Sabio Holdings Inc.

Condensed Interim Consolidated Financial Statements

For the three months ended
March 31, 2023 and 2022 (unaudited)

Expressed in U.S. Dollars

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	March 31, 2023	December 31, 2022
	$	$
Assets		
Current assets		
Cash and cash equivalents	**3,292,431**	3,999,402
Accounts receivable, net of expected credit losses (Note 6)	**5,973,088**	12,269,474
Due from related parties (Note 12)	**848,213**	848,063
Prepaid expenses and other current assets	**464,287**	361,615
	10,578,019	17,478,554
Right of use asset (Note 9)	**1,358,405**	1,479,250
Intangible assets (Note 7)	**341,468**	354,156
Goodwill	**2,478,774**	2,478,774
	14,756,666	21,790,734
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	**7,977,987**	13,083,733
Deferred revenue	**-**	276,034
Current income tax liabilities	**45,260**	37,957
Lease liability (Note 9)	**413,003**	490,664
Loans payable (Note 10)	**5,007,085**	3,945,423
	13,443,335	17,833,811
Lease liability (Note 9)	**1,044,450**	1,128,673
Loans payable (Note 10)	**482,915**	479,513
Deferred income tax liabilities	**683**	683
	14,971,383	19,442,680
Shareholders' Equity (Deficiency)		
Common shares (Note 11)	**12,157,066**	12,058,242
Common stock issuable (Note 11)	**-**	10,645
Share-based benefits reserve (Note 11)	**1,569,737**	1,438,399
Deficit	**(13,834,534)**	(11,054,886)
Foreign currency translation reserve	**(106,986)**	(104,346)
	(214,717)	2,348,054
	14,756,666	21,790,734

Events after the reporting period (Note 16)

Approved by Directors:

'Aziz Rahimtoola'
Director

'Jennifer Cabalquinto'
Director

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

sabio HOLDINGS TSXV:SBIO OTCQX:SABOF

	For the three months ended	
	March 31, 2023	March 31, 2022
	$	$
Revenues	**6,481,572**	5,578,318
Cost of sales	**2,470,522**	2,169,657
Gross profit	**4,011,050**	3,408,661
Expenses		
Sales and marketing	**3,478,150**	2,265,008
General and administrative	**1,194,637**	913,584
Research and technology costs	**1,429,972**	1,029,586
Amortization of intangible assets (Note 7)	**37,140**	121,870
Occupancy (Note 9)	**206,282**	102,206
Amortization of lease (Note 9)	**120,845**	45,148
Share-based compensation (Note 11)	**145,888**	253,141
	6,612,914	4,730,543
Loss before finance costs, transaction costs and income taxes	**(2,601,864)**	(1,321,882)
Finance costs	**170,481**	158,819
Transaction costs	**-**	161,453
Loss before income taxes	**(2,772,345)**	(1,642,154)
Income taxes	**7,303**	1,516
Net loss for the period	**(2,779,648)**	(1,643,670)
Other comprehensive loss		
Foreign currency translation loss	**(2,640)**	(516)
Comprehensive loss	**(2,782,288)**	(1,644,186)
Loss per share		
Basic	**(0.06)**	(0.04)
Diluted	**(0.06)**	(0.04)
Weighted average number of shares outstanding		
Basic	**46,711,075**	43,824,841
Diluted	**46,711,075**	43,824,841

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

	Number of Common Shares	Common shares	Common stock issuable	Share-based benefits reserve	Deficit	Foreign currency translation reserve	Total shareholders' equity (deficiency)
	#	$	$	$	$	$	$
Balance, December 31, 2021	43,824,841	10,345,939	-	763,466	(10,208,121)	(105,510)	795,774
Share-based compensation	-	-	-	253,141	-	-	253,141
Net loss and total comprehensive loss	-	-	-	-	(1,643,670)	(516)	(1,644,186)
Balance, March 31, 2022	**43,824,841**	**10,345,939**	**-**	**1,016,607**	**(11,851,791)**	**(106,026)**	**(595,271)**
Balance, December 31, 2022	46,378,188	12,058,242	10,645	1,438,399	(11,054,886)	(104,346)	2,348,054
Share-based compensation	-	-	-	168,657	-	-	168,657
Shares issued due to exercise of stock options (Note 11)	424,126	88,179	-	(37,319)	-	-	50,860
Common stock issuable (Note 11)	45,708	10,645	(10,645)	-	-	-	-
Net loss and total comprehensive loss	-	-	-	-	(2,779,648)	(2,640)	(2,782,288)
Balance, March 31, 2023	**46,848,022**	**12,157,066**	**-**	**1,569,737**	**(13,834,534)**	**(106,986)**	**(214,717)**

