

Wi2Wi Corporation

Consolidated Financial Statements (Expressed in US Dollars)

Years Ended December 31, 2023 and December 31, 2022

Toronto, Canada
April 11, 2024

Wi2Wi Corporation

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Wi2Wi Corporation:

Opinion

We have audited the consolidated financial statements of Wi2Wi Corporation and its subsidiaries (together the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated 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 Consolidated 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 consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describes conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

In addition to the matter described above in the *Material Uncertainty Related to Going Concern* section of our auditor's report, we have determined the matter described below to be the key audit matter to be communicated in our report.

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Now, for tomorrow

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| Valuation of Inventory | Our approach to addressing the matter involved the following procedures, among others: |
| <p>Refer to notes 4, 6 and 8 (in thousands of U.S. dollars)</p> <p>As at December 31, 2023, the Company held inventories of \$2,378, net of a write-down for excess and obsolescence of \$1,428. The Company's inventories consist of raw materials, work-in-progress, and finished goods available for sale.</p> <p>Inventories are recorded at the lower of average cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. If the cost exceeds net realizable value, a write-down is recognized. All items in inventories are assessed for obsolescence at a distinct part level using a formulaic approach. A write-down to net realizable value of \$61 was recognized for the year ended December 31, 2023.</p> <p>We considered this a key audit matter due to the magnitude of the inventory balance and amount of the write-down for excess and obsolescence and the judgments made by management in their assessment of the inventory write-down. The Company's business is subject to technology changes which may cause selling prices to change rapidly. These factors have resulted in a high degree of subjectivity in evaluating the results of our audit procedures related to the judgment applied by management in determining the estimates of obsolescence and net realizable value and the amount of the write-down.</p> | <p>Evaluated the completeness of the inventory items included in the obsolescence analysis, which included the following:</p> <ul style="list-style-type: none"> Evaluated the appropriateness of management's methodology in determining obsolescence. Tested that the parts to be used in production and finished goods available for sale inventories at year end were recorded at the lower of cost and net realizable value by comparing the carrying amounts of a sample of inventory items to the most recent sales price of inventory or similar items. Performed physical inventory test counts and inspected inventory on-hand at year-end for any indications of obsolescence. <p>Evaluated how management estimated net realizable value in determining the amount of the write-down, which included the following procedures:</p> <ul style="list-style-type: none"> Reviewed and tested the inputs used by management in estimating net realizable value and recalculated the mathematical accuracy of the amount of the write-down. For a sample of inventory items that existed during and subsequent to year end, compared the carrying amount to selling prices to verify management's estimates of net realizable value. Compared changes from the prior year in management's estimate of net realizable value for unusual trends. |

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 consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Anna C. Moreton.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.

April 11, 2024

Wi2Wi Corporation
Consolidated Statements of Financial Position
(In thousands of U.S. dollars)

| December 31, | 2023 | 2022 |
|---|-----------------|-----------------|
| Assets | | |
| Current Assets | | |
| Cash | \$ 917 | \$ 1,022 |
| Restricted cash (Note 22) | - | 500 |
| Trade accounts receivable (Note 7) | 956 | 1,242 |
| Inventories (Note 8) | 2,378 | 2,797 |
| Prepaid expenses and other current assets | 156 | 179 |
| Total current assets | 4,407 | 5,740 |
| Property and equipment (Note 9) | 732 | 847 |
| Right of use assets (Note 10) | 1,946 | 2,416 |
| Total Assets | \$ 7,085 | \$ 9,003 |
| Liabilities | | |
| Current Liabilities | | |
| Accounts payable | \$ 380 | \$ 604 |
| Accrued liabilities (Note 12) | 299 | 272 |
| Current portion of lease obligations (Note 13) | 445 | 424 |
| Current portion of note payable (Note 15) | 19 | 60 |
| Total current liabilities | 1,143 | 1,360 |
| Lease obligations (Note 13) | 1,760 | 2,213 |
| Note payable (Note 15) | 56 | - |
| Economic injury disaster loan (Note 14) | 149 | 150 |
| Total Liabilities | 3,108 | 3,723 |
| Shareholders' Equity | | |
| Common shares (Note 17) | 29,093 | 29,092 |
| Reserves (Note 18) | 3,857 | 3,836 |
| Accumulated other comprehensive loss | (2) | (2) |
| Accumulated deficit | (28,971) | (26,646) |
| Total shareholders' equity | 3,977 | 5,280 |
| Total Liabilities and Shareholders' Equity | \$ 7,085 | \$ 9,003 |

Nature and Description of Company and Going Concern (Note 1)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board of Directors:

/s/ Ted Clark, CEO and Director

/s/ Gary DuBroc, Chairman

Wi2Wi Corporation
Consolidated Statements of Loss and Comprehensive Loss
(In thousands of U.S. dollars, except net income per share)

| For the years ended December 31, | 2023 | 2022 |
|--|-------------|-------------|
| Revenues | \$ 6,343 | \$ 6,857 |
| Cost of revenues (Notes 8, 9 and 14) | 5,571 | 6,091 |
| Gross profit | 772 | 766 |
| Operating expenses (Note 19) | | |
| Research and development (Notes 9 and 14) | 337 | 374 |
| Selling, general and administrative (Notes 9 and 14) | 1,640 | 1,668 |
| Total operating expenses | 1,977 | 2,042 |
| Loss from operations | (1,205) | (1,276) |
| Other income (Note 14) | 8 | 187 |
| Interest income (expense) | (128) | (147) |
| Loss before income taxes | (1,325) | (1,236) |
| Provision for (benefit from) income tax (Note 23) | - | - |
| Net and comprehensive loss | \$ (1,325) | \$ (1,236) |
| Net loss per share, basic and diluted (Note 17) | \$ (0.00) | \$ (0.00) |

See accompanying notes to consolidated financial statements.

