



**POET  
TECHNOLOGIES INC.**

**Consolidated Financial Statements  
For the Year Ended December 31, 2023, 2022 and 2021**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and Board of Directors of  
**POET Technologies Inc.**

**Opinion on the Financial Statements**

We have audited the accompanying consolidated statements of financial position of POET Technologies Inc. (the “Company”) as of December 31, 2023, 2022 and 2021, the related consolidated statements of operations and deficit, comprehensive loss, changes in shareholders’ equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2023, based on the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013 and our report dated March 15, 2024, expressed an adverse opinion on the effectiveness of the Company’s internal control over financial reporting because of the existence of a material weakness.

**Explanatory Paragraph – Going Concern**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 1, the Company has incurred significant losses over the past few years and needs to raise additional funds to meet its future obligations and sustain its operations. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Basis for Opinion**

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission, Ontario Securities Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### **Critical Audit Matters**

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

A handwritten signature in cursive script that reads "Marcum LLP".

Marcum LLP

We have served as the Company's auditor since 2009, such date takes into account the acquisition of a portion of UHY LLP by Marcum LLP in April 2010.

Hartford, CT  
March 15, 2024  
PCAOB ID 668



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Shareholders and Board of Directors of  
**POET Technologies Inc.**

### **Adverse Opinion on Internal Control Over Financial Reporting**

We have audited POET Technologies Inc.'s (the "Company") internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material weakness described in the following paragraph on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

A material weakness is a control deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in "Management's Annual Report on Internal Control Over Financial Reporting". The Company's controls responsible for verification of changes to payment instructions from the Company's vendors was not effective.

This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the fiscal December 31, 2023 consolidated financial statements, and this report does not affect our report dated March 15, 2024 on those financial statements.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated statements of financial position as of December 31, 2023, 2022 and 2021 and the related consolidated statements of operations and deficit, comprehensive loss, changes in shareholders' equity, and cash flows and the related notes for each of the three years in the period ended December 31, 2023 of the Company and our report dated March 15, 2024 expressed an unqualified opinion, which includes an explanatory paragraph regarding the Company's ability to continue as a going concern, on those financial statements.

## **Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management Annual Report on Internal Control Over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission, the Ontario Securities Commission, and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

## **Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that degree of compliance with the policies or procedures may deteriorate.



Marcum LLP  
Hartford, CT  
March 15, 2024

**POET TECHNOLOGIES INC.**

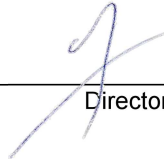
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(Expressed in US Dollars)**

December 31,	2023	2022	2021
<b>Assets</b>			
Current			
Cash and cash equivalents (Note 2)	\$ 3,019,069	\$ 9,229,845	\$ 14,941,775
Short-term investments (Note 2)	-	-	6,366,828
Accounts receivable (Notes 3)	-	62,842	-
Prepays and other current assets (Note 4)	150,676	275,507	480,523
	<b>3,169,745</b>	9,568,194	21,789,126
Investment in joint venture (Note 5)	-	-	1,445,251
Property and equipment (Note 6)	4,623,228	5,070,507	3,064,234
Patents and licenses (Note 7)	502,055	510,705	528,476
Right of use asset (Note 8)	482,389	241,047	326,890
	<b>\$ 8,777,417</b>	<b>\$ 15,390,453</b>	<b>\$ 27,153,977</b>
<b>Liabilities</b>			
Current			
Accounts payable and accrued liabilities (Note 9)	\$ 2,301,457	\$ 3,362,430	\$ 1,791,222
Covid-19 government support loans (Note 23)	30,200	29,520	31,660
Lease liability (Note 8)	204,939	150,951	101,074
Contract liabilities (Note 3)	-	274,192	-
	<b>2,536,596</b>	3,817,093	1,923,956
Non-current lease liability (Note 8)	307,141	128,312	258,274
Derivative warrant liability (Note 10 and 11(b))	1,002,264	-	-
	<b>3,846,001</b>	3,945,405	2,182,230
<b>Shareholders' Equity</b>			
Share capital (Note 11(b))	165,705,423	151,206,539	147,729,846
Warrants and compensation options (Note 12)	670,115	5,905,642	5,328,455
Contributed surplus (Note 13)	55,447,961	51,016,808	46,954,333
Accumulated other comprehensive loss	(2,601,058)	(2,660,281)	(2,053,917)
Deficit	(214,291,025)	(194,023,660)	(172,986,970)
	<b>4,931,416</b>	11,445,048	24,971,747
	<b>\$ 8,777,417</b>	<b>\$ 15,390,453</b>	<b>\$ 27,153,977</b>

Commitments and contingencies (Note 15)

On behalf of the Board of Directors

  
 Director

  
 Director

**POET TECHNOLOGIES INC.**

**CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**  
(Expressed in US Dollars)

For the Years Ended December 31,	2023	2022	2021
Revenue (Note 21)	\$ 465,777	\$ 552,748	\$ 209,100
Operating expenses			
Selling, marketing and administration (Note 20)	10,795,155	9,516,271	9,055,528
Research and development (Note 20)	10,077,930	10,746,743	8,165,128
Operating expenses	20,873,085	20,263,014	17,220,656
Operating loss before the following	(20,407,308)	(19,710,266)	(17,011,556)
Interest expense (Notes 8)	(70,182)	(49,738)	(364,619)
Other income, including interest	234,990	188,320	75,084
Forgiveness of Covid-19 government support loans (Note 23)	-	-	186,747
Gain on contribution of intellectual property to joint venture (Note 5)	1,031,807	1,746,987	2,587,500
Share of loss in joint venture (Note 5)	(1,031,807)	(3,211,993)	(1,142,249)
Fair value adjustment to derivative warrant liability (Note 10 and 11(b))	(24,865)	-	-
Net loss	(20,267,365)	(21,036,690)	(15,669,093)
Deficit, beginning of year	(194,023,660)	(172,986,970)	(157,317,877)
Net loss	(20,267,365)	(21,036,690)	(15,669,093)
Deficit, end of year	\$ (214,291,025)	\$ (194,023,660)	\$ (172,986,970)
Basic and diluted net loss per share (Note 14)	\$ (0.51)	\$ (0.57)	\$ (0.45)

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
(Expressed in US Dollars)

For the Years Ended December 31,	2023	2022	2021
Net loss	\$(20,267,365)	\$(21,036,690)	\$(15,669,093)
Other comprehensive (loss) - net of income taxes			
Items that may in the future be reclassified to profit (loss):			
Exchange differences on translating foreign operations	59,223	(606,364)	(70,705)
Comprehensive loss	\$(20,208,142)	\$(21,643,054)	\$(15,739,798)

**POET TECHNOLOGIES INC.**

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Expressed in US Dollars)

