capital lease obligation	$258,615

(ii) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions and potential increases on the prime rate applied on the revolving credit facility available to the Company. The Company’s revolving credit facility, term loan and convertible debt are floating interest rate facilities. A 5% increase in the floating rate would result in a $10,503 impact on profit or loss.

(b) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consists primarily of non-payment of accounts receivable.

The Company mitigates this risk by monitoring the credit worthiness of its customers and by offering the platform service to numerous smaller customers. As at and during the year ended December 31, 2023, approximately 16% (2022 - 19%) of accounts receivable and 20% (2022 - 12%) of revenue are from two customers, respectively.

The definition of items that are past due is determined by reference to payment terms agreed to with individual customers, which are normally within 30 to 90 days.

(Expressed in United States dollars, unless otherwise noted)

Aging of trade receivables that are past due, but not impaired are as follows:

	December 31 2023	December 31 2022
0 to 30 days past due	**$1,071,374**	$501,443
31 to 60 days	**238,260**	406,134
Over 60 days	**377,709**	504,000
Total past due	**$1,687,343**	$1,411,577

Continuity of estimated credit losses:

	December 31 2023	December 31 2022
Balance, beginning of year	**$214,170**	$91,181
Accounts written off to bad debt expense	**144,777**	129,880
Remeasurement of loss allowance	**(179,263)**	(6,891)
Balance, end of year	**$179,684**	$214,170

The Company's allowance for doubtful accounts as at December 31, 2023 is $179,684 (December 31, 2022 - $214,170) due to a higher bad debt recovery rate from prior year's written off amount.

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages its liquidity risk by forecasting cash flows from operations and anticipating investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary.

The Company manages liquidity risk on the basis of expected maturity dates.

The following tables analyze financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows).

(Expressed in United States dollars, unless otherwise noted)

	Lease Obligations	Contract Liabilities	Term Loan Facility	Trade & Other Payables	Revolving Credit Facility	Convertible Debt	Total
< 1 year	$87,797	**$159,501**	**$1,656,679**	**$1,041,251**	**$850,597**	-	$3,795,825
1- 3 years	$205,175	**-**	**-**	**-**	**-**	$410,197	$615,372
Balance at December 31, 2023	**$292,972**	**$159,501**	**$1,656,679**	**$1,041,251**	**$850,597**	**$410,197**	**$4,411,197**

	Lease Obligations	Contract Liabilities	Term Loan Facility	Trade & Other Payables	Revolving Credit Facility	Convertible Debt	Total
< 1 year	$274,556	$86,244	$108,921	$879,420	$844,982	-	$2,194,123
1- 3 years	$274,936	-	$1,654,930	-	-	$382,908	$2,312,774
Balance at December 31, 2022	**$549,492**	**$86,244**	**$1,763,851**	**$879,420**	**$844,982**	**$382,908**	**$4,506,897**

At present, the Company expects to either pay its liabilities or renew debts at their contractual maturity. In order to meet such cash commitments, the Company expects the operating activity to generate sufficient cash inflows and to complete modifications of its existing debt during the fiscal year 2024.

6. Business Combination

On November 8, 2023 (the “Closing Date”), the Company closed its business acquisition of the Millenia3 Communication Inc. (“Millenia3”). The Company acquired Millenia3’s customer lists and contracts, and trade name, computer hardware, along with a highly skilled team of employees located in the United States, pursuant to the Purchase Agreement dated November 8, 2023 (the “Asset Purchase Agreement”). The total purchase price consists of the following:

(a) Cash consideration of $100; and,

(b) Contingent consideration payable in cash.

Based in Atlanta, Georgia, United States of America, Millenia3 is a specialized media trafficking and deployment services company for broadcast and digital advertising and a provider of content management solutions for global brands and business customers. It is the Company’s strategic view that the transaction will enable its business services expansion by accessing Millennia3’s customer list in the US market and acquiring the expertise of Millenia3’s staff.