Wi2Wi Corporation
Consolidated Statements of Changes in Shareholders' Equity
(In thousands of U.S. dollars, except per share data)

| | Common Shares | | Reserves | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total shareholders' Equity |
|--|--------------------|------------------|-----------------|---|------------------------|----------------------------------|
| | Shares | Amount | | | | |
| Balances, December 31, 2021 | 152,933,313 | \$ 29,092 | \$ 3,835 | \$ (2) | \$ (26,410) | \$ 6,515 |
| Share-based compensation | - | - | 1 | - | - | 1 |
| Net comprehensive loss | - | - | - | - | (1,236) | (1,236) |
| Balances, December 31, 2022 | 152,933,313 | 29,092 | 3,836 | (2) | (27,646) | 5,280 |
| Share-based compensation | 100,000 | 1 | 21 | - | - | 22 |
| Net comprehensive loss | - | - | - | - | (1,325) | (1,325) |
| Balances, December 31, 2023 | 153,033,313 | \$ 29,093 | \$ 3,857 | \$ (2) | \$ (28,971) | \$ 3,977 |

Wi2Wi Corporation
Consolidated Statements of Cash Flows
(All dollar amounts in thousands of U.S. dollars, unless otherwise noted)

| For years ended December 31, | 2023 | 2022 |
|--|------------|------------|
| Cash Flows from Operating Activities | | |
| Net loss for the year | \$ (1,325) | \$ (1,236) |
| Adjustments for non-cash items: | | |
| Depreciation and amortization | 731 | 794 |
| Share-based compensation | 22 | 1 |
| Changes in non-cash working capital: | | |
| Trade accounts receivable | 286 | 66 |
| Inventories | 419 | (41) |
| Prepaid expenses and other current assets | 23 | (2) |
| Accounts payable | (224) | 250 |
| Accrued liabilities | 28 | (137) |
| Net Cash Used in Operating Activities | (40) | (305) |
| Cash Flows from Investing Activity | | |
| Additions to property and equipment | (68) | (81) |
| Net Cash Used in Investing Activity | (68) | (81) |
| Cash Flows from Financing Activities | | |
| Repayment of note payable | (63) | (50) |
| Repayment of economic injury disaster loan | (1) | - |
| Restricted cash returned | 500 | - |
| Lease payments | (433) | (425) |
| Net Cash Provided by (Used in) Financing Activities | 3 | (475) |
| Net decrease in Cash | (105) | (861) |
| Cash, beginning of year | 1,022 | 1,883 |
| Cash, end of year | \$ 917 | \$ 1,022 |
| Supplemental cash flow information | | |
| Cash paid for interest | \$ 128 | \$ 147 |
| Cash paid for income taxes | - | - |

During the year ended December 31, 2023 the Company acquired \$78 of property and equipment via a note payable, there were no material non-cash financing nor investing activities in the year ended December 31, 2022.

See accompanying notes to consolidated financial statements.

Wi2Wi Corporation
Notes to Consolidated Financial Statements
(All dollar amounts in thousands of U.S. dollars, unless otherwise noted)

1. Nature and Description of the Company and Going Concern

Sargeant Bay Capital, Inc., a Canadian entity, was incorporated pursuant to the Canada Business Corporations Act on July 9, 2004. On December 12, 2005, Sargeant Bay Capital, Inc. changed its name to Wi2Wi Corporation (the “Company”) and became the legal parent of its wholly owned operating subsidiary, Wi2Wi Inc., a Delaware company, through a reverse takeover transaction. Wi2Wi Inc., was incorporated on April 29, 2005 and was mainly inactive until it acquired the original equipment manufacturing (OEM) products division of Actiontec Electronics on October 1, 2005.

Wi2Wi is a vertically integrated manufacturer providing wireless connectivity solutions, precision timing devices, frequency control products and microwave filters to the global market addressing various applications in the market segments; Internet of Things (IoT), Industrial Internet of Things (IoT/M2M/Industry 4.0), Avionics, Space, Military and Industrial. The Company shares trade on the TSX Venture Exchange under the symbol “YTY”.

On February 4, 2016, Wi2Wi LLC was organized in the State of Wisconsin, a wholly owned subsidiary of Wi2Wi Inc. to conduct all or a portion of the Company’s business in the State of Wisconsin.

On September 3, 2016, WI2WI (India) PRIVATE LIMITED was incorporated in India, as a wholly owned subsidiary of Wi2Wi, Inc. This is an engineering office for the wireless connectivity products, which works on developing new products.

In the first several months of 2020, the virus COVID-19 spread worldwide. On March 23, 2020, the United States Department of Homeland Security designated the Company as part of the Critical Infrastructure Sector. The Company continues to operate with a reduced manufacturing work force in essential product lines and continues to monitor and insure employee welfare. As of the filing date, the extent of the impact of COVID-19 on the Company’s operational and financial performance will depend on future developments, including the duration of the outbreak and related governmental or other regulatory actions.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company’s ability to continue as a going concern is dependent upon its success in generating future profitable operations sufficient to eliminate its cumulative deficit, and continuing lender and shareholder support. There is no assurance that the steps the Company is taking to maintain future profitable operations will be successful. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern.

2. Basis of Preparation

The consolidated financial statements are presented in U.S. dollars (“USD”) and all values are rounded to the nearest thousand dollars except where otherwise indicated. The consolidated financial statements have been prepared on an accrual basis except for cash flow information, and are based on historical costs except for certain financial instruments, which are measured at fair value.

Statement of Compliance and Authorization

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). The preparation of consolidated financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas of critical judgments and estimates which have been made in preparing the consolidated financial statements are disclosed in Note 6.

Wi2Wi Corporation
Notes to Consolidated Financial Statements
(All dollar amounts in thousands of U.S. dollars, unless otherwise noted)

The consolidated financial statements include the financial statements of Wi2Wi Corporation and its wholly owned subsidiaries, Wi2Wi Inc., Wi2Wi LLC and Wi2Wi (India) PRIVATE LIMITED. All intercompany balances and transactions have been eliminated on consolidation.

