

**Victory Square Technologies Inc.
(Formerly Fantasy 6 Sports Inc.)**

**Condensed Consolidated Interim Financial Statements
Nine months ended September 30, 2018 and 2017**

(Unaudited – Prepared by Management)

Expressed in Canadian Dollars



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The condensed consolidated interim financial statements of Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.) are the responsibility of the Company's management. The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

Management has developed and maintains a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded, and financial information is reliable.

Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.)
Condensed consolidated interim unaudited statements of income (loss) and comprehensive income
(loss)
(Expressed in Canadian dollars)

	Note	September 30, 2018	December 31, 2017
ASSETS			
Current assets			
Cash		\$ 345,476	\$ 2,715,182
Prepays		390,316	415,254
Trade and other receivables	4	707,621	50,513
Government sales tax receivable		83,188	63,605
Due from related parties	13	925,261	-
Marketable securities	5	4,650	45,000
Digital currencies	8	333,408	263,441
		2,789,920	3,552,995
Non-current assets			
Investments	6	20,630,876	5,118,359
Long-term advances	7	1,453,277	1,455,731
Property and equipment	9	1,325,455	-
Intangible assets	10	4,901,049	1,586,269
TOTAL ASSETS		\$ 31,100,577	\$ 11,713,354
LIABILITIES			
Current liabilities			
Trade payables	13	\$ 475,526	\$ 242,154
Accrued liabilities	13	295,268	544,206
Deferred revenue		-	6,300
Loan payable	11	451,668	-
Related party loans - current portion	13	-	1,094,793
		1,222,462	1,887,453
Related party loans	13	3,543,148	-
TOTAL LIABILITIES		4,765,610	1,887,453
SHAREHOLDERS' EQUITY			
Share capital	12	30,729,738	15,960,006
Reserve	12	104,403	104,403
Accumulated other comprehensive income		58,127	82,130
Deficit		(4,557,301)	(6,320,638)
SHAREHOLDERS' EQUITY		26,334,967	9,825,901
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 31,100,577	\$ 11,713,354

Nature of operations and going concern – Note 1

Subsequent events – Note 18

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 29, 2018.

Director: “Shafin Tejani”

Director: “Howard Blank”

See accompanying notes to the condensed consolidated interim unaudited financial statements.

Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.)
Condensed consolidated interim unaudited statements of income (loss) and comprehensive income
(loss)
(Expressed in Canadian dollars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2018	2017	2018	2017
Revenue	18	\$ 1,176,519	\$ 385,557	\$ 2,489,261	\$ 571,795
Cost of goods sold	18	453,384	\$ 317,021	1,409,877	444,966
		723,135	68,536	1,079,384	126,829
Expenses					
Amortization and depreciation	9,10	743,033	242,772	1,480,900	728,314
Bad debt expense		31,944	-	38,392	-
Donations		14,500	-	326,550	-
Foreign exchange loss		9,561	4,562	34,842	8,927
General and administration		65,969	9,559	112,759	21,397
Insurance		23,280	5,034	50,301	11,739
Interest	13	21,653	1,310	37,455	14,561
Investor relations		17,827	8,078	65,394	11,027
Management fees	13	155,300	116,860	250,300	231,277
Professional and consulting fees	13	137,326	88,213	524,615	174,952
Rent		124,771	17,125	259,388	47,125
Research and development		-	1,575	13,450	75,018
Sales and marketing		157,314	37,342	1,550,509	77,670
Transfer agent and regulatory fees		13,829	6,986	34,990	36,508
Wages		125,242	104,380	400,072	262,862
Total expenses		(1,641,549)	(643,796)	(5,179,917)	(1,701,377)
Other Items					
Equity loss on investments	6	(759,362)	-	(1,337,673)	-
Dilution gain (loss) on investments	6	(250,355)	-	7,397,323	-
Fair value loss on digital currencies	8	(466,446)	-	(270,919)	-
Interest income		1,066	-	75,139	-
		(1,475,097)	-	5,863,870	-
Net income (loss) for the period		(2,393,511)	(575,260)	1,763,337	(1,574,548)
Other comprehensive income (loss)					
Unrealized loss on investment	5	(1,800)	-	(40,350)	-
Currency translation adjustment		1,770	897	16,347	2,373
		(30)	897	(24,003)	2,373
Total comprehensive income (loss)		\$ (2,393,541)	\$ (574,363)	\$ 1,739,334	\$ (1,572,175)
Earnings (loss) per share - basic and diluted		\$ (0.03)	\$ (0.01)	\$ 0.03	\$ (0.03)
Weighted average number of common shares outstanding - basic and diluted		71,680,309	55,036,913	68,296,835	50,783,442

See accompanying notes to the condensed consolidated interim unaudited financial statements.

Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.)
Condensed consolidated interim unaudited statements of changes in shareholders' equity
(Expressed in Canadian dollars)

	Share Capital		Accumulated other comprehensive income	Reserve	Deficit	Total
	Number of shares	Amount				
Balance at January 1, 2017	48,611,639	\$ 4,866,212	\$ 57,963	\$ 104,403	\$ (3,582,394)	\$ 1,446,184
Shares issued - for debt	1,687,867	1,417,809	-	-	-	1,417,809
Shares issued - investment	5,000,000	4,500,000	-	-	-	4,500,000
Shares issued - warrants exercised for cash	336,760	33,875	-	-	-	33,875
Currency translation adjustment	-	-	2,373	-	-	2,373
Net loss for the period	-	-	-	-	(1,574,548)	(1,574,548)
Balance at September 30, 2017	55,636,266	10,817,896	60,336	104,403	(5,156,942)	5,825,693
Balance at January 1, 2018	62,384,759	15,960,006	82,130	104,403	(6,320,638)	9,825,901
Shares issued - acquisition of subsidiaries	4,388,919	6,299,664	-	-	-	6,299,664
Shares issued - investments	1,363,234	2,667,265	-	-	-	2,667,265
Shares issued - warrants exercised for cash	3,333,334	5,000,001	-	-	-	5,000,001
Shares issued - for debt	805,240	805,240	-	-	-	805,240
Share issuance costs	-	(2,438)	-	-	-	(2,438)
Unrealized loss on investment	-	-	(40,350)	-	-	(40,350)
Currency translation adjustment	-	-	16,347	-	-	16,347
Net income for the period	-	-	-	-	1,763,337	1,763,337
Balance at September 30, 2018	72,275,486	\$ 30,729,738	\$ 58,127	\$ 104,403	\$ (4,557,301)	\$ 26,334,967

