

mobio technologies

Mobio Technologies Inc.

Consolidated Financial Statements

(EXPRESSED IN CANADIAN DOLLARS)

For the Years Ended July 31, 2023 and 2022

Index

Consolidated Statements of Financial Position

Consolidated Statements of Comprehensive Loss

Consolidated Statements of Changes in Equity (Deficit)

Consolidated Statements of Cash Flows

Notes to Consolidated Financial Statements



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of Mobio Technologies Inc.

Opinion

We have audited the consolidated financial statements of Mobio Technologies Inc. (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2023 and 2022, and the consolidated statements of comprehensive loss, changes in equity (deficit) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate the existence of a material uncertainty 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Vancouver

1500 - 1140 West Pender St.
Vancouver, BC V6E 4G1
604.687.4747

Surrey

200 - 1688 152 St.
Surrey, BC V4A 4N2
604.531.1154

Tri-Cities

700 - 2755 Lougheed Hwy
Port Coquitlam, BC V3B 5Y9
604.941.8266

Victoria

320 - 730 View St.
Victoria, BC V8W 3Y7
250.800.4694

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Otto Ehinger.



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

November 8, 2023

MOBIO TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

As at	Notes	July 31, 2023	July 31, 2022
ASSETS			
<u>Current Assets</u>			
Cash		\$ 207,848	\$ 15,156
Accounts receivable	4	1,654	6,314
Deposits and prepaid expenses		3,096	18,838
		212,598	40,308
<u>Non-Current Assets</u>			
Due from related party	6	133,921	-
TOTAL ASSETS		\$ 346,519	\$ 40,308
LIABILITIES			
<u>Current Liabilities</u>			
Accounts payable and accrued liabilities	7	\$ 140,573	\$ 171,272
Related party loans payable	8	858,923	549,681
Term loan payable	9	30,000	-
		1,029,496	720,953
<u>Non-Current Liabilities</u>			
Term loan payable	9	-	30,247
TOTAL LIABILITIES		1,029,496	751,200
EQUITY (DEFICIT)			
Share capital	10	26,941,574	26,644,086
Equity portion of debt	8	72,738	72,738
Share-based payment reserve		14,915	14,915
Deficit		(27,712,204)	(27,442,631)
TOTAL EQUITY (DEFICIT)		(682,977)	(710,892)
TOTAL LIABILITIES AND EQUITY (DEFICIT)		\$ 346,519	\$ 40,308
Nature of operations and going concern uncertainty	1		
Proposed transaction	16		
<i>Approved on behalf of the board</i>			
<i>"Brian O'Neill"</i>		<i>"Laurie Baggio"</i>	
<hr/> Brian O'Neill, Director		<hr/> Laurie Baggio, Chief Executive Officer	

See accompanying notes to the consolidated financial statements.

MOBIO TECHNOLOGIES INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in Canadian dollars)

		Years ended July 31,	
	Notes	2023	2022
REVENUE			
Sales		\$ 5,791	\$ 8,066
EXPENSES			
Amortization		-	401
Personnel	12	66,708	75,333
Professional fees		83,005	66,258
Office and administration		35,719	38,435
Marketing		9,299	1,692
Regulatory and filing costs		16,157	19,991
Website and IT		5,460	6,320
Foreign exchange		20	869
		216,368	209,299
OTHER ITEMS			
Interest expense	8,9,12	58,995	50,116
Other income (loss)	9	-	(1,262)
Gain on impaired investment	5	-	(32,457)
		58,995	16,397
Net loss and comprehensive loss for the year	11	\$ (269,572)	\$ (217,630)
Basic and diluted loss per share	11	\$ (0.01)	\$ (0.01)
Weighted average number of common shares			
outstanding, basic and diluted	11	42,242,751	38,297,546

See accompanying notes to the consolidated financial statements.