Substantially all of the assets of the Company are located in one geographic location, the United States.

These consolidated financial statements were authorized for issue by of the Board of Directors on April 11, 2024.

3. Capital Management

The Company considers its capital to be comprised of the items included in the consolidated statements of changes in shareholders' equity, which totaled \$3,977 at December 31, 2023 (2022 - \$5,280). The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements. There have been no changes in the Company's definition of capital or capital management objectives during the years ended December 31, 2023 and 2022.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

4. Material Accounting Policy Information

Inventories

Inventories are recorded at the lower of cost or net realizable value. Cost is determined on a first in first out basis and includes all costs of purchase, costs of conversion (direct costs and an allocation of fixed and variable production overheads) and other costs incurred in bringing the inventory to their present location and condition. Net realizable value is the estimated selling price less estimated costs to complete. As a supplier of system in package and modular products, inventory cost consists of amounts paid to the Company's contract manufacturers for product that is drop shipped to customers or shipped to the Company.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and impairment losses. Depreciation is computed using the straight line method over estimated useful lives of:

- Three years for computer equipment and software;
- Five years for furniture and fixtures;
- Five to ten years for machinery and equipment; and
- Over the term of lease or estimated useful life of leaseholds, whichever is shorter.

Useful lives, residual values, and depreciation methods are reviewed at least annually, and any changes in previous estimates are accounted for prospectively.

Impairment of Non-Financial Assets

Non-financial assets to be held and used by the Company are reviewed for possible impairment annually, and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If changes in circumstances indicate that the carrying amount of an asset that an entity expects to hold and use may not be recoverable, the Company must estimate the difference between the carrying amount

Wi2Wi Corporation

Notes to Consolidated Financial Statements

(All dollar amounts in thousands of U.S. dollars, unless otherwise noted)

of the asset and the recoverable amount. If the carrying amount exceeds the recoverable amount, the difference is recognized as an impairment loss. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Impairment charges can be subsequently reversed if they no longer exist but cannot exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized in the prior years. No impairment charges have been recorded for any of the periods presented.

Financial Instruments

Financial assets and financial liabilities, including derivatives, are recognized on the consolidated statement of financial position when the Company becomes a party to the financial instrument or derivative contract.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories i) those to be measured subsequently at fair value through profit or loss (FVTPL); ii) those to be measured subsequently at fair value through other comprehensive income (FVOCI); and iii) those to be measured at amortized cost, using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as measured at amortized cost unless they are designated as measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income (loss).

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

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. 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 the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to the Company's own credit risk are recorded in other comprehensive income.

Expected Credit Losses and Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with its 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.

For trade accounts receivable, the Company applies the simplified approach as permitted by IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in

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Notes to Consolidated Financial Statements

(All dollar amounts in thousands of U.S. dollars, unless otherwise noted)

credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date. Trade accounts receivable are stated net of the loss allowance.

Evidence of impairment may include indications that the counterparty debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Receivables are reviewed qualitatively on a case-by-case basis and management's estimates include providing for 100% of specific customer balances when it is deemed probable that the balance is uncollectable.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including aging and turnover, credit worthiness, credit concentration, the existence of third-party insurance, customer relationships, and forward looking macro-economic factors in the measurement of the expected credit losses associated with trade accounts receivable.

The Company measures expected credit losses by considering the risk of default over the contract period and incorporates forward-looking information into its measurement. Recoveries of trade accounts receivable previously written off are recorded in profit or loss when received.

The Company's financial instruments are accounted for as follows:

| | Classification | Measurement |
|-------------------------------|-----------------------|--------------------|
| Cash and restricted cash | Amortized cost | Amortized cost |
| Trade accounts receivable | Amortized cost | Amortized cost |
| Accounts payable | Amortized cost | Amortized cost |
| Accrued liabilities | Amortized cost | Amortized cost |
| Warrant liability | FVTPL | Fair value |
| Note payable | Amortized cost | Amortized cost |
| Economic injury disaster loan | Amortized cost | Amortized cost |

Income Taxes

The Company applies the asset and liability approach to recording current and deferred taxes. Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period. Deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are recognized to the extent that the realization of the related tax benefit through future taxable income is probable. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the enacted or substantively enacted date.

Management periodically reviews the Company's provision for income taxes and deferred tax assets and liabilities to determine whether the overall tax estimates are reasonable. When management performs its assessments, it may be determined that an adjustment is required.

Foreign Currency

The Company's presentation currency is the USD, being the currency in which revenue is generated and significant business activities are conducted. The functional currency of each of Wi2Wi Inc. and Wi2Wi LLC, is their local currency of USD. The functional currency of Wi2Wi (India) PRIVATE LIMITED is its local currency of Rupees. The functional currency of Wi2Wi Corporation is its local currency of Canadian dollars.

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Notes to Consolidated Financial Statements
(All dollar amounts in thousands of U.S. dollars, unless otherwise noted)

Foreign currency translation, transactions in other than the functional currency

Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. As at a reporting date, assets and liabilities denominated in a foreign currency are translated into the functional currency, as follows:

- Foreign currency monetary items are translated using the spot exchange rate in effect at the reporting date; and
- Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate(s) in effect as at the date(s) on which fair value was determined.

Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation as at a reporting date of assets and liabilities denominated in foreign currencies are reflected in profit or loss. There were no material gains or losses arising from transactions denominated in currencies other than the functional currency for the years ended December 31, 2023 and 2022.

Foreign currency translation, non-USD functional currency entities

For the preparation of these consolidated financial statements, all assets and liabilities are translated into the presentation currency of USD using the foreign exchange rate in effect as at the reporting date with revenue and expenses translated using the average exchange rate for the reporting or applicable period. Translation adjustments arising from changes in exchange rates are reported as a component of other comprehensive income and form part of the cumulative translation account in shareholders' equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation account related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

Revenue Recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for promised goods or services, net of expected returns. The Company sells product directly to end customers as well as through distributors. The Company's performance obligations are satisfied at a point in time.

