

Victory Square Technologies Inc.

Condensed Consolidated Interim Financial Statements Three months ended March 31, 2021 and 2020

Expressed in Canadian Dollars



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The condensed consolidated interim unaudited financial statements of Victory Square Technologies Inc. are the responsibility of the Company's management. The condensed consolidated interim unaudited 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.
Condensed consolidated interim statements of financial position
(Expressed in Canadian dollars)

	Note		March 31, 2021		December 31, 2020
ASSETS					
Current assets					
Cash and cash equivalents	4	\$	10,180,620	\$	4,551,751
Prepays	5		429,724		499,803
Trade receivables	6		58,447		72,233
Government sales tax receivable			99,758		120,432
Marketable securities			59,890		13,515
Loan receivable	7		-		1,697,912
			10,828,439		6,955,646
Non-current assets					
Investments	8		35,787,702		28,876,300
Advances			500		500
Due from related parties	18		148,883		2,440,227
Property and equipment	10		155,474		5,751
Intangible assets	9,11		5,976,922		941,000
Goodwill	9		6,096,862		3,432,783
TOTAL ASSETS		\$	58,994,782	\$	42,652,207
LIABILITIES					
Current liabilities					
Trade payables	18	\$	561,741	\$	363,361
Accrued liabilities	18		529,533		651,229
Deferred revenue			33,320		-
Related party loans	18		-		355,818
Loan payable	12		-		295,078
Share consideration	9		104,542		104,542
Other payables	14		158,766		404,421
Convertible debentures	16		1,511,551		1,447,872
Obligation to issue convertible debentures	16		95,000		95,000
			2,994,453		3,717,321
Non-current liabilities					
Derivative liability	15		95,610		97,896
Convertible note	15		11,961		8,758
CEBA loans	13		141,034		123,405
TOTAL LIABILITIES			3,243,058		3,947,380
EQUITY					
Share capital	17		42,386,390		31,865,593
Stock option reserve	17		2,405,341		442,591
Equity portion of convertible debentures	16		199,703		199,703
Special warrants	17		-		4,889,021
Broker's warrants	17		428,348		427,165
Accumulated other comprehensive income			59,078		59,078
Deficit			(2,576,949)		(4,938,669)
Equity attributable to owners of the Company			42,901,911		32,944,482
Non-controlling interest	3,9		12,849,813		5,760,345
EQUITY			55,751,724		38,704,827
TOTAL LIABILITIES AND EQUITY		\$	58,994,782	\$	42,652,207

Nature of operations and going concern – Note 1
Subsequent events – Note 23

Victory Square Technologies Inc.
Condensed consolidated interim statements of income and comprehensive income
(Expressed in Canadian dollars)

	Note	Three months ended March 31,	
		2021	2020
Revenue	22	\$ 137,564	\$ 394,111
Cost of goods sold	22	66,638	245,559
		70,926	148,552
Expenses			
Amortization and depreciation	8,10	320,795	169,573
Donations		263,359	-
Foreign exchange loss (gain)		29,021	(154,160)
General and administration		347,100	52,232
Insurance		6,391	26,935
Investor relations		41,737	7,469
Management fees		117,765	1,950
Professional and consulting fees	18	390,255	164,861
Rent	18	45,194	55,336
Sales and marketing		536,439	199,899
Share based payments	17	2,498,562	-
Transfer agent and regulatory fees		27,152	13,029
Wages	18	333,074	187,597
Total expenses		(4,956,844)	(724,721)
Other Items			
Fair value gain on marketable securities		46,375	-
Gain on deconsolidation of subsidiaries	3	-	2,518,676
Gain on exercise of warrants	8	1,688,148	-
Equity gain (loss) on investments	8	103,273	(12,915)
Fair value gain (loss) on investments	8	(1,157,189)	1,652,102
Impairment of investments	8	(620,000)	-
Impairment of related party loans	18	(5,391)	-
Gain on disposal of assets	8,11	7,480,611	20,174
Gain on settlement of payables	18	132,272	-
Loss on settlement of receivables		(496,362)	-
Gain on CEBA loans	13	8,649	-
Gain on derivative liability	15	2,286	-
Interest expense	13,15,16	(73,291)	(80,742)
Interest and other income		138,567	124,611
		7,247,948	4,221,906
Net income from continuing operations for the period before income taxes		2,362,030	3,645,737
Income tax expense		-	-
Net income from continuing operations for the period		2,362,030	3,645,737
Net loss from discontinued operations	3	-	(354,170)
Net income for the period		2,362,030	3,291,567
Other comprehensive income		(310)	520
Comprehensive income		2,361,720	3,292,087
Net income attributable to:			
Shareholders of the parent company		2,788,166	3,614,759
Non-controlling interest		(426,136)	(323,192)
		\$ 2,362,030	\$ 3,291,567
Basic earnings from continuing operations per share attributable to the shareholders of the parent company		\$ 0.03	\$ 0.05
Diluted earnings from continuing operations per share attributable to the shareholders of the parent company		\$ 0.03	\$ 0.05
Weighted average number of common shares outstanding for the period - basic		85,164,542	73,054,850
Weighted average number of common shares outstanding for the period - diluted		99,884,032	73,054,850

Victory Square Technologies Inc.
Condensed consolidated interim statements of changes in equity
(Expressed in Canadian dollars)

	Note	Share Capital		Accumulated other comprehensive income	Stock option reserve	Equity portion of convertible debentures	Special Warrants	Broker's Warrants	Non-controlling Deficit	Non-controlling interest	Total
		Number of shares	Amount								
Balance at January 1, 2020		73,054,850	\$ 31,353,728	\$ 58,598	\$ 1,570,083	\$ 199,703	\$ -	\$ -	\$ (24,853,920)	\$ 323,192	\$ 8,651,384
Share-based payments	17	-	-	-	84,812	-	-	-	-	-	84,812
Deconsolidation of associate	3	-	-	-	(1,203,766)	-	-	-	-	-	(1,203,766)
Currency translation adjustment		-	-	520	-	-	-	-	-	-	520
Net income for the period		-	-	-	-	-	-	-	3,614,759	(323,192)	3,291,567
Balance at March 31, 2020		73,054,850	\$ 31,353,728	\$ 59,118	\$ 451,129	\$ 199,703	\$ -	\$ -	\$ (21,239,161)	\$ -	\$ 10,824,517
Balance at January 1, 2021		76,491,818	\$ 31,865,593	\$ 59,078	\$ 442,591	\$ 199,703	\$ 4,889,021	\$ 427,165	\$ (4,938,669)	\$ 5,760,345	\$ 38,704,827
Conversion of special warrants, net of issuance costs	17	11,713,053	4,889,021	-	-	-	(4,889,021)	-	-	-	-
Shares issued - acquisition of Hydreight	9,17	3,239,124	2,267,386	-	396,692	-	-	-	-	-	2,664,078
Shares issued - acquisition of intangible assets	11,17	4,600,048	3,404,036	-	-	-	-	-	-	-	3,404,036
Share buybacks	17	(105,000)	(81,830)	-	-	-	-	-	-	-	(81,830)
Exercise of warrants	17	58,400	42,184	-	-	-	-	1,183	-	-	43,367
Share-based payments	17	-	-	-	1,566,058	-	-	-	-	932,504	2,498,562
Proceeds received in advance of share issuance - subsidiary company	17	-	-	-	-	-	-	-	-	150,851	150,851
Shares issued - subsidiary company	12,17	-	-	-	-	-	-	-	-	229,175	229,175
Subscription receipts - subsidiary company	17	-	-	-	-	-	-	-	-	5,776,938	5,776,938
Currency translation adjustment		-	-	-	-	-	-	-	(310)	-	(310)
Net income for the period		-	-	-	-	-	-	-	2,362,030	-	2,362,030
Balance at March 31, 2021		95,997,443	\$ 42,386,390	\$ 59,078	\$ 2,405,341	\$ 199,703	\$ -	\$ 428,348	\$ (2,576,949)	\$ 12,849,813	\$ 55,751,724