(Expressed in United States dollars, unless otherwise noted)

The contingent consideration consists of additional cash payments as a result of the following:

(a) Fiscal 2023
   - (i) 5% of revenues if revenues for the months of November and December 2023 combined are less than $166,667; or
   - (ii) 10% of revenues if revenues for the months of November and December 2023 combined are at least $166,667 and less than $250,000; or
   - (iii) 15% of revenues if revenues for the months of November and December 2023 combined are at least $250,000

(b) Fiscal 2024 and 2025
   - (iv) 5% of revenues if revenues for the applicable 12-month period are less than $1,000,000;
   - (v) 10% of revenues if revenues for the applicable 12-month period are at least $1,000,000 and less than $1,500,000; or
   - (vi) 15% of revenues if revenues for the applicable 12-month period are at least $1,500,000

Measurement periods: Annual periods ending on the 1st, 2nd, and 3rd of December 31, 2023.

The fair value as at the acquisition date was $211,400. The first earnout payment payable to the seller of Millenia 3 was calculated in January 2024, per the agreement. Based on the Company's calculations, the Company has a cash payable amount of $56,506 with respect to the (a) of the earn-out contingent consideration as the gross revenue generated from Millenia 3's acquired business exceeded $250,000 in the month of November and December 2023. Subsequent payments were made during the first quarter of fiscal year 2024.

As of December 31, 2023, the fair value of the remaining contingent consideration is estimated to be $184,037.

The following table presents the purchase price allocation at the acquisition date:

Fair value of assets and liabilities recognized:	
Trade receivables	$45,439
Computer hardware	2,100
Customer relationships	129,000
Brands and trademarks	8,000
Fair value of net assets acquired	184,539
Goodwill	26,961
Total consideration	$211,500

The fair value of acquired receivables was $45,439, and $33,320 was collected subsequent to the acquisition date.

(Expressed in United States dollars, unless otherwise noted)

The acquisition has been accounted for as a business combination under the purchase method. The results of the operations of the Millenia 3 business since the date of the acquisition have been included in these financial statements. The allocation of the purchase price to assets and liabilities is based on the fair value, with the excess of the purchase price over the fair value of the assets acquired being allocated to goodwill.

The goodwill is attributable mainly to the skills and technical talent of Millenia 3's work force and the business growth expected to be achieved from integrating Millenia 3 into the Company's existing advertising business.

In connection with the Millenia 3 acquisition, the Company incurred fees, including legal and professional costs, of $6,049 in 2023 that were recognized in profit or loss.

Goodwill, resulted from Millenia 3 acquisition, will be tested at least annually for impairment or more frequently when impairment indicators are identified.

7. Property and Equipment

	Office Equipment	Computer Equipment	Computer Software	Right-of-use Office Property	Leasehold Improvements	Total
Cost	$	$	$	$	$	$
Balance, January 1, 2022	30,941	705,345	355,451	973,492	24,503	2,089,732
Additions	1,561	21,452	60,636	292,168	21,116	396,933
Balance, December 31, 2022	32,502	726,797	416,087	1,265,660	45,619	2,486,665
Additions	3,078	21,610	20,532	-	-	45,220
Balance, December 31, 2023	**35,580**	**748,407**	**436,619**	**1,265,660**	**45,619**	**2,531,885**
Accumulated depreciation						
Balance, January 1, 2022	28,771	593,480	313,856	460,680	10,879	1,407,666
Depreciation expense	1,451	60,183	41,150	285,019	5,890	393,693
Balance, December 31, 2022	30,222	653,663	355,006	745,699	16,769	1,801,359
Depreciation expense	1,078	57,314	32,797	264,931	7,114	363,234
Balance, December 31, 2023	**31,300**	**710,977**	**387,803**	**1,010,630**	**23,883**	**2,164,593**
Carrying amounts						
December 31, 2022	2,280	73,134	61,081	519,961	28,850	685,306
December 31, 2023	**4,280**	**37,430**	**48,816**	**255,030**	**21,736**	**367,292**

Included in property and equipment are computer equipment and computer software under leases with a cost of $419,636 (2022 - $467,610). Accumulated depreciation for these assets under leases is $404,397 (2022 - $459,356).