**For the Years Ended December 31,**

	2023	2022	2021
<b>Share Capital</b>			
Beginning balance	\$ 151,206,539	\$ 147,729,846	\$ 114,586,260
Funds from the exercise of stock options	668,259	418,845	3,124,392
Fair value of stock options exercised	587,035	374,129	2,699,042
Funds from the exercise of warrants and compensation warrants	7,767,067	284,437	12,994,358
Fair value of warrants and compensation warrants exercised	4,418,783	79,547	5,351,586
Conversion of convertible debentures	-	-	3,571,342
Fair value of warrants issued on conversion of convertible debentures	-	-	(1,229,305)
Funds from common shares issued through ATM Financing	983,194	-	-
Funds from common shares issued on public or private offerings	1,607,400	3,184,332	11,815,595
Share issue costs	(578,317)	(247,892)	(1,143,034)
Common shares issued to settle accounts payable	-	40,029	13,814
Fair value of warrants issued on public or private offering	(954,537)	(656,734)	(3,766,007)
Fair value of broker warrant issued as share issue costs	-	-	(288,197)
December 31,	<b>165,705,423</b>	151,206,539	147,729,846
<b>Equity Component of convertible debentures</b>			
Beginning balance	-	-	565,121
Fair value of equity component of convertible debentures	-	-	(565,121)
December 31,	-	-	-
<b>Warrants and Compensation Options</b>			
Beginning balance	5,905,642	5,328,455	5,557,002
Fair value of warrants and compensation warrants exercised	(4,418,783)	(79,547)	(5,351,586)
Fair value of expired warrants and compensation options	(816,744)	-	(160,470)
Fair value of warrants issued on the exercise of convertible debentures	-	-	1,229,305
Fair value of warrants issued on private placement	-	656,734	3,766,007
Fair value of broker warrants issued as share issue costs	-	-	288,197
December 31,	<b>670,115</b>	5,905,642	5,328,455
<b>Contributed Surplus</b>			
Beginning balance	51,016,808	46,954,333	44,407,679
Stock-based compensation	4,201,444	4,436,604	4,534,370
Fair value of stock options exercised	(587,035)	(374,129)	(2,699,042)
Fair value of expired warrants and compensation options	816,744	-	160,470
Fair value effect of conversion of convertible debentures	-	-	550,856
December 31,	<b>55,447,961</b>	51,016,808	46,954,333
<b>Accumulated Other Comprehensive Loss</b>			
Beginning balance	(2,660,281)	(2,053,917)	(1,983,212)
Other comprehensive (loss) attributable to common shareholders - translation adjustment	59,223	(606,364)	(70,705)
December 31,	<b>(2,601,058)</b>	(2,660,281)	(2,053,917)
<b>Deficit</b>			
Beginning balance	(194,023,660)	(172,986,970)	(157,317,877)
Net loss	(20,267,365)	(21,036,690)	(15,669,093)
December 31,	<b>(214,291,025)</b>	(194,023,660)	(172,986,970)
<b>Total Shareholders' Equity</b>	<b>\$ 4,931,416</b>	<b>\$ 11,445,048</b>	<b>\$ 24,971,747</b>



**POET TECHNOLOGIES INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Expressed in US Dollars)**  
**For the Years Ended December 31,**

	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>CASH AND CASH EQUIVALENTS (USED IN) PROVIDED BY:</b>			
<b>OPERATING ACTIVITIES</b>			
Net loss	\$ (20,267,365)	\$ (21,036,690)	\$ (15,669,093)
Adjustments for:			
Depreciation of property and equipment (Note 6)	1,653,798	1,054,264	840,366
Amortization of patents and licenses (Note 7)	87,761	80,246	69,560
Amortization of right of use asset (Note 8)	180,602	158,648	190,596
Fair value adjustment to derivative warrant liability (Note 10)	24,865	-	-
Accretion of debt discount on convertible debentures and non-cash interest (Notes 8)	53,614	49,738	213,843
Stock-based compensation (Note 13)	4,201,444	4,436,604	4,534,370
Non-cash settled operating costs (Notes 6 and 11)	-	40,029	13,814
Gain on contribution of intellectual property to joint venture (Note 5)	(1,031,807)	(1,746,987)	(2,587,500)
Share of loss in joint venture (Note 5)	1,031,807	3,211,993	1,142,249
Forgiveness of covid-19 government support loans (Note 23)	-	-	(186,747)
	<b>(14,065,281)</b>	<b>(13,752,155)</b>	<b>(11,438,542)</b>
Net change in non-cash working capital accounts:			
Accounts receivable	62,000	(61,099)	-
Prepaid and other current assets	126,936	(356,199)	134,926
Accounts payable and accrued liabilities	(1,256,925)	1,596,690	70,323
Contract liabilities	(274,192)	246,853	-
Cash flows from operating activities	<b>(15,407,462)</b>	<b>(12,325,910)</b>	<b>(11,233,293)</b>
<b>INVESTING ACTIVITIES</b>			
Maturity (purchase) of short-term investments (Note 2)	-	6,366,828	(6,366,828)
Purchase of property and equipment (Note 6)	(1,167,953)	(3,011,562)	(771,523)
Purchase of patents and licenses (Note 7)	(79,111)	(62,475)	(159,359)
Cash flows from investing activities	<b>(1,247,064)</b>	<b>3,292,791</b>	<b>(7,297,710)</b>
<b>FINANCING ACTIVITIES</b>			
Issue of common shares for cash, net of issue costs (Note 11)	10,447,603	3,639,722	26,791,311
Payment of lease liability (Note 8)	(252,103)	(204,518)	(237,634)
Cash flows from financing activities	<b>10,195,500</b>	<b>3,435,204</b>	<b>26,553,677</b>
Effect of exchange rate on cash	248,250	(114,015)	46,207
Net change in cash and cash equivalents	<b>(6,210,776)</b>	<b>(5,711,930)</b>	<b>8,068,881</b>
Cash and cash equivalents, beginning of year	<b>9,229,845</b>	<b>14,941,775</b>	<b>6,872,894</b>
Cash and cash equivalents, end of year	<b>\$ 3,019,069</b>	<b>\$ 9,229,845</b>	<b>\$ 14,941,775</b>

# POET TECHNOLOGIES INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in US Dollars)

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### 1. DESCRIPTION OF BUSINESS

POET Technologies Inc. is incorporated in the Province of Ontario. POET Technologies Inc. and its subsidiaries (the "Company") design and develop the POET Optical Interposer and Photonic Integrated Circuits for the data center and tele-communications markets. The Company's head office is located at 120 Eglinton Avenue East, Suite 1107, Toronto, Ontario, Canada M4P 1E2. These audited consolidated financial statements of the Company were approved by the Board of Directors of the Company on March 15, 2024.

These financial statements have been prepared on the going concern basis which assumes that the Company will have sufficient cash to pay its debts, as and when they become payable, for a period of at least 12 months from the date the financial report was authorised for issue.

As of December 31, 2023, the Company has accumulated losses of \$(214,291,025) and working capital of \$633,149. During the year ended December 31, 2023, the Company had negative cash flows from operations of \$(15,407,462). The Company has prepared a cash flow forecast for one year from December 31, 2023 which indicates that it does not have sufficient cash to meet its minimum expenditure commitments and therefore needs to raise additional funds to continue as a going concern. As a result, there is substantial doubt about the Company's ability to continue as a going concern.

To address the future funding requirements, management has undertaken the following initiatives:

1. Raised CA\$6,219,667 (US\$4,607,161) in gross funding from a private placement on January 24, 2024. The financing included the issuance of warrants at an exercise price of CA\$1.52. These warrants are currently in- the- money and will be exercisable after May 25, 2024.
2. Raised \$1,607,400 in gross funding from a public offering on December 4, 2023. The financing included the issuance of warrants at an exercise price of \$1.12. These warrants are currently in- the- money and holders of these warrants are encouraged to exercise them.
3. Established a strict budgetary process with a focus on maintaining an appropriate level of corporate overheads in line with the Company's available cash resources.

The Company's financial statements do not include any adjustments to the assets' carrying amount, to the expenses presented and to the reclassification of the balance sheets items that could be necessary should the Company be unable to continue its operations.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements of the Company and its subsidiaries were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The preparation of financial statements in accordance 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 involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

#### **Basis of presentation**

These consolidated financial statements include the accounts of POET Technologies Inc. and its subsidiaries; ODIS Inc. ("ODIS"), Opel Solar Inc. ("OPEL"), BB Photonics Inc. ("BB Photonics"), POET Technologies Pte Ltd. ("PTS") and POET Optoelectronics Shenzhen Co., Ltd ("POET Shenzhen"). All intercompany balances and transactions have been eliminated on consolidation.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in US Dollars)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Business combinations**

Acquisitions of businesses are accounted for using the acquisition method. The acquisition cost is measured at the acquisition date at the fair value of the consideration transferred, including all contingent consideration.

Subsequent changes in contingent consideration are accounted for through the consolidated statements of operations and deficit and consolidated statements of comprehensive loss in accordance with the applicable standards.

Goodwill arising on acquisition is initially measured at cost, being the difference between the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree and the net recognized amount (generally fair value) of the identifiable assets and liabilities assumed at the acquisition date. If the net of the amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in the consolidated statements of operations and deficit as a bargain purchase gain.