Victory Square Technologies Inc.
Condensed consolidated interim statements of cash flows
(Expressed in Canadian dollars)

	Three months ended March 31,	
	2021	2020
Operating activities		
Net income for the period	\$ 2,361,720	\$ 3,645,736
Adjustments for non-cash items:		
Amortization and depreciation	320,795	254,931
Foreign exchange (gain) loss	29,021	(126,699)
Share based payments	2,498,562	-
Fair value gain on marketable securities	(46,375)	(450)
Gain on deconsolidation of subsidiaries	-	(2,663,543)
Gain on exercise of warrants	(1,688,148)	-
Equity (gain) loss on investments	(103,273)	12,915
Fair value (gain) loss on investments	1,157,189	(1,651,652)
Impairment of investment	620,000	-
Impairment of related party loans	5,391	-
Gain on disposal of assets	(7,480,611)	(20,174)
Gain on settlement of payables	(132,272)	-
Loss on settlement of receivables	496,362	-
Gain on CEBA loans	(8,649)	-
Gain on derivative liability	(2,286)	-
Accrued interest expense	73,291	80,742
Accrued interest income	(399)	(124,609)
Loss on digital currencies	-	(16,686)
Changes in non-cash working capital items:		
Trade receivables	13,786	96,203
Government sales tax recoverable	20,673	13,894
Prepaid expenses	70,079	(53,467)
Trade payables	198,074	5,838
Accrued liabilities	(121,389)	77,802
Deferred revenue	33,320	(156,304)
Other payables	(274,680)	-
Net cash flows used in operating activities by continuing operations	(1,959,819)	(625,523)
Net cash flows used in operating activities by discontinued operations	-	(124,490)
Investing activities		
Cash flows from discontinued operations	-	(17,842)
Cash used for investments	(49,000)	-
Cash used for additions to property and equipment	(151,524)	(2,412)
Cash used for additions to intangible assets	(269,885)	-
Cash used for share buybacks	(81,830)	-
Proceeds received from note receivable	1,697,912	64,335
Proceeds received from sale of furniture	-	10,705
Proceeds received from sale of investments	528,483	40,000
Proceeds received from lease payments	-	51,000
Proceeds received from sale of digital currencies	-	55,099
Net cash flows provided by investing activities by continuing operations	1,674,156	200,885
Net cash flows provided by investing activities by discontinued operations	-	-
Financing activities		
Proceeds received for exercise of warrants	43,368	-
Proceeds received for subscription receipts of subsidiary	5,776,938	-
Proceeds received in advance of share issuance of subsidiary	150,851	-
Proceeds received in advance of convertible debenture issuance of subsidiary	-	50,000
Proceeds received from CEBA loans	20,000	-
Cash used for lease payments	-	(42,272)
Proceeds received from related parties	-	345,123
Repayment of related party loans	(76,625)	(45,780)
Net cash flows provided by financing activities by continuing operations	5,914,532	307,071
Net cash flows provided by financing activities by discontinued operations	-	54,877
Effect of foreign exchange on cash	-	520
Change in cash and cash equivalents	5,628,869	(186,660)
Cash and cash equivalents, beginning	4,551,751	212,651
Cash and cash equivalents, ending	\$ 10,180,620	\$ 25,991

1. Nature of Operations and Going Concern

Victory Square Technologies Inc. (“Victory Square Technologies”, “VST”, or the “Company”) was incorporated under the Business Corporation Act (British Columbia) on February 10, 2015. The consolidated financial statements comprise the financial statements of the Company and its wholly-owned subsidiaries Draft Label Technologies Inc. (“Draft Label”), PDL USA Inc. (“PDL USA”), Fantasy 360 Technologies Inc. (“Fantasy 360”), BlockX Capital Corp. (“BlockX Capital”), VS Blockchain Assembly (“VS Blockchain”), IV Hydreight Inc. (“Hydreight”), Victory Entertainment Inc. (“Victory Entertainment”), Victory Square Digital Health Inc. (“VS Digital Health”) and its 54.71%-owned subsidiary GameOn Entertainment technologies Inc. (“GameOn Entertainment”) over which the Company has control. GameOn Entertainment was formerly known as V2 Games Inc. and changed its name on January 13, 2021.

Victory Square Technologies has numerous investments in emerging technologies such as AI, AR/VR and Blockchain. Victory Square Technologies supports these companies as they grow, by providing comprehensive functional expertise in commercialization, product market-fit and through access to proprietary technology solutions and to an extensive ecosystem of global partnerships.

The Company’s registered office is at Suite 1080, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2. 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 consolidated 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 March 31, 2021, the Company had working capital of \$7,833,986 (2020 - \$3,238,325) and an accumulated deficit of \$2,576,949 (2020 - \$4,938,669). 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. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future. 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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The pandemic has not had a material impact on the operations of the Company, but Management continues to monitor the situation; however, it could have a potential impact of increasing the difficulty to raise funding, finding target investments to acquire or on its investees’ ability to obtain profitable operations.

2. Significant Accounting Policies

These condensed consolidated interim unaudited financial statements were authorized for issue on May 31, 2021, by the directors of the Company.

a) 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, 2020.

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, 2020.

b) Principles of Consolidation

The condensed consolidated interim unaudited financial statements comprise the financial statements of the Company and its wholly-owned subsidiaries Draft Label, PDL USA, Fantasy 360, BlockX Capital, VS Blockchain, Hydreight, Victory Entertainment, VS Digital Health, and its 54.71%-owned subsidiary GameOn Entertainment.

Intercompany transactions, balances, income and expenses, and gains or losses on transactions are eliminated on consolidation.

c) Basis of Preparation

The condensed consolidated interim unaudited financial statements have been prepared on a historical cost basis, except for certain assets measured at fair value, and are presented in Canadian dollars. Under IFRS, the Canadian dollar is the functional currency of the Company, Draft Label, Fantasy 360, BlockX Capital, VS Blockchain, Hydreight, Victory Entertainment, VS Digital Health, and GameOn Entertainment. The functional currency of PDL USA is the US dollar.

Certain comparative figures have been restated to conform to the current period’s presentation.

3. Discontinued Operations

a) FansUnite

Prior to March 18, 2020, the Company held 16,950,000 shares which represented a 48.55% interest in and had de facto control over FansUnite and, as a result, the Company presented the assets, liabilities, certain reserves, and results of operations of FansUnite in its consolidated financial statements. On March 18, 2020, the Company transferred 7,725,000 shares of FansUnite to various strategic partners in anticipation of a financing closing. On March 26, 2020, FansUnite completed a private placement which reduced the Company’s ownership to 13.89%. Accordingly, at March 26, 2020, the Company deconsolidated FansUnite and recognized a gain on deconsolidation of associate of \$4,311,300. After this de-consolidation date, the investment is recorded as an investment measured at fair value under IFRS 9 (Note 8).

For the period from January 1, 2020 to March 26, 2020, the net loss from FansUnite is reported as loss from discontinued operations.

