MANAGEMENT DISCUSSION AND ANALYSIS FOR VICTORY SQUARE TECHNOLOGIES INC.

Year ended December 31, 2021

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This MD&A

This management's discussion and analysis (this "**MD&A**") of the performance, financial condition, and results of operations of Victory Square Technologies Inc. ("**Victory Square**", "**VST**", the "**Company**", "**we**" and "**our**"), should be read in conjunction with the Company's audited annual consolidated financial statements and the related notes thereto for the twelve months ended December 31, 2021 and December 31, 2020 (the "**2021 Financial Statements**"). The Company's reporting currency is the Canadian dollar and all dollar amounts in this MD&A are expressed in Canadian dollars, unless otherwise specified. Unless otherwise indicated, the information contained in this MD&A is as of June 3, 2022.

The financial information of the Company contained in this MD&A is derived from the 2021 Financial Statements, which were prepared in accordance with International Accounting Standards using accounting policies consistent with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. The accounting policies and methods of computation applied in the Company's annual consolidated financial statements as at and for the year ended December 31, 2021.

Additional information relating to the Company, including the Financial Statements, is available at www.sedar.com.

Cautionary Statement Regarding Forward-Looking Statements

Statements that are not reported financial results or other historical information are forward-looking statements or forward-looking information within the meaning of applicable securities laws (collectively, "**forward-looking statements**"). This MD&A includes forward-looking statements regarding the Company and its Investees (as defined herein) (collectively, the "**Group**") and the industries in which the Group operates, including statements about, among other things, expectations, beliefs, plans, future operations of the Group and origination of additional companies in which the Company holds an interest and acquisition opportunities for the Group, business and acquisition strategies, opportunities, objectives, prospects, assumptions, including those related to trends and prospects, and future events and performance. Sentences and phrases containing or modified by words such as "anticipate", "plan", "continue", "estimate", "intend", "expect", "may", "will", "project", "predict", "potential", "targets", "projects", "is designed to", "strategy", "should", "believe", "contemplate" and similar expressions, and the negative of such expressions, are not historical facts and are intended to identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Forward-looking statements should not be read as guarantees of future events, future performance or results, and will not necessarily be accurate indicators of the times at, or by which, such events, performance or results will be achieved, if achieved at all. Forward-looking statements are based on information available at the time and/or management's expectations with respect to future events that involve a number of risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. The factors described under the heading "*Other Risks and Uncertainties*", as well as any other cautionary language in this MD&A, provide examples of risks, uncertainties and events that may cause the Group's actual results to differ materially from the expectations it describes in its forward-looking statements. Readers should be aware that the occurrence of the events described in these risk factors and elsewhere in this MD&A could have an adverse effect on, among other things, the Group's business, prospects, operations, results of operations and financial condition.

Specific forward-looking statements contained in this MD&A may include, among others, statements, management's beliefs, expectations or intentions regarding the following:

- timelines;
- strategic plans;
- the business and operations of the Group;

- the business, operations, strategies and expectations of the Group;
- the volatility of the novel coronavirus ("**COVID-19**") outbreak as a global pandemic;
- the Group's reliance on key management personnel, advisors and consultants;
- the continuation of the Company as a going concern;
- the impacts of changes in the legal and regulatory environment in which the Company operates;
- the Group's business objectives and discussion of trends affecting the business of the Group;
- the funds available to the Group and the principal purposes of those funds;
- anticipated revenues and cash flows from operations and funding requirements of the Group;
- capital, operating and general expenditures;
- expectations regarding the ability to raise capital;
- anticipated revenues to be realized by the Group from future contracts;
- treatment under governmental regulatory regimes and expectations with respect to regulatory approvals; and
- other forward-looking statements including, but not limited to, information concerning the intentions, plans and future actions of the Group.

Forward-looking statements are based on reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such information is made available. Forward-looking statements are inherently subject to known and unknown risks and uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Group to be materially different from those expressed or implied by such forward-looking statements. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended, including the factors and risks described or referred to elsewhere herein, as well as unanticipated and/or unusual events. Many of such factors are beyond the Company's ability to predict or control. Risks and uncertainties that may affect forward-looking statements include, but are not limited to, those which relate to the following:

- the limited operating history of members of the Group, including the Company;
- the current lack of profitability of members of the Group, including the Company;
- the need to obtain additional financing and uncertainty as to the availability and terms of future financing;
- the ability to acquire funds necessary for general working capital and continuing operations;
- reliance on sale of equity or investments to access funds required;
- the possibility that opportunities will arise that require more cash than the Group has or can reasonably obtain;
- uncertainties associated with business opportunities that may be presented to, or pursued by the Group;
- parameters and assumptions underlying future investments and acquisitions;
- risks relating to investments in equity securities;
- the possibility that the Group will be unable to dispose of illiquid securities;
- risks that the asset classes held in the Group's equity portfolio will underperform the market;
- risks associated with investments in blockchain, healthcare, gaming and other technologies;
- risk the Company's portfolio is too concentrated and not sufficiently diversified;
- risks associated with investments in the technology sector;
- risks associated with investments in small and mid-capitalization companies;
- the Group's operations, investment strategies and profitability may be adversely affected by competition from other similar entities;
- uncertainties related to early stage of technology and product development;
- uncertainties related to regulatory regimes and laws;
- dependence on key personnel;
- fluctuations in the currency markets and stock market volatility;
- going concern considerations;
- conflicts of interest;
- changes in the regulatory environment;

- competition for, among other things, capital, acquisitions, equipment and skilled personnel;
- operating or technical difficulties in connection with business activities;
- the possibility of cost overruns or unanticipated expenses; and
- the other factors discussed under the heading "*Other Risks and Uncertainties*".

Readers are cautioned that the foregoing list of forward-looking statements should not be construed as being exhaustive.

In making the forward-looking statements in this MD&A, the Company has made assumptions regarding general economic conditions, the impact of the COVID-19 pandemic on the Group and its operations, strength of relationships with Investees, regulatory oversight and such other risks or factors described in this MD&A and from time to time in public disclosure documents of the Group that are filed with securities regulatory authorities.