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

	For the three months ended	
	March 31, 2023	March 31, 2022
	$	$
Cash flows used in operating activities		
Net loss	**(2,779,648)**	(1,643,670)
Adjustments for:		
Share-based compensation (Note 11)	**145,888**	253,141
Shares issued to contractors (Note 11)	**22,769**	-
Finance costs (Note 9)	**50,306**	18,905
Foreign exchange	**(2,640)**	(516)
Amortization of intangible assets (Note 7)	**37,140**	121,870
Loss on disposal of intangibles	**-**	6,222
Amortization of lease (Note 9)	**120,845**	45,148
	(2,405,340)	(1,198,900)
Changes in non-cash working capital items:		
Accounts receivable	**6,296,386**	2,750,593
Prepaid expenses and other current assets	**(102,672)**	(199,874)
Deferred revenue	**(276,034)**	(180,603)
Accounts payable and accrued liabilities	**(5,098,443)**	(1,368,673)
	(1,586,103)	(197,457)
Cash flows used in investing activities		
Development costs (Note 7)	**(24,452)**	(17,090)
	(24,452)	(17,090)
Cash flows from financing activities		
Advances of loan payable	**1,065,064**	1,091,821
Advances to related parties	**(150)**	(28,102)
Lease payments	**(212,190)**	(80,000)
Issuance of common shares upon exercise of stock options (Note 11)	**50,860**	-
	903,584	983,719
Net (decrease) increase in cash and cash equivalents	**(706,971)**	769,172
Cash and cash equivalents, beginning of period	**3,999,402**	3,280,335
Cash and cash equivalents, end of period	**3,292,431**	4,049,507

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

1. Description of business

Sabio Holdings Inc. (the "Company" or "Sabio") (formerly Spirit Banner II Capital Corp. and hereafter referred to as "Spirit"), was incorporated under the Business Corporation Act of Ontario, Canada on September 29, 2017. The registered corporate office is located at 181 Bay Street, Suite 4400, Toronto, Ontario, M5J 2T3. The corporate head office of the Company is located at 16350 Ventura Boulevard, #D827, Encino, California, 91436.

On November 19, 2021, the Company completed its reverse takeover transaction with Spirit based on which its wholly-owned, U.S. operating subsidiary Sabio, Inc. acquired all of the issued and outstanding securities of Spirit, via a reverse-takeover transaction (the "Qualifying Transaction"). Upon completion of the Qualifying Transaction, Spirit became a wholly owned subsidiary of the Company, which carried on the business previously carried on by Spirit. The Company changed its name to "Sabio Holdings Inc." and the Shares commenced trading on the TSX Venture Exchange (the "Exchange") at opening on November 26, 2021, under the symbol "SBIO" as a Tier 2 technology issuer.

The Company was classified as a Capital Pool Corporation as defined in the Policy 2.4 of the Exchange. Upon completion of the reverse-takeover transaction, the Company's principal business changed to a Connected TV ("CTV") and over-the-top ("OTT") streaming technology provider that delivers optimized yield performance via addressable cross screen solutions based on mobile behavior. Accordingly, these consolidated financial statements are presented as a continuation of Spirit.

On January 14, 2022, Sabio Canada Inc., a wholly owned subsidiary of the Company, was incorporated in Ontario, Canada for the Company's operation in Canada.

On February 4, 2022, Vidillion Corp. (formerly, Sabio Acquisition Inc.), a wholly owned subsidiary of the Company, was incorporated in Delaware, United States. On April 1, 2022, the Company, through Vidillion Corp., completed the acquisition of substantially all of the assets of Vidillion Inc., a U.S. based CTV and OTT streaming supply side platform ("SSP") and technology provider for producers of content, in a combined stock and cash transaction.

On February 6, 2023, Sabio London Limited, a wholly owned subsidiary of the Company, was incorporated in London, the United Kingdom for the Company's business expansion in the United Kingdom and European markets.

2. Basis of presentation

Statement of compliance

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements do not include all of the disclosures required for annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended December 31, 2022.

These unaudited condensed interim consolidated financial statements of the Company were authorized for issuance by the Board of Directors on May 30, 2023.

2. Basis of presentation *(continued from previous page)*

Basis of measurement

The condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. All financial information is presented in United States dollars ("U.S. dollars" or "USD"), the Company's reporting currency, except share and per share amounts or as otherwise noted.

Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consolidated financial statements of the Company include Sabio Holdings Inc. and its wholly owned subsidiaries Sabio Inc. (formerly Sabio Mobile, Inc.), AppScience, Inc., Vidillion Corp., Sabio Canada Inc., Sabio London Limited and Sabio Mobile India Private Limited.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Functional currency

The condensed interim consolidated financial statements are presented in U.S. dollars. For each entity, the Company determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of Sabio Inc., App Science, Inc., Vidillion Corp. and Sabio Mobile India Private Limited is U.S dollars. The functional currency of Sabio Holdings Inc. and Sabio Canada Inc. is Canadian dollars. The functional currency of Sabio London Limited is British pounds.