Victory Square Technologies Inc.
Notes to the condensed consolidated interim financial statements
For the period ended March 31, 2021 and 2020
(Expressed in Canadian dollars)

3. Discontinued Operations (Continued)

a) FansUnite (continued)

The net loss from FansUnite is as follows:

	January 1, 2020 to
	March 26, 2020
Expenses	
Amortization	\$ 85,358
Foreign exchange (gain) loss	(836)
General and administrative	45,123
Professional fees	42,585
Salaries and wages	77,778
Sales and marketing	36,241
Share based payments	84,813
Loss before other items	(371,062)
Other items	
Interest income	206
Fair value gain on digital currencies	16,686
	16,892
Net loss	\$ (354,170)

The following table provides details of the cash flow from operating and investing activities of FansUnite:

	January 1, 2020 to
	March 26, 2020
Net cash flows used in operating activities	\$ (124,490)
Net cash flows provided by investing activities	\$ -
Net cash flows provided by financing activities	\$ 54,877

4. Cash and Cash Equivalents

As at March 31, 2021, cash and cash equivalents include \$11,500 (2020 – \$11,500) of cash held in a GIC and \$Nil (2020 - \$3,000) drawdown on a line of credit. As at March 31, 2021, cash and cash equivalents also includes \$5,776,938 relate to funds held in trust for GameOn Entertainment relating to the private placement of subscription receipts (Note 17) which closed subsequent to the current period end date (Note 23).

Victory Square Technologies Inc.
Notes to the condensed consolidated interim financial statements
For the period ended March 31, 2021 and 2020
(Expressed in Canadian dollars)

5. Prepaids

Prepaids consist of the following:

	March 31, 2021	December 31, 2020
Marketing fees	\$ 167,941	\$ 221,951
Sponsorships	37,500	6,250
Rental deposits	13,297	13,297
Transfer agent	9,699	18,240
Consulting	66,509	125,514
Software	5,533	5,305
Deposit on medical supplies	44,562	44,562
Legal	84,683	64,684
Total prepaids	\$ 429,724	\$ 499,803

6. Trade Receivables

Trade receivables consists of the following:

	March 31, 2021	December 31, 2020
Immersive services	\$ -	\$ 63,565
Health services	46,979	-
Other	11,468	8,668
Total receivables	\$ 58,447	\$ 72,233

7. Loan Receivable

During the year ended December 31, 2018, GameOn Entertainment entered into a project financing agreement with Just Games Interactive Entertainment LLC ("Just Games") for \$1,256,350 (USD \$1,000,000) for the development and publishing of a mobile game. In exchange, GameOn Entertainment was to receive a royalty of 20% of the gross revenues generated by the game.

On February 1, 2019, the investment was converted to a loan receivable. The loan was unsecured and bore interest at 30%. The loan and interest were to be repaid in monthly installments which varied from USD \$50,000 to USD \$75,000 from July 2019 to November 2021. On modification, GameOn Entertainment recognized a gain of \$410,554 on the modification of the investment to a loan receivable.

On April 16, 2020, FansUnite purchased 50% of the loan receivable as well as a 100% interest in two minor investments from GameOn Entertainment for 3,142,857 common shares of FansUnite (Note 7, 8). The shares issued are subject to vesting provisions over the period during which monthly payments are to be made on the loan receivable and FansUnite had the option to buy back any of the unvested shares at a price of \$0.00001 per share if any payments were not received.

On October 9, 2020, GameOn Entertainment and the Company closed an assignment and subrogation agreement with FansUnite to transfer 50% of the Just Games loan receivable held by FansUnite back to the GameOn Entertainment in exchange for the settlement of outstanding debts of \$658,212 owed to the Company and 501,484 shares being repurchased by FansUnite from the previously issued shares to the Company (Note 8).

On December 10, 2020, the GameOn Entertainment entered into a further amending agreement with Just Games, modifying the terms of the loan receivable to be paid in three installments of \$25,000, \$250,000, and \$1,422,912 on December 31, 2020, January 31, 2021, and March 31, 2021. The fair value of the loan was deemed to be the present value of the 3 repayments. This resulted in a balance of \$1,697,912 and a loss on modification of the loan receivable of \$20,212 for the year ended December 31, 2020.

Victory Square Technologies Inc.
Notes to the condensed consolidated interim financial statements
For the period ended March 31, 2021 and 2020
(Expressed in Canadian dollars)

7. Loan Receivable (Continued)

During the period ended March 31, 2021, GameOn Entertainment received payments of \$1,697,912 (2020 - \$64,335) on the loan and recorded interest income of \$Nil (2020 - \$124,174) and a foreign exchange gain of \$Nil (2020 - \$126,699).

The loan was repaid in full in the period ended March 31, 2021, leaving a \$Nil balance as at March 31, 2021.

8. Investments

The Company's investments consist of the following:

	March 31, 2021	December 31, 2020
FansUnite (2)	\$ 8,615,756	\$ 9,335,991
1108641 BC Ltd. (3)	752,803	884,874
Cassia, dba CoPilot (1)	1,456,486	1,362,211
Victory Square Health (2)	13,000,000	13,000,000
Turnium (2)	1,425,000	1,425,000
TLA Films, LLC (3)	576,304	755,775
Talo Flow (4)	-	413,790
Aspen (4)	-	620,000
Cloud Benefit, dba Cloud Advisors (2)	263,500	263,500
Shop & Shout, dba Creator.co (2)	120,905	120,905
Silota, dba Covalent (2)	533,000	533,000
Bonavita Investment Group Ltd. (3)	92,548	100,000
Cloud Nine (2)	7,544,118	-
Argo Blockchain (2)	1,337,029	-
Other (1) (2)	70,253	61,254
	\$ 35,787,702	\$ 28,876,300

The investments are accounted for as follows: (1) IAS 28, Investment in Associates and Joint Ventures (2) IFRS 9, Financial Instruments and (3) IAS 38, Intangible Assets, (4) IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

a) FansUnite

On March 26, 2020, FansUnite completed a private placement which reduced the Company's ownership to 13.89% resulting in the Company deconsolidating FansUnite and recognizing a gain on deconsolidation of subsidiary of \$4,311,300 (Note 3).

On April 16, 2020, GameOn Entertainment received 3,142,857 shares of FansUnite in connection with the sale of 50% of the loan receivable from Just Games Entertainment as well as two other minor investments (Note 7).

On October 9, 2020, FansUnite repurchased 501,484 shares at a nominal price of \$0.0001 per share for \$5.01 in total in connection with an assignment and subrogation agreement whereby FansUnite returned the previously purchased 50% interest in the Just Games Entertainment loan receivable (Note 7).

In December 2020, the Company sold 910,714 shares of FansUnite for net proceeds of \$737,334 and recognized a gain on the sale of \$539,873.

As at March 31, 2021, the Company held 10,955,659 shares or 7.02% of FansUnite with a market value of \$10,736,546 (2020 - \$12,051,225). Given these shares are held in escrow with release dates from May 2021 to May 2023, the discounted fair value as at March 31, 2021 is \$8,615,756 (2020 - \$9,335,991), or a 20% (2020 - 23%) weighted average discount rate. For the period ended March 31, 2021, the Company recognized a fair value loss of this investment of \$720,235 (2020 - \$1,651,652).

8. Investments (Continued)

b) 1108641 BC Ltd.

During the year ended December 31, 2018, the Company entered into a project financing agreement with 1108641 BC Ltd. to provide \$3,410,500 (USD \$2,500,000) to further development, marketing, and commercialization of a game in exchange for a revenue share.

During the year ended December 31, 2019, the agreement was revised, reducing the required amount to be funded by the Company to USD \$1,500,000. As at December 31, 2019, \$1,894,065 (USD \$1,500,000) has been advanced with \$217,947 in amortization recognized for a December 31, 2019 balance of \$1,676,118. The investment is being amortized over a period of 3 years from the date of soft launch of the game on August 27, 2019.