The Company generally has one performance obligation in its arrangements involving the sale of frequency control and connectivity products. When the terms of a contract include the transfer of multiple products, each distinct product is identified as a separate performance obligation. Generally, satisfaction occurs when control of the promised goods is transferred to the customer in exchange for consideration in an amount for which the Company expects to be entitled. Generally, control is transferred when legal title of the asset moves from the Company to the customer. The Company sells products to a customer based on a purchase order, and the shipping terms per each individual order are primarily used to satisfy the single performance obligation. However, in order to determine when control has transferred to the customer, the Company also considers:

- when the Company has a present right to payment for the goods;
- when the Company has transferred physical possession of the goods to the customer;
- when the customer has the significant risks and rewards of ownership of the goods; and
- when the customer has accepted the goods.

Wi2Wi Corporation

Notes to Consolidated Financial Statements

(All dollar amounts in thousands of U.S. dollars, unless otherwise noted)

Disaggregated Revenue

Revenue from contracts with customers is disaggregated by product family and geographical areas as it best depicts how the nature, timing and uncertainty of revenue and cash flows are affected by economic factors. See details in the table below:

| For the years ended December 31, | 2023 | 2022 |
|----------------------------------|----------|----------|
| Product Family | | |
| Frequency Control | \$ 6,327 | \$ 6,795 |
| Connectivity | 16 | 62 |
| | \$ 6,343 | \$ 6,857 |

| For the years ended December 31, | 2023 | 2022 |
|----------------------------------|----------|----------|
| Geographical Area | | |
| United States | \$ 5,264 | \$ 5,733 |
| Foreign Countries | 1,079 | 1,124 |
| | \$ 6,343 | \$ 6,857 |

Product Warranty

The Company offers a standard one-year product replacement warranty on its connectivity solutions. The Company assesses the level and materiality of return authorizations and determines the estimated returns for defective products at the time revenue is recognized. On occasion, management may determine to accept product returns beyond the standard one-year warranty period. In those instances, the Company accrues for the estimated cost at the time the decision to accept the return is made. As a consequence of the Company's standardized manufacturing processes and product testing procedures, returns of defective product are infrequent and the quantities have not been significant. Accordingly, historical warranty costs have not been material. Actual claim costs may differ from management's estimates. There was no accrual for warranty costs at December 31, 2023 or 2022.

Research and Development

Research costs are expensed in the period incurred. Development costs are capitalized as an asset if certain criteria are satisfied. Costs incurred in the years ended December 31, 2023 and 2022, respectively, did not satisfy the criteria to qualify them as development costs, and therefore were expensed.

Share-Based Compensation

The Company has a stock option plan and issues stock options to directors, employees and other service providers. The fair value of options granted to employees, including directors, is measured at the grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period, based on the best available estimate of the number of stock options expected to vest. Estimates are subsequently revised, if there is any indication that the number of stock options expected to vest differs from previous estimates. All share-based compensation is recognized as an expense in profit or loss with a corresponding credit to reserves. Upon exercise of stock options, the proceeds received and the amount originally credited to reserves are allocated to common shares. Where equity instruments are granted to persons other than employees, profit or loss is charged with the fair value of goods and services received. When the value of the goods or services cannot be specifically identified, they are measured at the fair value of the equity instrument granted.

Wi2Wi Corporation

Notes to Consolidated Financial Statements

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The Company has a Restricted Share Unit Plan which was established as a method by which equity-based incentives may be awarded to the directors, officers and employees of, and consultants to, the Company to recognize and reward their significant contributions to the long-term success of the Company and to align their interests more closely with the shareholders of the Company. Restricted Share Units ("RSUs") are settled in common shares.

The fair value of the RSUs are measured at fair value at the date of grant and are expensed as share-based compensation over the vesting period with a corresponding increase in reserves. Fair value is determined as the average of the highest and lowest selling price of the Company's common shares on the day the RSUs are issued. Upon vesting of the RSUs the amount originally credited to reserves is allocated to common shares.

Earnings (Loss) Per Share

The Company presents basic and diluted earnings (loss) per share for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings per share is determined by adjusting the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares. Diluted loss per share is equivalent to basic loss per share, as the effect of including those dilutive instruments would be anti-dilutive.

Leases

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

Right of use asset

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right of use assets are subsequently amortized from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term using the straight line method.

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following payments during the lease term: fixed payments (including in-substance fixed payments), and the exercise price under a purchase option that the Company is reasonably certain to exercise.

It is remeasured when there is a change in future lease payments and/or lease term arising mainly if the Company changes its assessment of whether it will exercise a purchase, renewal or termination option, or if there is a revised in substance fixed lease payment.

Wi2Wi Corporation

Notes to Consolidated Financial Statements

(All dollar amounts in thousands of U.S. dollars, unless otherwise noted)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Company used the following practical expedients permitted by the standard:

-the election not to recognize right of use assets and lease liabilities for which the lease is of low value, or short term, less than 12 months.

Investment tax credits and government grants

Government grants include COVID-19 wage subsidies and the benefits of government loans at below market rates of interest. Government assistance and COVID-19 grants are recognized when receipt of the assistance is reasonably assured. Reasonable assurance is determined based on the Company's past experience with claims and collections, and that the Company will comply with the conditions attaching to the grant. Grants related to current expenses are recognized in profit or loss.

5. New Accounting Policies

New standards and interpretations adopted January 1, 2023:

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 consolidated financial statements. As a result of the adoption of the amendments, the title of note 4 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. The adoption of the amendments did not result in any impact to the Company's financial statements.

Future standards and interpretations:

There are no new standards not yet adopted that are expected to have a material impact on the Company's consolidated financial statements.