(See Notes 4, 6 and 12)

See accompanying notes to the condensed consolidated interim unaudited financial statements.

Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.)
Consolidated statements of cash flows
(Expressed in Canadian dollars)

	Nine months ended September 30,	
	2018	2017
Operating activities		
Net income (loss) for the period	\$ 1,763,337	\$ (1,574,548)
Adjustments for non-cash items:		
Amortization and depreciation	1,480,900	728,314
Bad debt expense	38,392	-
Fair value loss on digital currencies	270,919	-
Cryptomining revenue	(286,066)	-
Interest income	(73,406)	-
Interest expense	32,964	1,368
Equity loss on investments	1,337,673	-
Dilution gain (net) on investments	(7,397,323)	-
Foreign exchange	9,788	1,180
Debt settled with shares	-	554,478
Changes in non-cash working capital items:		
Prepaid expenses	284,993	24,857
Trade and other receivables	(534,010)	(24,962)
Scientific Research and Experimental Development tax credit	230,414	-
Government sales tax recoverable	(29,185)	(29,609)
Trade payables and accrued liabilities	294,676	79,343
Deferred revenue	(6,300)	-
Net cash flows used in operating activities	(2,582,234)	(239,579)
Investing activities		
Cash from acquisition of subsidiaries	117,179	-
Cash used in deconsolidation of subsidiary	(18,489)	-
Purchase of investments	(4,660,400)	(58,331)
Long term advances	(379,072)	-
Due from related parties	(87,095)	-
Purchase of intangibles	(33,128)	-
Purchase of equipment	(1,057,814)	-
Disposal of cryptocurrency	568,616	-
Net cash flows used in investing activities	(5,550,203)	(58,331)
Financing activities		
Shares issued, net of share issuance costs	4,997,563	33,876
Proceeds from related party loans	765,168	393,968
Net cash flows from financing activities	5,762,731	427,844
Change in cash	(2,369,706)	129,934
Cash, beginning	2,715,182	11,794
Cash, ending	\$ 345,476	\$ 141,728

See accompanying notes to the condensed consolidated interim unaudited financial statements.

Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.)
Notes to the condensed consolidated interim unaudited financial statements
For the nine months ended September 30, 2018 and 2017
(Expressed in Canadian dollars)

1. Nature of Operations and Going Concern

Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.) (the “Company”) was incorporated under the Business Corporation Act (British Columbia) on February 10, 2015. On June 9, 2017, the Company changed its name to Victory Square Technologies Inc. Victory Square Technologies Inc. is an emerging technology accelerator with over 19 portfolio companies. The portfolio companies specialize in blockchain, artificial intelligence (“AI”), virtual reality (“VR”), augmented reality (“AR”), fintech, insurance, health and gaming. The Company identifies, incubates and invests in entrepreneurs who are working on innovative and disruptive projects, providing them with the partners, mentorship and support necessary to accelerate their growth to help them scale globally.

The Company’s registered office is at Suite 1080, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2. The head office and principal address of the Company is located at Suite 300, 128 West Hastings Street, Vancouver, British Columbia, Canada, V6B 1G8. The Company’s shares are traded on the Canadian Securities Exchange (“CSE”) under the symbol “VST” and the Frankfurt Stock Exchange under the symbol “6F6”. The Company is also quoted on the OTCQX Best Markets in the United States under the symbol of “VSQTF”.

These condensed consolidated interim unaudited financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at September 30, 2018, the Company had working capital of \$1,567,458 (December 31, 2017 – working capital of \$1,665,542) and an accumulated deficit of \$4,557,301. The Company does not have sufficient cash to sustain operations for the next twelve months without additional financing. The continued operations of the Company are dependent upon its ability to generate future cash flows and/or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due; however, they may not be at terms that are favourable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. (See Note 17).

2. Statement of Compliance, Basis of Preparation and New Accounting Policies and Standards

These condensed consolidated interim unaudited financial statements were authorized for issue on November 29, 2018, by the directors of the Company.

Statement of Compliance

These condensed consolidated interim unaudited financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim unaudited financial statements are the same as those applied in the Company’s annual financial statements as at and for the year ended December 31, 2017.

The condensed consolidated interim unaudited financial statements do not include all of the information and note disclosures required for full annual financial statements and should be read in conjunction with the Company’s annual financial statements as at and for the year ended December 31, 2017.

Basis of Preparation

The condensed consolidated interim unaudited financial statements have been prepared on a historical cost basis and are presented in Canadian dollars.

2. Statement of Compliance, Basis of Preparation and New Accounting Policies and Standards (continued)

New Accounting Standards and Interpretations

Financial Instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments (“IFRS 9”) as of January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 utilize a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company’s accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application.

The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company’s new accounting policy for financial instruments under IFRS 9:

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.

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated other comprehensive income on January 1, 2018.

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 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 loss and 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 loss and comprehensive loss in the period in which they arise.

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 loss and 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.