The Company notes that the dynamic nature of the COVID-19 pandemic and any associated or resulting events and circumstances mean that management can offer no assurance such forward-looking statements will occur or be accurate in the circumstances. Accordingly, readers should not place undue reliance on forward-looking statements, which speaks only to opinions, estimates and assumptions as of the date made. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement and are made as at the date of this MD&A. The Company does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. If the Company does update one or more forward-looking statements, it is not obligated to, and no inference should be drawn that it will, make additional updates with respect thereto or with respect to other forward-looking statements.

COVID-19 Pandemic

Governments worldwide have enacted emergency measures to combat the spread of COVID-19. These measures, which include the implementation of travel bans, closing of non-essential businesses, self-imposed quarantine periods and social distancing, have caused significant volatility in global equity markets and material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The full economic and social impact of the spread of COVID-19 is unknown but has caused many operating businesses to reduce or suspend operations thereby reducing operating cash flows. While the deterioration in economic conditions and reduction in valuations for some businesses may result in acquisition opportunities for the Company, COVID-19 may present challenges for the Company and the Investees and may make it more difficult for the Company to obtain future financings, expand operations in international markets, including Brazil and the United States, and capitalize on physical deliverables such as in-person immersive experiences or location-based escape rooms. Further challenges could include delayed due diligence on target companies due to travel restrictions or obtaining onsite access to target companies' facilities or physical books and records due to lockdown measures. Additionally, any target business that the Company identifies that has been required to reduce or suspend business operations for a period of time due to COVID-19 may be subject to increased business, employment, operating and financial risks.

The COVID-19 pandemic has also led to higher valuations for certain businesses that have shown to be resilient to the impacts of COVID-19 or which, in some cases, have benefited from the COVID-19 pandemic. To the extent that the Company seeks to make investments in these businesses, it may be required to pay a higher purchase price or may face increased competition from other investors looking to acquire such businesses.

The continuing or worsening of the economic and market conditions caused by the COVID-19 pandemic, and its impact on the economy could have a material adverse effect on the Company's business, including on the valuation of the Investees and the Company's financial condition. In particular, the business of our subsidiary, XR Immersive Tech Inc. (formerly Fantasy 360 Technologies Inc.), doing business as Immersive Technologies, which delivers in person escape rooms and experiences is predominantly dependent on physical meetings and gatherings. Additionally, the hard launch of a location-based game, *Men-In-Black*, in which our portfolio company, GameOn Entertainment Technologies Inc., holds an investment, was delayed due to the constraints of COVID-19. As the COVID-19 pandemic has had a significant adverse impact on the business and financial condition of our subsidiaries and portfolio companies, which could materially impact the value of the Company's investments.

To the extent the COVID-19 pandemic adversely impacts the Company's and the Investees' business, results of operations and financial condition, it may also have the effect of heightening many of the other risks described or referenced in this MD&A.

Even though progress has been made on the deployment of vaccines, the evolving nature of the COVID-19 pandemic means that the duration and full impact of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions. As a result, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and the Investees in future periods.

COVID-19 has the current and ongoing potential to expose the Company to a number of risks inherent in our business activities. These include: pace of completing investments, financial market fluctuations and deterioration of political and economic conditions, and competitive market for investment opportunities. These risks are discussed in further detail under the heading "*Other Risks and Uncertainties*".

2021 Recap

The decline in the capital markets over the past 12 months has been brutal, volatility on the major indexes, inflation worries, rate hikes, and the Russia-Ukraine Crisis have created a lot of uncertainty about what lies ahead for many. Although uncertainty abounds domestically and globally, opportunity also abounds for investors — the challenges ahead are plain to see and, in many respects, timeless: health and safety, the desire to communicate and play, the need to eat and work and thrive. And, Victory Square has built a portfolio full of phenomenal companies finding creative new ways to solve these timeless needs.

We've been very fortunate to have such a passionate, supportive and vocal shareholder base. And, we understand how frustrating the share price decline must be for our shareholders. Despite the share price decline though, Victory Square the company is in a stronger position now than at any time in its past.

We've seen significant growth in our portfolio companies, spin-offs, exits, M&A, share dividends, and we've built a new pipeline of opportunities.

-Shafin Diamond Tejani, CEO of Victory Square Technologies

2021 was a year of continued growth and new opportunities for Victory Square.

Financial Highlights:

- Healthy Balance Sheet
    - $4,376,374 in cash and cash equivalents

- Share Buy Back

    - The Company purchased a total of 562,000 shares and the average cost with commission was $0.4814 or without commission was $0.4713

- Issued 3 Common Share Dividends
    - In 2021, Victory Square issued 3 dividends of securities to its shareholders with an aggregate market value of approximately $39.65 for every 1,000 shares held

Spin-Offs:

- GameOn Entertainment Technologies Inc. ("**GameOn**") (CSE:GET) public listing

- XR Immersive Tech Inc. (formerly Fantasy 360 Technologies Inc.) ("**XR Immersive Tech**") (CSE:VRAR) public listing

- Covalent CQT listing

Exits:

- Completed $6,000,000 Sale of VPN Platform

- Completed sale of shares in Argo Blockchain PLC ("**Argo**") for a $1,147,413 gain

Acquisition & Investments:

- Completed Acquisition of IV Hydreight Inc. ("**Hydreight**"), An On-Demand & On-Site Mobile Health, Pharmaceutical & Wellness Service Provider Across the USA

- Completed Blockchain & Cybersecurity IP acquisition from Aspen Technologies Corp. ("**Aspen**")

- Completed Investment in Renewable Energy Company – Stardust Solar Technologies Inc. (**"Stardust Solar"**)

- Completed Follow-on Investment in #4 Ranked Influencer Platforms - Shop and Shout Ltd. dba Creator.co (**"Creator.co"**)

Other Notable Portfolio Highlights:

VS Digital Health Inc. ("VS Digital Health")