Acquisition-related costs, other than those that are associated with the issue of debt or equity securities that the Company incurs in connection with a business combination, are expensed as incurred.

**Foreign currency translation**

These consolidated financial statements are presented in U.S. dollars ("USD"), which is the Company's presentation currency.

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the statement of operations and deficit.

Assets and liabilities of entities with functional currencies other than U.S. dollars are translated into the presentation currency at the year end rates of exchange, and the results of their operations are translated at average rates of exchange for the year. The resulting translation adjustments are included in accumulated other comprehensive loss in shareholders' equity. Additionally, foreign exchange gains and losses related to certain intercompany loans that are permanent in nature are included in accumulated other comprehensive loss. Elements of equity are translated at historical rates.

**Financial instruments**

Financial assets held with an objective to hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest are measured at amortised cost using the effective interest method. Debt investments held with an objective to hold both assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of fair value are measured at FVTOCI. All other financial assets are classified and measured at fair value through profit or loss ("FVTPL"). Financial liabilities are classified as either FVTPL or other financial liabilities, and the portion of the change in fair value that relates to the Company's credit risk is presented in other comprehensive income (loss). Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in net income (loss). Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in US Dollars)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities classified as FVTPL, are added to or deducted from the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in consolidated net income (loss).

**Derecognition**

***Financial assets***

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

***Financial liabilities***

A financial liability is derecognized from the balance sheet when it is extinguished, that is, when the obligation specified in the contract is either discharged, cancelled or expires. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss from extinguishment of the original financial liability is recognized in profit or loss. The Company's financial instruments include cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued liabilities.

The following table outlines the classification of financial instruments under IFRS 9:

**Financial Assets**

Cash and cash equivalents	Amortized cost
Short-term investments	Amortized cost
Accounts receivable	Amortized cost

**Financial Liabilities**

Accounts payable and accrued liabilities	Amortized cost
Contract liabilities	Amortized cost
Covid-19 government support loans	Amortized cost
Derivative warrant liability	Fair value through profit and loss (FVTPL)

Convertible debentures are accounted for as a compound financial instrument with a debt component and a separate equity component. The debt component of these compound financial instruments is measured at fair value on initial recognition by discounting the stream of future interest and principal payments at the rate of interest prevailing at the date of issue for instruments of similar term and risk. The debt component is subsequently deducted from the total carrying value of the compound instrument to derive the equity component. The debt component is subsequently measured at amortized cost using the effective interest rate method. Interest expense based on the coupon rate of the debenture and the accretion of the liability component to the amount that will be payable on redemption are recognized through profit or loss as a finance cost.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in US Dollars)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and cash equivalents**

Cash and cash equivalents consist of cash in current accounts of \$1,249,116 (2022 - \$1,981,765, 2021 - \$4,216,911) and funds invested in US and Canadian Term Deposits of \$1,769,953 (2022 - \$7,248,080, 2021 - \$10,724,864) earning interest at rates ranging from 0.20% - 0.25% and maturing in less than 90 days.

**Short-term investments**

The short-term investments of nil (2022 - nil, 2021 - \$6,366,828) consist of guaranteed investment certificates (GICs) held with one Canadian chartered bank and earn interest at rates ranging from 0.75 to 1.44%.

**Property and equipment**

Property and equipment are recorded at cost. Depreciation is calculated based on the estimated useful life of the asset using the following method and useful lives:

Machinery and equipment	Straight Line, 5 years
Leasehold improvements	Straight Line, 5 years or life of the lease, whichever is less
Office equipment	Straight Line, 3 - 5 years

**Patents and licenses**

Patents and licenses are recorded at cost and amortized on a straight line basis over 12 years. Ongoing maintenance costs are expensed as incurred.

**Impairment of long-lived assets**

The Company's tangible and intangible assets are reviewed for indications of impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. An assessment is made at each reporting date whether there is any indication that an asset may be impaired.

An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss for the year. The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

An impairment loss is reversed if there is an indication that 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. No impairment loss has been reported for the years ended December 31, 2023, 2022 and 2021.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in US Dollars)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income taxes**

The Company follows the liability method of accounting for income taxes. Under this method, deferred income taxes are provided on differences between the financial reporting and income tax bases of assets and liabilities and on income tax losses available to be carried forward to future years for tax purposes. Deferred income taxes are measured using the substantively enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. Deferred tax assets are only recognized if the amount is expected to be realized in the future.

**Revenue recognition**

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer.

**Sale of goods**

Revenue from the sale of goods is recognized, net of discounts and customer rebates, at the point in time the transfer of control of the related products has taken place as specified in the sales contract and collectability is reasonably assured.

**Service revenue**

The Company provides contract services, primarily in the form of non-recurring revenue ("NRE") where control is passed to the customer over time. The contracts generally provide agreed upon milestones for customer payment which include but are not limited to the delivery of sample products, design reports and test reports. The customer makes payment when it has approved the delivery of the milestone. The Company must determine if the contract is made up of a series of independent performance obligations or a single performance obligation. Where NRE contracts contain multiple performance obligations for which a standalone transaction price can be assessed, revenue is recognized as each performance obligation is satisfied. Where NRE contracts contain a single performance obligation to be settled over time, revenue is recognized progressively based on the output method.

**Other income**

**Interest income**

Interest income on cash is recognized as earned using the effective interest method.

**Wage subsidies**

Wages subsidies received from the Singaporean government are netted against R&D related wages and benefits on the consolidated statements of operations and deficit.

**Government Grants**

Loans received exclusively from governmental agencies to support the Company throughout the COVID-19 pandemic qualify to be forgiven if certain conditions are met. Forgiveness of COVID-19 related loans will be recognized as other income on the consolidated statements of operations and deficit.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in US Dollars)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Intangible assets**

**Research and development costs**

Research costs are expensed in the year incurred. Development costs are also expensed in the year incurred unless the Company believes a development project meets IFRS criteria as set out in IAS 38, *Intangible Assets*, for deferral and amortization. IAS 38 requires all research costs be charged to expense while development costs are capitalised only after technical and commercial feasibility of the asset for sale or use have been established. This means that the entity must intend and be able to complete the intangible asset and either use it or sell it and be able to demonstrate how the asset will generate future economic benefits. Development costs are tested for impairment whenever events or changes indicate that its carrying amount may not be recoverable.

**In-Process Research and Development**

Under IFRS, in-process research and development ("IPR&D") acquired in a business combination that meets the definition of an intangible asset is capitalized with amortization commencing when the asset is ready for use (i.e., when development is complete). The Company does not capitalize its IPR&D.

**Stock-based compensation**

Stock options and warrants awarded to non employees are measured using the fair value of the goods or services received unless that fair value cannot be estimated reliably, in which case measurement is based on the fair value of the stock options. Stock options and warrants awarded to employees are accounted for using the fair value method. The fair value of such stock options and warrants granted is recognized as an expense on a proportionate basis consistent with the vesting features of each tranche of the grant. The fair value is calculated using the Black-Scholes option pricing model with assumptions applicable at the date of grant.

**Loss per share**

Basic loss per share, net of taxes is calculated by dividing net loss by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the period after giving effect to potentially dilutive financial instruments. The dilutive effect of stock options and warrants is determined using the treasury stock method.

**Joint Venture**

A joint arrangement is an arrangement among two or more parties where the parties are bound by a contractual arrangement and the contractual arrangement gives the parties joint control of the arrangement. A joint venture is a form of joint arrangement where an entity is independently formed and the parties jointly have rights to the net assets of the arrangement and therefore account for their interests under the equity method. The Company has a joint venture in China and uses the equity method to account for its share of the joint venture's operations.

**Share Consolidation**

On February 24, 2022, the Company filed Articles of Amendment to consolidate its common shares on a ten-for-one basis. For further clarity, for every ten (10) pre-consolidated common shares, shareholders received one (1) post-consolidated common share. On February 28, 2022 the Company's common shares began trading on the TSX Venture Exchange on a post consolidation basis. The Company's name and trading symbol remained unchanged. All references to share and per share amounts in these consolidated financial statements and accompanying notes to the consolidated financial statements have been retroactively restated to reflect the ten-for-one share consolidation.