MOBIO TECHNOLOGIES INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)

(Expressed in Canadian dollars)

	Notes	Share capital		Reserves			Deficit	Total
		Number of shares	Amount	Warrant reserves	Equity portion of debt	Share-based payments reserves		
Balance at July 31, 2021		38,297,546	\$ 26,094,077	\$ 550,009	\$ 72,738	\$ 72,091	\$ (27,282,177)	\$ (493,262)
Expiry of options		-	-	-	-	(57,176)	57,176	-
Expiry of warrants		-	550,009	(550,009)	-	-	-	-
Loss for the year		-	-	-	-	-	(217,630)	(217,630)
Balance at July 31, 2022		38,297,546	26,644,086	-	72,738	14,915	(27,442,631)	(710,892)
Shares issued for cash	10	4,285,714	300,000	-	-	-	-	300,000
Share issuance costs	10	-	(2,512)	-	-	-	-	(2,512)
Loss for the year		-	-	-	-	-	(269,572)	(269,572)
Balance at July 31, 2023		42,583,260	\$ 26,941,574	\$ -	\$ 72,738	\$ 14,915	\$ (27,712,204)	\$ (682,977)

See accompanying notes to the consolidated financial statements.

MOBIO TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Years ended July 31,	
	2023	2022
OPERATING ACTIVITIES		
Net loss for the year	\$ (269,572)	\$ (217,630)
Items not affecting cash:		
Amortization	-	401
Accrued interest expense	58,995	50,116
Fair value gain on investments	-	(32,457)
Net changes in non-cash working capital:		
Accounts receivable	4,660	35,574
Deposits and prepaid expenses	15,742	(5,125)
Accounts payable and accrued liabilities	(30,700)	9,265
Net cash (used in) operating activities	(220,875)	(159,856)
INVESTING ACTIVITIES		
Purchase of equipment	-	(1,671)
Proceeds on disposal of equipment	-	1,518
Advances to related party	(133,921)	-
Sale of investment	-	32,457
Net cash (used in) provided by investing activities	(133,921)	32,304
FINANCING ACTIVITIES		
Proceeds from related party loans	250,000	125,000
Issuance of common shares, net of issuance costs	297,488	-
Net cash provided by financing activities	547,488	125,000
NET CHANGE IN CASH	192,692	(2,552)
CASH, BEGINNING OF THE YEAR	15,156	17,708
CASH, END OF THE YEAR	\$ 207,848	\$ 15,156

See accompanying notes to the consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY

Mobio Technologies Inc. (“Mobio” or the “Company”) was incorporated pursuant to the provisions of the Business Corporations Act (Alberta) on November 19, 1998 and was continued into British Columbia under the Business Corporations Act (British Columbia). The Company’s registered and records office is located at 204 – 1080 Mainland Street, Vancouver, BC, V6B 2T4. Mobio is a public company whose shares are listed on the TSX Venture Exchange under the symbol “MBO”. The Company’s primary line of business is Strutta.com Media Inc. (“Strutta”), a social promotions platform that allows brands to run contests and sweepstakes across multiple social web channels. In addition, the Company invests in start-up technology companies.

These consolidated financial statements have been prepared using the going concern assumption, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. During the year ended July 31, 2023, the Company generated a net loss of \$269,572 and has an accumulated deficit of \$27,712,204 as at July 31, 2023. These conditions raise significant doubt about the Company’s ability to continue as a going concern.

The continuing operations of the Company are dependent upon its ability to develop profitable operations in the future and to raise adequate financing, if necessary. The Company has generated operating losses since inception. The application of the going concern concept is dependent on the Company’s ability to achieve profitable operations and obtain necessary financing.

There can be no assurance that the Company will be successful in achieving profitability or raising additional cash to finance operations. These conditions indicate the existence of a material uncertainty that may raise significant doubt about the Company’s ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability of assets and liabilities that might be necessary should the Company be unable to continue as a going concern and such adjustments could be material.

2. BASIS OF PRESENTATION

These consolidated financial statements were authorized for issue on November 8, 2023, by the Board of Directors of the Company.

Statement of Compliance

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee.

Functional and Presentation Currency

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of Mobio Technologies Inc. and its subsidiary.