- Launch of white label platform with full-suite of mobile digital health solutions and telemedicine platform to surgery centers, skilled nurses, home care agencies and hospice care. Built up a network of healthcare professionals in 50 states across the US, pharmacy license (503B license)

Victory Square Health Inc. ("VS Health")

- Completed development of their virtual healthcare platform (telemedicine, virtual pharmacy, and at-home point-of-care diagnostic testing), launched in Minas Gerais, Brazil in Q1 2022

Creator.co

- Over 150,000 Creators from all over the world are currently collaborating with brands through the Creator.co platform to drive awareness, content, and conversions on Instagram, Facebook, Twitter, YouTube, and TikTok. Creator.co is listed as one of the Top 5 Influencer Marketing Platforms for 2021 (source: Influencer Marketing Hub)

Stardust Solar

- Franchisee base grew to 12 territories sold or reserved in 2021 and is on pace to double that in 2022. Stardust Solar received the Consumer Choice Award for "Best Solar Energy Company" (Vancouver, BC)

Fansunite Entertainment Inc. ("FansUnite") (CSE:FANS)

- Raised a total of $38,212,305 in 2021 and completed the acquisition of American Affiliate, accelerating entry into the U.S. Gaming Market

Cassia Research Inc. dba CoPilot AI ("CoPilot AI")

- CoPilot was recognized: 2021 Company to Watch (Deloitte), High Performer and Users Love Us (G2), and received a 4.7-star review rating on Capterra

Next Decentrum Technologies Inc. ("Next Decentrum")

Launched: a) Momentable.ai, a versatile platform for iconic art and culture non-fungible tokens ("**NFTs**") from the world's top museums and b) first Crypto Pharaohs NFT drop

2022 Outlook:

The Top 5 objectives that Victory Square is focused on are:

1. **Spin-offs**
2. **Web3**
3. **Digital Health**
4. **Climate Tech**
5. **A Healthy Share Price**

1. Spin-Offs

In 2020, we had 1 company list (FansUnite), in 2021, we had 2 companies listed (GameOn, XR Immersive Tech), and in 2022, we're anticipating 4 companies to be publicly listed. Those companies are:

- Stardust Solar
- Creator.co
- Turnium Technology Group, Inc.
- CoPilot

This will further validate the Victory Square business model, add to our successful track record, strengthen our balance sheet, and unlock value to continue building a pipeline of new opportunities.

2. Web3

We expect to invest a higher percentage of our time, knowledge and money in Web3 projects, protocols, and companies. As is evident from some of our thought leadership pieces, we're incredibly bullish on Web3 and think we have a great opportunity to go deeper there. However, we are aware, it's still the early stages of this era of the internet.

And we understand the critiques: ie. "Nothing useful has been built using crypto and blockchains, other than tools for speculating on crypto and NFTs." "The technical infrastructure of Web3 is both flawed and also not as decentralized as many claim."

To date, the focus and excitement around Web3 has been around creating a user-owned internet by infusing physical properties like scarcity, uniqueness, ownership, and self-custody into digital items. Despite the technical skepticism about Web3, our excitement with the space is less about the overriding mission to deplatform centralized platforms and censorship-resistance, and more about rapid experimentation of governance and incentive models. Specifically, the coordination of large groups of strangers around a shared mission, who are now pooling money and investing in things together. This is pushing the boundary on how to structure and operate a decentrally owned and governed group of real-world businesses. They'll compete with VCs, using access to the community as potential customers, liquidity providers, and advocates as a competitive edge.

Every time a new NFT project or a decentralized autonomous organization ("**DAO**") comes together and falls apart, and every time people jump into a seemingly worthless coin, the whole system evolves, and it produces new tools and tricks that entrepreneurs and policy makers can use to attempt to solve large problems, both digital and physical.

Like Web 1.0 in the mid-90s, Web3 is still immature and not ready for the mainstream. And, therefore, we believe that there will be continued volatility, and potentially a correction in the sector. However, out of the rubble, big winners will emerge. Our focus is to use our competitive advantage (ie. first-mover, data, access, customers, talent, partnerships and funding) to identify these projects that have the best chance of coming out. Remember, Web 2.0 emerged out of the rubble of the Dot Com crash.

We currently have live projects focused on: NFTs, DAOs, P2E ("**Play to Earn**") Games, the Metaverse, decentralized finance ("**DeFi**"), and Creator Coins/Social Tokens.

Companies in space include: GameOn, XR Immersive Tech, Creator.co, Covalent CQT, Next Decentrum, VS Blockchain Assembly Inc., Block X Capital Corp., Cloud Nine Web3 Technologies Inc.

3. Digital Health

The pandemic has not only accelerated technology innovation and adoption in healthcare, but it has also exposed many weaknesses and areas of improvement.

Telehealth is no longer considered a luxury, but an integral part of a healthcare strategy. Remote healthcare is here to stay, and healthcare practitioners need to invest in the proper technology to remain relevant in an ever-evolving virtual care world—this includes ensuring that patients have the same-quality visits in a virtual setting as they would in the doctor's office.

Customers have been seeking a more personalized healthcare experience, and now with the explosive growth and familiarity with telehealth, at-home testing and wearables, it has become increasingly simple to monitor a patient's health in the comfort of their home. In fact, home-based wearable and implantable biosensors, such as smart jewelry like the Oura and Apple Watch, continuous glucose monitors, KardiaMobile EKG app and Bluetooth-enabled medical devices such as stethoscopes have become more prevalent and more accessible to consumers.

Demand for this technology will only increase as at-home or on-the-go physician monitoring continues to grow, fueling adoption by healthcare practitioners. These consumer-grade biometrics, including trackers and wearable devices, are making a substantial difference by allowing physicians to track a patient's activity level, calories burned, sleep duration, and food intake outside of a clinical setting.

We can look forward to a world where the benefits of artificial intelligence and a better understanding of all the factors that influence health will lead us to have the opportunity to lead healthier and more productive lives. Health systems will be personalized to support all these changes.