## POET TECHNOLOGIES INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in US Dollars)

#### 3. ACCOUNTS RECEIVABLE AND CONTRACT LIABILITIES

Revenue Contract Balances

	Contract Receivables	Liabilities
Opening balance, January 1, 2022	\$ -	\$ -
Customer deposits	-	(779,870)
Changes due to payment, fulfillment of performance obligations or revenues recognized	62,842	489,906
Effect of changes in foreign exchange rates	-	15,772
Balance, December 31, 2022	\$ 62,842	\$ (274,192)
Changes due to payment, fulfillment of performance obligations or revenues recognized	(62,842)	271,069
Effect of changes in foreign exchange rates	-	3,123
Balance, December 31, 2023	\$ -	\$ -

#### 4. PREPAIDS AND OTHER CURRENT ASSETS

The following table reflects the details of prepaids and other current assets at December 31:

	2023	2022	2021
Sales tax recoverable and other current assets	\$ 57,200	\$ 128,321	\$ 141,568
Deposits on equipment	-	-	288,287
Prepaid expenses	93,476	147,186	50,668
	\$ 150,676	\$ 275,507	\$ 480,523

#### 5. JOINT VENTURE

On October 20, 2020, the Company signed a Joint Venture Agreement (“JVA”) establishing a joint venture, Super Photonics Xiamen Co., Ltd (“SPX”) in Xiamen China, with Xiamen Sanan Integrated Circuit Co. Ltd. (“Sanan IC”) whose purpose is to design, develop, manufacture and sell 100G, 200G and 400G optical engines based on POET’s proprietary Optical Interposer platform technology. SPX was registered on March 12, 2021. SPX will be subsequently capitalized through a combination of committed cash, capital equipment and intellectual property from Sanan IC and intellectual property and know-how from the Company.

The Company’s contribution of intellectual property to SPX was independently valued at \$22,500,000 at the time of its contribution. During the year ended December 31, 2023, the Company recognized a gain of \$1,031,807 (2022 - \$1,746,987, 2021 - \$2,587,500) related to its contribution of intellectual property to SPX in accordance with IAS 28. The Company only recognized a gain on the contribution of the intellectual property equivalent to the Sanan IC’s interest in SPX, the unrecognized gain of \$17,133,706 (2022 - \$18,159,632, 2021 - \$19,912,500) will be applied against the investment and periodically realized as the Company’s ownership interest in SPX is reduced. As at December 31, 2023, Sanan IC’s and the Company’s ownership interests were approximately 23.9% and 76.1% respectively (2022 - 19.3% and 80.7%, 2021 - 11.5% and 88.5%).

SPX was determined to be a joint venture as both Sanan IC and POET exercise joint control over SPX. All relevant activity of SPX require unanimous consent.



## POET TECHNOLOGIES INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in US Dollars)

#### 5. JOINT VENTURE (Continued)

The Company's investment in joint venture during the year can be summarized as follows:

Balance, January 1, 2021	\$ -
Contribution of intellectual property	22,500,000
Unrecognized gain on contribution of intellectual property	(19,912,500)
Share of loss in joint venture for the year ended December 31, 2021	(1,142,249)
Investment balance, December 31, 2021	1,445,251
Recognized gain on contribution of intellectual property	1,746,987
Share of loss in joint venture for the year ended December 31, 2022	(3,211,993)
Effect of changes in foreign exchange rates	19,755
Investment balance, December 31, 2022	-
Recognized gain on contribution of intellectual property	1,031,807
Share of loss in joint venture for the year ended December 31, 2023	(1,031,807)
Effect of changes in foreign exchange rates	-
Investment balance, December 31, 2023	\$ -

Summarized financial information of the joint venture is as follows:

December 31,	2023	2022	2021
Current assets	\$ 1,758,587	\$ 1,951,654	\$ 2,287,252
Intangible assets	16,155,786	18,708,065	22,500,000
Liabilities	(149,306)	(180,897)	(44,683)
Owners Equity	(17,765,067)	(20,478,822)	(24,742,569)
Net loss	\$ 3,830,962	\$ 4,319,857	\$ 1,212,417

The Company recognizes its share of SPX's profits or losses using the equity method. On a weighted average basis, the Company's share of the net operating loss was 78.9% or \$(3,026,408), however the Company recognized \$(1,031,807) of the net operating loss of SPX for the year ended December 31, 2023 (2022 - 83.7% or \$(3,211,993), 2021 - 95.3% or \$(1,142,249)). In accordance with IAS 28, the Company can only account for a loss to the extent that it carries a net investment in the joint venture on the statement of financial position. The Company's current share of the operating loss is a result of the high value of the Company's initial contribution. The Company's share of the loss will reduce as Sanan IC periodically contributes cash and other assets to SPX.

#### 6. PROPERTY AND EQUIPMENT

	Equipment not ready for use	Leasehold improvements	Machinery and equipment	Office equipment	Total
<b>Cost</b>					
Balance, January 1, 2021	\$ 227,147	\$ 71,928	\$ 3,994,657	\$ 128,185	\$ 4,421,917
Additions, net of returns	(128,575)	-	842,877	57,221	771,523
Reclassification	(96,334)	47,393	48,941	-	-
Effect of changes in foreign exchange rates	(2,238)	(2,206)	(56,455)	(2,137)	(63,036)
Balance, December 31, 2021	-	117,115	4,830,020	183,269	5,130,404
Additions, net of returns <sup>(1)</sup>	1,902,713	-	1,087,414	21,435	3,011,562
Reclassification	(141,702)	-	162,917	(21,215)	-
Effect of changes in foreign exchange rates	54,898	6,544	11,270	(5,586)	67,126
Balance, December 31, 2022	1,815,909	123,659	6,091,621	177,903	8,209,092
Additions	206,018	-	949,551	12,384	1,167,953
Reclassification	(2,013,090)	-	2,013,090	-	-
Effect of changes in foreign exchange rates	(8,837)	597	41,246	5,559	38,565
Balance, December 31, 2023	-	124,256	9,095,508	195,846	9,415,610

**POET TECHNOLOGIES INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in US Dollars)**

**6. PROPERTY AND EQUIPMENT (Continued)**

	Equipment not ready for use	Leasehold improvements	Machinery and equipment	Office equipment	Total
<b>Accumulated Depreciation</b>					
Balance, January 1, 2021	-	10,777	1,146,014	79,372	1,236,163
Depreciation for the year	-	18,891	794,834	26,641	840,366
Effect of changes in foreign exchange rates	-	(142)	(10,122)	(95)	(10,359)
Balance, December 31, 2021	-	29,526	1,930,726	105,918	2,066,170
Depreciation for the year	-	24,079	1,000,085	30,100	1,054,264
Effect of changes in foreign exchange rates	-	2,529	27,727	(12,106)	18,150
Balance, December 31, 2022	-	56,134	2,958,538	123,912	3,138,584
Depreciation for the year	-	24,684	1,600,981	28,133	1,653,798
Balance, December 31, 2023	-	80,818	4,559,519	152,045	4,792,382
<b>Carrying Amounts</b>					
At December 31, 2021	\$ -	\$ 87,589	\$ 2,899,294	\$ 77,351	\$ 3,064,234
At December 31, 2022	\$ 1,815,909	\$ 67,525	\$ 3,133,083	\$ 53,991	\$ 5,070,508
At December 31, 2023	\$ -	\$ 43,438	\$ 4,535,989	\$ 43,801	\$ 4,623,228

(1) During 2022, the Company returned \$196,490 in equipment to a vendor. The equipment was not needed as the Company had alternatives. The equipment was returned without penalty to the Company.