Assets and liabilities of entities having a functional currency other than the U.S. dollar are translated at the rate of exchange at the reporting period date. Revenues and expenses are translated at average rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transaction are used. The resulting foreign currency translation adjustments are recognized in foreign currency translation reserve, one components of the accumulated other comprehensive income (loss) included in shareholders' equity. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the reporting period date. Gains and losses on translation of monetary items are recognized in the statement of operations and comprehensive loss.

3. Significant accounting policies

The unaudited condensed interim consolidated financial statements (the "financial statements") were prepared using the same accounting policies and methods as those used in the Company's audited consolidated financial statements for the year ended December 31, 2022. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2022.

The timely preparation of the condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies, if any, as at the date of the financial statements, and the reported amounts of revenue and expenses during the period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future years could require a material change in the condensed interim consolidated financial statements.

Research and development

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

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

The amount initially recognized for deferred development costs is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, deferred development costs are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses.

3. Significant accounting policies *(continued from previous page)*

Other intangible assets

Initial recognition of other intangible assets

Brand name, customer/publisher relationships, technology and patents acquired in a business combination that qualify for separate recognition are recognized as intangible assets at their fair values.

Subsequent measurement

All finite-lived intangible assets are initially recorded at fair value and then amortized on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing.

Amortization of finite-lived intangible assets has been included in Expenses. Subsequent expenditures to maintain customer/supplier relationship, technology and patents and brand name are expensed as incurred. When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in profit or loss.

There are no other indefinite-lived intangible assets other than goodwill.

Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

The fair value of the options/warrants granted is measured using the Black-Scholes pricing model ("BSM") taking into account the terms and conditions upon which the options/warrants were granted. At each financial position reporting date, the amount recognised as an expense is adjusted to reflect the actual number of share options/warrants that are expected to vest.

The BSM requires management to estimate the expected volatility, term of the equity instrument, the risk-free rate of return over the term, expected dividends, and the number of equity instruments expected to ultimately vest. In estimating expected volatility, the Company considers the historical share price volatility of similar publicly listed entities. Forfeitures are adjusted for on an actual basis.

3. Significant accounting policies *(continued from previous page)*

Share-based payment arrangements (continued from previous page)

The fair value of stock options/warrants is charged to loss and comprehensive loss with a corresponding increase in contributed surplus within equity. Previously recognised expenses are not subsequently reversed for options/warrants that vest but are not exercised. If, and when, share options/warrants are ultimately exercised, the applicable amount of contributed surplus is transferred to share capital.

The fair value of restricted stock units ("RSU") granted is the most recent closing trading price of the Company's common shares on the TSX Venture Exchange from the grant date. Compensation expense for each grant is recorded in the Consolidated statements of operations and comprehensive loss with a corresponding increase in Share-based benefits reserve on the Consolidated statements of financial position. The expense is based on the fair values at the time of the grant and is recognized over the vesting period of the respective RSU. The Company settles RSU's by issuing common shares.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from shareholders' equity.

Loss per share

The Company calculates basic loss per share amounts for loss attributable to common shareholders of the parent entity. Basic loss per share is calculated by dividing loss attributable to common shareholders of the parent entity (the numerator) by the weighted average number of common shares outstanding (the denominator) during the period.

Common shares escrowed pursuant to the requirements of the Exchange and will be released according to the Exchange's schedule as the passage of time are not excluded from the number of outstanding common shares.

For the purpose of calculating diluted loss per share, the Company adjusts the loss attributable to common shareholders of the parent entity, and the weighted average number of common shares outstanding during the period, for the effects of all dilutive potential common shares. Potential common shares are treated as dilutive when, and only when, their conversion to common shares would decrease earnings per share or increase loss per share from continuing operations.

Revenue recognition

The Company recognizes revenue in accordance with IFRS 15 Revenue from Contracts with Customers.

Revenue represents the fair value of consideration received or receivable from customers for goods and services provided by the Company, net of discounts and sales taxes. The Company generates revenue from managed service, programmatic sales, connected TV, and App Science™ insights.

The Company sells digital advertising directly to marketers or through advertising agencies. Revenue from advertising is mostly generated through video and display advertising delivered through advertising impressions. Advertising is typically sold on a cost-per-thousand ("CPM") basis and is evidenced by an Insertion Order, ("IO"). Revenue is recognized as the number of impressions are delivered. IOs may include multiple performance obligations as they contain distinct advertising products or services. For such arrangements, the Company allocates revenue to each distinct performance-

3. Significant accounting policies *(continued from previous page)*

Revenue Recognition (continued from previous page)

obligation based on their relative standalone selling price ("SSP"). Advertising arrangements comprised of multiple performance obligations are recognized either at a point in time or over time depending on the nature of the distinct performance obligation.