We currently have live projects focused on: Telehealth, At-home Testing, Pharmacy, Chronic Care, Supplements, Mental Health, Pet Health.

Companies in the space include: VS Digital Health, Victory Square Health, Hydreight, and Draft Label Technologies Inc. ("**Draft Label**").

4. Climate Tech

Much of the innovation in the decade ahead must be directed towards solving the climate emergency. This crisis endangers the world and every living thing in it. However, climate change isn't just an environmental issue. Stopping it will demand trillions of dollars in investment across many sectors and commandeer as much ingenuity as humanity can muster. Clean energy and decarbonization will bring enormous economic rewards for companies that can build solutions. Clean tech alone presents a $26-trillion opportunity globally.

VST sees enormous potential in climate tech, as these innovations transcend sectors and become woven into the fabric of our daily lives. The stakes, and the market opportunities, are enormous.

We currently have live projects focused on: Education, Renewables, Solar, EV Charging, and Carbon Credits.

Companies in the space include Stardust Solar and Draft Label.

5. Maintain a Healthy Share Price

To build a successful company, we need to be able to do three things:

1. **Pick the Right Investments**
2. **Help Portfolio Companies Succeed**
3. **Maintain a Healthy Share Price**

So far, steps one and two are playing out beautifully. However, the share price decline over the past 7 months has been very disappointing.

We've been very fortunate to have such a passionate, supportive and vocal shareholder base. And we understand how frustrating the share price decline must be for our shareholders. Despite the share price decline though, I know that we've built a portfolio full of phenomenal companies and a share price regression to the mean is inevitable.

We need to build a solid, communicative relationship with our existing Victory Square shareholders. This will help to ensure there is a continuous and mutual understanding of the Company's underlying value and objectives as well as shareholders concerns.

A couple of things to keep an eye out for:

- Better and more frequent, engaged and direct communication with shareholders through the Discord channel, our newsletter, and monthly webinars
- Releasing our NAV on a more frequent basis
- Increased thought leadership, marketing and earned media efforts to reach new potential investors, with a specific emphasis on family offices (private wealth management advisory firms that serve ultra-high-net-worth individuals)

The success of Victory Square is anchored in the dynamic combination and synergies of people, ideas and capital. Going forward into 2022 we are well equipped to leverage these resources to successfully build, develop and support companies in the global technology sector with the objective of creating long-term value for Victory Square, its network of companies and its shareholders.

Ultimately, Victory Square's team is committed to incubating and building a new breed of companies set to become the next decade's technology giants. Thank you for your ongoing support of our vision. We are committed to nothing short of excellence in the weeks, months and years ahead.

We are committed to nothing short of excellence in the weeks, months and years ahead.

Previous corporate updates in 2021 can be viewed on the Company's website at www.victorysquare.com and SEDAR:

Victory Square Technologies CEO Issues Future Forecast Letter to Shareholders

Victory Square Technologies Provides Corporate Update as at March 17, 2021

Victory Square Technologies Provides Corporate Update as at May 31, 2021

Victory Square Technologies Provides Corporate Update as at August 17, 2021

Victory Square Technologies Provides Corporate Update as at December 9, 2021

Check out VictorySquare.com and sign up to VST's official newsletter at www.VictorySquare.com/newsletter.

The Company

General

Victory Square is a Venture Builder focused on investing in disruptive innovation.

VST was founded to fill the early-stage investment gap for a broad range of investors.

We provide VC Investment access to industries like Web3, Gaming, the Creator Economy, NFTs, the Metaverse, Digital Health and Climate Tech, within a transparent and liquid investment vehicle, effectively democratizing access to the next generation of the best startups.

Our Advantage is twofold:

1. We have unparalleled access to startups through our internal incubator, Living Labs, and start up accelerators like Launch Academy with more than 80 global accelerator partners.
2. Second, our management team and advisors are actively involved in our investments from incubation through monetization, providing them with financial, operational, and strategic support to scale globally.

With real skin in the game, management is aligned with investors. We drive value by monetizing investments and reinvesting the gains in new innovations. With a basket of 25 subsidiaries and portfolio companies, 6 are now hitting liquidity events.

As of the date hereof, our portfolio consists of eight subsidiaries (the "**Subsidiaries**") and certain investments in additional companies (the "**Portfolio Companies**" and, together with the Subsidiaries, the "**Investees**").

Subsidiaries

The subsidiaries are controlled by the Company. Control exists when the Company is exposed, or has rights, to the variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date the control ceases. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

Portfolio Companies

Portfolio companies are recorded as investments (see further details in Note 2 of the 2021 Financial Statements). Investments which are classified as financial instruments under IFRS 9 are initially recorded at the fair value at the time of acquisition. Subsequent measurement depends on the classification of the financial instrument. For those investments in which the Company has significant influence the Company uses the equity method of accounting whereby an equity investment is initially recorded at cost and subsequently adjusted to reflect the investor's share of the net profit or loss of the investee. Any distributions received from the investee company reduce the carrying amount of the investment.

The Company reviews certain investments and records their fair value at each financial statement reporting date. For investments in public companies, excluding consolidated subsidiaries, fair value is determined based on the quoted market price. For investments in private companies, certain subjective measures, including recent share transactions, prices for comparable entities, review of cash flow projections and the investee's prospects, financial ratios and discounted cash flows are techniques used to determine fair value. Where possible the Company uses inputs obtained from observable market data for its valuation models. However, if observable market data is not available the Company uses judgement to determine fair value.

Investments in films and games are classified as intangible assets and recorded at the lower of amortized cost or recoverable amount. The valuation of investments in films and games are reviewed when an event or change in circumstances indicates that the fair value of a film or game is less than its unamortized cost. The Company records an impairment charge if the amount is less than the amortized cost.

Victory Square is headquartered in Vancouver, Canada, and the common shares in the capital of the Company (the "**Common Shares**") are listed on the Canadian Securities Exchange under the symbol “VST”, the Frankfurt Stock Exchange under the symbol “6F6” and the OTCQX tier of the OTC Markets under the symbol “VSQTF”.