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Notes to Consolidated Financial Statements
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6. Critical Accounting Estimates and Judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions based on currently available information that affect the application of accounting policies and reported amounts of assets and liabilities at the date of the consolidated statements of financial position and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results may differ from these estimates. Revisions to accounting estimates or judgments are recognized in the year in which they are revised and future periods if the revision affects both current and future years. Estimates and underlying assumptions and judgments are reviewed on an ongoing basis, the Company has not identified any significant estimates. Significant judgments and assumptions made by management in the preparation of these consolidated financial statements are outlined below:

Significant judgments in applying accounting policies

Inventories

Inventories are recorded at the lower of average cost (first in first out method) or net realizable value. Charges for excess and obsolete inventory are recorded based on inventory age, shipment history and forecasted demand. The Company's business is subject to technology changes which may cause selling prices to change rapidly. Moreover, the markets that the Company serves can be volatile and actual results may vary from the Company's forecast or other assumptions, potentially impacting the Company's inventory valuation and resulting in material effects on its profit or loss.

Useful Lives of Depreciable Assets

Management reviews the useful lives of property and equipment at each reporting date based on the expected utility of the assets to the Company. Actual results, however, may vary due to technical obsolescence. Details of the property and equipment useful lives are provided in Note 4.

7. Trade Accounts Receivable

Trade accounts receivable are recorded at the invoiced amount and do not bear interest.

| December 31, | | 2023 | | 2022 |
|--|----|------|----|-------|
| Trade accounts receivable | \$ | 964 | \$ | 1,250 |
| Less provision for impairment of trade receivables | | (8) | | (8) |
| Trade receivables - net | \$ | 956 | \$ | 1,242 |

Wi2Wi Corporation
Notes to Consolidated Financial Statements

(All dollar amounts in thousands of U.S. dollars, unless otherwise noted)

8. Inventories

| December 31, | 2023 | 2022 |
|----------------|----------|----------|
| Raw materials | \$ 1,179 | \$ 1,448 |
| WIP Inventory | 199 | 191 |
| Finished goods | 1,000 | 1,158 |
| Total | \$ 2,378 | \$ 2,797 |

For the year ended December 31, 2023, inventories recognized as an expense in cost of revenues amounted to \$2,127 (2022- \$2,473). During the period, inventories were reviewed for obsolescence as part of ongoing operations. As at December 31, 2023, accumulated deficit includes write-downs against inventories totaling \$1,428 (2022 - \$1,367).

9. Property and Equipment

| | Machinery and Equipment | Computer Equipment | Furniture and Fixtures | Leaseholds | Total |
|---------------------------------|-------------------------------|-----------------------|------------------------------|------------|----------|
| Cost | | | | | |
| At December 31, 2021 | \$ 2,672 | \$ 251 | \$ 89 | \$ 203 | \$ 3,215 |
| Additions | 68 | 13 | - | - | 81 |
| At December 31, 2022 | 2,740 | 264 | 89 | 203 | 3,296 |
| Additions | 126 | 20 | - | - | 146 |
| Disposals | (13) | (124) | (75) | - | (212) |
| At December 31, 2023 | \$ 2,853 | \$ 160 | \$ 14 | \$ 203 | \$ 3,230 |
| Accumulated Depreciation | | | | | |
| Balance, December 31, 2021 | \$ 1,728 | \$ 218 | \$ 88 | \$ 153 | \$ 2,187 |
| Additions | 227 | 14 | - | 21 | 262 |
| Balance, December 31, 2022 | 1,955 | 232 | 88 | 174 | 2,449 |
| Additions | 228 | 12 | 1 | 20 | 261 |
| Disposals | (13) | (124) | (75) | - | (212) |
| At December 31, 2023 | \$ 2,170 | \$ 120 | \$ 14 | \$ 194 | \$ 2,498 |
| Net Carrying Amount | | | | | |
| At December 31, 2022 | \$ 785 | \$ 32 | \$ 1 | \$ 29 | \$ 847 |
| At December 31, 2023 | \$ 683 | \$ 40 | \$ 0 | \$ 9 | \$ 732 |

Depreciation for the years ended December 31, 2023 of \$261 (2022 - \$262) was included in Cost of revenues \$247 (2022-\$243) and Selling, general and administrative \$14 (2022 \$19) expenses.

Substantially all long lived assets of the Company are located in one geographic location, the United States.

Wi2Wi Corporation
Notes to Consolidated Financial Statements

(All dollar amounts in thousands of U.S. dollars, unless otherwise noted)

10. Right Of Use Assets

| | Premises | Equipment | Total |
|---------------------------------|----------|-----------|----------|
| Cost | | | |
| Recognized at December 31, 2021 | \$ 3,660 | \$ 246 | \$ 3,906 |
| Additions | - | - | - |
| Disposals | (67) | (77) | (144) |
| At December 31, 2022 | 3,593 | 169 | 3,762 |
| Additions | - | - | - |
| Disposals | - | (169) | (169) |
| At December 31, 2023 | \$ 3,593 | \$ - | \$ 3,593 |
| Accumulated Depreciation | | | |
| Recognized at December 31, 2021 | \$ 833 | \$ 125 | \$ 958 |
| Additions | 502 | 30 | 532 |
| Disposals | (67) | (77) | (144) |
| At December 31, 2022 | 1,268 | 78 | 1,346 |
| Additions | 379 | 91 | 470 |
| Disposals | - | (169) | (169) |
| At December 31, 2023 | \$ 1,647 | \$ - | \$ 1,647 |
| Net Carrying Amount | | | |
| At December 31, 2022 | \$ 2,325 | \$ 91 | \$ 2,416 |
| At December 31, 2023 | \$ 1,946 | \$ - | \$ 1,946 |

Depreciation for the years ended December 31, 2023 of \$470 (2022 - \$532) was included in Cost of revenues \$312 (2022-\$357), research and development \$52 (2022-\$52) and selling, general and administrative \$106 (2022-\$123) expenses.