2. Statement of Compliance, Basis of Preparation and New Accounting Policies and Standards (continued)

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. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

Revenue from Contracts with Customers

The Company adopted all of the requirements of IFRS 15 Revenue from Contracts with Customers (“IFRS 15”) as of January 1, 2018. IFRS 15 utilizes a methodical framework for entities to follow in order to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The change did not impact the cumulated revenue recognized or the related assets and liabilities on the transition date.

Immersive Experiences Revenue

The Company, through its subsidiary F360, provides immersive experiences primarily through the construction of interactive real-world simulations using VR and AR. Revenue from providing these services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that gave rise to the revision become known to management.

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset (receivable) is recognised. If the payments exceed the services rendered, a contract liability (deferred revenue) is recognized.

New Accounting Policies

The following accounting policies were adopted in the current period:

Cryptomining Revenue

The Company recognizes revenue from the provision of transaction verification services within digital currency networks, commonly termed “cryptocurrency mining”. As consideration for these services, the Company receives digital currency from each specific network in which it participates (“coins”). Revenue is measured based on the fair value of the coins received. The fair value is determined using the spot price of the coin on the date of receipt, based on the hourly volume weighted average from www.cryptocompare.com. The coins are recorded on the statement of financial position, as digital currencies, at their fair value and re-measured at each reporting date. Revaluation gains or losses, as well as gains or losses on the sale of coins for traditional (fiat) currencies are included in profit and loss. The Company records the revaluation gains and losses in the Statement of Income (Loss) and Comprehensive Income (Loss).

Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.)
Notes to the condensed consolidated interim unaudited financial statements
For the nine months ended September 30, 2018 and 2017
(Expressed in Canadian dollars)

2. Statement of Compliance, Basis of Preparation and New Accounting Policies and Standards (continued)

New Accounting Policies (continued)

Property and Equipment

Property and 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.

Depreciation and amortization are calculated using the straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The depreciation and amortization rates applicable to each category of equipment are as follows:

Class of property and equipment	Depreciation rate
Computers	3 years
Cryptomining equipment	2 years

Accounting Standards Issued But Not Yet Applied

Leases

On January 13, 2016, the IASB published a new standard, IFRS 16, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The main provision of IFRS 16 is the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases that were previously classified as operating leases. Under IFRS 16, a lessee is required to do the following: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet; and (ii) recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant, as the right-of-use asset is depreciated and the lease liability is accreted using the effective interest method. The new standard also requires qualitative disclosures along with specific quantitative disclosures. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company continues to assess the impact of adopting this standard on its consolidated financial statements.

Other accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Company's consolidated financial statements.

3. Trade and Other Receivables

Trade and other receivables are related to the following:

	September, 2018	December 31, 2017
Immersive services	\$ 294,334	\$ 50,513
Gaming royalties	289,320	-
Other services	97,455	-
Other	26,512	-
Total trade and other receivables	\$ 707,621	\$ 50,513

Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.)
Notes to the condensed consolidated interim unaudited financial statements
For the nine months ended September 30, 2018 and 2017
(Expressed in Canadian dollars)

4. Transactions

Limitless Blockchain Technology, LLC

On May 1, 2018, the Company completed the purchase of 100% of all issued and outstanding common shares of Limitless Blockchain Technology, LLC (“Limitless”) in exchange for 3,703,703 common shares of the Company, with a fair value of \$5,518,517. The acquisition was treated as an asset purchase. In accordance with IAS 38 “Intangible Assets”, the fair value of the common shares and excess of fair value of the consideration has been recognized as an intangible asset acquired through acquisition.

Limitless is a blockchain solution provider.

The acquisition was recorded as follows:

	Acquisition of Limitless
Fair value of consideration	
Common shares	\$ 5,518,217
Assets acquired	
Cash	97,157
Digital currencies	240,970
Capital assets	605,406
Accrued liabilities	(19,101)
	924,432
Intangible assets acquired (Note 9)	\$ 4,593,785

V2 Games Inc.

On May 29, 2018, the Company completed the purchase of 100% of all issued and outstanding common shares of V2 Games Inc (“V2 Games”) in exchange for \$670,680 and 685,216 common shares of the Company with a fair value of \$781,146, for total consideration of \$1,451,826. The acquisition was treated as an asset purchase. In accordance with IAS 38 “Intangible Assets”, the fair value of the common shares and excess of fair value of the consideration has been recognized as an intangible asset acquired through acquisition.

V2 Games provides capital for mobile games and gaming companies.

Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.)
Notes to the condensed consolidated interim unaudited financial statements
For the nine months ended September 30, 2018 and 2017
(Expressed in Canadian dollars)

4. Transactions (continued)

V2 Games (continued)

The acquisition was recorded as follows:

	Acquisition of V2 Games
Fair value of consideration	
Cash	\$ 670,680
Common shares	781,146
	<u>1,451,826</u>
Assets acquired	
Cash	20,021
Trade receivables	161,490
SRED receivable	230,414
Other receivables	38,678
Prepaid expenses	3,000
Investments	1,256,350
Advances	495,680
Capital assets	1,153
Trade payables	(18,759)
Accrued liabilities	(2,000)
Loan payable	(430,795)
Intercompany loans	(1,354,757)
	<u>400,475</u>
Intangible assets acquired (Note 9)	<u>\$ 1,051,351</u>

5. Marketable Securities

During the year ended December 31, 2017, the Company purchased 30,000 common shares of Big Blockchain Intelligence Group Inc. ("Big Blockchain") for \$22,500. Big Blockchain's shares are listed on the CSE. The fair value of the shares at December 31, 2017 was \$45,000 and at September 30, 2018 is \$4,650. The Company recorded an unrealized mark-to-market loss of \$40,350 to comprehensive income during the period ended September 30, 2018.

Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.)
Notes to the condensed consolidated interim unaudited financial statements
For the nine months ended September 30, 2018 and 2017
(Expressed in Canadian dollars)

6. Investments

The Company's investments at September 30, 2018 and December 31, 2017 consisted of the following:

Investment	Balance at September 30, 2018	Balance at December 31, 2017
FansUnite Entertainment Inc.	\$ 8,111,151	\$ -
Unified Film Fund II, LLC	3,728,571	3,728,571
PayVida Solutions Inc.	1,517,432	-
Cassia Research Inc.	1,415,829	-
Just Games Interactive Entertainment LLC	1,256,350	-
TLA Films, LLC	647,569	-
Flo Digital Inc.	646,449	-
Talo Flow Inc. (formerly LocoNoco Inc.)	641,496	-
Multapplied Networks, Inc.	600,000	600,000
Howyl Ventures Inc.	564,171	-
Aspen Technologies Inc. (formerly VS Blockchain Assembly Inc.)	357,059	789,788
Cloud Benefit Solutions Inc.	240,000	-
Personalized Biomarkers Inc.	227,081	-
Ragnarok Game LLC	163,075	-
Shape Immersive Entertainment Inc.	150,000	-
Full XP Oy	115,143	-
Cryptobuyer Technologies Corp.	100,000	-
Other	149,500	-
	\$ 20,630,876	\$ 5,118,359

a) FansUnite Entertainment Inc.

On August 31, 2016, the Company acquired 100% of the issued and outstanding shares of FansUnite Media Inc. During the current period, the Company formed a new subsidiary, FansUnite Entertainment Inc. ("FansUnite"), and the shares of FansUnite Media Inc. were transferred to FansUnite.

On May 29, 2018, FansUnite issued 19,100,000 common shares from treasury to management and market partners for nominal consideration and then completed a private placement, issuing a further 17,831,000 common shares for net proceeds of \$4,378,625. The Company participated in the private placement and obtained an additional 1,000,000 common shares \$250,000. As a result of the share issuances, the Company's interest in FansUnite was diluted from 100% to 48.55%

Upon the loss of control, the Company ceased consolidation and:

- a) derecognized the assets and liabilities of FansUnite from the consolidated statement of financial position and;
- b) recognized the retained investment in FansUnite at its fair value.

The fair value of FansUnite was determined through reference to the price per share of the shares sold in the private placement and the Company recognized a gain on dilution of \$6,946,937. From May 30, 2018, the Company accounts for its investment in FansUnite as an equity investment. The value of the investment at the date of dilution was \$8,475,000. From May 30, to September 30, 2018, the Company recorded an equity loss of \$363,849 on its investment in FansUnite and the value of the investment was reduced to \$8,111,151 at September 30, 2018.

6. Investments (continued)

b) Unified Film Fund II, LLC

In accordance with the Assignment Agreement, the Company acquired a 40% interest in the Film Fund from Interlock Capital Ltd. ("Interlock"), a private company incorporated under the laws of British Columbia. As consideration, the Company issued Interlock 5,000,000 common shares at a fair value of \$4,500,000.

The Company, by way of the Assignment Agreement, was assigned all of Interlock's rights, title and interest in and to the Film Fund, in accordance with an underlying Investor Agreement (the "Investor Agreement") dated July 6, 2017.

Prior to the Company's assumption, Interlock paid \$4,500,000 (USD \$3,500,000) in capital towards the Film Fund. The Film Fund is designed to be utilized towards financing the development, production, distribution or marketing of any of the anticipated 7 motion pictures, each to be produced by a SPE. A single SPE will be formed to produce, own, and acquire the underlying rights in and to each of the motion pictures.

In return for the conveyance of interest in the Film Fund, the Company will pay Interlock royalties commencing August 1, 2018 and for a period of 7 years thereafter, as follow:

- a) 5% royalty on annual profits directly derived from the Investor Agreement in excess of \$10,000,000;
- b) 10% royalty on annual profits directly derived from the Investor Agreement in excess of \$20,000,000; and
- c) 15% royalty on annual profits directly derived from the Investor Agreement in excess of \$30,000,000.

The value of the common shares issued by the Company will be deducted from such profits until the entire value of the shares has been so deducted.

The Company will recoup its investment in the Film Fund as follows:

- a) the investment plus a 20% pro rata with any payment of distributable cash, as defined; and
- b) a 40% non-dilutable share of distributable cash.

During the year ended December 31, 2017, the Film Fund incorporated 2 SPE's. The Film Fund financed a portion of the budgeted cost of the development, production, distribution and marketing of the respective SPE's and a portion of the funding was provided by way of loans from The Fyzz Facility ("The Fyzz"), a motion picture and financing company.

The respective SPE's were funded through the Company's capital investment as follows:

What They Had Film, LLC	\$2,256,043 (USD \$1,754,700)
UFF 2 Ride Movie LLC	\$771,429 (USD \$600,000)

The investment in UFF 2 Ride Movie LLC of \$771,429 was impaired during the year ended December 31, 2017.

A 40% shareholding in the Film Fund would, presumably, give rise to significant influence and the Company would account for this investment in accordance with equity accounting. However, the key rights of the Company, as a member, are set out in contractual arrangements other than in a shareholders' agreement and, as such, the Film Fund is a "structured entity" as defined in IFRS 12 "Disclosure of interests in other entities" as an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when voting rights relative to administrative tasks only and the relevant activities are directed by means of contractual arrangements. Therefore, management has concluded that the Company does not have significant influence and the investment has been accounted for as a financing arrangement.

c) PayVida Solutions Inc.

The Company entered into an agreement to purchase a 31.35% interest in the issued and outstanding common shares of PayVida Solutions Inc. ("PayVida") for cash of \$1,250,000 and 365,168 common shares of the Company with a fair value of \$967,695 for total consideration of \$2,217,695. At September 30, 2018, the Company held an interest of 42.05% in PayVida which will be diluted to 31.35% once shares are issued to debt holders.