**7. PATENTS AND LICENSES**

<b>Cost</b>	
Balance, January 1, 2021	\$ 837,102
Additions	159,359
Balance, December 31, 2021	996,461
Additions	62,475
Balance, December 31, 2022	1,058,936
Additions	79,111
Balance, December 31, 2023	1,138,047
<b>Accumulated Amortization</b>	
Balance, January 1, 2021	398,425
Amortization	69,560
Balance, December 31, 2021	467,985
Amortization	80,246
Balance, December 31, 2022	548,231
Amortization	87,761
Balance, December 31, 2023	635,992

**POET TECHNOLOGIES INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in US Dollars)****7. PATENTS AND LICENSES (Continued)****Carrying Amounts**

At December 31, 2021	\$ 528,476
At December 31, 2022	\$ 510,705
At December 31, 2023	\$ 502,055

**8. RIGHT OF USE ASSET AND LEASE LIABILITY**

The Company recognizes a lease liability and right of use asset relating to its commercial leases. The lease liability is measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 12%.

**Right of use asset** **Building****Cost**

Balance, January 1, 2021	\$ 653,232
Effect of changes in foreign exchange rates	(4,122)
Balance, December 31, 2021	649,110
Lease modification	81,542
Balance, December 31, 2022	730,652
Addition	420,806
Balance, December 31, 2023	1,151,458

**Accumulated Amortization**

Balance, January 1, 2021	132,546
Amortization	190,596
Effect of changes in foreign exchange rates	(922)
Balance, December 31, 2021	322,220
Amortization	158,648
Effect of changes in foreign exchange rates	8,737
Balance, December 31, 2022	489,605
Amortization	180,602
Effect of changes in foreign exchange rates	(1,138)
Balance, December 31, 2023	669,069

**Carrying Amounts**

At December 31, 2021	\$ 326,890
At December 31, 2022	\$ 241,047
At December 31, 2023	\$ 482,389

## POET TECHNOLOGIES INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in US Dollars)

#### 8. RIGHT OF USE ASSET AND LEASE LIABILITY (Continued)

##### Lease liability

Balance, January 1, 2021	\$ 531,997
Interest expense	67,675
Lease payments	(237,634)
Effect of changes in foreign exchange rates	(2,690)
Balance, December 31, 2021	359,348
Interest expense	49,738
Lease modification	81,542
Lease payments	(204,518)
Effect of changes in foreign exchange rates	(6,847)
Balance, December 31, 2022	279,263
Interest expense	53,613
Lease modification	-
Additions	424,021
Lease payments	(252,103)
Effect of changes in foreign exchange rates	7,286
Balance, December 31, 2023	\$ 512,080

#### 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities at December 31 was as follows:

	2023	2022	2021
Trade payables	\$ 1,370,658	\$ 2,723,531	\$ 987,498
Payroll related liabilities	563,588	452,751	521,692
Accrued liabilities	367,211	186,148	282,032
	\$ 2,301,457	\$ 3,362,430	\$ 1,791,222

#### 10. DERIVATIVE WARRANT LIABILITY

On December 4, 2023, the Company raised gross proceeds of \$1,607,400 from the issuance of 1,786,000 units through an underwritten public offering in the United States (the "Offering"). The Offering consisted of 1,786,000 common shares of the Company and warrants to purchase up to 1,786,000 warrants. The warrants are exercisable into common shares of the Company at a price of \$1.12 until December 4, 2028.

Because the functional currency of the entity issuing the warrant is Canadian dollars but the warrants are exercisable in United States dollars, the Company may receive a variable amount in Canadian dollars when the warrants are exercised as the foreign exchange may vary over the warrant exercise period. The variability in potential future cashflows resulted in a derivative warrant liability which will be periodically remeasured with any gains or losses charged to the consolidated statements of operations and deficit.

The fair value of the share purchase warrants was estimated on the date of issuance using the Black-Scholes option pricing model with the following weighted average assumptions: dividend yield of 0%, risk-free interest rate of 3.54%, volatility of 75.66%, and estimated life of 5 years. The estimated fair value assigned to the warrants and recognized as a derivative liability on the date of issuance was \$954,537. The derivative liability was remeasured on December 31, 2023. The remeasurement resulted in a loss of \$24,865.

**POET TECHNOLOGIES INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in US Dollars)**

**10. DERIVATIVE WARRANT LIABILITY (continued)**

The following table presents the details of the derivative warrant liability:

	December 31, 2023	December 4, 2023
Stock price (\$CA)	\$ 1.25	\$ 1.22
Exercise price (\$CA)	\$ 1.52	\$ 1.52
Expected life in years	5.00	5.00
Volatility	75.66%	75.66%
Dividend yield	0%	0%
Risk free interest rate	3.54%	3.54%
Fair value of derivative warrant liability	\$ 1,002,264	\$ 954,537

**11. SHARE CAPITAL**

(a) AUTHORIZED

Unlimited number of common shares  
 One special voting share

(b) COMMON SHARES ISSUED

	Number of Shares	Amount
Balance, January 1, 2021	29,461,811	\$ 114,586,260
Funds from the exercise of stock options	1,001,519	3,124,392
Fair value of stock options exercised	-	2,699,042
Issued on the conversion of convertible debentures (Note 10)	1,119,750	3,571,342
Fair value of warrants issued upon conversion of convertible debentures	-	(1,229,305)
Funds from the exercise of warrants	3,144,750	12,994,358
Fair value of warrants exercised	-	5,351,586
Funds from Common shares issued on private placement	1,764,720	11,815,595
Fair value of warrants issued on private placement	-	(3,766,007)
Share issue costs	-	(1,143,034)
Fair value of broker warrants issued as share issue costs	-	(288,197)
Shares issued to settle accounts payable	1,678	13,814
Balance, December 31, 2021	36,494,228	147,729,846
Funds from Common shares issued on private placement	1,126,635	3,184,332
Fair value of warrants issued on private placement	-	(656,734)
Share issue costs	-	(247,892)
Shares issued to settle accounts payable	5,422	40,029
Funds from the exercise of stock options	143,437	418,845
Fair value of stock options exercised	-	374,129
Funds from the exercise of warrants and compensation warrants	72,500	284,437
Fair value of warrants and compensation warrants exercised	-	79,547
Adjustment for 10 for 1 share consolidation	(272)	-
Balance, December 31, 2022	37,841,950	151,206,539
Funds from common shares issued through ATM financing	227,673	983,194
Funds from Common shares issued on private placement	1,786,000	1,607,400
Fair value of warrants issued on private placement	-	(954,537)
Share issue costs	-	(578,317)
Funds from the exercise of stock options	268,356	668,259
Fair value of stock options exercised	-	587,035
Funds from the exercise of warrants and compensation warrants	2,364,066	7,767,067
Fair value of warrants and compensation warrants exercised	-	4,418,783
Balance, December 31, 2023	42,488,045	\$ 165,705,423

## POET TECHNOLOGIES INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in US Dollars)

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#### 11. SHARE CAPITAL (Continued)

##### 2021

On February 11, 2021, the Company completed a brokered private placement offering of 1,764,720 units at a price of \$6.70 (CAD\$8.50) per unit for gross proceeds of \$11,815,595 (CAD\$15,000,120). Each unit consists of one common share and one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$9.00 (CAD\$11.50) per share until February 11, 2023. At any time after June 12, 2021, the Company reserves the right to accelerate the expiry of the warrants if the Company's average stock price exceeds \$18.10 (CAD\$23.00) for a period of 10 consecutive trading days. The broker was paid a cash commission of \$708,667 (CAD\$900,007) equating to 6% of the gross proceeds and received 105,883 broker warrants. Each broker warrant is exercisable into one common share of the Company at a price of \$6.70 (CAD\$8.50) per broker warrant until February 11, 2023. The Company incurred additional share issuance costs of \$434,367 directly related to the private placement and warrant exercises.

The fair value of the share purchase warrants and broker warrants was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: dividend yield of 0%, risk-free interest rate of 0.19%, volatility of 75.26%, and estimated life of 2 years. The estimated fair value assigned to the warrants and broker warrants was \$3,766,007 and \$288,197, respectively.

##### 2022

In 2020, the Company engaged with a firm to assist with its shareholder communications strategy. The terms of the agreement require the Company to issue common shares at certain pre-determined dates in satisfaction of past services rendered. During the year ended December 31, 2022, the Company settled \$40,029 (2021 - \$13,814) in accounts payable related to services rendered in 2022 under this agreement by issuing 5,422 (2021 - 1,678) common shares at a price of \$7.38 (CAD\$9.38) (2021 - \$8.20 (CAD\$10.10)) per share to the firm.