(Expressed in United States dollars, unless otherwise noted)

8. Intangible Assets

	Brand	Customer Relationships	Development Costs	Total
Cost	$	$	$	$
Balance, January 1, 2022	62,000	969,000	578,165	1,609,165
Additions	-	-	671,372	671,372
Balance, December 31, 2022	62,000	969,000	1,249,537	2,280,537
Additions	8,000	129,000	563,756	700,756
Balance, December 31, 2023	**70,000**	**1,098,000**	**1,813,293**	**2,981,293**
Accumulated amortization				
Balance, January 1, 2022	12,056	188,417	5,110	205,583
Amortization expense	20,668	323,000	73,732	417,400
Balance, December 31, 2022	32,724	511,417	78,842	622,983
Amortization expense	21,109	330,166	206,362	557,637
Balance, December 31, 2023	**53,833**	**841,583**	**285,204**	**1,180,620**
Carrying amounts				
December 31, 2022	29,276	457,583	1,170,695	1,657,554
December 31, 2023	**16,167**	**256,417**	**1,528,089**	**1,800,673**

During the year ended December 31, 2023, the Company capitalized product development costs of $563,756 (December 31, 2022 - $671,372). Depreciation expense of $206,362 (2022 - $73,732) was expensed to development costs during the year ended December 31, 2023. The significant new projects for the year ended December 31, 2023 consisted of new features in the Awards platform, improvements in the user interface in the Music and Advertising platforms, and significant enhancements to its core technology infrastructure.

9. Goodwill

	December 31, 2023	December 31, 2022
Balance, beginning of year	**$3,845,576**	**$3,845,576**
Impairment	**(3,513,390)**	**-**
Acquisition of Millenia3	26,960	**-**
Balance end of year	**$359,146**	$3,845,576

The opening goodwill balance of $3,845,576 was recognized, per IFRS 3 business combination, as a result of the business acquisition of Digital Media Services ("DMS") in fiscal year 2021. The other intangible assets acquired as part of the DMS acquisition are wholly allocated to the advertising CGU. In accordance with IAS 36.80, this is the CGU management has identified that is expected to benefit from the synergies from the combination. Since then, the Company tests goodwill for impairment on an annual basis or whenever there is an indication that the goodwill may be impaired. Goodwill has been allocated as appropriate to the relevant cash generating units ("CGUs"). A total of three CGUs were identified: Advertising, Music, and Awards. All goodwill and indefinite intangible assets have been allocated to the Advertising CGU given DMS was fully integrated with the Advertising operations post-acquisition. The Music or Awards CGUs do not contain any goodwill.

(Expressed in United States dollars, unless otherwise noted)

Management assesses for impairment indicators and performs an annual test of impairment for goodwill, as of December 31, 2023. Management compared the aggregate recoverable amount of the assets included in the respective advertising CGU/group of CGU, estimated using discounted cashflows for between 5–10 years using a flat growth rate on revenue determined by management, to their respective carrying amounts.

The key assumptions used in the estimation of the recoverable amount for the advertising group CGU at December 31, 2023 are set below. The values assigned to the key assumptions represent management's assessment of the future trends in the industry and have been based on information from both external and internal resources.

Advertising CGU
- After-tax discount rate 24.25%
- Long-term growth rate 3.0%
- Normalized EBITDA % of revenue 12%

As a result of the impairment test, the recoverable amount for the advertising CGU was determined to be $3,513,390 lower than its carrying value due to a mixed impact from revised future earnings outlook and higher discount rate. This amount has been recorded as an impairment loss.

The estimate of recoverable amount for the advertising CGU is particularly sensitive to the key assumptions used in the estimation of the recoverable amount. If the after-tax discount rate used is increased by 1%, an additional impairment loss of $80,757 would have been recognized. A 1% decrease in the after-tax discount rate used would have resulted in a smaller impairment loss by $88,213.

If the long-growth rate used is increased by 1%, a smaller impairment loss by $35,195 would have been recognized. A 1% decrease in the terminal growth rate used would have resulted in a further impairment loss of $32,033.

If the earnings rate on revenue used is increased by 1%, a smaller impairment loss of $166,255 would have been recognized. A 1% decrease in the earnings rate on revenue used would have resulted in a further impairment loss of $263,685.