6. Investments (continued)

c) PayVida Solutions Inc. (continued)

During the period ended September 30, 2018, the Company recorded an equity loss of \$700,264 and the value of the investment was reduced to \$1,517,431.

PayVida is a fintech company which connects merchants and consumers with e-commerce, mobile, in-store payment acceptance and disbursement technology. PayVida's technology enables existing merchants' POS terminals and POS systems to accept fiat and cryptocurrencies as a payment method.

d) Cassia Research Inc.

During the period ended September 30, 2018, the Company entered into an agreement to purchase a 23.1% interest in the issued and outstanding common shares of Cassia Research Inc. ("Cassia") for cash of \$1,000,000 and 187,266 common shares of the Company with a fair value of \$514,982 for total consideration of \$1,514,982. As at September 30, 2018, the Company holds an interest of 25.92% in Cassia.

During the period ended September 30, 2018, the Company recorded an equity loss of \$99,153 and the value of the investment was reduced to \$1,415,828.

Cassia is a blockchain-focused fintech company which offers its CoPilot Advisor platform for financial advisors.

e) Just Games Interactive Entertainment LLC

During the period ended September 30, 2018, the Company entered into a games financing agreement with Just Games Interactive Entertainment LLC for \$1,256,350 (\$1,000,000 USD) for the development and publishing of a mobile game. In exchange, the Company receives a royalty of 20% of the gross revenues generated by the game. During the period ended September 30, 2018, the Company earned royalty revenue of \$279,510 on this investment.

f) TLA Films, LLC

During the period ended September 30, 2018, the Company entered into an agreement to provide a portion of the financing for the production of the film "The Opening Act" for \$647,569. Based on the estimated budget of \$3,160,320 (USD \$2,400,000), the Company's proportionate share of net earnings will be 20%. The film was still under production at September 30, 2018.

g) Flo Digital Inc.

During the period ended September 30, 2018, the Company purchased a 49% interest in the issued and outstanding shares of Flo Digital Inc. ("Flo Digital") through the issue of 446,428 common shares of the Company with a fair value of \$656,249. In addition, the Company has agreed to provide Flo Digital with a convertible loan in the amount of \$300,000. The loan will have a term of 4 years and will be non-interest bearing for the first year and will bear interest at 4.45% thereafter. The Company has advanced \$25,000 of the loan.

During the period ended September 30, 2018, the Company recorded an equity loss of \$9,800 and the value of the investment was reduced to \$646,449.

Flo Digital offers an interactive virtual reality advertising solution.

h) Talo Flow Inc. (formerly LocoNoco Inc.)

During the period ended September 30, 2018, the Company purchased a 9.09% percent interest in the issued and outstanding shares of Talo Flow Inc. ("Talo Flow") for \$641,496 (USD \$500,000). Talo Flow provides a decision-making platform for developers working on robotic process automation, smart contracts and artificial intelligence.

6. Investments (continued)

i) Multapplied Networks, Inc.

On December 27, 2017, the Company entered into an agreement to acquire 10% of the issued and outstanding common shares of Multapplied Networks, Inc. ("MNI") for \$600,000.

MNI is an enterprise software-defined wide area networking company that focuses on utilizing its proprietary software in facilitating a global decentralized internet.

j) Howyl Ventures Inc.

On May 1, 2018, the Company completed the acquisition of 28.5% of Howyl Ventures Inc. ("Howyl Ventures") issuing 364,372 common shares of the Company with a fair value of \$528,339 and \$100,000 in cash.

During the period ended September 30, 2018, the Company recorded an equity loss of \$64,168 and the value of the investment was reduced to \$564,171.

k) Aspen Technologies Inc. (formerly VS Blockchain Assembly Inc.)

On October 10, 2017, the Company acquired a 59.26% interest in the issued and outstanding common shares of Aspen Technologies Inc. (formerly VS Blockchain Assembly Inc.) ("Aspen"), a company related by common directors, for \$16. On December 6, 2017, the Company's interest was diluted to 48.34%.

Accordingly, the Company consolidated the results of Aspen from October 10, 2017 to December 6, 2017. Upon the loss of control, the Company ceased consolidation and:

a) derecognized the assets and liabilities of Aspen from the consolidated statement of financial position and;

b) recognized the retained investment in Aspen at its fair value.

The net assets of Aspen equaled the fair value at the date of loss of control on December 6, 2017. The Company's interest in the fair value of the net assets, of \$1,039,770 was recorded as the cost of the investment on initial recognition and, subsequently, the Company accounts for its investment in Aspen as an equity investment. The value of the investment at December 31, 2017 was \$789,788.

On January 25, 2018, the Company's interest was diluted to 36.17% and then to 20.33% on July 1, 2018. On July 1, 2018, the Company received 10,666,666 warrants of Aspen exercisable at \$0.02 per common share until June 4, 2021.

During the period ended September 30, 2018, the Company recorded an equity loss of \$95,043 and a loss on dilution of \$332,293 due to the dilution of the Company's interest from 38.85% on December 31, 2017 to 36.17% on January 25, 2018 and to 20.33% on July 1, 2018, and the value of the investment was reduced to \$357,059.

Aspen is a blockchain and cryptocurrency investment and advisory services firm.

l) Cloud Benefit Solutions Inc.

During the period ended September 30, 2018, the Company entered into an agreement to purchase 15% of the outstanding common shares of Cloud Benefit Solutions Inc. ("Cloud") for \$240,000. Cloud produces software for the life and health insurance market in Canada.

m) Personalized Biomarkers Inc.

On August 9, 2017, the Company executed an agreement with Personalized Biomarkers Inc. ("PBI") to acquire up to 33% of the issued and outstanding common shares of PBI. During the period ended September 30, 2018, the Company decided to limit its investment to 15% of PBI for \$227,081.