Subscription Revenues

Revenue from subscriptions reflects the revenue recognized from sales of licenses to the Company's App Science™ platform to customers. Subscription fees are based primarily on the number of users of our platform. Subscription agreements generally have terms ranging up to one year and are billed monthly in advance. Subscriptions are generally non-cancelable during the subscription term and subscription fees are non-refundable. Subscription revenue is recognized ratably over the subscription term starting from the date which the platform is first made available to the customer, or from the beginning of the subscription term, if later. The subscription agreements generally provide for unspecified future updates, upgrades, enhancements, technical product support, and access to hosted services and support.

Contracts with multiple products or services

The Company enters into contracts that contain multiple products and services such as campaign management, insights, and studies. The Company evaluates these arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the product or service is distinct from some or all of the other products or services in the arrangement. A product or service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer. Non-distinct products and services are combined with other goods or services until they are distinct as a bundle and therefore form a single performance obligation.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors and management are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations, that the directors and management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

4. Critical accounting judgments and key sources of estimation uncertainty *(continued from previous page)*

Critical judgments in applying accounting policies (continued from previous page)

Selecting the option pricing model to estimate the fair value of equity instruments granted

The Company uses the Black-Scholes Merton formula to estimate the fair value of equity instruments granted in connection with equity-settled share-based payments. Management considers factors that knowledgeable, willing market participants would consider when selecting the option pricing model to apply.

Determination of functional currency

In determining its functional currency, the Company considers factors related to its primary economic environment. These include the currency which mainly influences the Company's sales prices for goods and services, the country whose competitive forces and regulations mainly determine sale prices of its services, and the currency which mainly influences costs related to providing its services. The Company also considers secondary factors including the currency in which funds from financing activities are generated, and the currency in which operating activities are usually retained.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Expected credit losses

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for trade receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

4. Critical accounting judgments and key sources of estimation uncertainty *(continued from previous page)*

Key sources of estimation uncertainty (continued from previous page)

Valuation of common share purchase options and equity-settled share-based payments

The Company uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of common share purchase options/warrants and equity-settled share-based payments. The valuation techniques require the input of subjective assumptions including expected volatility, dividend yield and expected life of the instrument. Management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of these instruments.

Amortization of intangible assets

The Company applies the straight-line method to recognize amortization of intangible assets. Management is satisfied that the straight-line method best reflects the pattern in which the assets' future economic benefits are expected to be consumed by the Company.

Internally generated development costs

Management monitors the progress of internal research and development projects and uses judgment to distinguish research from the development phase. Expenditures during the research phase are expensed as incurred. Development costs are recognized as an intangible asset when the Company can demonstrate certain criteria listed in Note 3. Otherwise, they are expensed as incurred.

Impairment of intangible assets and goodwill

IAS 36 requires that the Company ensures that its assets are carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired, and the standard requires the entity to recognize an impairment loss. In assessing impairment, management uses judgment to allocate goodwill to each of the Company's cash-generating units (CGUs) and estimates recoverable amount for each CGU based on expected future cash flows and discount rates. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

5. New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Company.

5. New standards, interpretations and amendments adopted by the Company *(continued from previous page)*

Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument will the terms of a liability not impact its classification.

The amendments had no impact on the Company's interim condensed consolidated financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's interim condensed consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Company's condensed interim consolidated financial statements but are expected to affect the accounting policy disclosures in the Company's annual consolidated financial statements.

6. Accounts receivable

	March 31, 2023	December 31, 2022
	$	$
Trade receivables	**6,150,714**	12,447,100
	6,150,714	12,447,100
Expected credit loss provision	**(177,626)**	(177,626)
Net carrying value	**5,973,088**	12,269,474

7. Intangible assets

	Internally generated intangible assets	Acquired Technology and Patents	Acquired Customer/Publisher Relationships	Acquired Brand Name	Total
	$	$	$	$	$
Cost					
Balance at December 31, 2022	3,363,460	129,000	83,000	75,000	3,650,460
Additions	24,452	-	-	-	24,452
Balance at March 31, 2023	**3,387,912**	**129,000**	**83,000**	**75,000**	**3,674,912**
Accumulated amortization and impairment losses					
Balance at December 31, 2022	3,256,668	19,600	12,000	8,036	3,296,304
Amortization expense	23,411	6,450	4,600	2,679	37,140
Balance at March 31, 2023	**3,280,079**	**26,050**	**16,600**	**10,715**	**3,333,444**
Net book value as at:					
December 31, 2022	106,792	109,400	71,000	66,964	354,156
Balance at March 31, 2023	**107,833**	**102,950**	**66,400**	**64,285**	**341,468**