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss, which are stated at their fair values. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

2. BASIS OF PRESENTATION (CONT'D)

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements for the year ended July 31, 2023. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, current working capital levels, and potential sources of replacement financing.

As a result of the assessment and as described in Note 1 – Nature of Operations and Going Concern Uncertainty, management concluded the going concern basis of accounting is appropriate based on its cash flow forecast and expectations with respect to access to financing for the next twelve months.

Significant estimates and assumptions were used with respect to the fair value of financial assets and the fair value of investments. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its controlled subsidiaries. Details of controlled subsidiaries are as follows:

	Country of incorporation	Percentage owned	
		July 31, 2023	July 31, 2022
Strutta.com Media Inc. ("Strutta")	Canada	100%	100%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Principles of Consolidation

The consolidated financial statements at July 31, 2023 and 2022 include the assets, liabilities, revenues and expenses of the Company's controlled and wholly owned subsidiaries. All inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions are eliminated on consolidation.

(b) Functional Currency and Presentation

The Company's functional currency is the Canadian dollar and transactions in foreign currencies are translated into Canadian dollars at rates of exchange at the time of such transactions. Monetary assets and liabilities in foreign currencies are translated at the reporting period rate of exchange. Non-monetary assets and liabilities in foreign currencies are translated at historical exchange rates.

Revenue and expenses denominated in a foreign currency are translated at the monthly average exchange rate (except for depreciation and amortization which is translated at historical exchange rates). Gains and losses resulting from translation adjustments are included in net loss.

(c) Revenue Recognition

Revenue is recognized when a contractual arrangement is in place, the fee is fixed and determinable, the products and services have been delivered to the customer, and collectability is reasonably assured. The Company's principal source of revenue and recognition of these revenues are as follows:

- (i) On-line subscription fees – generally recognized over time; and
- (ii) Advertising and sponsorship fees – recognized when the services are delivered.

Payments received in advance are recorded as deferred revenue and recognized into revenue as services are delivered or subscription time elapses.

(d) Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the consolidated statement of comprehensive loss.

Depreciation is calculated on a straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives. The depreciation rates applicable to each category of equipment are as follows:

Class of property, plant and equipment	Depreciation rate
Computer equipment	33%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and are subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses.

The Company shall recognize in the consolidated statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

(f) Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

Impairment is determined by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell or the value in use. The Company identifies CGUs as identifiable groups of assets that are largely independent of the cash inflows from other assets or groups of assets. Value in use calculations require estimations of discount rates and future cash flows derived from revenue growth, gross margin and operating costs. Fair value less costs to sell calculations require the Company to estimate fair value of an asset or a CGU using market values of similar assets as well as estimations of the related costs to sell.

Impairment losses are recognized in profit or loss in the period in which the impairment is identified. Impairment losses recognized in respect of a CGU are allocated first to reduce the carrying value of goodwill allocated to the CGU and any excess is allocated to the carrying amount of the other assets in the CGU on a pro rata basis.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Contingent Liabilities

A contingent liability is defined as a possible obligation arising from past events or a present obligation where it is not probable that an outflow of resources will occur, or the amount of obligation cannot be measured. On determining the probability of occurrence and estimate of exposure, the Company relies upon their understanding of the past event, including activities undertaken by other parties. Contingent liabilities are disclosed unless the probability of occurrence is remote. There are no contingent liabilities disclosed for the Company.

(h) Short-Term Loans

Short-term loans are separated into their liability and equity components on the Consolidated Statements of Financial Position. The liability component is initially recognized at fair value, determined as the net present value of future payments of interest and principal, discounted at the market rate for similar non-convertible liabilities at the time of issue. The liability component is subsequently measured at amortized cost, using the effective interest method, until extinguished upon conversion or maturity.

The fair value of the equity component of debt is estimated using the residual method in which the difference between the face value of the instrument and the fair value of the liability component is allocated as the fair value of the equity component. Issuance costs are allocated on a pro-rata basis between the debt and equity components.