During the year ended December 31, 2020, recognized an impairment of \$158,737 on this investment.

During the period ended March 31, 2021, the Company recorded amortization of \$132,071 (2020 - \$157,263) for a balance as at March 31, 2021 of \$752,803 (2020 - \$884,874).

c) Cassia, dba CoPilot

During the year ended December 31, 2018, the Company entered into an agreement to purchase a 23.1% interest in the issued and outstanding common shares of CoPilot 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 December 31, 2020, the Company holds an interest of 25.7% in Cassia.

During the period ended March 31, 2021, the Company recorded an equity gain of \$94,275 (2020 - loss of \$12,765) on its investment in Cassia. As at March 31, 2021, the balance of the investment is \$1,456,486 (2020 - \$1,362,211).

d) Victory Square Health

On June 3, 2020, Victory Square Health entered into an agreement with Safetest whereby Victory Square Health acquired all outstanding shares of Safetest and therefore 100% ownership of the assets and intellectual property in exchange for the issuance of 80% of the common shares of Victory Square Health. The investment in Victory Square Health was valued on June 3, 2020 and initially recognized at \$1,048,000 on the date of loss of control. The Company's interest was reduced to and remains at 20% of Victory Square Health. The Company deconsolidated Victory Square Health on this date and recognized a gain on deconsolidation of \$696,328.

As at March 31, 2021, the value of the Company's 20% investment in Victory Square Health was fair valued at \$13,000,000 (2020 - \$13,000,000), resulting in a fair value gain of \$Nil (2020 - \$Nil).

e) Turnium

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

On October 1, 2020, Multapplied, along with M.N.I. Investment Holdings Ltd., Plait Networks Ltd., Turnium, and Turnium Technology Ltd. amalgamated as one company under the name Turnium. Following the amalgamation, the Company held 3,109,183 shares of Turnium for a total 6.4% equity interest.

As at March 31, 2021, the value of the Company's investment in Turnium was fair valued at \$1,425,000 (2020 - \$1,425,000), resulting in a fair value gain of \$Nil (2020 - \$Nil).

8. Investments (Continued)

f) TLA Films, LLC

During the year ended December 31, 2018, GameOn Entertainment entered into an agreement to provide a portion of the financing for the production of the film "The Opening Act" for \$647,569. An additional \$259,760 was advanced during the year ended December 31, 2019. 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 released on October 16, 2020 is amortized from this date per the Company's annual financial statements as at and for the year ended December 31, 2020 Note 2(g).

For the period end March 31, 2021, the Company recorded \$179,471 (2020 - \$Nil) in amortization on the investment. The value of the investment as at March 31, 2021 is \$576,304 (2020- \$755,775). No revenues have been recorded on the investment for the period ended March 31, 2021 due to a lag in the collection and distribution of film royalties.

g) Talo Flow

During the year ended December 31, 2018, the Company purchased a 9.09% percent interest in the issued and outstanding shares of Talo Flow for \$641,496 (USD \$500,000).

This investment was classified as held for sale as of December 31, 2020 and carried at the fair value less costs to sell which was determined to be USD \$325,000 or \$413,790 Canadian equivalent. This resulted in a fair value loss of \$227,706 for the year ended December 31, 2020.

For the period ended March 31, 2021, the investment was disposed of at USD \$325,000 or \$413,790 Canadian equivalent, bringing the ending balance of the investment as at March 31, 2021 to \$Nil.

h) Aspen

On October 10, 2017, the Company acquired a 59.26% interest in the issued and outstanding common shares of 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, derecognized the assets and liabilities of Aspen and 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.

On January 25, 2018, the Company's interest was diluted to 36.17% and then to 20.26 % on October 5, 2018.

During the year ended December 31, 2020, the Company's investment in Aspen which includes the investment balance of \$620,000, the receivable of \$2,072,015 (Note 18), and the payable of \$280,598 (\$77,754 due to Aspen and \$202,844 due to Limitless Blockchain Technology LLC, "Limitless") (Note 18) were all classified as held for sale under IFRS 5. The three balances which net to an asset of \$2,411,417 were carried at the lower of carrying amount and fair value less costs to sell.

As a result of the transaction between Aspen and the Company in the period ended March 31, 2021 (Note 11, 17), the remaining value of the investment in Aspen was written down to \$Nil (2020 - \$620,000). This resulted in an impairment loss on investment of \$620,000.

8. Investments (Continued)

i) Cloud Benefit, dba Cloud Advisors

During the year ended December 31, 2018, the Company purchased 15% of the outstanding common shares of Cloud Benefit (dba Cloud Advisors) for \$300,000.

During the year ended December 31, 2020, the Company recorded a fair value loss of \$36,500 on Cloud Advisors and the fair value was decreased to \$263,500.

During the period ended March 31, 2021, there was no change in the fair value of this investment.

j) Shop & Shout, dba Creator.co

On November 23, 2020, the Company invested \$100,300 for 118,000 shares of Creator.co at a price of \$0.85 per share. This interest represents 1% of the issued and outstanding shares of Shop&Shout (dba Creator.co). The Company was also issued 58,824 stock options with an exercise price of \$0.85 vesting in two equal installments of 29,412 being on the date of grant (December 3, 2020) and one year thereafter (December 3, 2021). The options were valued using the Black-Scholes Option Pricing Model resulting in an asset and gain of \$20,605. The total investment held in Creator.co as of December 31, 2020 is \$120,905.

During the period ended March 31, 2021, there was no change in the fair value of this investment.

k) Silota, dba Covalent

During the year ended December 31, 2020, the Company invested \$60,000 cash via a convertible note (Note 18) and \$24 cash for 238,500 common shares representing 12.5% of Silota (dba Covalent). For the year ended December 31, 2020, the Company recognized a fair value gain of \$532,976 on the shares held and \$13,834 on the convertible note (Note 18). The ending value of the investment as at December 31, 2020 was \$533,000 in investment, and \$73,834 in convertible note (Note 18).

During the period ended March 31, 2021, there was no change in the fair value of this investment.

l) Bonavita Investment Group Ltd.

On August 11, 2020, the Company entered into an agreement to provide \$100,000 to Bonavita Investment Group Ltd. ("Bonavita") to create a diverse portfolio which will concentrate on film and technology ventures. The funds were applied to a film called "Crisis" which was released on February 26, 2021.

During the period ended March 31, 2021, GameOn Entertainment recorded amortization of \$7,452 (2020 - \$Nil) for a balance as at March 31, 2021 of \$92,548 (2020 - \$100,000).

m) Cloud Nine

On March 15, 2021, the Company sold certain intangible assets (Note 11) to Cloud Nine Web Technologies Inc. ("Cloud Nine") for 4,411,765 common shares of Cloud Nine with a fair value of \$1.76 per share or \$7,764,706 total consideration.

For the period ended March 31, 2021, the Company recorded a fair value loss on the Cloud Nine shares of \$220,588 (2020 - \$Nil) for an ending balance as at March 31, 2021 of \$7,544,118 (2020 - \$Nil).

8. Investments (Continued)

n) Argo Blockchain

On February 18, 2021, the Company exercised 350,000 warrants in Argo Blockchain PLC (“Argo Blockchain”) at an exercise price of £0.08 per unit for total proceeds paid of £28,000 or \$49,000. Given the trading price of Argo on this date was £2.80, the Company recognized a gain on exercise of warrants on this date of £952,000 or \$1,688,148. The value of the shares on this exercise date was £980,000 or \$1,737,148.