11. Accrued Liabilities

| December 31, | 2023 | 2022 |
|------------------------|--------|--------|
| Accrued compensation | \$ 91 | \$ 128 |
| Other accrued expenses | 208 | 144 |
| | \$ 299 | \$ 272 |

12. Lease obligations

Lease obligations

| | |
|--|----------|
| Lease obligations, December 31, 2021 | \$ 3,110 |
| Leases entered into during the year | - |
| Lease payments | (620) |
| Interest expense on lease obligations | 147 |
| Lease obligations, December 31, 2022 | 2,637 |
| Leases entered into during the year | - |
| Lease payments | (560) |
| Interest expense on lease obligations | 128 |
| Lease obligations at December 31, 2023 | \$ 2,205 |

Variable lease payments paid in 2023 were \$167 (2022 - \$106).

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Notes to Consolidated Financial Statements
(All dollar amounts in thousands of U.S. dollars, unless otherwise noted)

Maturity analysis of the contractual undiscounted cash flows for lease obligations

| | |
|---|-----------------|
| Less than one year (current portion) | \$ 445 |
| One to five years | 2,430 |
| Total undiscounted lease obligations | \$ 2,875 |
| Lease obligations | \$ 1,760 |
| Current portion of lease obligations | 445 |
| Lease obligations at December 31, 2023 | \$ 2,205 |

13. Paycheck Protection Program Loan and Economic Injury Disaster Loan

In January 2021 the Company received an Economic Injury Disaster Loan (EIDL) in the amount of \$150. EIDL provides the necessary working capital to help small businesses impacted by a disaster survive until normal operations resume. This is provided by the U.S. Small Business Administration. Installment payments, including principal and interest, will begin thirty (30) months from the date of the promissory note. The balance of principal and interest will be payable thirty (30) years from the date of the promissory note. Interest will accrue at the rate of 3.75% per annum and will accrue only on funds actually advanced from the date(s) of each advance.

In January 2021, the Company qualified for the Employee Retention Credit (ERC). ERC for the year ended December 31, 2021 of \$526 was included in cost of revenues \$381, research and development \$49 and selling, general and administrative \$96 expenses within profit or loss. For the year ended December 31, 2022, \$192 of ERC was recorded in other income.

14. Note Payable

During 2019, the Company obtained a note payable with a bank with an original principal amount of \$223. The note is payable in monthly installments of \$5 at an interest rate of 4.99% per annum. The note is secured by a piece of equipment valued at \$223 financed through the note.

During 2023, the Company obtained two notes through a leasing company with original principal of \$79. The note is payable in monthly installments of \$2 at an interest rates of 15% and 16% per annum. The notes are secured by pieces of equipment valued at \$79 financed through the notes.

| | |
|----------------------------------|--------------|
| Balance December 31, 2022 | \$ 60 |
| Note payable | 79 |
| Payments made | (64) |
| Balance December 31, 2023 | \$ 75 |

Wi2Wi Corporation
Notes to Consolidated Financial Statements
(All dollar amounts in thousands of U.S. dollars, unless otherwise noted)

Future minimum payments on the note payable for the years then ended are as follows:

| | | |
|--------------|----|----|
| December 31, | | |
| 2023 | \$ | 19 |
| 2024- 2027 | | 56 |
| | \$ | 75 |

15. Legal Proceedings

Accrual for Legal Proceedings and Settlement

From time to time, third parties have asserted, and may in the future assert claims against the Company related to disputes in the normal course of business. At December 31, 2023 and 2022, there are no such claims against the Company which are expected to be material to the Company's profit or loss, or financial condition.

16. Share Capital

Common Shares The authorized capital stock of the Company consists of an unlimited number of common shares without par value. Holders of common shares are entitled to one vote for each share held on all matters submitted to a vote of shareholders.

During the year ended December 31, 2023 100,000 common shares were issued for nil cash proceeds on the exercise of restricted share units.

Per Share Calculation

The basic and diluted loss per share has been calculated based on 153,033,313 weighted average shares outstanding, respectively, for the year ended December 31, 2023. The basic and diluted loss per share has been calculated based on 152,933,313 weighted average shares outstanding, respectively, for the year ended December 31, 2022.

17. Share-Based Payments and Warrants

Stock Option Plan

At December 31, 2023, the Company had only one stock option plan, the Wi2Wi Corporation Stock Option Plan (the Plan). The number of common shares reserved for issuance may not exceed 16,096,084 common shares from time to time. Options are granted at an exercise price not less than the Discounted Market Price (as defined) of the Company's shares at the date of grant. Options granted to employees, directors, officers and certain consultants have an expiration date that is up to 10 years from the grant date, generally vest over periods of up to 48 months as determined by the Board of Directors.

The following table summarizes the stock options:

Wi2Wi Corporation
Notes to Consolidated Financial Statements
(All dollar amounts in thousands of U.S. dollars, unless otherwise noted)

| | Options | Weighted Average Exercise Price |
|---|-----------|------------------------------------|
| Options outstanding at December 31, 2021 | 2,641,500 | \$ 0.06 |
| Options expired | (61,500) | 0.14 |
| Options expired ¹ | (80,000) | 0.13 |
| Options granted ² | - | - |
| Options outstanding at December 31, 2022 | 2,500,000 | 0.05 |
| Options expired ³ | (200,000) | 0.14 |
| Options expired | - | - |
| Options granted ⁴ | 1,700,000 | 0.02 |
| Options outstanding at December 31, 2023 | 4,000,000 | \$ 0.03 |

1. Certain of these stock options, issued in Canadian dollars, were converted to US\$ at the March 31, 2022 exchange rate of 1.25.

2. Certain of these stock options, issued in Canadian dollars, were converted to US\$ at the December 31, 2022 exchange rate of 1.36.