10. Trade and Other Payables

	December 31 2023	December 31 2022
Trade payables	**$ 767,572**	$ 554,167
Accrued liabilities	**273,680**	325,253
	$ 1,041,252	$ 879,420

(Expressed in United States dollars, unless otherwise noted)

11. Contract Assets and Liabilities

Contract assets represent for the services that have been performed, delivered but not yet billed to customer. Contract liabilities represent services that have been billed and cash received from customers in advance of delivery, but not yet performed. All amounts are expected to be utilized in the next twelve months.

	December 31 2023	December 31 2022
Contract assets	**$69,727**	$108,527
Contract liabilities	**(159,501)**	(86,244)
	$(89,774)	$22,283

12. Lease Obligations

The Company has lease obligations until 2025 with purchase options at the end of each lease term. All of these lease agreements have 3-5 year terms at inception and carry a weighted average incremental borrowing rate of 4.60% per annum (2022 – 4.53%).

	Computer Equipment	**Software**	**Property**	**Total Lease Liability**
	$	**$**	**$**	**$**
Balance at January 1, 2022	10,461	5,911	514,212	530,584
Additions during the period	10,172	-	292,168	302,340
Principal payments	(8,527)	(5,911)	(268,994)	(283,432)
Balance at December 31, 2022	12,106	-	537,386	549,492
Additions during the period	14,806	-	-	14,806
Principal payments	(8,831)	-	(262,495)	(271,326)
Balance at December 31, 2023	**18,081**	**-**	**274,891**	**292,972**
Current lease obligation	6,990	-	80,807	87,797
Long-term lease obligation	11,091	-	194,084	205,175
Balance at December 31, 2023	**18,081**	**-**	**274,891**	**292,972**
Effective annual rate of interest	6.49%	-	4.45%	4.60%
Amount of interest recognized in profit or loss	1,647	-	18,578	20,225

13. Loan Facility

The Company has a credit agreement (the "Credit Facility") with a tier-1 Canadian financial institution (the "Bank"). The Credit Facility is secured by a first ranking security over all present and future assets and property of the Company.

The Credit Facility includes a revolving credit facility in the amount of CAD $1,750,000 and a term loan facility with an initial principal balance of CAD $3,250,000.

Revolving Credit Facility

The revolving credit facility of USD $1,323,175 (CAD $1,750,000) is available by loan advances and is subject to standard borrowing base calculations and margining against trade accounts receivable. Interest payments are based on the Bank's prime rate plus 1.95% per annum. As at December 31, 2023, the Company has drawn $850,597 (2022 - $844,982) of the revolving credit facility.

Term Loan Facility

The term loan facility of CAD $3,250,000 was fully advanced on May 21, 2021 and was used for the purchase of DMS and for general corporate purposes. The term of the loan is 42 months, amortized over 72 months, and had an initial 6-months interest only payment component. Interest payments are based on the Bank's prime rate plus 2.45%. The term loan facility is secured by the assets of the Company.

On December 2, 2022, the Bank entered into the first amendment agreement with the Company such that the Company will be in good standing with the covenants related to the term loan facility. The amendment provides a six-month principal holiday beginning on January 1, 2023 during which the Company was required to pay interest only on its term loan, and an increase in the interest rate to Prime plus 4.45%. The Company incurred $95,724 of amendment fees and has recorded these as deferred financing costs that are being amortized over the expected duration of the term loan facility.

On December 29, 2023, the Bank entered into the second amendment agreement with the Company such that the Company will be in good standing with the modified covenants related to the term loan facility. The Company incurred CAD $15,000 of amendment fees and has recorded these as deferred financing cost that are being amortized over the expected duration of the term loan facility. The amendment extended the term loan maturity date to January 26, 2025 and the Company must maintain a minimum Fixed Charge Coverage Ratio and Interest-Bearing Debt to EBITDA ratio which shall not be tested until March 31, 2024. The Company must maintain minimum EBITDA targets for the trailing twelve months periods in 2023. The Company was not in compliance with the financial reporting requirements due to the late filing of financial statements.

During the year ended December 31, 2023, $66,303 of deferred financing fees were amortized. Under IFRS, the Company determined the amendment to be a modification of the loan. No gain on modification of the loan was recorded for 2023.