(i) Share-Based Payments

Stock options issued are accounted for in accordance with fair value accounting for share-based payments. The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option pricing model. The associated expense is charged to profit or loss with a corresponding increase to share-based payment reserves over the vesting period of the option. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Compensation expense for stock options granted to non-employees is recorded as an expense in the period at the earlier of the completion of performance and the date the options are vested using the fair value method.

As the options are exercised, the consideration paid, along with the amount previously recognized in share-based payment reserves, is recorded as an increase to share capital. For stock options which have expired or been forfeited, the amount previously recognized in share-based payments reserve is reclassified to deficit.

(j) Warrants

The proceeds from private placements that include warrants are allocated on a relative fair value basis between the common shares and warrants. The fair value attributed to warrants is recorded in warrant reserves within equity. If the warrants are converted, the consideration paid, along with the amount previously recognized in warrant reserves, is recorded as an increase to share capital. Upon expiry of warrants, any fair value attributed is reclassified to share capital.

(k) Comprehensive Income (Loss)

Comprehensive income (loss) is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Loss per Share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted-average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. The method requires computation as if the proceeds from the exercisable options and warrants would be used to purchase common shares at the average market price during the period. For the periods presented, diluted loss per share is equal to basic loss per share since the effects of stock options and warrants were anti-dilutive.

(m) Cash

Cash consists of cash, restricted cash, and deposits held at call with banks. As a result, the carrying amount of cash approximates fair value.

(n) Income Taxes

Income tax expense consists of current and deferred tax expenses. Income tax expense is recognized in net loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized directly in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for temporary differences related to the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or investments in subsidiaries and equity investments to the extent it is probable that they will not be reversed in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that asset.

(o) Government Grant

A government grant is recognized when there is reasonable assurance it will be received, and all related conditions will be complied with. The Company recognises government grants in profit or loss on a systematic basis and in line with its recognition of the expenses that the grants are intended to compensate. The Company carefully determines whether the grant compensates expenses already incurred or future costs.

4. ACCOUNTS RECEIVABLE

	July 31,		July 31,	
	2023		2022	
Trade receivables	\$	200	\$	193
GST recoverable		1,454		6,121
Total accounts receivable	\$	1,654	\$	6,314

5. INVESTMENTS

In October 18, 2012, the Company purchased 12,500 common shares of Paltech Solutions Inc. ("Paltech") for \$20,000. During the year ended July 31, 2014, the Company fully impaired the investment. During July 31, 2021, the Company sold the 12,500 common shares for proceeds of \$246,419 (USD \$186,513). The Company received its final portion of proceeds for its common shares in November 2021 for \$32,457 (USD \$25,653), which was recorded as a gain on impaired investment in the consolidated statement of comprehensive loss.

6. DUE FROM RELATED PARTY

During the year ended July 31, 2023, the Company paid \$133,921 (2022 - \$Nil) to Tracksuit Movers Inc., which is considered a related party due to common directors and shareholders, to cover associated audit fees in connection with the proposed transaction described in Note 16. The amounts due from related party are unsecured, have no fixed terms of repayment and are non-interest bearing.

7. TRADE PAYABLES AND ACCRUALS

	July 31,		July 31,	
	2023		2022	
Accounts payable	\$	17,573	\$	45,002
Accrued liabilities		123,000		126,270
Total accounts payable and accrued liabilities	\$	140,573	\$	171,272

Included in accounts payable and accrued liabilities at July 31, 2023 is \$90,199 (2022 - \$95,250) owing to officers of the Company.

8. RELATED PARTY LOANS PAYABLE

On August 14, 2019, the Company received a loan in the amount of \$25,000 from a company controlled by an officer. The loan is unsecured, due on demand and bears interest at 10% per annum. During the year ended July 31, 2023, the Company recorded \$3,318 (2022 - \$3,016) (Note 12) in interest on the loan. The balance of the loan at July 31, 2023 is \$36,493 (2022 - \$33,176).

On August 29, 2019, the Company received a loan in the amount of \$100,000 from a company controlled by a significant shareholder. The loan is unsecured, due on demand and bears interest at 10% per annum. During the year ended July 31, 2023, the Company recorded \$14,029 (2022 - \$11,950) (Note 12) in interest on the loan. The balance of the loan at July 31, 2023 is \$145,426 (2022 - \$131,397).