PBI develops test kits that predict the expected response to a number of therapies prior to prescription, with an initial focus on diabetes.

Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.)
Notes to the condensed consolidated interim unaudited financial statements
For the nine months ended September 30, 2018 and 2017
(Expressed in Canadian dollars)

6. Investments (continued)

n) Ragnarok Game LLC

During the period ended September 30, 2018, the Company entered into a games financing agreement with Ragnarok Game LLC in the amount of USD \$250,000 for the development and marketing of a game. In exchange, the Company will receive a monthly share of the revenue generated by the game. The revenue share percentage is tiered from 30% to 10% depending upon the amount of revenue paid out and is capped at \$1,000,000. As at September 30, 2018, the Company had advanced \$163,075 (USD \$125,000). During the period ended September 30, 2018, the Company did not earn any revenue on this investment.

o) Shape Immersive Entertainment Inc.

During the period ended September 30, 2018, the Company advanced \$150,000 to Shape Immersive Entertainment Inc. ("Shape") as a working capital loan and, on September 28, 2018, converted the loan to 1,500,000 common shares of Shape at a price of \$0.10 per share to hold 21.4% of the common shares outstanding.

p) Full XP Oy

During the period ended September 30, 2018, the Company purchased 130,024 common shares of the game development company Full XP Oy for EUR 100,000. As at September 30, 2018, the Company had paid CAD \$115,143.

q) Cryptobuyer Technologies Corp.

During the period ended September 30, 2018, the Company purchased 1,000,000 common shares of Cryptobuyer Technologies Corp. for \$100,000.

7. Long Term Advances

As at September 30, 2018 and December 31, 2017, the Company made the following advances:

	Balance at September 30, 2018	Balance at December 31, 2017
Personalized Biomarkers Inc.	\$ -	\$ 227,081
Bluzelle Platform Ptd.Ltd.	-	250,000
Blockchain conference prize pools	562,648	503,650
V2Games Inc.	-	475,000
Advances for token offerings	212,108	-
Advances to Look To The Sky Films Inc.	588,137	-
Advances to Cannabis Wise, Inc.	50,000	-
Advances to V2 Sports Inc.	32,384	-
Other	8,000	-
	\$ 1,453,277	\$ 1,455,731

a) Blockchain conference prize pools

During period ended September 30, 2018, the Company advanced an additional \$388,410 towards an investment prize pool to be awarded and allocated to a selection of start-up companies. The total amount advanced to September 30, 2018, is \$892,060. In return, the Company will receive either an equity investment in or an allocation of ICO tokens to be distributed by each of these companies.

7. Long Term Advances (continued)

a) Blockchain conference prize pools (continued)

To September 30, 2018, the Company has received the following tokens:

646,584 Debitum
582,500 InsurePal
72,544 Aid
371,666 Chainium
260,259 Guardium
201,530 Neuromation

The cost of these tokens of \$329,412 was reallocated to digital currencies during the period ended September 30, 2018. The balance of advances remaining for the prize pool is \$562,648 at September 30, 2018.

b) Advances for token offerings

During the period ended September 30, 2018, the Company advanced \$42,747 for Cryptocurve tokens, \$42,864 for PayToMat tokens, \$42,198 for SBCE tokens \$40,976 for MPQ tokens and \$43,323 for Climate Futures tokens. None of these tokens have been received as at September 30, 2018.

c) Advances to Look To The Sky Films Inc.

During the period ended September 30, 2018, the Company advanced \$588,137 to Look To The Sky Films Inc. ("Sky") for an assignment of a portion of Sky's investment in the film "Dragged Across Concrete."

d) Advances to Cannabis Wise, Inc.

During the period ended September 30, 2018, the Company advanced \$50,000 to Cannabis Wise, Inc. ("Cannabis Wise"). Cannabis Wise has established a national cannabis certification program focused on quality assurance.

f) Advances to V2 Sports Inc.

During the period ended September 30, 2018, the Company advanced \$32,384 in connection with a subscription for the purchase of 75,000 common shares of V2 Sports Inc. for \$75,000.

Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.)
Notes to the condensed consolidated interim unaudited financial statements
For the nine months ended September 30, 2018 and 2017
(Expressed in Canadian dollars)

8. Digital Currencies

As at September 30, 2018 and December 31, 2017, the Company's digital currencies consisted of the following:

	September 30, 2018		December 31, 2017	
	Number of Tokens/Coins	Quoted Market Price	Number of Tokens/Coins	Quoted Market Price
AidCoin	72,544	\$ 5,387	\$ -	-
Bitcoin	1.96	16,876	0.78	13,852
Bluzelle	598,506	99,265	-	-
Chainium	371,666	7,467	-	-
Debitum	1,168,584	20,045	225,000	62,732
Enjin	415,967	32,379	415,967	90,120
Ethereum	0.9800	296	101.90	96,737
Guardium*	260,259	42,505	-	-
InsurePal	582,500	8,030	-	-
Litecoin	3.89	312	-	-
Monero	88.19	13,325	-	-
Neuromation	201,530	12,584	-	-
Rock	1,650,000	74,937	-	-
		\$ 333,408	\$ 263,441	

*Valued at cost, as no readily available market value.

During the period ended September 30, 2018, the Company recorded a loss on digital currencies of \$270,919 (2017 - \$Nil). In addition, the Company recorded revenue of \$286,066 (2017 - \$Nil) from cryptomining.