(Expressed in United States dollars, unless otherwise noted)

	December 31 2023	December 31 2022
Term loan facility	**$1,749,882**	$ 1,926,941
Less: unamortized deferred financing costs	**(93,203)**	(163,090)
Balance, end of year	**1,656,679**	1,763,851
Current portion of term loan	**1,656,679**	108,921
Long-term portion of term loan	**-**	1,654,930
Balance, end of year	**$1,656,679**	$ 1,763,851
Revolving credit facility balance, end of year	**$850,597**	$844,982

14. Convertible Debentures

On December 2, 2022, the Company completed a non-brokered private placement offering of unsecured, convertible debentures ("the Debentures") for gross proceeds of CAD $500,000. The Debentures will mature on November 30, 2027 and each CAD $1,000 Debenture will bear interest at a simple rate of Bank's prime plus 8.00% per annum (subject to increase to Bank's prime plus 10.00% per annum in the event of certain defaults). The holders of the Debentures were required to exercise a Subordination and Postponement Agreement in favour of the term loan facility. During the term of the Subordination and Postponement Agreement, no payments to the holders of the Debentures in the form of cash will be permitted except for payments of interest. The holders of the Debentures will be entitled to convert the principal amount of the Debentures at any time on or prior to the maturity date into common shares of the Company at a conversion price of $0.10. Interest will be payable within 30 days of the end of each semi-annual period ended November 30th and May 31st throughout the term of the Debentures in cash or common shares of the Company, at the discretion of the Company. As certain directors of the Company participated in the Debenture financing, the Debenture is considered a "related party" transaction. See note 21 - Related Party Transactions.

During the year ended December 31, 2023, $3,584 (December 31, 2022 - $330) of deferred financing fees were amortized.

For accounting purposes, the debenture has been separated into a host debt liability and an embedded derivative liability component. The fair value of the derivative is calculated using a Black Scholes option model and revalued at every period through profit or loss, with the residual being allocated as the host debt liability component. The host debt will be measured subsequently at amortized cost using the effective interest rate method.

At initial recognition the equity component of resulted in a taxable temporary difference. The Company recognized a deferred tax asset of $8,949 which is not recorded as it is not probable that the benefit of these assets can be realized in the foreseeable future (see note 19).

(Expressed in United States dollars, unless otherwise noted)

	2023
Face value of convertible debentures	$276,944
Embedded derivative liability	125,425
Issuance costs	(19,461)
Balance as of December 31, 2022	382,908
Fair value loss on revaluation of embedded derivative liability	2,063
Accretion of convertible debentures	20,030
Interest accrued	(52,658)
Interest paid	54,270
Accumulated amortization of issuance costs	3,584
Balance as of December 31, 2023	$410,197

15. Share Capital

The Company is authorized to issue an unlimited number of common shares.

The following is a summary of changes in common share capital:

	Number of Shares	Value
Balance at January 1, 2022	60,697,140	$27,554,260
Exercise of options (a)	580,000	74,423
Exercise of RSUs (b)	1,160,000	197,599
Balance at December 31, 2022	62,437,140	27,826,282
Balance at December 31, 2023	**62,437,140**	**$27,826,282**

(a) During the year ended December 31, 2022:

i. Exercise of 409,500 stock options at a price of CAD $0.10 per share for gross proceeds of $32,140. The share price at the date of exercise was $0.13. The initial value of $20,329 related to the options' original issuances was reclassified from share-based payment reserves to share capital.

ii. Exercise of 170,500 stock options at a price of CAD $0.10 per share for gross proceeds of $13,447. The share price at the date of exercise was $0.13. The initial value of $8,507 related to the options' original issuances was reclassified from share-based payment reserves to share capital.

(b) During the year ended December 31, 2022, the Company issued 1,160,000 shares to employees as part of the exercise of RSUs. The fair value of the shares of $197,599 was reclassified from share-based payments reserve to share capital.

During the year ended December 31, 2023, no shares, options and RSUs were issued and/or exercised.