Development of the Business

The Company was incorporated as Fantasy 6 Sports Inc. under the *Business Corporations Act* (British Columbia) on February 10, 2015. On October 19, 2015, the Company acquired Draft Label Technologies Inc. and its subsidiary, PDL USA Inc., pursuant to a share exchange agreement. As a result of this business combination, the Company acquired certain software, source code and cloud hosting services.

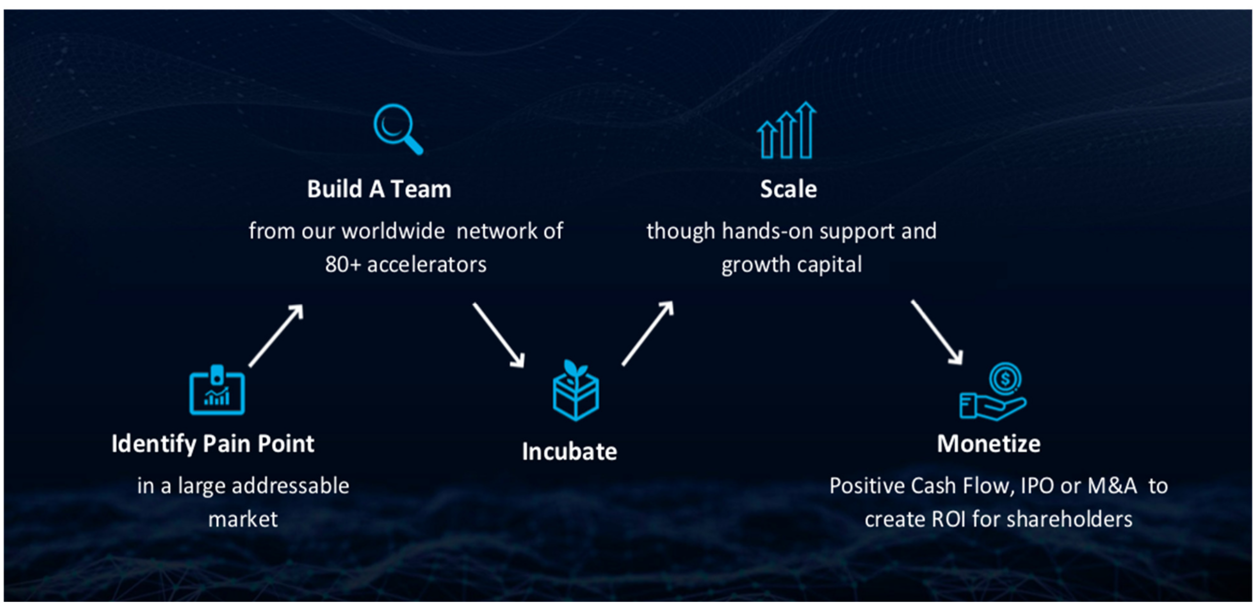
On April 29, 2016, the Company filed a long form prospectus with the BCSC, qualifying the distribution of 5,094,000 common shares issuable upon the exercise of special warrants previously issued by the Company for gross proceeds of $509,400. Trading in the common shares commenced on the CSE on May 4, 2016, under the trading symbol "FYS".

On June 9, 2017, the Company changed its name to Victory Square Technologies Inc.

Our Approach

What We Do Differently for Start-Ups

Victory Square isn't just another investor. With real skin in the game, we are committed to ensuring each Investee succeeds. Our secret sauce starts with selecting start-ups that have real solutions, not just ideas. We pair these companies with senior talent in product, engineering, customer acquisition and more. Then we let the companies do what they do best – build, innovate and disrupt. In 24 to 48 months, the companies are generally ready to scale and monetize.



What We Do Differently for Investors

For investors, we offer early-stage access to the next unicorns before they are recognized as unicorns. Our portfolio provides a uniquely liquid, and transparent way for investors to get access to the latest technologies and emerging global trends.

Philanthropic Contributions

Victory Square is dedicated to giving back to the communities in which it operates. The Company's mandate is to assist organizations through its time, talent, and treasury. The Company is committed to organizations that provide services in the youth, mental health, special needs, sport, tech, education, marginalized groups, First Nations, and accessibility sectors.

Since January 1, 2021, the Company has pledged and/or contributed close to $300,000 in donations to Variety the Children Charity of BC, CKNW KIDS FUND, Simon Fraser University Tech Camp, The BC Sports Hall of Fame & Museum, Covenant House Vancouver, YWCA, Coast Mental Health, The Cerebral Palsy Association of BC, and the BC Children's Hospital Foundation. These gifts are in conjunction with VST's "GIVING BACK" pledge made by its executive, staff, and board of directors (the "**Board**").

Our Investees

Our Subsidiaries

The table below sets out our Subsidiaries as at the date hereof.

Subsidiary	Vertical
VS Digital Health Inc. ("**VS Digital Health**")	Digital Health, Online Pharmacy, Diagnostic Testing
Draft Label Technologies Inc. ("**Draft Label**")	Custom software development
XR Immersive Tech Inc., (formerly Fantasy 360 Technologies Inc) ("**XR Immersive Tech**")	Virtual reality ("**VR**"), augmented reality ("**AR**"), Metaverse, Web 3.0
Victory Entertainment Inc. ("**Victory Entertainment**")	Film, TV, Digital Content
IV Hydreight Inc. ("**Hydreight**")	Digital Health, Online Pharmacy
PDL USA Inc. ("**PDL USA**")	Custom software development
VS Blockchain Assembly Inc. ("**VS Blockchain**")	Web 3.0, Blockchain
BlockX Capital Corp. ("**BlockX**")	Web 3.0, Blockchain, DeFi

Note:

Subsidiaries are fully consolidated with any applicable non-controlling interest ("**NCI**") taken in the audited annual consolidated financial statements for the year ending December 31, 2021.

Our Portfolio Companies

The table below sets out our Portfolio Companies as at the date hereof.