8. Accounts payable and accrued liabilities

	March 31, 2023	December 31, 2022
	$	$
Trade accounts payable and accrued liabilities	**7,919,292**	13,022,213
Interest payable	**58,695**	61,520
	7,977,987	13,083,733

9. Right of use asset and lease liabilities

Right-of-use asset

	Office premises
Cost	$
Balance, December 31, 2022 and March 31, 2023	**2,000,228**
Accumulated amortization	
Balance, December 31, 2022	520,978
Amortization	120,845
Balance, March 31, 2023	**641,823**
Carrying amount	
December 31, 2022	1,479,250
March 31, 2023	**1,358,405**

Lease Liability

Cost	**$**
Balance, December 31, 2022	1,619,337
Interest accretion	50,306
Lease payments	(212,190)
Balance, March 31, 2023	**1,457,453**
Current	413,003
Non-current	1,044,450
Balance, March 31, 2023	**1,457,453**

The following table provides the remaining lease commitments in 2023 and onward. The amounts disclosed in the maturity analysis are the contractual undiscounted cash flows before deducting interest or finance charges.

	$
2023	621,641
2024	660,269
2025	254,764
2026	156,647
2027	84,866
	1,778,187

The Company has certain short-term office leases which are not capitalized in accordance with IFRS 16 due to their short-term nature. The Company recorded occupancy expenses of $206,282 for the three months ended March 31, 2023 (2022 - $ 102,206) related to these short-term office leases in the consolidated statements of operations and comprehensive loss.

10. Loans payable

	Note	March 31, 2023	December 31, 2022
			$
Wisper Ventures Leasing, LLC promissory note	(a)	-	71,326
U.S. Small Business Administration promissory note	(b)	490,000	490,000
Avidbank Credit Facility	(c)	5,000,000	3,863,610
		5,490,000	4,424,936
Current portion of loans payable		5,007,085	3,945,423
Long-term portion of loans payable		482,915	479,513
		5,490,000	4,424,936

Future principal repayments are as follows:

2023	5,007,085
2024	10,964
2025	11,382
2026 and beyond	460,569
	5,490,000

a) During the three months ended March 31, 2023, the Company settled the loan obligation in full for Wisper Ventures Leasing, LLC multiple advance promissory notes bearing interest at 15.0% plus 3.0% per annum which was due September 30, 2023, and paid $71,326 (2022 - $159,089) in principal and incurred $5,926 (2022 - $73,001) of interest expense.

b) On April 1, 2020, the Company closed on an unconditional guarantee disaster loan from the U.S. Small Business Administration in the amount of $500,000. The Loan is intended to alleviate economic injury caused by disaster occurring in the month of January 2020. The loan bears interest at a fixed rate of 3.75% per annum, with a maturity date of thirty years from the date of the Loan. Interest and principal payments were deferred for the first 30 months. During the three months ended March 31, 2023, the Company paid $nil (2022 - $nil) in principal and recognized $4,594 (2022 - $35,750) of interest expense.

c) On November 23, 2021, the Company closed on a new credit facility pursuant to the terms of a credit agreement between the Company and Avidbank. The term of the facility is 24 months from closing. The facility is secured against assets of the Company including, but not limited to, its Accounts Receivable and provides for an Accounts Receivable Line of Credit, with $7,000,000 maximum loans outstanding, at an interest rate of the greater of the Wall Street Journal prime rate plus 1.00% to 4% or 5% to 8%. During the three months ended March 31, 2023, the Company paid $363,310 (2022 - $nil) in principal and incurred $100,037 (2022 - $31,249) of interest expense.

All interest accrued related to these loans have been recorded under accounts payables and accrued liabilities.

11. Share capital

a) Authorized share capital

The authorized share capital of the Company consists of an unlimited number of common shares with a nominal par value.

11. Share capital *(continued from previous page)*

a) Authorized share capital *(continued from previous page)*

	#	$
Balance, December 31, 2021	43,824,841	10,345,939
Issuance of common shares for the acquisition of Vidillion Inc.	1,685,079	1,490,871
Issuance of common shares due to exercise of stock warrants and options	868,268	221,432
Balance December 31, 2022	**46,378,188**	**12,058,242**
Balance, December 31, 2022	46,378,188	12,058,242
Issuance of common shares due to exercise of stock warrants and options	424,126	88,179
Issuance of common shares for common stock issuable (*)	45,708	10,645
Balance March 31, 2023	**46,848,022**	**12,157,066**

On March 17, 2023, the TSX Venture Exchange accepted a notice filed by the Company to implement a Normal Course Issuer Bid, whereupon the Company may, during the 12-month period commencing March 22, 2023, and ending March 21, 2024, purchase, for cancellation, up to 754,571 shares in total, being 5% of the total number of 15,091,425 common shares outstanding as at February 15, 2023.