During the period ended March 31, 2021, the Company sold 30,000 units at a prices between £2.04 to £2.35. Total proceeds on these sales were £66,155 or \$114,693. Transfer agent fees were £692 or \$1,199 and a loss on sale of investment of £17,153 or \$29,738 was recognized.

As at March 31, 2021, the Company holds 320,000 shares of Argo Blockchain with a fair value of £771,200 or \$1,337,029. During the period ended March 31, 2021, the Company recognized a fair value loss of \$216,366 and a foreign exchange loss of \$38,122 on this investment.

o) Other

The Company has minor investments in other private companies. During the period ended March 31, 2021, the Company recorded an equity gain of \$8,999 (2020 – loss of \$150) on these investments.

9. Acquisitions

a) GameOn

On December 1, 2020, GameOn Entertainment entered into an agreement to acquire the assets of GameOn App Inc. for 15,199,985 common shares with a fair value of \$3,799,996, representing 35.2% of the outstanding common shares of the Company. In addition, GameOn Entertainment agreed to assume USD \$274,400 in liabilities of GameOn App Inc. and agreed to issue to Matthew Bailey, the CEO of GameOn App Inc., a convertible note in the amount of USD \$92,000 (Note 15) maturing on December 1, 2022. The convertible note is convertible into common shares at the option of the holder at a conversion price of \$0.25 per common share. Certain contingent share consideration was also included in the purchase price under IFRS 3. These contingent shares are to be issued on the event of GameOn Entertainment going public. The transaction closed on December 31, 2020.

The acquisition was treated as a business combination. In accordance with IFRS 3 Business Combinations, the fair value of the common shares in excess of the fair value of the identifiable assets and liabilities acquired was recognized as goodwill. GameOn Entertainment will begin amortizing the intangible asset when it is fully ready for use and ready to be released to market.

The acquisition was recorded as follows:

	Acquisition of GameOn	
Fair value of consideration		
Common shares	\$	3,799,996
Convertible note		119,159
Bonus share consideration		104,542
	\$	4,023,697
Assets and liabilities acquired		
Intellectual property	\$	941,000
Assumed liabilities		(350,086)
Goodwill		3,432,783
	\$	4,023,697

9. Acquisitions (Continued)

a) GameOn (continued)

Goodwill calculated in this acquisition essentially represents the expected synergies from combining the operations of GameOn App Inc. with those of GameOn Entertainment, revenue growth, future market development and customer relations. These benefits are not recognized separately from goodwill since the resulting economic impact cannot be measured reliably. Goodwill is non-deductible for tax purposes.

On December 1, 2020, in concurrence with the closing of the asset purchase agreement, GameOn Entertainment signed an employment agreement with the CEO of GameOn App Inc. to come on as the CEO of GameOn Entertainment. In addition to the regular annual salary, the CEO has also been granted 2,000,000 common shares to be issued in tranches upon the achievement of certain performance milestones. As at March 31, 2021, no shares have yet been issued in relation to the milestone shares.

In addition to the milestone shares, the CEO will also receive a USD\$100,000 cash bonus and \$150,000 worth of stock options in the event of the Company going public. The stock options are exercisable at \$0.04 per share for a period of two years. As at March 31, 2021, none of these stock options have vested.

From the period December 1, 2020 to December 31, 2020, GameOn Entertainment made \$112,431 in payments against the assumed debt noted above, leaving a balance in other payables of \$237,655 as at December 31, 2020.

For the period ended March 31, 2021, GameOn Entertainment repaid the remaining assumed debt amounts and the balance in other payables was \$Nil as at March 31, 2021.

b) Hydreight

On February 10, 2021, the Company closed the acquisition of the shares of IV Hydreight Inc. (“Hydreight”) for total consideration of USD \$1,600,000 via issuance of 3,007,058 common shares of the Company. The CEO of Hydreight, Shane Madden, was also granted an earn-in feature valued at USD \$1,000,000 or 1,634,271 common shares contingent on future operating metrics of the entity. The Company paid \$232,066 as Finder’s Fee on the transaction.

The acquisition was recorded as follows for the interim reporting period while the purchase-price allocation between intangible assets and goodwill is being finalized:

	Acquisition of Hydreight	
Fair value of consideration		
Common shares	\$	1,543,185
Earn-out shares		1,120,894
	\$	2,664,079
Assets and liabilities acquired		
Goodwill	\$	2,664,079
	\$	2,664,079

Victory Square Technologies Inc.
Notes to the condensed consolidated interim financial statements
For the period ended March 31, 2021 and 2020
(Expressed in Canadian dollars)

10. Property and Equipment

Property and equipment consist of the following:

	Computer Equipment	Furniture and Other Equipment	Right of Use Asset	Total
Cost				
Balance, January 1, 2020	\$ 22,137	\$ 11,386	\$ 346,603	\$ 380,126
Additions	2,412	-	-	2,412
Disposals	(5,672)	(7,500)	(346,603)	(359,775)
Balance, March 31, 2020	\$ 18,877	\$ 3,886	\$ -	\$ 22,763
Accumulated depreciation				
Balance, January 1, 2020	\$ 11,559	\$ 2,523	\$ 52,038	\$ 66,120
Depreciation	1,629	741	10,194	12,564
Disposals	(2,550)	(2,292)	(62,232)	(67,074)
Balance, March 31, 2020	\$ 10,638	\$ 972	\$ -	\$ 11,610
Net book value, December 31, 2019	\$ 10,578	\$ 8,863	\$ 294,565	\$ 314,006
Net book value, March 31, 2020	\$ 8,239	\$ 2,914	\$ -	\$ 11,153

	Computer Equipment	Furniture and Other Equipment	AUC - UNCONTAINED	Total
Cost				
Balance, January 1, 2021	18,877	3,886	-	22,763
Additions	3,823	1,063	146,638	151,524
Balance, March 31, 2021	22,700	4,949	146,638	174,287
Accumulated depreciation				
Balance, December 31, 2020	15,070	1,943	-	17,013
Depreciation	1,477	324	-	1,801
Balance, March 31, 2020	16,547	2,267	-	18,814
Net book value, January 1, 2021	3,808	1,943	-	5,751
Net book value, March 31, 2021	6,154	2,682	146,638	155,474

During the period ended March 31, 2021, Fantasy 360 began capitalizing costs related to the UNCONTAINED project. Total capitalized costs to Assets Under Construction ("AUC") for the period ended March 31, 2021 were \$146,638 (2020 - \$Nil).

Victory Square Technologies Inc.
Notes to the condensed consolidated interim financial statements
For the period ended March 31, 2021 and 2020
(Expressed in Canadian dollars)

11. Intangible Assets

Intangible assets consist of the following:

	Intellectual Property	UNCONTAINED	Blockchain Technology	DiscreetCare Website	Dating Website	Total
Cost						
Balance, January 1, 2021	941,000	-	-	-	-	941,000
Additions	-	156,785	5,020,394	60,100	53,000	5,290,279
Disposals	-	-	(254,357)	-	-	(254,357)
Balance, March 31, 2021	941,000	156,785	4,766,037	60,100	53,000	5,976,922
Accumulated depreciation						
Balance, January 1, 2021	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Balance, March 31, 2021	-	-	-	-	-	-
Net book value, March 31, 2020	941,000	-	-	-	-	941,000
Net book value, March 31, 2021	941,000	156,785	4,766,037	60,100	53,000	5,976,922

a) Intellectual Property

During the year ended December 31, 2020, GameOn Entertainment acquired \$941,000 in intellectual property during the asset acquisition from GameOn App Inc. (Note 9). This amount will be amortized beginning on the date of launch of white-label services.

b) UNCONTAINED

During the period ended March 31, 2021, Fantasy 360 began capitalizing costs related to the UNCONTAINED project. Total capitalized costs to intangible assets for the period ended March 31, 2021 were \$156,785 (2020 - \$Nil).

c) Blockchain Technology

On March 5, 2021, the Company acquired certain intangible assets related to blockchain technology from Aspen (Note 8, 17) for 4,600,048 common shares of the Company with a fair value of \$0.74 per common share for total share consideration of \$3,404,036 as well as forgiveness of outstanding debts of \$1,587,001. After acquisition, the Company incurred costs to bring these assets to saleable state, resulting in an additional \$29,357 costs capitalized to the asset for a total added value of \$5,020,394 in the period.