Portfolio Company	Vertical
Victory Square Health Inc. ("**VS Health**")	Diagnostic Testing, Digital Health
Cassia Research Inc., doing business as CoPilot AI ("**CoPilot AI**")	AI Technology, Sales & Marketing Automation
Cloud Benefit Solutions Inc., doing business as Cloud Advisors ("**Cloud Advisors**")	Insurance tech
MLVX Technologies Inc., doing business as Metaspectral [1] ("**Metaspectral**")	Artificial intelligence (AI) and machine learning (ML)

Fansunite Entertainment Inc. ("**FansUnite**")	Sports Betting, Gaming and Esports
Flo Digital Inc. (1) ("**Flo Digital**")	VR, AR, Metaverse
Grow Academy Technologies Inc. (1) ("**Grow Tech**")	Plant-based science
Howyl Ventures Inc., doing business as Capaciti (1) ("**Capaciti**")	Web 3.0, Future of Work
Turnium Technology Group Inc. (formerly Multapplied Networks Inc.) ("**Turnium**")	Software defined wide area network platforms
Next Decentrum Technologies Inc. ("**Next Decentrum**")	Web 3.0, Blockchain, NFTs
PayVida Solutions Inc. (1) ("**PayVida**")	Fintech
Silota Research and Development Inc. ("**Silota**")	Web 3.0, Blockchain, DeFi, Data Infrastructure
Shop and Shout Ltd., doing business as Creator.co ("**Creator.co**")	Creator Economy, Web 3.0, NFTs
Cloud Nine Web3 Technologies Inc. ("**Cloud Nine**")	Web 3.0, EdTech, Metaverse
Stardust Solar Technologies Inc. ("**Stardust Solar**")	Solar Energy, Renewables, EV Charging
Franchise Global Health Inc**.** (formerly Mercury Acquisitions Corp.) (1) ("**Franchise Global Health**")	Cannabis, CBD
GameOn Entertainment Technologies Inc. (formerly V2 Games Inc.) (2) ("**GameOn**")	Gaming, NFTs, Play to Earn
V2 Games USA Inc. (2) ("**V2G USA**")	Online platforms for free entry fantasy sports

Note:
(1) Included in "Other" in the Financial Statements in Note 10 "Investments".
(2) The Company's interest in this former subsidiary was deconsolidated during the current year, and therefore is included in the Financial Statements in Note 3 "*Discontinued Operations*".

In October of 2021, the Company closed a follow-on investment in Creator.co of 1,052,941 common shares of Creator.co in consideration for $1,000,000, composed of 1,000,000 common shares of VST at a deemed price of $1.00.

On December 17, 2021, the Company sold its 25% share holding of Silota as well as settled the related party receivable owing from Silota. In exchange, the Company received a licence agreement with Silota. The license shall be in the form of a future non-exclusive, non-transferable, non-refundable, non-assignable license to Silota related to blockchain query technology. The value of the investment as accordingly $Nil as at December 31, 2021.

Portfolio companies are reflected in the audited annual consolidated 2021 Financial Statements in the Investments line item on the statements of financial position, with disclosures in Note 10 for movements in each distinct and material investment for the current and prior comparative year. A majority of the Company's portfolio companies are investments in privately held companies, and as such no additional operating information is publicly disclosed beyond what is required for financial statement disclosures.

Selected Investee Highlights

Recent highlights from certain subsidiaries and Investees are described below.

XR Immersive Tech

Our Subsidiary XR Immersive Tech designs, programs, builds, and installs immersive and engaging experiences for some of the world's leading companies. Through a blend of video game development, theme park engineering, and the latest VR/AR/mixed reality ("**MR**") technologies, XR Immersive Tech has worked with clients including Intel, Snickers, Bayer, Ardbeg, USFDA, Scotia Bank and Capital One, among others. Recent highlights of XR Immersive Tech include the following:

- In January of 2021, VST announced that XR Immersive Tech had launched a new location-based entertainment virtual reality attractions division named UNCONTAINED. This is a free-roam interactive virtual reality franchise to capitalize on the growing demand for COVID-19 safe attractions. UNCONTAINED is expected to launch in Spring 2022. At the end of 2021, the prototype unit is in the final stages of development.

- In January of 2021, VST also announced that Steven Dooner had joined XR Immersive Tech as Director of Franchise Development for UNCONTAINED. Mr. Dooner's most notable franchise endeavors involve the expansion of entities including Chuck E Cheese, ESPNZone, and a series of Disney launches with Club Disney, DisneyQuest, and the expansion of Tokyo Disneyland.
- In March of 2021, VST announced the addition of new advisors to Immersive Tech's strategic team, including Cathy Hackl, Lance Priebe, and Kevin Williams. Kevin Williams is a member of an exclusive and elite Walt Disney alumni following his years as an esteemed Walt Disney Imagineer. Imagineers are the creative engine that designs and builds all Disney theme parks, resorts, attractions, and cruise attractions worldwide. Cathy Hackl is one of LinkedIn's top technology voices, and was dubbed the "CEO's Guide to the Metaverse." BigThink named Cathy one of the top 10 most influential women in tech in 2020 and she was included in the 2021 prestigious Thinkers50 Radar list of the 30 management thinkers most likely to shape the future of how organizations are managed and led. Lance Priebe is a co-founder of one of the largest online game platforms for kids, Club Penguin, which was acquired by Disney for $360 million.

- In March of 2021, XR Immersive Tech announced it was teaming up with celebrity YouTube creator Chris Ramsay on an exclusive immersive experience that will be featured on his social media channels to his 6.4 million fans.

- In April of 2021, XR Immersive Tech announced the signing of a Letter of Intent with Autobahn Indoor Speedway for an initial purchase of their "UNCONTAINED" VR attraction with an option to purchase up to 10 units.

- In April of 2021, VST announced the closing of Immersive Tech's oversubscribed financing for gross proceeds of $2.3 million.