During the three months ended March 31, 2023, 424,126 stock options were exercised for total net proceeds of $50,860. The total share-based benefits reserve reclassified to common shares was $37,319.

(*) As at December 31, 2023 the Company had recognized $10,645 as common stock issuable in the Company's Statements of Changes in Shareholders' Equity to account for the balance of 45,708 stock options that were exercised in 2022, and the corresponding common stock was issued on January 3, 2023. The total of $10,645 was reclassified to common shares account upon the issuance of common shares.

b) Escrow shares

Subject to certain permitted exemptions, all securities of the Company held by principals of the Company will also be subject to escrow. As of March 31, 2023, the Company's escrow shares were contemplated in the weighted average shares outstanding calculation as they are placed in the escrow according to the requirements of the Exchange and were/will be released when the passage of certain timelines is met.

In connection with the Qualifying Transaction, 7,343,838 shares held by principals of the Company and founders of Sabio Inc. were deposited into escrow at closing of the Qualifying Transaction (the "Value Escrow Shares"), of which 10% of the Value Escrow Shares were released upon the date of issuance of the Final Exchange Bulletin, 15% were released on May 24, 2022, 15% were released on November 24, 2022, 15% will be released on May 24, 2023, 15% will be released on November 24, 2023, 15% will be released on May 24, 2024 and 15% will be released on November 24, 2024. Additionally, 414,846 shares of the Company held by former shareholders of Spirit were held in escrow at closing of the Qualifying Transaction ("CPC Escrow Shares"), of which 25% of the CPC Escrow Shares were released upon the date of the Final Exchange Bulletin, 25% were released on May 24, 2022, 25% were released on November 24, 2022, and 25% will be released on May 24, 2023.

c) Share based compensation and share based payment reserve

The Company has established an omnibus incentive plan for its employees, directors, officers and consultants under which the Company may grant security-based compensation, including options and restricted stock units, from time-

11. Share capital *(continued from previous page)*

c) Share based compensation and share based payment reserve *(continued from previous page)*

to time to acquire a maximum of 10% of the issued and outstanding common shares. The grant of security-based compensation and the exercise price of each option granted under the plan shall be determined by the Board of Directors.

Stock options

Options may be exercised for a maximum term of ten years from the date of the grant. They are non-transferable and expire after 30 days to 90 days of termination of employment.

A summary of changes in share-based compensation during the three months ended March 31, 2023, and the year ended December 31, 2022, is as follows:

Measurement date	Number of Options	Weighted average exercise price
	#	$
Balance, December 31, 2021	2,841,122	0.19
Granted	1,474,495	1.01
Exercised	(913,976)	0.16
Forfeited	(257,560)	0.55
Balance, December 31, 2022	3,144,081	0.55
Granted	-	-
Exercised	(424,126)	0.12
Forfeited	(54,901)	0.30
Balance, March 31, 2023	**2,665,054**	**0.62**

The following tables summarize information about the Company's share options outstanding as at March 31, 2023:

Range of exercise prices	Number of options	Weighted average exercise price	Weighted average remaining contractual life in years
	#	$	#
0.09	3,656	0.09	4.52
0.14	3,656	0.14	5.55
0.17	1,223,247	0.17	7.72
0.58	224,375	0.58	9.55
1.00	120,000	1.00	9.24
1.10	1,090,120	1.10	8.79
	2,665,054	**0.62**	**8.37**

There was no share option issued during the three months ended March 31, 2023. During the three-months ended March 31, 2022, 1,230,120 share options were issued with a weighted average fair value of $0.83 per option at the date of grant to directors, employees, and consultants. Of 1,230,120 options issued, 1,110,120 options were granted to directors, employees, and consultants that vest quarterly from the grant date and 120,000 options were granted to a consultant that vest monthly, starting from month five (5) of the consulting agreement.

11. Share capital *(continued from previous page)*

c) Share based compensation and share based payment reserve *(continued from previous page)*

Stock options *(continued from previous page)*

The fair value of the share options granted during the financial year 2022 was determined using the Black-Scholes-Merton option pricing model with the following weighted average assumptions:

	December 31, 2022
Estimated fair value per common share	$0.44 to $0.85
Exercise price of the option	$0.58 to $1.1
Expected volatility of the underlying common share	67.2% -77.2%
Expected life of the option (in years)	5-10 years
Expected dividend yield	0.00%
Risk-free rate of interest	0.9% -4%

During the three months ended March 31, 2023, the Company recognized stock-based compensation for granted options of $96,721 (2022 - $253,141) under share-based compensation expense and $16,544 (2022 - $nil) under contractor and corresponding expenses.