(Expressed in United States dollars, unless otherwise noted)

16. Share-Based Payments

Securities Based Compensation Plan

The Company has an Omnibus Equity Incentive Plan (the "Omnibus Equity Incentive Plan"), which was approved on June 29, 2021 at the Company's Annual General and Special Meeting of the shareholders. The Omnibus Equity Incentive Plan permits the grant of stock options as well as restricted share units, deferred share units, performance share units and share appreciation rights (all awards other than options referred to as the "Non-Option Awards"). Pursuant to the terms of the Omnibus Equity Incentive Plan, the maximum number of common shares issuable pursuant to new options together with options granted under the Predecessor Plan cannot not exceed 6,651,935 in the aggregate, being 11% of the issued and outstanding common shares of the Company at the time of implementation and the maximum number of common shares issuable pursuant to the Non-Option Awards common shares could not exceed 1,814,164 in the aggregate, being 3% of the issued and outstanding common shares of the Company at the time of implementation, for an unchanged aggregate maximum of 8,466,099 common shares (14%).

The Non-Option Awards may be settled, if and when vested, in common shares of the Company or the cash equivalent, at the election of the Company on issuance of the awards.

Stock Options

The Company has issued stock options to acquire common shares as follows:

	Weighted Average Price (CAD)	Outstanding options	Vested Options	Weighted Ave. Remaining Life (Years)
Balance at December 31, 2021	$0.16	6,384,500	3,675,500	1.67
Forfeited	0.14	(1,366,500)		
Expired	0.13	(762,500)		
Exercised	0.10	(580,000)		
Balance at December 31, 2022	$0.18	3,675,500	3,675,500	1.67
Expired	0.28	(1,162,500)	(1,162,500)	
Cancelled	0.12	(310,000)	(310,000)	
Balance at December 31, 2023	**$0.14**	**2,203,000**	**2,203,000**	**0.36**

For the period ended December 31, 2023, the fair value of options granted was $nil (December 31, 2022 - $nil).

The estimated fair value of the options is expensed over the vesting period. The options vest 10% on the date of grant, and the remaining 90% vest as to a third on each 6-month anniversary following the date of grant. The compensation expense and charge to share based payment reserves relating to the stock options for the twelve months ended December 31, 2023 was nil (2022 - $38).

The following table shows the stock options outstanding at December 31, 2023:

(Expressed in United States dollars, unless otherwise noted)

Number of Options	Number of Unvested Options	Number of Vested Options	Exercise Price (CAD)	Expiry Date
1,315,000	-	1,315,000	$0.155	January 8, 2024
350,000	-	350,000	$0.120	June 17, 2024
503,000	-	503,000	$0.115	February 4, 2025
35,000	-	35,000	$0.105	September 15, 2025
2,203,000	**-**	**2,203,000**	**$0.14**	

Subsequent to the year ended December 31, 2023, 1,665,000 outstanding options had expired unexercised.

Restricted Share Units

The Company may grant Restricted Share Units ("RSUs") to any participant under the Omnibus Equity Incentive Plan.

The fair value of Restricted Stock units is based on the closing price of the common shares of the Company on the trading day immediately preceding the date of the award and are recognized over the vesting period.

On August 10, 2021, the Company issued 1,115,000 restricted share units to directors, officers, employees and consultants, of which 600,000 were issued to directors and officers. These restricted share units are expected to be settled through the issuance of 1,115,000 common shares of the Company. These restricted share units vested fully on January 31, 2022. These restricted share units have been fair valued based on the quoted market price on the date of issuance of $0.23 per common share.

On December 1, 2021, the Company issued 150,000 RSUs to employees. These restricted share units are expected to be settled through the issuance of 150,000 common shares of the Company. These restricted share units vest fully on December 1, 2022. The fair value of the restricted share units was measured with reference to the quoted market price on the date of issuance of $0.13 per common share.

The compensation expense and credit to share-based payments reserve relating to the RSUs for the year ended December 31, 2023 was nil (2022 - $48,272).

During the year ended December 31, 2022, the Company issued 1,160,000 shares to employees as part of the exercise of RSUs. The initial value of the RSUs at the date of grant of $197,599 was reclassified from share-based payments reserve to share capital. No RSUs was issued to employees during the year ended December 31, 2023.