3. Certain of these stock options, issued in Canadian dollars, were converted to US\$ at the March 31, 2023 exchange rate of 1.35.

4. Certain of these stock options, issued in Canadian dollars, were converted to US\$ at the December 31, 2023 exchange rate of 1.32.

The following table summarizes stock options outstanding and exercisable as of December 31, 2023:

| Exercise Prices | Options Outstanding | Weighted Average Remaining Contractual Life | Options Exercisable |
|-------------------|------------------------|---|---------------------|
| 0.03 ¹ | 1,300,000 | 3.89 | 1,300,000 |
| 0.06 ² | 1,000,000 | 2.49 | 1,000,000 |
| 0.02 ³ | 1,700,000 | 6.50 | 1,700,000 |
| | 4,000,000 | 4.65 | 4,000,000 |

1. These stock options have an exercise price of CAD \$0.045 and have been converted to US\$ at the December 31, 2023 exchange rate of 1.32 for disclosure purposes here.

2. These stock options have an exercise price of CAD \$0.075 and have been converted to US\$ at the December 31, 2023 exchange rate of 1.32 for disclosure purposes here.

3. These stock options have an exercise price of CAD \$0.075 and have been converted to US\$ at the December 31, 2023 exchange rate of 1.32 for disclosure purposes here.

The fair value of each employee option is estimated on the date of grant using the Black-Scholes option pricing model and expensed using the graded vesting method over the related service period. The Company estimates its expected stock price volatility using historical trading activity over a period equal to the expected term of options granted. The Company estimates the expected term of options granted as being the time from grant to vest plus the midpoint of the time from vest to option expiration. The risk-free interest rate for periods within the contractual life of the option is based on U.S. Treasury zero-coupon rates for the expected term of the option.

Restricted Share Units (RSU's)

At December 31, 2023, the Company had the Wi2Wi Corporation Restricted Share Unit Plan, administered by the Board of Directors. The maximum number of Common shares which may be awarded is 5,000,000 and shall not, in combination with the Stock Option Plan exceed 20% of the issued and outstanding common shares. RSU's granted to employees, directors, officers and certain consultants vest as determined by the Board of Directors.

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Notes to Consolidated Financial Statements

(All dollar amounts in thousands of U.S. dollars, unless otherwise noted)

The following table summarizes the RSU's issued by the Company:

| | RSU's | Weighted Average Grant Date Fair Value |
|---|-----------|--|
| RSU's outstanding at December 31, 2021 | - | \$ - |
| RSU's granted | 300,000 | 0.025 |
| RSU's outstanding at December 31, 2022 | 300,000 | - |
| RSU's exercised | (100,000) | 0.025 |
| RSU's outstanding at December 31, 2023 | 200,000 | \$ 0.025 |

RSUs are measured at fair value at the date of grant and are expensed over the vesting period with a corresponding increase in reserves. Fair value of an RSU is determined as the average of the highest and lowest selling price of the Company's stock on the RSU grant date. At the vesting date accumulated compensation from the current and prior year of \$1 (2022 - \$0) was transferred from reserves to common shares.

Share-based compensation expense related to stock options and RSU's is charged to selling, general and administrative, as follows:

| December 31, | 2023 | 2022 |
|-------------------------------------|-------|------|
| Selling, general and administrative | \$ 22 | \$ - |
| | \$ 22 | \$ - |

Reserves

The December 31, 2023 balance in shareholders' equity reserves of \$3,857 (2022 - \$3,836) is related to share-based compensation.

18. Expenses by Nature

| For the years ended December 31, | 2023 | 2022 |
|--|-----------------|-----------------|
| Research and Development | | |
| Compensation | \$ 288 | \$ 309 |
| Other costs | 49 | 65 |
| Total research and development | \$ 337 | \$ 374 |
| Selling, General and Administrative | | |
| Compensation | \$ 815 | \$ 865 |
| Business insurance | 146 | 157 |
| Depreciation | 119 | 142 |
| Audit and tax | 105 | 119 |
| Professional and consulting services | 106 | 117 |
| Facility related expenses | 173 | 61 |
| Software costs | 70 | 69 |
| Other costs | 106 | 138 |
| Total selling, general and administrative | \$ 1,640 | \$ 1,668 |

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Notes to Consolidated Financial Statements
(All dollar amounts in thousands of U.S. dollars, unless otherwise noted)

19. Financial Instrument Risks

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company does not believe it has significant liquidity risk. As of December 31, 2023, the Company had working capital of \$3,264 and reported cash outflows from operations of \$56 (2022 – \$305).

The following are the undiscounted amounts, contractual maturities and anticipated timing of settlements of its liabilities as at December 31, 2023 and 2022:

| December 31, 2023 | Less than one year | One to five years | Over five years | Total |
|--|-----------------------|----------------------|--------------------|-----------------|
| Accrued payables and accrued liabilities | \$ 679 | \$ - | \$ - | \$ 679 |
| Leases payable | 445 | 1,760 | - | 2,205 |
| Note payable | 19 | 56 | - | 75 |
| Loan payable | 8 | 40 | 101 | 149 |
| Total | \$ 1,151 | \$ 1,856 | \$ 101 | \$ 3,108 |

| December 31, 2022 | Less than one year | One to five years | Over five years | Total |
|--|-----------------------|----------------------|--------------------|-----------------|
| Accrued payables and accrued liabilities | \$ 876 | \$ - | \$ - | \$ 876 |
| Leases payable | 552 | 2,451 | - | 3,003 |
| Note payable | 60 | - | - | 60 |
| Loan payable | 4 | 44 | 102 | 150 |
| Total | \$ 1,492 | \$ 2,495 | \$ 102 | \$ 4,089 |

The Company's exposure to and management of liquidity risk has not changed materially from that of the prior year.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises on cash and restricted cash, and trade accounts receivable. The Company believes it has no significant credit risk with respect to cash and restricted cash balances which are maintained with national banks. The maximum exposure is equal to the carrying amount of cash, restricted cash and trade accounts receivable.