Restricted stock units

On June 29, 2022, shareholders of the Company approved a replacement omnibus equity incentive plan that permits the granting of certain compensation securities, including restricted stock units. Restricted stock units are automatically converted into the Company's common shares upon vesting and when the common shares are issued upon redemption, the shares will be fully paid and non-assessable shares in the share capital of the Company.

A summary of changes in restricted stock units during the three months ended March 31, 2023, and the year ended December 31, 2022, is as follows:

Measurement date	Number of restricted stock units	Weighted average grant price	Weighted average remaining contractual life in years
	#	$	#
Balance, December 31, 2022	657,313	0.65	1.69
Granted	-	-	-
Balance, March 31, 2023	**657,313**	**0.65**	**1.69**

There were no restricted stock units issued during the three months ended March 31, 2023.

During the three months ended March 31, 2023, the Company recognized stock-based compensation for granted restricted stock units of $49,167 (2022 - $nil), under share-based compensation expense and $6,225 (2022 - $nil) under contractor expenses.

11. Share capital *(continued from previous page)*

Warrants

A summary of changes in share-based compensation during the three months ended March 31, 2023, and the year ended December 31, 2022, is as follows:

Measurement date	Number of Warrants	Weighted average exercise price
	#	$
Balance, December 31, 2021	-	-
Granted	3,170,374	0.17
Exercised	(365,623)	0.17
Issuance of warrants to convertible promissory notes holders upon conversion	1,197,761	1.39
Warrants issued to listing agents/consultants upon completion of Qualifying Transac	169,596	1.37
Issurance of warrants to individuals with Zelos Capital Ltd. upon completion of Qualifying Transaction	6,080	1.37
Balance, December 31, 2022 and March 31, 2023	**4,178,188**	**0.57**

The following tables summarize information about the Company's share warrants outstanding as at March 31, 2023:

Range of exercise prices	Number of warrants	Weighted average exercise price	Weighted average remaining contractual life in years
	#	$	#
0.17	2,804,751	0.17	1.79
1.39	1,197,761	1.39	0.64
1.37	175,676	1.37	0.66
	4,178,188	**0.57**	**1.41**

There were no warrants issued during the three months ended March 31, 2023, and the year ended December 31, 2022.

12. Related Party Transactions

Amounts due from related parties as at March 31, 2023 and December 31, 2022 were as follows:

	March 31, 2023	December 31, 2022
	$	$
Simon Wong	**61,106**	60,956
Aziz Rahimtoola	**787,107**	787,107
	848,213	848,063

The balance from Simon Wong is a loan principal of $60,076 (bearing an interest rate of 1% per annum) plus accrued interest due on July 15, 2023. The balance from Aziz Rahimtoola represents non-interest-bearing advances made to a shareholder due on demand.

13. Risk management arising from financial instruments

a) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's principal financial assets that expose it to credit risk are receivables, the Company mitigates this risk by monitoring the credit worthiness of its customers.

The Company recognizes a provision for expected credit losses based on its assessment of probability of specific losses, estimates of future individual exposures and provisions based on historical experience.

The following is the breakdown of the aging of trade receivables:

	March 31, 2023	December 31, 2022
Trade receivables aging		
0-30 days	**5,367,536**	8,113,708
31-60 days	**581,990**	1,650,873
61-90 days	**14,367**	1,169,287
Greater than 90 days	**186,821**	1,513,232
	6,150,714	12,447,100
Allowance for expected credit losses	**(177,626)**	(177,626)
Net trade receivables	**5,973,088**	12,269,474

At March 31, 2023, of the Company's trade receivables, one customers accounted for 18% (2022 – two customers for 32%).

The Company applies the simplified approach to provide for expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. The expected credit loss provision is based on the Company's historical collections and loss experience and incorporates forward-looking factors, where appropriate. The provision matrix below shows the expected credit loss rate for each aging category of trade receivables as at March 31, 2023 and December 31, 2022.

March 31, 2023	**Total**	**0-30 days**	**31-60 days**	**61-90 days**	**>90 days**
Default rates		0.96%	2.32%	10.19%	59.50%
Trade receivables	**$ 6,150,714**	$ 5,367,536	$ 581,990	$ 14,367	$ 186,821
Expected credit loss	**$ 177,626**	$ 51,528	$ 13,469	$ 1,464	$ 111,165

December 31, 2022	**Total**	**0-30 days**	**31-60 days**	**61-90 days**	**>90 days**
Default rates		0.61%	0.80%	0.91%	6.90%
Trade receivables	**$ 12,447,100**	$ 8,113,708	$ 1,650,873	$ 1,169,287	$ 1,513,232
Expected credit loss	**$ 177,626**	$ 49,416	$ 13,207	$ 10,646	$ 104,357

13. Risk management arising from financial instruments *(continued from previous page)*

b) 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's revolving demand facility has variable interest rates. Changes in the lending institutions prime lending rates can cause fluctuations in interest payments and cash flows.