On December 2, 2022, the Company completed a non-brokered private placement offering of 1,126,635 units at a price of \$2.78 (CAD\$3.81) per unit for gross proceeds of \$3,184,332 (CAD\$4,292,479). Each unit consists of one common share and one half common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$3.61 (CAD\$4.95) per share until December 2, 2025. The Company paid finders' fees aggregating to \$42,090 (CAD\$57,897) to four firms. The Company paid other share issue costs of \$205,802 related to this private placement offering.

One director subscribed for 10,000 units of this private placement offering for gross proceeds of \$27,800 (CAD\$38,100).

The fair value of the share purchase warrants and broker warrants was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: dividend yield of 0%, risk-free interest rate of 3.48%, volatility of 69.93%, and estimated life of 3 years. The estimated fair value assigned to the warrants was \$656,734.

##### 2023

During the year ended December 31, 2023, the Company raised gross proceeds of \$983,194 from the issuance of 227,673 common shares through an Equity Distribution Agreement, ("EDA") with multiple agents. Pursuant to the EDA, the Company established an at-the-market ("ATM") equity offering program whereby the Company may, at its discretion, during the term of the ATM agreement issue and sell, through the agents such number of common shares of the Company as would result in aggregate gross proceeds to the Company of up to US\$30 million. The agents were paid a commission of 3% or \$29,486 of the gross proceeds raised through the ATM. The Company incurred additional financing costs including legal and filing fees of \$291,226.

## POET TECHNOLOGIES INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in US Dollars)

#### 11. SHARE CAPITAL (Continued)

On December 4, 2023, the Company raised gross proceeds of \$1,607,400 from the issuance of 1,786,000 units through an underwritten public offering in the United States (the "Offering"). The Offering consisted of 1,600,000 common shares of the Company and warrants to purchase up to 1,600,000 common shares of the Company at a combined public offering price of US\$0.90 per common share and accompanying warrant. Each warrant has an exercise price of US\$1.12 per common share and is exercisable for five years from the date of issuance. In addition, the Company granted the underwriter a 45 day option to purchase up to an additional 240,000 common shares and/or warrants to purchase up to an additional 240,000 common shares at the public offering price in any combination, less underwriting discounts and commissions, which the underwriter has partially exercised to purchase 186,000 additional common shares and additional warrants to purchase up to 186,000 common shares. The agents were paid a commission of 7% or \$112,518 of the gross proceeds raised. The Company incurred additional financing costs including legal and filing fees of \$145,089.

The fair value of the share purchase warrants was estimated using the Black-Scholes option pricing model with the following weighted average assumptions: dividend yield of 0%, risk-free interest rate of 3.54%, volatility of 75.66%, and estimated life of 5 years. The estimated fair value assigned to the warrants was \$954,537 (Note 10).

#### Share Consolidation

On February 24, 2022, the Company filed Articles of Amendment to consolidate its common shares on a ten-for-one basis. For further clarity, for every ten (10) pre-consolidated common shares, shareholders received one (1) post-consolidated common share. On February 28, 2022, the Company's common shares began trading on the TSX Venture Exchange on a post consolidation basis. The Company's name and trading symbol remained unchanged. All references to share and per share amounts in these consolidated financial statements and accompanying notes to the consolidated financial statements have been retroactively restated to reflect the ten-for-one share consolidation.

#### 12. WARRANTS AND COMPENSATION OPTIONS

The following table reflects the continuity of warrants and compensation options:

	Historical Average Exercise Price	Number of Warrants/ Compensation options	Historical Fair value
Balance, January 1, 2021	\$ 3.90	3,269,050	\$ 5,557,002
Fair value of warrant issued on private placement (Note 11)	9.00	1,764,720	3,766,007
Fair value of broker warrants issued on private placement	6.70	105,883	288,197
Fair value of warrants issued on conversion of convertible debentures	3.80	1,119,750	1,229,305
Historical fair value assigned to warrants exercised	3.90	(3,144,750)	(5,351,586)
Fair value of expired warrants	3.90	(93,300)	(160,470)
Balance, December 31, 2021	7.10	3,021,353	5,328,455
Fair value of warrant issued on private placement	1.17	563,318	656,734
Historical fair value assigned to warrants exercised	3.90	(72,500)	(79,547)
Balance, December 31, 2022	6.15	3,512,171	5,905,642
Historical fair value assigned to warrants exercised	3.27	(2,364,066)	(4,418,783)
Fair value of expired warrants	4.50	(584,787)	(816,744)
Fair value of warrant issued on public offering	-	1,786,000	-
Balance, December 31, 2023	\$ 1.77	2,349,318	\$ 670,115

**POET TECHNOLOGIES INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in US Dollars)**

**13. STOCK OPTIONS AND CONTRIBUTED SURPLUS**

**Stock Options**

On June 30, 2023, shareholders of the Company approved a fixed 20% omnibus equity incentive plan (the "Omnibus Plan"). The Omnibus Plan replaces the 2021 stock option plan. The Omnibus Plan provides flexibility to the Company to grant different forms of equity-based incentive awards to directors, officers, employees and consultants. The Omnibus plan provides the Company with the choice of granting stock options ("Options"), share units ("Share Units") and deferred share units ("DSUs"). The Omnibus Plan provides that the maximum number of common shares issuable pursuant to awards granted under the Omnibus Plan and pursuant to other previously granted awards is limited to 8,056,055 (the "Number Reserved"). Any subsequent increase in the Number Reserved must be approved by shareholders of the Company and cannot, at the time of the increase, exceed 20% of the number of issued and outstanding shares. Awards vest in accordance with the policies determined by the Board of Directors from time to time consistent with the provisions of the Omnibus Plan which grants discretion to the Board of Directors.

Stock option transactions and the number of stock options outstanding were as follows:

	Number of Options	Historical Weighted Average Exercise Price
Balance, January 1, 2021	5,114,449	\$ 3.30
Expired/cancelled	(166,438)	3.40
Exercised	(1,001,519)	3.00
Granted	1,013,125	8.50
Balance, December 31, 2021	4,959,617	4.40
Expired/cancelled	(117,438)	6.02
Exercised	(143,437)	2.85
Granted	2,043,083	3.32
Balance, December 31, 2022	6,741,825	4.10
Expired/cancelled	(182,750)	4.66
Exercised	(268,356)	2.49
Granted	1,002,170	4.11
Balance, December 31, 2023	7,292,889	\$ 3.92

During the year ended December 31, 2023, the Company recorded stock-based compensation of \$4,201,444 (2022 - \$4,436,604, 2021 - \$4,534,370) relating to stock options that vested during the year.

The stock options granted were valued using the Black-Scholes option pricing model using the following assumptions:

	2023	2022	2021
Weighted average exercise price	<b>\$4.11</b>	\$3.32	\$8.50
Weighted average risk-free interest rate	<b>2.88% - 3.48%</b>	1.80% - 3.48%	0.80% - 1.48%
Weighted average dividend yield	<b>0%</b>	0%	0%
Weighted average volatility	<b>82.17% - 82.45%</b>	83.51%	90.68%
Weighted average estimated life	<b>10 years</b>	10 years	10 years
Weighted average share price	<b>\$4.11</b>	\$3.32	\$8.50
Share price on the various grant dates:	<b>\$4.05 - \$4.63</b>	\$2.72 - \$6.71	\$6.20 - \$9.50
Weighted average fair value	<b>\$3.42</b>	\$2.70	\$7.50



**POET TECHNOLOGIES INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in US Dollars)**

**13. STOCK OPTIONS AND CONTRIBUTED SURPLUS (Continued)**

The underlying expected volatility was determined by reference to the Company's historical share price movements, its dividend policy and dividend yield and past experience relating to the expected life of granted stock options.