- In June of 2021, XR Immersive Tech welcomed industry leader & HTC China President Alvin Wang Graylin to its board of directors. With over two decades of experience in the technology industry executing business management prowess, Mr. Graylin has become a global name in the VR space with his international ventures. He currently serves as the China President of HTC, managing all aspects of HTC's business in the China Region including the VIVE VR division, phone, Viveport content platform, partnerships, investments, and the company's XR Suite Business globally. He also serves as Vice Chairman of the Industry of Virtual Reality Alliance (IVRA.com), and the President of the Virtual Reality Venture Capital Alliance (VRVCA.com). Graylin is an industry titan and one of the most respected as well as sought after thought leaders in the VR/AR/artificial intelligence ("**AI**") industry today.

- In June of 2021, XR Immersive Tech announced VR/AR thought leader and industry expert Dan Burgar joined the XR Immersive Tech advisory board. As the Vancouver VR/AR Association President & Founder, Dan Burgar is a true pioneer in the technology space and influencer within the VR/AR industry where he co-founded Shape Immersive Entertainment Inc. Shape Immersive is a company specializing in the building of VR/AR + 3D development that collaborates with notable brands like Redbull, Olympics, Disney, Star Atlas and RTFKT studios (NFTs).

- In August of 2021, VST announced a special dividend of common shares of XR Immersive Tech held by VST, to VST shareholders.

- In September of 2021, XR Immersive Tech successfully completed an Initial Public Offering with the Immersive Tech's common shares commencing trading under the symbol 'VRAR' on the Canadian Securities Exchange ("**CSE**").

- In September of 2021, XR Immersive Tech (CSE:VRAR) signed a binding letter of intent (the "LOI") in respect of the acquisition of all of the shares of Synthesis VR Inc., a leading Location based Virtual Reality content store & technology engine empowering nearly 300 out-of-home entertainment locations worldwide. Synthesis VR serves more than the Location-based entertainment industry with its first to market and industry leading technology but also operates a broader sandbox platform serving the education and enterprise sectors as well.

- In September of 2021, XR Immersive Tech announced that its common shares are now trading on the Frankfurt Stock Exchange under the symbol 79W.

- In November 2021, UNCONTAINED VR had a successful launch and strong support from the industry at the International Association of Amusement Parks 2021 (IAAPA) Expo.

- In November 2021, the company announced that its common shares are now trading on the OTC Markets Exchange ("OTCQB") for U.S. investors under the symbol "FNTFF".

- In November 2021, the company announced Deep Signal, the first Hyper-Immersive Game for the UNCONTAINED Platform.

- In November 2021, the company launched Uncontained: Metaverse VR Attraction at Global Industry Expo IAAPA.

- In November 2021, XR Immersive Tech Announced Uncontained and Uncontained/OS Hardware and Software platforms for building the Physical Metaverse.

- The Company was also successful in securing a loan facility for $3,000,000 with Westdale Construction Co. Limited as announced December 20, 2021, to facilitate sales and growth opportunities.

GameOn

GameOn is a gaming company providing consumers, broadcasters, sports books, venues, and brand partners with interactive, social experiences around sports, television, and live events. GameOn has a suite of proprietary mobile and TV technologies, changing the way fans compete, watch, and win through free and frictionless prediction games. GameOn is also focusing on royalty investments in high-value gaming projects featuring globally recognized intellectual properties. GameOn is also a game technologies and content venture that invests in high-value gaming projects and technologies featuring globally recognized intellectual properties. Recent highlights of GameOn include the following:

- In December of 2020, VST announced the completion of the purchase of substantially all the assets of GameOn App Inc. ("GOAI").
- From February to June 2021, VST announced significant additions to the board of directors and the advisory and management teams of GameOn, including the following: J. Moses (Take Two Interactive), Mike Vorhaus (Draft Kings, Roblox), Sean Hurley (Draft Kings), Santiago Jaramillo (FIFA at EA Sports, NBA Top Shot at Dapper Labs), Liz Schimel (Former Head of Business at

Apple News) Tim Cahill (former EPL and World Cup athlete), Boris Gartner (LaLiga North America), Sabrina Carrozza (FC Barcelona, Drive by DraftKings), Shauna Griffiths (Sports Business Journal Game-Changer), Aly Habib (INDOCHINA), Mick Batyske (Anchor, Buzzer, dotdotdash), and Ernest Lupinacci (ESPN, Nike, NFL)

- In March of 2021, VST announced that GameOn had completed an oversubscribed private placement of common shares of GameOn to raise gross proceeds of $5,800,000.
- From January to September of 2021, GameOn grew its team from three to 19 full-time employees, including personnel with experience from Electronic Arts (FIFA), Dapper Labs (NBA Top Shot), Madison Square Garden, the New York Knicks, the New York Rangers, IAC (Dotdash, Handy, Investopedia, Ask.com), the International Olympic Committee and more. The Company expects to be a team of 20+ by the end of 2021.
- In May of 2021, VST declared a special common share dividend of its interest in its subsidiary company GameOn.
- On June 1, 2021, GameOn officially began trading on the CSE under the symbol 'GET'.
- In June of 2021, GameOn announced that its common shares are now trading on the Frankfurt Stock Exchange under the symbol 9E7.
- In June of 2021, GameOn announced an exclusive partnership with India's entertainment super app MXPlayer that will introduce cricket prediction games for mobile to their service. The white label partnership will offer GameOn's predictive gaming platform for cricket to 280 million monthly viewers.
- In July of 2021, GameOn onboarded SeventySix Capital Sports Advisory (Manchester City, Rocket Mortgage, Van Wagner, Minnesota Vikings, LA Rams, ESPN, Golden State Warriors, San Francisco 49ers), as well as hired VP of Partnerships, Ryan Nowack (Madison Square Garden, New York Knicks, New York Rangers).
- In July of 2021, GameOn announced DTC eligibility and subsequent OTC listing, showcasing commitment to accessibility, volume, and liquidity for shareholders and investors around the world.
- In July of 2021, GameOn announced a partnership with NFT platform Blockparty to launch a first-of-its-kind NFT Predictor product. GameOn added that its VP of Product, Santiago Jaramillo, former Head of Sports at Dapper Labs (NBA Top Shot), will spearhead The NFT Predictor product. This will enable fans of rights holders who partner with GameOn to build up their collection by acquiring NFTs—images, video or audio—by either purchasing packs or via a marketplace. From there, they leverage those assets to make predictions about upcoming events and are rewarded with exclusive NFTs for finishing high on the leaderboard. Completed collections of high-value NFTs can then be traded in for real-life rewards including tickets, merchandise and other exclusive offerings. GameOn will leverage Blockparty's platform to issue NFTs on the blockchain, allowing content partners to add permanent, tamper-proof watermarks to the collectibles to ensure legitimacy. This will give fans, creators and collectors a way to validate the collectible's rarity and authenticity while using them as a utility in predictive gaming.
- In October of 2021, GameOn Partners with NBA Player-Backed NFT Project Chibi Dinos for first-of-its-kind gamification. The partnership entails Chibi Dinos utilizing GameOn's NFT Prediction Game product to give their 10,000 digital dinos utility in gaming. The deal guarantees GameOn USD$120,000 in revenue with a projected gross profit of 80%. The deal also includes a 50% revenue share of primary and secondary sales of at least one new NFT drop related to the Chibi Dinos NFT Prediction Game.
- In October of 2021, GameOn announced it secured three additional prediction game projects with MX Player for Soccer, Tennis & Kabaddi.