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 approach in managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due, by continuously monitoring actual and forecasted cash flows.

	Contractual cash flows	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
Trade and other payables	**7,977,987**	7,977,987	-	-	-
Lease liability	**1,778,187**	621,641	915,033	241,513	-
Loans payable	**5,490,000**	5,007,085	22,346	24,084	436,485
	15,246,174	13,606,713	937,379	265,597	436,485

d) Foreign currency risk

The Company is exposed to currency risk related to the fluctuation of foreign exchange rates. The Company is exposed to currency risk through its operations in Indian rupees and through maintaining cash in Canadian dollars and purchasing services in Canadian dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. A change of 1% in the INR/USD and CAD/USD exchange rates on the March 31, 2023, balance would have had an impact of $1,157 on the Company's cash balance in Indian rupees, of $421 on the Company's cash balance in Canadian dollars, of $315 the Company's accounts payable and accrued liabilities in Canadian dollars, of $2,002 on the Company's lease liabilities in Indian rupees.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting periods follows:

	March 31, 2023	December 31, 2022
	INR	INR
Cash and cash equivalents	**9,596,959**	8,519,472
Net financial assets	**9,596,959**	8,519,472

	March 31, 2023	December 31, 2022
	CAD $	CAD $
Cash	**57,535**	67,171
Net financial assets	**57,535**	67,171

13. Risk management arising from financial instruments *(continued from previous page)*

d) Foreign currency risk *(continued from previous page)*

	March 31, 2023	December 31, 2022
	CAD $	CAD $
Accounts payable and accrued liabilities	43,091	91,726
Net financial liabilities	43,091	91,726

	March 31, 2023	December 31, 2022
	INR	INR
Lease liabilities	16,609,462	17,436,372
Net financial liabilities	16,609,462	17,436,372

e) Management of capital

The Company's objective of managing capital, comprising of shareholder's equity, is to ensure its continued ability to operate as a going concern. The Company manages its capital structure and makes changes to it based on economic conditions. With approval from the Board of Directors, management will adjust its capital structure through the issue of new shares, debt or other activities deemed appropriate under specific circumstances. Management and the Board of Directors review the Company's capital management approach on an ongoing basis and believe this approach, given the relative size of the Company, is reasonable. The Company is subject to capital requirements from Avidbank for the use of the granted credit facility. The Company's capital management objectives, policies and processes have remained unchanged during the three months ended March 31, 2023.

14. Segmented Information

The Company has identified one operating segment that is a technology provider in the high-growth advertising areas of connected TV ("CTV") and over-the-top ("OTT") streaming. The Company sells services in the United States of America ("USA") with Sabio Inc. providing targeted campaign solutions to top agencies and the brands they represent by filling the ad slots in Vidillion Corp. and other non-Vidillion CTV/OTT apps. AppScience, Inc. provides an agnostic platform to track, measure and analyze media buys across multiple partners, while Sabio Mobile India Private Limited and Sabio Canada Inc. work as operational extensions of the Company for data engineering, data science activities and administration activities. The Company has determined that it has a single reportable segment as the Company's decision makers review information on a consolidated basis.

15. Commitments

On August 8, 2022, the Company entered a lease for a new office in Hyderabad, India with Gowra Ventures (P) Ltd with the assured period of five years from the rent commencement date. The lease contains non-lease components for maintenance charges and usage charges amounting to $273,253 (INR 334,123) for the assured period.

On March 17, 2023, the Company entered a lease for a new office in Playa del Rey, California for 67 months with Culver Studio Partners LLC. The lease contains one five-year renewal option that the Company can exercise, and the estimate possession date is June 1, 2023. The sum of base rent for the 67-month term is $2,135,294.

15. Commitments *(continued from previous page)*

The future minimum commitment for these contracts as at March 31, 2023 is as follows:

Within one year	$	208,741
Less than one year and not longer than five years		1,698,180
Thereafter		551,441
	$	**2,458,362**

16. Subsequent Events

On April 4, 2023, 330,000 share options of the Company were granted to certain directors and employees of the Company at an exercise price of CAD $0.99 and 353,793 RSUs of the Company were granted to certain officers and employees of the Company at the grant-date fair-value of the Company's common shares of CAD $0.99. The options will vest quarterly from the grant date over a 3-year vesting period. The RSUs will vest over three years with 1/3 vesting at the one-year anniversary of the grant and quarterly vesting over the next two years.