9. Property and Equipment

Property and equipment consist of the following:

	Cryptomining Equipment		Computer Equipment		Total
Cost					
Balance, December 31, 2017	\$ -	\$ -	\$ -	\$ -	-
Acquisition of subsidiaries (Note 4)	550,145		56,414		606,559
Additions	1,001,572		56,242		1,057,814
Balance, September 30, 2018	1,551,717		112,656		1,664,373
Accumulated depreciation					
Balance, December 31, 2017	\$ -	\$ -	\$ -	\$ -	-
Depreciation	(329,857)		(15,620)		(345,477)
Foreign exchange	6,334		225		6,559
Balance, September 30, 2018	(323,523)		(15,395)		(338,918)
Net book value, September 30, 2018	\$ 1,228,194	\$ 97,261	\$ 97,261	\$ 1,325,455	

Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.)
Notes to the condensed consolidated interim unaudited financial statements
For the nine months ended September 30, 2018 and 2017
(Expressed in Canadian dollars)

10. Intangible Assets

Intangible assets are comprised of the following:

	FansUnite	Website and cryptocurrency wallet development costs	Limitless	V2 Games	Total
Balance, December 31, 2017	\$1,499,021	\$ 87,248	\$ -	\$ -	\$ 1,586,269
Acquisition of subsidiaries (Note 4)	-	-	4,593,785	1,051,351	5,645,136
Additions	-	83,128	-	-	83,128
Amortization	(220,960)	(65,435)	(729,971)	(119,057)	(1,135,423)
Deconsolidation of FansUnite*	(1,278,061)	-	-	-	(1,278,061)
Balance, September 30, 2018	\$ -	\$ 104,941	\$ 3,863,814	\$ 932,294	\$ 4,901,049

*See Note 6

Intangible assets are amortized on a straight-line basis over 3 years. No amortization has been taken on the cryptocurrency wallet development costs of \$83,130 as the wallet was still in development at September 30, 2018.

11. Loan Payable

On August 17, 2017, the Company's subsidiary, V2 Games, entered into a loan agreement with Runway Finance Group Inc. ("Runway") for \$400,000. The loan bears interest at 16% and matures on August 16, 2020. The Company is required to make repayments as follows:

- 100% of the proceeds from V2 Games' refund from Canada Revenue Agency for its Scientific Research and Experimental Development ("SRED") tax credit for the year-end tax returns for 2017, 2018 and 2019,
- 50% of the proceeds from V2 Games' refund from Canada Revenue Agency for its December 31, 2016 British Columbia Interactive Digital Media Tax Credit ("BC IDMTC"),
- 50% of the proceeds from payments to be received by V2 Games under a June 14, 2016 mobile game publishing agreement and
- 50% of the proceeds from Canada Media Fund payments to be received by V2 Games under a February 11, 2015 agreement.

The loan is secured by a general security agreement over all present and after-acquired assets, property and undertaking of V2 Games as well as an assignment of the payments to be received for SRED, BC IDMTC and for the mobile game publishing agreement. No payments have been made to September 30, 2018. The balance of the loan is \$451,668 at September 30, 2018 including accrued interest of \$51,668. (Note 19).

12. Share Capital

Authorized Share Capital

Unlimited common shares without par value.

Issued Share Capital

At September 30, 2018, there are 72,275,486 issued and fully paid common shares (December 31, 2017 – 62,384,759).

On February 15, 2018, 187,266 common shares with a fair value of \$514,982 were issued in connection with the investment in Cassia (Note 6).

On March 6, 2018, 3,333,334 common shares were issued at a price of \$1.50 for proceeds of \$5,000,001 in connection with the exercise of 3,333,334 warrants.

On March 7, 2018, 365,168 common shares with a fair value of \$967,695 were issued in connection with the investment in PayVida (Note 6).

On April 19, 2018, 364,372 common shares with a fair value of \$528,339 were issued in connection with the investment in Howyl Ventures (Note 6).

On April 20, 2018, 446,428 common shares with a fair value of \$656,249 were issued in connection with the investment in Flo Digital (Note 6).

On May 1, 2018, 3,703,703 common shares with a fair value of \$5,518,517 were issued in connection with the acquisition of the Limitless (Note 4).

On May 29, 2018, 685,216 common shares with a fair value of \$781,146 were issued in connection with the acquisition of V2 Games (Note 4).

On September 7, 2018, 805,240 common shares were issued to settle debt owing to the CEO of \$805,240.

Warrants

On March 6, 2018, 3,333,334 warrants were exercised at a price of \$1.50 for proceeds of \$5,000,001. As at September 30, 2018, there are no warrants outstanding.

Stock Options

The Company has a stock option plan whereby share purchase options are granted in accordance with the policies of regulatory authorities at an exercise price equal to the market price of the Company's shares on the date of the grant and, unless otherwise stated, vest on the grant date and with a term not to exceed ten years. Under the plan, the board of directors may grant up to 10% of the issued number of shares outstanding as at the date of the share purchase option grant.

As at September 30, 2018, the Company has not issued any stock options.

Reserve

The reserve records items recognized as share-based payments and other settlements.

Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.)
Notes to the condensed consolidated interim unaudited financial statements
For the nine months ended September 30, 2018 and 2017
(Expressed in Canadian dollars)

13. Related Party Transactions

During the period ended September 30, 2018 and 2017, the Company entered into the following transactions with related parties:

	September 30, 2018	September 30, 2017
Interest	\$ 12,091	\$ 13,698
Management fees **	\$ 97,500	\$ 168,637
Professional fees	\$ 134,708	\$ 43,750
Prepayment for investment in and sponsorship of speaker series	\$ 50,000	\$ -
Rent *	\$ -	\$ 30,000

* Rent was paid to a company controlled by the COO who resigned May 31, 2017

** Includes \$Nil (2017 - \$49,417) in management fees paid to a company controlled by the COO who resigned May 31, 2017

Related Party Balances

At September 30, 2018, the Company has \$217,070 (December 31, 2017 - \$94,353) due to related parties included in trade payables and accrued liabilities. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Key Management Compensation

The Company's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company and consist of the Company's Board of Directors and the Company's executive leadership team. Such compensation was comprised of:

- \$134,708 (2017 - \$43,750) in professional fees and \$Nil (2017 - \$21,720) in management fees to companies controlled by the CFO, for bookkeeping, corporate secretarial and CFO services,
- \$97,500 (2017 - \$97,500) in management fees to the CEO,
- \$Nil (2017 - \$49,417) in management fees to the COO who resigned May 31, 2017.