On November 20, 2019, the Company received a loan in the amount of \$50,000 from a company controlled by an officer. The loan is unsecured, due on demand and bears interest at 10% per annum. During the year ended July 31, 2023, the Company recorded \$6,473 (2022 - \$5,885) (Note 12) in interest on the loan. The balance of the loan at July 31, 2023 is \$71,200 (2022 - \$64,727).

8. RELATED PARTY LOANS PAYABLE (CONT'D)

On January 30, 2020, the Company received a loan in the amount of \$50,000 from a company controlled by an officer. The loan is unsecured, due on demand and bears interest at 10% per annum. During the year ended July 31, 2023, the Company recorded \$6,355 (2022 - \$5,777) (Note 12) in interest on the loan. The balance of the loan at July 31, 2023 is \$69,905 (2022 - \$63,550).

On April 6, 2020, the Company received a loan in the amount of \$100,000 from a company controlled by a significant shareholder. The loan is unsecured, due on demand and bears interest at 10% per annum. During the year ended July 31, 2023, the Company recorded \$12,488 (2022 - \$11,353) (Note 12) in interest on the loan. The balance of the loan at July 31, 2023 is \$137,367 (2022 - \$124,879).

On January 10, 2022, the Company received a loan in the amount of \$100,000 from a company controlled by a significant shareholder. The loan is unsecured, due on demand and bears interest at 10% per annum. During the year ended July 31, 2023, the Company recorded \$10,556 (2022 - \$5,562) (Note 12) in interest on the loan. The balance of the loan at July 31, 2023 is \$116,118 (2022 - \$105,562).

On January 10, 2022, the Company received a loan in the amount of \$25,000 from a company controlled by an officer. The loan is unsecured, due on demand and bears interest at 10% per annum. During the year ended July 31, 2023, the Company recorded \$2,639 (2022 - \$1,390) (Note 12) in interest on the loan. The balance of the loan at July 31, 2023 is \$29,030 (2022 - \$26,390).

On June 20, 2023, the Company received a loan in the amount of \$50,000 from a company controlled by an officer. The loan is unsecured, bears interest at 12% per annum, and matures on December 31, 2023. During the year ended July 31, 2023, the Company recorded \$690 (2022 - \$Nil) (Note 12) in interest on the loan. The balance of the loan at July 31, 2023 is \$50,690 (2022 - \$Nil).

On June 21, 2023, the Company received a loan in the amount of \$200,000 from a company controlled by a significant shareholder. The loan is unsecured, bears interest at 12% per annum, and matures on December 31, 2023. During the year ended July 31, 2023, the Company recorded \$2,694 (2022 - \$Nil) (Note 12) in interest on the loan. The balance of the loan at July 31, 2023 is \$202,694 (2022 - \$Nil).

Loan transactions for the years ended July 31, 2022, and 2023 are summarized as follows:

	Liability component	Equity component
Balance, July 31, 2021	\$ 379,748	\$ 72,738
Accrued interest	44,933	-
Increases	125,000	-
Balance, July 31, 2022	549,681	72,738
Accrued interest	59,242	-
Increases	250,000	-
Balance, July 31, 2023	\$ 858,923	\$ 72,738

9. TERM LOANS PAYABLE

On May 4, 2020 (“disbursement date”), the Company received a loan for gross proceeds of \$40,000 under the Canada Emergency Business Account (“CEBA”) as part of the Canadian government funded COVID-19 financial assistance programs. The CEBA term loan is due on December 25, 2025. The loan is interest free until December 31, 2023 and bears interest at 5% per annum thereafter. If at least 75% of the loan principal is paid on or before December 31, 2023, the balance of the loan will be forgiven.