A portion of these assets with a cost base of \$254,357 were subsequently sold to Cloud Nine (Note 8) for 4,411,765 common shares of Cloud Nine with a fair value of \$1.36 per share. This resulted in a gain on disposal of \$7,510,349.

d) DiscreetCare Website

During the period ended March 31, 2021, VS Digital Health capitalized \$60,100 in consultant costs related to the creation of a DiscreetCare website which will be depreciated once the website goes live.

e) Dating Website

During the period ended March 31, 2021, Draft Label capitalized \$53,000 in consultant costs related to the creation of a dating website which will be depreciated once the website goes live.

12. Loan Payable

On August 17, 2017, GameOn Entertainment 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. GameOn Entertainment is required to make repayments as follows:

- 100% of the proceeds from GameOn Entertainment's 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 GameOn Entertainment's refund from Canada Revenue Agency for its December 31, 2016 British Columbia Interactive Digital Media Tax Credit ("BC IDMTTC");
- 50% of the proceeds from payments to be received by GameOn Entertainment under a June 14, 2016 mobile game publishing agreement; and
- 50% of the proceeds from Canada Media Fund payments to be received by GameOn Entertainment 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 GameOn Entertainment as well as an assignment of the payments to be received for SRED, BC IDMTTC and the mobile game publishing agreement.

During the year ended December 31, 2020, GameOn Entertainment recognized a gain on settlement of debt of \$72,444 to adjust the carrying value of the loan down to the amount stated in a demand letter received from the lender dated July 27, 2020.

On January 15, 2021, GameOn Entertainment settled the loan payable through the issuance of shares (Note 17). For the period ended March 31, 2021, a gain on settlement of debt of \$65,902 (2020 - \$Nil) was recognized.

During the period ended March 31, 2021 the interest on the loan was \$Nil (2020 - \$11,294). The balance of the loan as at March 31, 2021 was \$Nil (2020 - \$295,077).

13. CEBA loans

The Canada Emergency Business Account (CEBA) loan originally launched on April 9, 2020 and is intended to support businesses during the COVID-19 pandemic. The value of the government loan received at below market rate of interest is treated as a government grant. Four of the Company's subsidiaries applied for and received the first \$40,000 in funds, and the same four entities applied the additional \$20,000. Only three entities received this additional amount in the year ended December 31, 2020. The full value of the grant has been spent in the course of business operations and the gain has been recognized in other income.

The loans were recognized at fair value using the Company's incremental borrowing rate of 20%. The difference between this discounted value of \$114,828 and the proceeds received of \$220,000 was recognized as a gain on CEBA loans of \$105,172. The loan also had accretion of \$8,577 for the period ended December 31, 2020. The balance of the loan as at December 31, 2020 was \$123,405.

For the period ended March 31, 2021, one Company received the additional \$20,000 and recognized a gain on CEBA loans of \$8,649. Accretion was recorded for the CEBA loans of \$6,277 (2020 - \$Nil) for an ending balance of the CEBA loans as at March 31, 2021 of \$141,034 (2020 - \$123,405).

Victory Square Technologies Inc.
Notes to the condensed consolidated interim financial statements
For the period ended March 31, 2021 and 2020
(Expressed in Canadian dollars)

14. Other Payables

Other payables consist of the following:

	March 31, 2021	December 31, 2020
Funds received from investors for investments not proceeding	\$ 158,766	\$ 158,766
Assumed GameOn App Inc. debt	-	237,655
Other	-	8,000
	\$ 158,766	\$ 404,421

15. Convertible Note and Derivative Liability

On December 1, 2020, GameOn Entertainment issued a convertible promissory note for USD \$92,000 to Matthew Bailey in relation to the asset purchase agreement with GameOn App Inc. (Note 9). The note is non-interest bearing, convertible at any time by the holder at a price of \$0.25 per share and matures on December 1, 2022.

The conversion feature of the debentures was classified as a derivative liability due to the exercise price being denominated in a different currency than the face value of the note. The derivative is recorded at fair value on recognition and at each subsequent reporting date the changes in fair value are recognized in the statement of loss and comprehensive loss. On recognition, the fair value of the derivative was calculated using the Black Scholes Option Pricing Model with the residual value attributed to the convertible note.

For the period ended March 31, 2021, GameOn Entertainment recognized a gain on derivative liability of \$2,286 (2020 - \$Nil) and accretion on the convertible note of \$3,203 (2020 - \$Nil). The balance of the derivative liability as at March 31, 2021 is \$95,610 (2020 - \$97,896) and the convertible note \$11,961 (2020 - \$8,758).

Subsequent to March 31, 2021, this convertible note was settled in cash (Note 23).

The Company uses the Black Scholes Option Pricing Model to calculate the fair values of the derivative liabilities. The following table shows the assumptions used in the calculations:

	Expected Volatility	Risk-free Interest Rate	Expected Dividend Yield	Expected Life (in years)
As at December 1, 2020	272%	0.25%	0%	2
As at December 31, 2020	201%	0.20%	0%	1.9
As at March 31, 2021	211%	0.20%	0%	1.67

16. Convertible Debentures

On May 10, 2019, GameOn Entertainment issued convertible debentures for gross proceeds of \$1,319,000. The debentures bear interest at 8% and are convertible into common shares of GameOn Entertainment at a price of \$0.25 per share. If not converted into shares, the debentures are repayable by May 10, 2021. Issue costs of \$88,618, including finders' warrants with a fair value of \$5,179, were incurred in connection with the debentures.

The debentures were initially recorded at a fair value of \$1,104,914 less issue costs of \$74,235 for a net value of \$1,030,679. The equity component of the debentures was recorded at a value of \$214,086 less issue costs of \$14,383 for a net value of \$199,703.

For the period ended March 31, 2021, GameOn Entertainment recorded accretion and interest of \$63,679 (2020 - \$62,283) on the debentures. As at March 31, 2020, the carrying value of the debentures is \$1,511,551 (2020 - \$1,447,872) including accrued interest.

During the year ended December 31, 2020, GameOn Entertainment also received a further \$50,000 and refunded \$185,000 in advance of the issuance of additional convertible debentures. The net deposit on convertible debentures as at December 31, 2020 is \$95,000. No change to these deposits occurred for the period ended March 31, 2021.

17. Share Capital

Authorized Share Capital

Unlimited common shares without par value.

Issued Share Capital

As at March 31, 2021, there were 95,997,443 common shares outstanding (2020 - 76,491,818).

Shares Issued during the period ended March 31, 2021

On February 16, 2021, the Company issued 11,713,053 common shares with a fair value of \$6,090,788 less share issuance costs of \$1,201,767 for a net addition to share capital of \$4,889,021 in relation to the automatic conversion of previously outstanding special warrants.

On February 10, 2021, the Company issued 3,239,124 common shares with a fair value of \$2,267,386 in relation to the acquisition of Hydreight (Note 9).