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at December 31, 2023 are as follows:

Options Outstanding				Options Exercisable		
Exercise Range	Number Outstanding	Historical Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Number Exercisable	Historical Weighted Average Exercise Price	
\$0.83 - \$1.97	7,000	\$ 1.97	4.59	7,000	\$ 1.97	
\$1.98 - \$2.80	1,851,073	\$ 2.45	6.17	1,328,577	\$ 2.36	
\$2.81 - \$9.02	5,434,816	\$ 4.44	7.21	3,373,128	\$ 4.38	
	7,292,889	\$ 3.92	6.95	4,708,705	\$ 3.81	

**14. LOSS PER SHARE**

	2023	2022	2021
Numerator			
Net loss	\$ (20,267,365)	\$ (21,036,690)	\$ (15,669,093)
Denominator			
Weighted average number of common shares outstanding	40,099,752	36,739,857	34,545,752
Weighted average number of common shares outstanding - diluted	40,099,752	36,739,857	34,545,752
Basic and diluted loss per share	\$ (0.51)	\$ (0.57)	\$ (0.45)

The effect of common share purchase options, warrants, compensation warrants and shares to be issued on the net loss in 2023, 2022 and 2021 is not reflected as they are anti-dilutive.

**15. COMMITMENTS AND CONTINGENCIES**

The Company has operating leases on four facilities; head office located in Toronto, Canada, design and testing operations located in Allentown, Pennsylvania (formerly in San Jose, California) and operating facilities located in Singapore and China. The Company's design and testing operations was initiated on April 1, 2021 and expires on September 30, 2025. The lease on the Company's operating facilities in Singapore terminated on May 31, 2023. The lease was renewed on June 1, 2023 and expires on March 31, 2027. The lease on the Company's operating facilities in China was initiated in November 19, 2021 and expired on November 18, 2023. The lease on the operating facility in China was renewed for another three year term, expiring on November 18, 2026. As of December 31, 2023, the Company's head office was on a month to month lease term.

Remaining annual lease payments to the lease expiration dates are as follows:

2024	\$ 281,048
2025 and beyond	390,873
	\$ 671,921

## POET TECHNOLOGIES INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in US Dollars)

#### 16. RELATED PARTY TRANSACTIONS

Compensation to key management personnel were as follows:

	2023	2022	2021
Salaries	\$ 2,044,920	\$ 2,010,479	\$ 1,782,297
Share-based payments <sup>(1)</sup>	1,771,078	1,711,716	2,077,333
Total	\$ 3,815,998	\$ 3,722,195	\$ 3,859,630

(1) Share-based payments are the fair value of options granted to key management personnel and expensed during the various years as calculated using the Black-Scholes model.

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amounts, which are the amounts of consideration established and agreed to by the related parties.

#### 17. SEGMENT INFORMATION

The Company and its subsidiaries operate in a single segment; the design, manufacture and sale of semi-conductor products and services for commercial applications. The Company's operating and reporting segment reflects the management reporting structure of the organization and the manner in which the chief operating decision maker regularly assesses information for decision making purposes, including the allocation of resources. A summary of the Company's operations is below:

##### OPEL, ODIS, POET Shenzhen and PTS

OPEL, ODIS, POET Shenzhen and PTS are the designers and developers of the POET Optical Interposer platform and optical engines based on the POET Optical Interposer platform.

##### BB Photonics

BB Photonics developed photonic integrated components for the datacom and telecom markets utilizing embedded dielectric technology that enabled the partial integration of active and passive devices into photonic integrated circuits. BB Photonics' operation is currently dormant.

On a consolidated basis, the Company operates geographically in Singapore, China (collectively "Asia"), the United States and Canada. Geographical information is as follows:

	2023			
As of December 31,	Asia	US	Canada	Consolidated
Current assets	\$ 326,926	\$ 149,227	\$ 2,693,592	\$ 3,169,745
Property and equipment	4,089,653	533,575	-	4,623,228
Patents and licenses	-	502,055	-	502,055
Right of use asset	379,462	102,927	-	482,389
Total Assets	\$ 4,796,041	\$ 1,287,784	\$ 2,693,592	\$ 8,777,417

**POET TECHNOLOGIES INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in US Dollars)**

**17. SEGMENT INFORMATION (Continued)**

Year Ended December 31,	Asia	US	Canada	Consolidated
Revenue	\$ 465,777	\$ -	\$ -	\$ 465,777
Selling, marketing and administration	(2,753,484)	(6,226,291)	(1,815,380)	(10,795,155)
Research and development	(6,249,120)	(3,662,418)	(166,392)	(10,077,930)
Gain on contribution of intellectual property to joint venture	1,031,807	-	-	1,031,807
Interest expense	(27,906)	(42,276)	-	(70,182)
Loss on fair value of derivative warrant liability	-	-	(24,865)	(24,865)
Other income, including interest	-	-	234,990	234,990
Share of loss in joint venture	(1,031,807)	-	-	(1,031,807)
<b>Net loss</b>	<b>\$ (8,564,733)</b>	<b>\$ (9,930,985)</b>	<b>\$ (1,771,647)</b>	<b>\$ (20,267,365)</b>

2022

As of December 31,	Asia	US	Canada	Consolidated
Current assets	\$ 664,658	\$ 133,501	\$ 8,770,035	\$ 9,568,194
Investment in joint venture	-	-	-	-
Property and equipment	4,496,734	573,773	-	5,070,507
Patents and licenses	-	510,705	-	510,705
Right of use asset	55,775	185,272	-	241,047
<b>Total Assets</b>	<b>\$ 5,217,167</b>	<b>\$ 1,403,251</b>	<b>\$ 8,770,035</b>	<b>\$ 15,390,453</b>

The Year Ended December 31,	Asia	US	Canada	Consolidated
Revenue	\$ 552,748	\$ -	\$ -	\$ 552,748
Selling, marketing and administration	(2,121,596)	(5,885,970)	(1,508,705)	(9,516,271)
Research and development	(6,344,016)	(4,205,177)	(197,550)	(10,746,743)
Gain on contribution of intellectual property to joint venture	1,746,987	-	-	1,746,987
Interest expense	(17,701)	(32,037)	-	(49,738)
Forgiveness of Covid-19 government support loans	-	-	-	-
Other income, including interest	-	-	188,320	188,320
Share of loss in joint venture	(3,211,993)	-	-	(3,211,993)
<b>Net loss</b>	<b>\$ (9,395,571)</b>	<b>\$ (10,123,184)</b>	<b>\$ (1,517,935)</b>	<b>\$ (21,036,690)</b>

2021

As of December 31,	Asia	US	Canada	Consolidated
Current assets	\$ 537,647	\$ 291,772	\$ 20,959,707	\$ 21,789,126
Investment in joint venture	1,445,251	-	-	1,445,251
Property and equipment	2,787,273	276,961	-	3,064,234
Patents and licenses	-	528,476	-	528,476
Right of use asset	150,134	176,756	-	326,890
<b>Total Assets</b>	<b>\$ 4,920,305</b>	<b>\$ 1,273,965</b>	<b>\$ 20,959,707</b>	<b>\$ 27,153,977</b>

**POET TECHNOLOGIES INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in US Dollars)**

**17. SEGMENT INFORMATION (Continued)**

The Year Ended December 31,	Asia	US	Canada	Consolidated
Revenue	\$ 209,100	\$ -	\$ -	\$ 209,100
Selling, marketing and administration	\$ (1,563,829)	\$ (5,460,917)	\$ (2,030,784)	\$ (9,055,530)
Research and development	(4,849,553)	(2,679,452)	(636,123)	(8,165,128)
Forgiveness of Covid-19 government support loans	-	186,747	-	186,747
Interest expense	(35,043)	(32,632)	(296,944)	(364,619)
Gain on contribution of intellectual to joint venture	2,587,500	-	-	2,587,500
Other income, including interest	-	-	75,084	75,084
Share of loss in joint venture	(1,142,249)	-	-	(1,142,249)
Net loss	\$ (4,794,074)	\$ (7,986,254)	\$ (2,888,767)	\$ (15,669,095)

**18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company's financial instruments consist of cash and cash equivalents, short-term investments, covid-19 government support loans, derivative warrant liability and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest risk arising from these financial instruments. The Company estimates that carrying value of these instruments approximates fair value due to their short term nature.