The benefit of the government loan received at below market rate of interest is treated as a government grant. The loan was recognized at the fair value of \$19,847, using the Company’s incremental borrowing rate of 20% per annum. The difference between the initial carrying amount and proceeds received of \$20,152 is the value of the grant. During the year ended July 31, 2023, the Company recorded an interest reversal of \$247 on the loan (2022- interest accretion of \$5,184) and the Company plans to pay back 75% of the loan principal prior to December 31, 2023 and have the rest forgiven. The balance of the loan at July 31, 2023 is \$30,000 (July 31, 2022 - \$30,247).

10. SHARE CAPITAL

Authorized:

- Unlimited number of common shares without par value.
- Unlimited number of preferred shares without par value, non-voting and entitled to such dividends as may be set by the Board of Directors of the Company.

Issued and Outstanding:

- On August 29, 2022, the Company issued 4,285,714 common shares at a price of \$0.07 per share, and an aggregate value of \$300,000. Share issuance costs of \$2,512 were incurred with respect to the transaction.

At July 31, 2023, there were 42,583,260 common shares issued and outstanding (July 31, 2022 – 38,297,546).

Warrants

As at July 31, 2023, there were no warrants issued and exercisable (July 31, 2022 – nil).

Stock Options

Under the Company’s stock option plan, options may be granted to directors, officers, employees and consultants of the Company. Options expire between two and five years after being issued or thirty days after an optionee ceases to be engaged in a bona fide manner with the Company. The Board of Directors has the discretion to extend the expiration period on cessation of engagement. The maximum number of common shares authorized for issuance by the Board of Directors under the plan is limited to 10% of the total issued and outstanding common shares of the Company and the aggregate number of common shares to be delivered upon exercise of the options to any one individual granted under the plan may not exceed 5% of the common shares issued and outstanding.

10. SHARE CAPITAL (CONT'D)

As at July 31, 2023 the following stock options were issued and exercisable:

	Number of Options	Weighted Average Exercise Price
Balance, July 31, 2022 & July 31, 2023	75,000	\$ 0.22
	Outstanding (#)	Exercisable (#)
	75,000	75,000
		Exercise Price (\$)
		0.22
		Expiry Date
		January 19, 2028

The weighted average life of the remaining options is 4.474 years.

11. LOSS PER SHARE

The basic loss per common share is calculated using the weighted average number of common shares outstanding during the period. Any warrants and stock options outstanding as at July 31, 2023 and 2022 have not been included in the calculation of diluted loss per common share as the effect of their inclusion would be anti-dilutive.

Loss Per Share Calculation	Weighted Average Shares Outstanding	Net Loss	Loss Per Share
Year ended July 31, 2022	38,297,546	\$ (217,630)	\$ (0.01)
Year ended July 31, 2023	42,242,751	\$ (269,572)	\$ (0.01)

12. RELATED PARTY TRANSACTIONS

Payments to key management and directors during the year ended July 31, 2023 and 2022 were as follows:

Years ended July 31,	2023	2022
Management fees paid to current and former directors and/or officers, or to companies controlled by directors and/or officers	\$ 55,000	\$ 47,000
Total compensation	\$ 55,000	\$ 47,000

Fees paid to directors and officers are included in the line item "Personnel" in the Company's consolidated statements of comprehensive loss.

12. RELATED PARTY TRANSACTIONS (CONT'D)

Interest and accretion recorded on related party loans is as follows:

Years ended July 31,	2023	2022
Interest on loans payable to companies with a common director and officer or to companies controlled by directors and/or officers or by significant shareholders	\$ 59,242	\$ 44,933

Included in accounts payable and accrued liabilities at July 31, 2023 is \$90,199 (2022 - \$95,250) owing to officers of the Company. These amounts are non-interest bearing, unsecured and due on demand. For other related party transactions see Note 8 – Related Party Loans Payable.