(Expressed in United States dollars, unless otherwise noted)

The following table shows the RSUs outstanding as at December 31, 2023:

Number of units	**December 31, 2023**	December 31, 2022
Balance beginning of the year	**-**	1,232,500
Granted	**-**	-
Forfeited	**-**	(72,500)
Exercised	**-**	(1,160,000)
Balance end of the year	**-**	-

17. Basic and Diluted Income (Loss) per Share

The income (loss) and weighted average number of common shares used in the calculation of basic and diluted income (loss) per share for the year ended December 31, 2023 and 2022 were as follows:

	December 31 2023	December 31, 2022
Numerator:		
Net income (loss)	**$(4,136,800)**	$1,570,289
Denominator:		
Weighted average number of common shares – basic	**62,437,140**	62,174,961
Adjustments for calculation of diluted income per share: Options in the money	**-**	-
Weighted average number of common shares – diluted	**62,437,140**	62,174,961
Basic income (loss) per share	**$(0.07)**	$0.03
Diluted income (loss) per share	**$(0.07)**	$0.03

18. Technology Development

Investment tax credits (“ITCs”) earned as a result of incurring Scientific Research and Experimental Development ("SRED") eligible expenditures are recorded as a reduction of the related current period expense. Management records ITCs when there is reasonable assurance of collection. In the year ended December 31, 2023, the Company incurred technology development expenses of $725,564 (2022 - $800,924), recognized ITCs of $98,175 (2022 - $160,658) resulting in a net expense of $627,389 (2022 - $640,266).

(Expressed in United States dollars, unless otherwise noted)

19. Income Taxes

(a) The Company's income tax expense (recovery) for fiscal years ended December 31, 2023 and December 31, 2022 comprises the following:

	December 31 2023	December 31 2022
Current income tax expense	**$3,859**	$14,142
Deferred income tax expense	**-**	-
Income tax expense	**$3,859**	$14,142

(b) The provision for income tax differs from the amount that would have resulted by applying the combined Canadian statutory income tax rate of approximately 25.5% (2022 - 25.5%) for fiscal years ended December 31, 2023 and December 31, 2022 as follows:

	December 31 2023	December 31 2023
Income (loss) before income taxes	**$(4,132,807)**	$1,584,431
Statutory rate	**25.5%**	25.5%
Expected income tax expense (recovery)	**$(1,053,866)**	$403,615
Stock-based compensation	**-**	12,306
Changes in unrecognized temporary differences	**970,573**	117,498
Other permanent differences	**30,839**	(533,783)
Other	**56,313**	14,506
Income tax expense	**$3,859**	$14,142

(c) The following table summarizes components of recognized deferred tax assets and liabilities as at December 31, 2023 and December 31, 2022:

Recognized deferred tax assets (liabilities)	**December 31 2023**	December 31 2022
Intangible assets	**$(36,479)**	$(1,129,268)
Right-of-use assets	**(68,879)**	(180,256)
Financing fees	**(11,900)**	(32,441)
SRED expenditures and other	**117,258**	1,341,965
Net deferred tax assets (liabilities) recognized	**$ -**	$ -

(d) Deferred tax assets have not been recognized in respect of the following deductible temporary differences as at December 31, 2023 and December 31, 2022:

(Expressed in United States dollars, unless otherwise noted)

Unrecognized deductible temporary differences	**December 31 2023**	December 31 2022
Non-capital losses	**$12,398,941**	$16,030,057
SRED expenditures	**8,092,808**	5,652,887
Accounting provisions, accruals and other	**227,715**	339,049
Property and equipment	**1,034,394**	1,265,580
Capital leases	**292,972**	747,803
Donation	**1,046**	-
	$22,047,876	$24,035,376

The Company has a carry-forward balance of investment tax credits of $2,802,209 CAD which generally expire over a period of 20 years and unused expenditures of $11,312,027 CAD relating to SRED costs, which do not expire. The Company has a carry-forward balance of Ontario Research and Development Tax Credit of $63,795 CAD which generally expire over a period of 20 years. The Company also has non-capital losses of $12,398,941 available to apply against future taxable income. If not utilized, the non-capital losses will expire as follows:

Years	**Amounts ($)**
2028	1,129,799
2029	1,852,580
2030	2,266,715
2031	2,623,541
2032	1,035,327
2033	764,223
2034	774,946
2035	155,359
2036	181,680
2043	995,531
2044	619,241
	12,398,942

In addition, the Company has non-Canadian tax losses of approximately $1,862,983 that are associated with its US branch operations. Of this, approximately $1,127,084, representing tax loss arising in tax years 2017 and before, expire between 2035 and 2037. The remaining approximately $735,899 representing tax loss arising in tax years 2018 and later, do not expire; however, this loss can offset only up to a maximum of 80% of the Company's taxable income in any one year.