On March 5, 2021, the Company issued 4,600,048 common shares with a fair value of \$3,404,036 in relation to the purchase of intangible assets from Aspen (Note 11).

On March 22, 2021, the Company issued 8,400 common shares with a fair value of \$3,184 in relation to the exercise of broker's warrants.

On March 24, 2021, the Company issued 50,000 common shares with a fair value of \$39,000 in relation to the exercise of warrants.

On March 9 and 18, 2021, the Company bought back 105,000 common shares at prices of \$0.77 to \$0.79 for a total buyback value of \$81,830.

Shares Issued during the period ended March 31, 2020

There were no shares issued during the period ended March 31, 2020.

17. Share Capital (Continued)

Stock Option Reserve

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.

During the period ended March 31, 2021, the Company's board of directors authorized the issue of 2,915,000 stock options to employees, officers, directors, and consultants. Share-based payments of \$1,566,058 were recorded in the statement of income and comprehensive income for the period ended March 31, 2021 relating to the immediate vesting of the options. The fair value of the options was calculated using the Black-Scholes option pricing model with the following assumptions:

	Expected Volatility	Risk-free Interest Rate	Expected Dividend Yield	Expected Life (in years)
Issued March 17, 2020	116%	0.15%	0%	5
Issued January 11, 2021	176%	0.30%	0%	3
Issued February 24, 2021	199%	0.25%	0%	2

Options outstanding as at March 31, 2021 are as follows:

Exercise Price	Number of Shares Issuable upon Exercise	Expiry Date
\$0.15	4,875,000	March 17, 2025
\$0.60	2,765,000	January 11, 2024
\$0.94	150,000	February 24, 2024

Stock options continuity for the period is as follows:

	Number of units
Balance, December 31, 2019	5,000,000
Granted	-
Exercised	(125,000)
Expired	-
Balance, December 31, 2020	4,875,000
Granted	2,915,000
Exercised	-
Expired	-
Balance, March 31, 2021	7,790,000

Special Warrants

On November 9, 2020 the Company closed a special warrants financing transaction, issuing 11,713,053 special warrants at \$0.52 per special warrant for gross proceeds of \$5,590,788 and settlement of \$500,000 in debt to the CEO of the Company. After agent, legal, and syndicate costs, the net proceeds received by the Company were \$4,832,656. Each special warrant converts to 1 common share and ½ warrant, of which each full warrant can be exercised to purchase a common share of the Company at \$0.78.

On February 16, 2021, the special warrants automatically converted to 11,713,053 common shares and 5,856,526 warrants.

17. Share Capital (Continued)

Warrants

As a part of the special warrants financing transaction, 784,867 broker's warrants were issued, which convert to 1 common share and ½ agent's warrant, of which each full agent's warrant can be exercised to purchase a common share of the Company at \$0.52. Additionally, 292,825 warrants were issued which are exercisable to purchase a common share of the Company at \$0.78.

All warrants and broker's warrants are exercisable until November 9, 2023.

	Warrants	Broker's Warrants	Special warrants
Balance, January 1, 2021	292,825	784,867	11,713,053
Granted	4,200	-	-
Exercised	(50,000)	(8,400)	-
Converted	5,856,526	-	(11,713,053)
Expired	-	-	-
Balance, March 31, 2021	6,103,551	776,467	-

Non-Controlling Interest

Share-based payments of subsidiary company

On February 10, 2021, GameOn Entertainment granted 3,556,000 stock options to employees, consultants, and directors exercisable at \$0.25 and expiring on February 10, 2023.

On March 15, 2021, GameOn Entertainment granted 1,777,680 stock options to employees, consultants, directors exercisable at \$0.25 for two years. On March 15, 2021, GameOn Entertainment also granted 369,645 stock options to employees and consultants exercisable at \$0.35 and expiring on March 15, 2023.

Total share-based compensation by GameOn Entertainment recorded for the period ended March 31, 2021 was \$932,504 (2020 - \$Nil).

Proceeds received in advance of share issuance of subsidiary company

As at December 31, 2020, a balance of \$1,172,796 related to a deposit on shares to be issued from treasury for Fantasy 360.

During the period ended March 31, 2021, Fantasy 360 received an additional \$150,851 in advance of a private placement. The transaction had not closed as at March 31, 2021.

Shares issued of subsidiary company

On January 15, 2021, GameOn Entertainment issued 916,702 shares to settle the remaining balance in the loan payable liability (Note 12) for a value of \$229,175. The shares were issued at a price of \$0.25 per share to RDL Realisation PLC.

Subscription receipts of subsidiary company

During the period ended March 31, 2021, GameOn Entertainment received \$5,776,938 in funds related to a non-brokered private placement of subscription receipts. The number of subscription receipts is equal to 16,505,536, of which each subscription receipt is convertible to 1 common share of the Company and ½ warrant. Each warrant will be exercisable at \$0.52 for 1 common share of GameOn Entertainment for a period of 2 years. The financing transaction closed subsequent to March 31, 2021 (Note 23).

Victory Square Technologies Inc.
Notes to the condensed consolidated interim financial statements
For the period ended March 31, 2021 and 2020
(Expressed in Canadian dollars)

18. Related Parties

Related Party Transactions

During the periods ended March 31, 2021 and 2020, the Company entered into the following transactions with related parties:

	March 31, 2021	March 31, 2020
Management fees	\$ 32,500	\$ 32,500
Salary	\$ 40,000	\$ 40,000
Professional and consulting fees	\$ 49,725	\$ 40,533
Director fees	\$ -	\$ 6,858
Share-based compensation	\$ 942,196	\$ -
Share-based compensation to a subsidiary	\$ 572,890	\$ -

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:

- \$32,500 (2020 - \$32,500) in management fees to the CEO;
- \$40,000 (2020 - \$40,000) in management fees to the COO;
- \$49,725 (2020 - \$40,5533) in professional fees to companies controlled by the CFO, for bookkeeping, corporate secretarial and CFO services;
- \$Nil (2020 - 6,858) in director fees to a Director of the Company;
- \$942,196 (2020 - \$Nil) in share-based compensation to various Directors and Management of the Company; and
- \$572,890 (2020 - \$Nil) in share-based compensation related to GameOn Entertainment stock options to various Directors and Management of GameOn Entertainment.

Due from Related Parties

	March 31, 2021	December 31, 2020
Due from Aspen (Note 9)	\$ -	\$ 2,072,015
Due from a Director	52,750	52,750
Due from CEO	16,579	-
Due from COO	3,625	-
Due from Victory Square Health (Note 9)	-	239,533
Due from Silota, dba Covalent (Note 9)	73,834	73,834
Due from Cassia, dba CoPilot (Note 9)	2,095	2,095
	\$ 148,883	\$ 2,440,227

The majority of the amount due from Aspen is related to the sale of Limitless to Aspen and the resulting discounted receivable of \$1,587,001 recognized on the date of sale. This amount was accreted over the years held to a balance of \$2,072,015 as at December 31, 2020. During the period ended March 31, 2021, the Company settled the base amount of this receivable via a asset acquisition of blockchain intangible assets (Note 11). The remaining \$485,014 was recognized as an impairment of related party loans in the period. Amounts are unsecured, non-interest bearing, and due on demand.

The amount due from a Director is related to a prepayment made in 2018 for the sponsorship of a speaker series which has been cancelled. This amount is to be settled via consulting services within the fiscal year 2021. Amounts are unsecured, non-interest bearing, and due on demand.

18. Related Parties (Continued)

The amounts due from CEO and COO are related to overpayments of expenses or short-term loans from the Company. The amounts will be settled within the fiscal year 2021. Amounts are unsecured, non-interest bearing, and due on demand.