The Company has classified financial assets and (liabilities) as follows at December 31:

	2023	2022	2021
Financial assets, measured at amortized cost:			
Cash and cash equivalents	\$ 3,019,069	\$ 9,229,845	\$ 14,941,775
Short-term investments	\$ -	\$ -	\$ 6,366,828
Accounts receivable, measured at amortized cost:			
Accounts receivable	\$ -	\$ 62,842	\$ -
Other liabilities, measured at amortized cost:			
Accounts payable and accrued liabilities	\$ (2,301,457)	\$ (3,362,430)	\$ (1,791,222)
Covid-19 government support loans	\$ (30,200)	\$ (29,520)	\$ (31,660)
Contract liabilities	\$ -	\$ (274,192)	\$ -
Fair value through profit or loss (FVTPL):			
Derivative warrant liability	\$ (1,002,264)	\$ -	\$ -

**Exchange Rate Risk**

The functional currency of each of the entities included in the accompanying consolidated financial statements is the local currency where the entity is domiciled. Functional currencies include the Chinese Yuan, US, Singapore and Canadian dollar. Most transactions within the entities are conducted in functional currencies. As such, none of the entities included in the consolidated financial statements engage in hedging activities. The Company is exposed to a foreign currency risk when its subsidiaries hold current assets or current liabilities in currencies other than its functional currency. A 10% change in foreign currencies held would increase or decrease other comprehensive loss by \$198,000.

**Liquidity Risk**

The Company currently does not maintain credit facilities. The Company's existing cash and cash resources are not considered sufficient to fund operating and investing activities beyond one year from the date of these consolidated financial statements. The Company may, however, need to seek additional financing in the future.

## POET TECHNOLOGIES INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Expressed in US Dollars)

#### 19. CAPITAL MANAGEMENT

In the management of capital, the Company includes shareholders' equity (excluding accumulated other comprehensive loss and deficit) and cash. The components of capital on December 31, 2023 were:

Cash and cash equivalents	\$ 3,019,069
Shareholders' equity	\$221,823,499

The Company's objective in managing capital is to ensure that financial flexibility is present to increase shareholder value through growth and responding to changes in economic and/or market conditions; to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business and to safeguard the Company's ability to obtain financing should the need arise.

In maintaining its capital, the Company has a strict investment policy which includes investing its surplus capital only in highly liquid, highly rated financial instruments.

The Company reviews its capital management approach on an ongoing basis.

#### 20. EXPENSES

Research and development costs can be analysed as follows:

	2023	2022	2021
Wages and benefits	\$ 4,298,207	\$ 4,267,937	\$ 3,270,528
Subcontract fees	1,864,122	2,946,729	1,516,343
Stock-based compensation	1,539,235	2,054,187	1,769,951
Supplies	2,376,366	1,477,890	1,608,306
	<b>\$ 10,077,930</b>	<b>\$ 10,746,743</b>	<b>\$ 8,165,128</b>

Selling, marketing and administration costs can be analysed as follows:

Stock-based compensation	\$ 2,662,209	\$ 2,382,417	\$ 2,764,419
Wages and benefits	2,649,770	2,648,862	2,643,451
Professional fees	1,744,771	1,173,743	1,155,316
General expenses	1,681,899	1,860,762	1,304,690
Depreciation and amortization	1,922,140	1,293,158	1,100,522
Rent and facility costs	134,366	157,329	87,130
	<b>\$ 10,795,155</b>	<b>\$ 9,516,271</b>	<b>\$ 9,055,528</b>

#### 21. REVENUE

##### Disaggregated Revenues

The Company disaggregates revenue by timing of revenue recognition, that is, at a point in time and revenue over time. During the year ended December 31, 2023, the Company recognized \$465,777 (2022 - \$552,748, 2021 - \$209,100) from non-recurring engineering services. The revenue is recognized over time.

**POET TECHNOLOGIES INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in US Dollars)**

**22. INCOME TAXES**

The following table reconciles the expected income tax recovery at the Canadian statutory income tax rate of 26.5% for 2023 (2022 - 26.5%, 2021 - 26.5%) to the amounts recognized in operations.

For the Year Ended December 31,	2023	2022	2021
Net loss before taxes	\$ (20,267,365)	\$ (21,036,690)	\$ (15,669,093)
Expected current income tax recovery	5,370,852	5,574,723	4,152,310
Adjustments to income tax recovery:			
For the Year Ended December 31,	2023	2022	2021
Amounts not deductible for tax purposes	\$ (1,113,000)	\$ (1,177,000)	\$ (1,201,600)
Other non-deductible items	(69,000)	(66,000)	(111,000)
Other deductible items	191,000	161,000	157,000
Non-taxable gain (loss)	-	(388,000)	383,000
Non-taxable loan forgiveness	-	-	49,000
Deferred R&D expenses, net	(459,000)	(627,000)	-
Foreign tax differential	(905,538)	(828,000)	(508,000)
Unrecognized tax recovered (losses)	(3,015,314)	(2,649,723)	(2,920,710)
Income tax recovery recognized	\$ -	\$ -	\$ -

The following table reflects future income tax assets at December 31:

	2023	2022	2021
Resource assets	\$ 1,024,271	\$ 1,024,271	\$ 1,024,271
Gross unamortized share issue costs	810,000	1,081,250	1,114,604
Capitalized S.174 expenses	5,900,000	2,368,000	-
Canadian non-capital losses	22,585,000	21,955,000	21,404,000
Canadian capital losses	5,300,000	5,156,000	5,565,125
US non-capital losses	95,300,000	93,000,000	86,073,000
Singapore non-capital losses	19,300,000	13,800,000	9,180,000
Unrecognized deferred tax assets	150,219,271 (150,219,271)	138,384,521 (138,384,521)	124,361,000 (124,361,000)
Deferred income tax assets recognized	\$ -	\$ -	\$ -

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in US Dollars)**

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**23. COVID-19 GOVERNMENT SUPPORT LOANS**

In March 2020, the United States Congress passed the Paycheck Protection Program ("PPP"), authorizing loans to small businesses for use in paying employees that they continue to employ throughout the COVID-19 pandemic and for rent, utilities and interest on mortgages. Loans obtained through the PPP are eligible to be forgiven as long as the proceeds are used for qualifying purposes and certain other conditions are met. On May 3, 2020, the Company received a loan in the amount of \$186,747 through the PPP. During the year, the Company received notice from the Small Business Administration of Washington, DC that the PPP loan was forgiven in full. The forgiven loan was reclassified to the consolidated statements of operations and deficit and recognized as income for the year ended December 31, 2021.

On April 9, 2020, the Canadian government launched the Canada Emergency Business Account ("CEBA") which is intended to support businesses during COVID-19 by providing interest free financing of up to \$30,200 (CA\$40,000) until December 31, 2023. If 75% of the loan is repaid by December 31, 2023 (extended to January 18, 2024), the loan recipient will be eligible for a loan forgiveness of the remaining 25% of the amount loaned. On April 15, 2020, the Company received a loan in the amount of \$30,200 through the CEBA. If the loan has not been repaid by January 18, 2024, the outstanding amount will be automatically extended for an additional two years at 5% interest per annum payable monthly and maturing on December 31, 2025. The Company repaid 75% of the amount borrowed on January 15, 2024.

**24. SUBSEQUENT EVENTS**

On January 24, 2024, the Company raised gross proceeds of CA\$6,219,667 (US\$4,607,161) from the issuance of 5,098,088 units through a private placement financing facility (the "Offering") at an offering price CA\$1.22 (US\$0.90). Each unit consisted of one common share of the Company and one common share purchase warrant to purchase up to 5,098,088 common shares for a period of five (5) years from the date of closing at a price of CA\$1.52 (US\$1.12) per share. The Company paid finder's fees of CA\$43,829 (US\$32,466) to certain parties that were instrumental of introducing some of the subscribers to the Company.

Directors, management and employees acquired 459,522 units of the offering for gross proceeds of CA\$560,617 (US\$415,272).