As of December 31, 2023, Management has not recognized deferred tax assets in respect of the tax losses, investment tax credits as well as these temporary differences as it is not probable that the benefit of these assets can be realized in the foreseeable future.

(Expressed in United States dollars, unless otherwise noted)

20. Segmented Information

The Company has only one reportable segment and provides Advertising, Entertainment and Awards Management software workflow solutions to customers across multiple geographic regions. It considers the basis on which it is organized, including geographic areas and service offerings, in identifying its reportable segments. Operating segments of the Company are defined as components of the Company for which separate financial information is available and is evaluated regularly by the chief operating decision maker in allocating resources and assessing performance. The chief operating decision maker is the Chief Executive Officer of the Company. For revenues, the amounts included are from the originating country.

Below is the breakdown of revenue and long-term assets by geographical segment:

As at and for the year ended December 31, 2023	**Canada ($)**	**US ($)**	**Total ($)**
Advertising	$509,798	$5,166,972	$5,676,770
Music	400,129	696,039	1,096,168
Awards management	117,589	994,955	1,112,544
Total revenue	**1,027,516**	**6,857,966**	**7,885,482**
Property and equipment	**257,283**	**110,008**	**367,291**
Intangible assets	**1,528,089**	**272,584**	**1,800,673**
Goodwill	**-**	**359,146**	**359,146**
Trade and other payables	**328,976**	**712,275**	**1,041,251**

As at and for the year ended December 31, 2022	**Canada ($)**	**US ($)**	**Total ($)**
Advertising	$230,044	$5,071,990	$5,302,034
Music	429,288	859,851	1,289,139
Awards management	108,234	1,035,437	1,143,671
Total revenue	$767,566	$6,967,278	$7,734,844
Property and equipment	373,809	311,497	685,306
Intangible assets	1,170,695	486,859	1,657,554
Goodwill	-	3,845,576	3,845,576
Trade and other payables	125,813	753,607	879,420

(Expressed in United States dollars, unless otherwise noted)

21. Related Party Transactions

Key management personnel are comprised of the Company's directors and executive officers. In addition to their salaries, key management personnel also participate in the Company's Omnibus Equity Incentive Plan program (note 16).

Key management personnel compensation are as follows for the year ended:

	December 31 2023	December 31 2022
Salaries and short-term employee benefits*	**$755,620**	$691,079
Share-based payments	**-**	19,564
	$755,620	$710,643

* Short-term employee benefits include bonuses, vacation pay and commission.

Certain directors of the Company participated in the Debenture financing (See note 14).

22. Government Assistance

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a global pandemic. The COVID-19 pandemic had an adverse impact on advertising and entertainment industry which resulted in a negative impact to the Company's revenues since the on-set of the COVID-19 pandemic.

For the year ended of December 31, 2023, the Company recognized Canadian Federal Government's Canada Emergency Wage Subsidy ("CEWS") CEWS expense of $165,485 (2022 – nil) due to Canada Revenue Agency audit of the Company's claims from prior years. The Company also modified ERTC assistance receivable to $429,977 from the year ended December 31, 2022 of $538,019, which were included in salaries and consulting in the prior year are now reclassified as government subsidy.

23. Commitments and Contingencies

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with customers, suppliers and former employees. There were no material litigation and claims against the company during the year ended December 31, 2023.

24. Events After Reporting Period

As of March 31, 2024, the Company was not in compliance with the financial covenants pursuant to the second amendment agreement of the term loan facility, and financial reporting requirements. The Company is currently in negotiation with the lender on modification of the loan facility on a prospective basis.