13. INCOME TAXES

A reconciliation of the calculated income taxes for the fiscal years ended July 31, 2023 and 2022 are as follows:

	July 31, 2023	July 31, 2022
Combined federal and provincial statutory income tax rates	27.00%	27.00%
Accounting income (loss) before income taxes	\$ (269,572)	\$ (217,630)
Expected income tax (expense)/recovery at statutory rates	(72,784)	(58,760)
Non-deductible expenditures	(134)	2,799
Other	(8,764)	920,842
Change in valuation	81,682	(864,881)
Income tax recovery	\$ -	\$ -

The Company did not recognize deferred tax assets for the following deductible temporary differences:

	July 31, 2023	July 31, 2022
Non-capital losses	\$ 11,209,076	\$ 10,938,906
Share issue costs	1,553	1,553
Capital losses	7,389,575	7,357,118
Other deductible temporary differences	27,221	27,321
	18,627,425	18,324,898
Tax benefits not recognized - valuation allowance	(18,627,425)	(18,324,898)
Balance	\$ -	\$ -

13. INCOME TAXES (CONT'D)

The Company's tax loss carry-forwards that it can apply against income in future years are as follows:

Taxable non-capital loss carry forward schedule	
Year of expiry	Amount
2026	\$ 113,597
2027	112,640
2028	168,755
2029	243,923
2030	136,128
2031	266,894
2032	650,632
2033	1,592,375
2034	2,026,492
2035	697,665
2036	1,283,361
2037	1,115,539
2038	776,400
2039	731,077
2040	474,519
2041	300,005
2042	249,255
2043	269,819
	\$ 11,209,076

14. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable, due from related party, related party loans payable, term loan payable and accounts payable. As at July 31, 2023, there were no significant differences between the carrying amounts of these items and their estimated fair values.

Fair Value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable.

The three levels of the fair value hierarchy are:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of July 31, 2023 and 2022, cash is classified as Level 1.

The Board of Directors approves and monitors the risk management processes. The Company has exposure to the following risks from its use of financial instruments:

- Interest rate risk

14. FINANCIAL INSTRUMENTS (CONT'D)

- Credit risk
- Liquidity risk
- Market risk
- Currency risk

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 manages its financial instruments with the objective of minimizing potential interest rate risk, which generally means avoiding interest-bearing obligations other than in unusual circumstances. The Company is not exposed to significant interest rate risk.

Credit Risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash and accounts receivable. Management believes that the credit risk with respect to cash is minimal as balances are held with a high-credit quality financial institution. Accounts receivable have historically been subject to very few bad debts.

Liquidity Risk

The Company's exposure to liquidity risk is dependent on the collection of accounts receivable, purchasing commitments and obligations or raising funds to sustain operations. The Company controls liquidity risk by management of working capital and cash flows. The Company's ability to meet its future obligations may depend in significant part on the extent to which the Company can raise sufficient funds or implement successfully its business growth and cost reduction strategies. The Company cannot provide any assurance that it will be able to implement its strategy fully or that the anticipated results of its strategy will be realized.

Market Risk

The Company's exposure to financial market risk is limited, as it presently does not have any investments where value fluctuates as a result of changes in prices quoted in open markets.

Currency risk

Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's reporting currency is Canadian dollars and has not entered into any derivative instruments to manage foreign exchange fluctuations.

15. CAPITAL MANAGEMENT

The Company defines capital as an aggregate of cash, loans, common shares, warrants and stock options. 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. The Company targets to meet this objective by managing working capital to provide for the possibility that cash flows from assets will not be sufficient to meet future cash flow requirements in the near term. The Board of Directors does not establish quantitative return on capital criteria for management. In recent years, the Company has relied on funds generated through the issuance of common shares and loans to supplement funds generated from operations. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

16. PROPOSED TRANSACTION

On March 14, 2022, Mobio Technologies Inc. (“Mobio”) entered into a non-binding letter of intent which set out the proposed basic terms and conditions for the 100% acquisition of Tracksuit Movers Inc. (“TMI”) through a share exchange. Mobio plans to acquire TMI by exchanging 72,992,701 of its shares at a deemed value of \$0.137 per share for all outstanding shares of TMI.

Concurrently with the acquisition of TMI, Mobio plans to complete a private placement of \$3,000,000 at a price of \$0.137 per share.

The acquisition of TMI is subject to negotiation and entering into a binding share exchange agreement, approval by disinterested shareholders of Mobio and acceptance of the transaction by the TSX Venture Exchange.