Related Party Loans

As at September 30, 2018, the Company has \$3,543,148 (December 31, 2017 - \$1,094,793) in related party loans, which includes \$20,505 (December 31, 2017 - \$6,259) in accrued interest. The related party loans are unsecured and are due on or before October 16, 2019. Related party loans in the amount of \$886,055 bear interest at 3% compounded semi-annually.

Due from Related Parties

As at September 30, 2018, the Company has \$925,261 (December 31, 2017 - \$Nil) in amounts due from related parties. The majority of this relates to an intercompany loan to FansUnite for \$743,550. Prior to the dilution of the Company's investment in FansUnite, the intercompany loans were eliminated on consolidation. Amounts due from related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

During the period ended September 30, 2018, the Company entered into an agreement to purchase a 26.5% interest in the issued and outstanding shares of Next Decentrum Technologies Inc. ("Next Decentrum") for \$3.61. As the Company's share in the net loss of Next Decentrum for the period ended September 30, 2018 exceeded the amount of the investment, the investment was written down to Nil. In addition, the Company entered into an agreement to provide Next Decentrum with \$450,000 under a secured, non-interest-bearing convertible promissory note. As at September 30, 2018, the Company has advanced \$100,000 of the loan.

14. Operating Segments

The Company operates in several segments including online fantasy sports games, immersive fan experiences, investment in startup technology companies, film production and investment in digital currencies.

15. Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's receivables consist of trade receivables and government sales tax receivable. During the period ended September 30, 2018, the Company wrote off accounts receivable in the amount of \$38,392 that it believed were uncollectible. Based on the evaluation of remaining trade receivables at September 30, 2018, the Company believes that its receivables are collectible and the Company is not exposed to significant credit risk.

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risks.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's main source of funding has been the issuance of equity securities through private placements and loans from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

d) Foreign exchange risk

Foreign 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 does not hedge its exposure to fluctuations in foreign exchange rates. The Company is not exposed to significant foreign exchange risk.

Fair value

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies, as disclosed below. However, considerable judgment is required to develop certain of these estimates. Accordingly, these estimated values are not necessarily indicative of the amounts the Company could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies. The methods and assumptions used to estimate the fair value of each class of financial instruments are discussed below.

15. Financial Risk Management (continued)

Fair value (continued)

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Quoted market prices for an identical asset or liability represent a Level 1 valuation. When quoted market prices are not available, the Company maximizes the use of observable inputs within valuation models.

When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the use of significant unobservable inputs are considered Level 3. There are no financial instruments carried at fair value as at September 30, 2018.

Cash and marketable securities are measured using Level 1 inputs.

The Company's financial instruments consist of cash, trade receivables, marketable securities, certain investments, advances, trade payables, loan payable and related party loans. The carrying value of cash, trade receivables, marketable securities, certain investments, advances, trade payables and related party loans approximates their fair value due to the short-term nature of these instruments. The carrying value of the loan payable approximates its fair value due to the fact that it bears interest at a market rate.

16. Capital Management

The Company manages its cash and common shares as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its technology and products and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

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. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account. The Company will require capital resources to carry its plans and operations through its current operating period. The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period.

17. Commitments

- a) In fiscal 2016, the Company signed a binding term sheet with Victory Square Labs Inc., a company related by a director in common, for a secured convertible note facility up to \$10,000,000 (the "Convertible Note").

The Convertible Note, to be advanced in tranches, will consist of a series of secured convertible promissory notes (each a "Note"), each bearing a term of a minimum of one year, issued pursuant to a note purchase agreement. Interest on each Note will accrue at 6% per annum, compounded annually and payable in common shares in the capital of the Company upon maturity. The Notes will be secured by a first charge over all of the Company's present and subsequently acquired personal property pursuant to a general security agreement.

As of September 30, 2018, the Company has not drawn any funds on the Convertible Note.

Victory Square Technologies Inc. (formerly Fantasy 6 Sports Inc.)
Notes to the condensed consolidated interim unaudited financial statements
For the nine months ended September 30, 2018 and 2017
(Expressed in Canadian dollars)

17. Commitments (continued)

- b) During the period ended September 30, 2018, the Company purchased 130,024 common shares of the game development company Full XP Oy for EUR 100,000. As at September 30, 2018, the Company owes EUR 12,500 for the shares.
- c) During the period ended September 30, 2018, the Company entered into a games financing agreement with Ragnarok Game LLC in the amount of USD \$250,000 for the development and marketing of a game. As at September 30, 2018, the Company owes USD \$125,000 in connection with this agreement.

18. Revenue and Cost of Goods Sold

Revenue

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Immersive experiences	\$ 580,719	\$ 381,311	\$ 1,628,788	\$ 556,675
Gaming royalties	311,338	4,246	327,027	15,120
Other services	180,896	-	247,380	-
Cryptomining	103,566	-	286,066	-
	\$ 1,176,519	\$ 385,557	\$ 2,489,261	\$ 571,795

Cost of goods sold

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Immersive experiences	\$ 453,384	\$ 317,021	\$ 1,409,877	\$ 444,966

19. Subsequent Events

Subsequent to September 30, 2018:

- a) The Company repaid \$200,000 of the loan to Runway.
- b) The Company paid the amount of EUR 12,500 owing to Full XP Oy for its investment in the company.