The amount due from Victory Square Health is an intercompany receivable which was previously eliminated on consolidation, but which is now recognized as a result of the deconsolidation of Victory Square Health. This amount was written off for an impairment of related party loans of \$239,533 in the period ended March 31, 2021. Amounts are unsecured, non-interest bearing, and due on demand.

The loan due from Covalent is secured under a General Security Agreement, non-interest bearing, contains a conversion feature which has not been triggered as of the date of these financial statements, and has a term of 5 years. The Company originally provided funds of \$60,000, and given the conversion feature of this loan, the \$60,000 funds advanced plus the conversion feature resulted in a fair value gain of \$13,834 for an ending balance as at December 31, 2020 of \$73,834. No change to this balance occurred in the period ended March 31, 2021.

The amount due from CoPilot relates to payment of supplier invoices on behalf of the entity. The balance does not have a fixed repayment date and is non-interest bearing.

Due to Related Parties

	March 31, 2021	December 31, 2020
Due to Aspen	\$ -	\$ 77,754
Due to Limitless	-	202,844
Due to CEO	-	75,220
	\$ -	\$ 355,818

As at March 31, 2021, the Company has \$Nil (2020 - \$77,754) in related party loans due to Aspen and \$Nil (2020 - \$202,844) due to Limitless. These related party loans are unsecured, due on demand, and non-interest bearing. As part of the asset acquisition from Aspen, the Company wrote off all remaining balances with Aspen and Limitless. This resulted in a gain on settlement of payables of \$77,752 to Aspen and \$202,844 to Limitless.

As at March 31, 2021, the Company has \$Nil (2020 - \$75,220) in related party loans due to the CEO, which includes \$Nil (2020 - \$Nil) in accrued interest. This related party loan is unsecured, due on demand, and bear interest at 3%. As at March 31, 2021, the balance between the CEO and the Company is a net receivable from the CEO, which is discussed in Due from Related Parties.

Related Party Balances

As at March 31, 2021, the Company has \$373,183 (2020 - \$315,001) 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.

Victory Square Technologies Inc.
Notes to the condensed consolidated interim financial statements
For the period ended March 31, 2021 and 2020
(Expressed in Canadian dollars)

19. Operating Segments

The Company operates in several segments, broken down by entity as follows:

Legal Entities	Segment
Draft Label	Software
PDL USA	Software
Fantasy 360	Immersive Services
GameOn Entertainment	Gaming
Victory Entertainment	Investments
Victory Square Technologies	Investments
BlockX Capital	Investments
VS Blockchain	Investments
VS Digital Health	Health
Hydreight	Health

Segmented operations were as follows as at and for the period ended March 31, 2021:

	Investments	Gaming	Software	Immersive Services	Health	Total
Current assets	\$ 3,332,151	\$ 6,850,641	\$ 50,078	\$ 425,667	\$ 169,901	\$ 10,828,439
Non-current assets	39,861,526	5,204,634	53,000	323,004	2,724,179	48,166,343
	\$ 43,193,677	\$ 12,055,275	\$ 103,078	\$ 748,671	\$ 2,894,080	\$ 58,994,782
Current liabilities	\$ (989,938)	\$ (1,862,793)	\$ (39,709)	\$ (101,832)	\$ (181)	\$ (2,994,453)
Non-current liabilities	(34,947)	(143,124)	(35,249)	(35,285)	-	(248,605)
	\$ (1,024,885)	\$ (2,005,916)	\$ (74,958)	\$ (137,117)	\$ (181)	\$ (3,243,058)

	Investments	Gaming	Software	Immersive Services	Health	Total
Revenue	\$ -	\$ 2,791	\$ 27,532	\$ -	\$ 107,241	\$ 137,564
Cost of goods sold	-	(31,990)	-	(34,647)	-	(66,638)
Gross margin	-	(29,200)	27,532	(34,647)	107,241	\$ 70,926
Expenses	(3,003,786)	(1,634,243)	(75,698)	(238,292)	(4,826)	\$ (4,956,844)
Other gains (losses)	6,899,117	204,713	6,888	131,230	6,000	\$ 7,247,948
Net income (loss)	\$ 3,895,332	\$ (1,458,730)	\$ (41,277)	\$ (141,709)	\$ 108,415	\$ 2,362,030

20. 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 primary exposure to credit risk is on its cash held in bank accounts. The cash is deposited in a bank account in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a bank that is a high credit quality financial institution as determined by rating agencies. Credit risk on cash is assessed as low.

The Company's receivables consist of trade receivables, government sales tax receivable, lease receivable, loan receivable, and due from related parties. Based on the evaluation of receivables at March 31, 2021, the Company believes that its receivables are collectable, however, due to the current COVID-19 pandemic, there is an increase in the uncertainty of collectability and management has determined credit risk to be high.

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. Liquidity risk is assessed as high.

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. 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.

20. Financial Risk Management (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.

Cash, marketable securities and certain investments are measured using Level 1 inputs.

Investments in private companies are measured using level 3 inputs.

The Company's financial instruments consist of cash, trade receivables, marketable securities, certain investments, amounts due from related parties, advances, trade payables, loan payable and related party loans. The carrying value of financial instruments approximates the fair value at March 31, 2021.

21. 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 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 adjusts 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.

Victory Square Technologies Inc.
Notes to the condensed consolidated interim financial statements
For the period ended March 31, 2021 and 2020
(Expressed in Canadian dollars)

22. Revenue and Cost of Goods Sold

Revenue

		Three months ended March 31,	
		2021	2020
Immersive experiences	\$	-	\$ 349,563
Film royalties		-	44,548
Gaming		2,791	-
Health		107,241	-
Software		27,532	-
	\$	137,564	\$ 394,111

Cost of Goods Sold

		Three months ended March 31,	
		2021	2020
Immersive experiences	\$	34,648	\$ 245,559
Gaming		31,990	-
	\$	66,638	\$ 245,559

23. Subsequent Events

- a) On April 23, 2021, the Company granted 300,000 stock options to two consultants of the Company. Stock options are exercisable at \$0.80 and expire 2 years after the date of grant.
- b) On April 23, 2021, the Company entered into an LOI with Stardust Solar Technologies Inc.
- c) On April 23, 2021, Fantasy 360 closed a non-brokered private placement of 6,750,803 subscription receipts at a price of \$0.35 per Subscription Receipt for aggregate gross proceeds of up to \$2,362,781. In connection with the financing, Fantasy 360 will pay \$141,766 cash for finders' fees and issue 405,046 Finders Warrants. The Subscription Receipts will be held in escrow until Fantasy 360's shares are conditionally approved for listing on the CSE and receipt for a final prospectus has been issued.
- d) On May 12, 2021, 280,000 stock options were exercised for proceeds of \$42,000 and issuance of 280,000 common shares of the Company (Note 17).
- e) On May 18, 2021, the Company sold their position in BIGG Digital Assets, recorded as a marketable security on the financial statements, for \$44,508 in cash.
- f) On May 19, 2021, the Company transferred the gross proceeds from their sales of Argo Blockchain shares of \$1,129,417 or £659,729 (Note 8).
- g) On May 25, 2021, the convertible promissory note for USD \$92,000 issued to Matthew Bailey was settled via cash payment of USD \$92,000 (Note 15).
- h) On May 26, 2021, GameOn Entertainment received the funds in relation to the private placement of subscription receipts that were previously held in trust. The gross funds were \$5,776,938 less \$16,672 in broker's fees, for net proceeds received on this date of \$5,760,266 (Note 4, 17).