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The Company had significant exposure to several customers as of December 31, 2023 and December 31, 2022 as follows:

| Customer | December 31, 2023 | | December 31, 2022 | |
|----------|-------------------|-----------------------------|-------------------|-----------------------------|
| | Revenue % | Trade Accounts Receivable % | Revenue % | Trade Accounts Receivable % |
| A | 16% | 8% | 9% | 18% |
| B | 12% | 12% | 7% | 7% |
| C | 12% | 26% | 21% | 37% |

The Company has \$115 and \$296 in outstanding receivables over 90 days at December 31, 2023 and December 31, 2022, respectively. The Company's exposure to and management of credit risk has not changed materially from that of the prior year.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company believes it has no significant market risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash balances. The interest earned approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates as it does not have any debt bearing interest at floating rates. The Company's exposure to and management of interest rate risk has not changed materially from that of the prior year.

Foreign currency risk

The Company is exposed to minimal foreign currency risk due to the infrequency of transactions in currencies other than the US dollar. The Company does not use derivatives to hedge against this risk. At December 31, 2023 the Company had accounts payable and accrued liabilities denominated in foreign currencies of CDN \$7 (2022 - CDN \$3). The Company does not believe that it is exposed to material foreign currency risk. The Company's exposure to and management of foreign currency risk has not changed materially from that of the prior year.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from foreign currency risk or interest rate risk). The Company is not exposed to material price risk with respect to commodity or equity prices. The Company's exposure to and management of price risk has not changed materially from that of the prior year.

20. Fair Value of Financial Assets and Liabilities

The Company's financial instruments at December 31, 2023 include cash, restricted cash, trade accounts receivable, Investment in Legend Oil and Gas Ltd., accounts payable, accrued liabilities, note payable and Economic Injury Disaster Loan. The carrying amounts of cash, restricted cash, trade accounts receivable and accounts payable and accrued liabilities approximate their fair value amounts due to the relatively short periods to maturity of these items or because they are receivable or payable on demand. The fair value of the note payable approximates carrying value as it bears a market rate of interest, and fair value of the Economic Injury Disaster Loan approximates carrying value as the interest rate approximates market rates. The investment in Legend Oil and Gas Ltd. is measured at fair value.

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When applicable, the Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities,

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly, and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There were no transfers into or out of level 3.

21. Credit Facility

On May 31, 2023, the Company chose not to use the revolving credit facility, and the restricted cash of \$500 held as collateral was returned to the Company, and the revolving credit facility was terminated.

22. Income Taxes

There is a \$0 tax provision and \$0 tax provision expense recorded for the years ended December 31, 2023 and 2022, respectively. The total income tax expense (benefit) differs from the amounts computed by applying the statutory federal income tax rate of 21% (2022 – 21%) as follows:

| For the years ended December 31, | 2023 | 2022 |
|--|----------|----------|
| Computed tax expense (recovery) | \$ (278) | \$ (260) |
| Non-deductible items and other | (3) | 23 |
| State taxes, net of federal benefit | (98) | (89) |
| Foreign rate differential | (5) | 3 |
| Tax rate change | 2 | 2 |
| True-ups | (2) | 6 |
| Change in deferred tax assets not recognized | 384 | 315 |
| | \$ 0 | \$ 0 |

A deferred tax asset has not been recognized for the following:

| December 31, | 2023 | 2022 |
|------------------------------------|----------|----------|
| Accrued liabilities | \$ 395 | \$ 397 |
| Capitalized costs | 216 | 173 |
| Loss carryforwards | 4,125 | 3,827 |
| Credits | 504 | 504 |
| Deductible temporary differences | 5,240 | 4,901 |
| Taxable temporary differences | (3) | (48) |
| Deferred tax assets not recognized | \$ 5,237 | \$ 4,853 |

In assessing the recognition of deferred tax assets, management considers whether it is probable that some portion or all of the deductible temporary differences will not be utilized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences become deductible or taxable. Expiration of loss carry forwards and credit carry forwards is detailed below. Other deductible temporary differences have no expiry date.

Wi2Wi Corporation

Notes to Consolidated Financial Statements

(All dollar amounts in thousands of U.S. dollars, unless otherwise noted)

Management considers projected future taxable income and tax planning opportunities in making this assessment. Based upon the level of historical losses and projections for future taxable income over the periods to which the deferred tax assets are applicable, management believes it is not more likely than not the Company will realize the benefits of these deductible differences, therefore the deferred tax assets have not been recognized.

The Company had U.S. federal and state net operating loss (NOL) carry forwards and Canadian loss carry forwards of approximately \$12,812, \$15,827, and \$1,332 respectively, available to offset future taxable income at December 31, 2023, and approximately \$11,895, \$14,520, and \$1,247, respectively, at December 31, 2022. The U.S. federal NOL carry forwards will expire in 2030 for federal and 2029 for state, if not utilized. The Canadian loss carry forwards will expire beginning 2035, if not utilized.

23. Key Management Personnel Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company. The remuneration of key management personnel of the Corporation, which includes both members of the Board of Directors and leadership team, which includes the CEO and CFO, is set out below in aggregate:

| For nine months ended December 31, | 2023 | 2022 |
|--|---------------|---------------|
| Officer compensation | \$ 266 | \$ 357 |
| Benefits and other personnel costs | 46 | 43 |
| Share-based compensation current directors | 17 | - |
| | \$ 329 | \$ 400 |

24. Subsequent Events

Subsequent to December 31, 2023 the Company granted 3,500,000 stock options exercisable at \$0.035 per share. The stock options will vest on the following schedule: 1,500,000 options vest October 1, 2024, 1,000,000 vest June 1, 2025 and 1,000,000 vest February 1, 2026, subject to certain acceleration provisions.