- In November 2021, GameOn secured up to $6 million in strategic investment from India's Brand Capital International. The strategic investment arm of The Times Group, India's largest media conglomerate and parent company of GameOn customer MX Player, will invest up to $6 million over three years to support the Company's expansion into the Indian market.

- In November 2021, GameOn partnered with Kevin Garnett-backed gaming society to elevate Women's sports. Gaming Society will license GameOn's proprietary technology to power the fan engagement initiatives. The companies will also share in all revenue generated by the platform.

- In November 2021, GameOn signed a letter of intent to acquire Fanclash. The move signals GameOn's entry into the $18.6 billion fantasy sports and entertainment market, expected to reach $48.6 billion by 2027.

- In December 2021, Polygon studios invested in GameOn, strategically partnering to bring NFT games to the masses. The non-dilutive investment will see Polygon Studios provide funding for 50% of GameOn's ongoing product development costs in the NFT space.

- In December 2021, announced a strategic investment from Times Internet, India's biggest media conglomerate and parent company of MX Player, to drive business further in India, as well as Polygon, one of the world's biggest blockchains, to fast-track GameOn's NFT/blockchain development. Both investments are in the form of resources like advertising assets, sales team and technical engineers.

- In February 2022, completed an acquisition of FanClash, a proprietary real-time fantasy technology to create innovative gameplay around live events. The integration of FanClash's technology is expected to provide GameOn with access to the expanding fantasy sports and entertainment market. GameOn anticipates that it will white label the real-time fantasy technology to broadcasters, TV networks, streaming platforms, leagues, tournaments, sportsbooks and NFT projects to drive license and revenue share partnerships.

- Featured in key media and at events such as Sports Business Journal, SportsPro and Sportico, while also announcing and distributing our own content series - GAMETIME - taking a peek behind the ticker to learn more about the people behind the business.

Hydreight

Hydreight provides a unique, custom built, proprietary telemedicine service that allows users to book confidential health & wellness and/or medical services at their home, hotel, office or wherever they may need discreet assistance. Hydreight has a 503B pharmacy license under the United States Federal Food, Drug and Cosmetic Act and is a United States certified e-script and telemedicine provider, allowing Hydreight to provide services in all 50 states. In addition to providing telehealth services, other products include intravenous drips, Botox, and other medical and medispa treatments. The business model of Hydreight leverages decentralized healthcare to bring quality telehealth, medical, health and wellness services to the masses in an efficient, scalable, and cost-effective way. Hydreight currently operates in the United States with plans for expansion into Canada, South America and beyond. Recent highlights of Hydreight include the following:

- On February 10, 2021, the Company closed the acquisition of the shares of 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 common shares or $162,446 as Finder's Fee on the transaction. The fair value of common shares issued on the acquisition date was determined to be $1,705,630 as recorded in share capital for the period. The remaining value of $1,120,895 was recorded as an obligation to issue shares in equity for the future earn-out shares under the agreement.

- In March of 2021, VST announced that Hydreight teamed up with VS Health to launch a one-stop-shop virtual health care platform (telemedicine, virtual pharmacy, at-home point-of-care diagnostic testing) in Brazil.

- In August of 2021, Hydreight signed Strategic Sales and Marketing Agreement with Medline Industries Inc. to provide Hydreight's full-suite of mobile digital health solutions and telemedicine platform to Medline's Clients (surgery centres, skilled nursing facilities, home care agencies, nursing homes, hospice care, hospital laundries).

- In March of 2022, Hydreight and VSDH announced that Dripbar LLC will become a new partner on VSDH's White Label platform; an extension of the core Hydreight technology. Dripbar will offer the platform to their over 430 franchises (in various stages of development) across 27 States.

FansUnite

FansUnite (CSE:FANS) (OTCQB: FUNFF) is a global sports and entertainment company, focusing on technology related to regulated and lawful online gaming and related products. Recent highlights of FansUnite include the following:

- In December of 2020, FansUnite received a gaming license and gaming supply license from the country of Malta, which enables FansUnite to offer business-to-business and business-to-consumer gaming services throughout Europe.

- In July of 2021, FansUnite completed $24,792,390 oversubscribed private placement.

- In August of 2021, FansUnite was granted UK gambling licenses for B2C and B2B Businesses - The licenses enable FansUnite to deliver its suite of iGaming products and deploy its B2C betting solutions within the United Kingdom.

- In September 2021, FansUnite signed a multiple data provider partnerships for its Chameleon B2B platform - partnerships with Pariplay, SportsIQ, Pythia Sports and other leading data providers will strengthen FansUnite's technology platform.

- In October 2021, FansUnite enters into a strategic partnership with Sportradar for managed trading services - Sportradar will provide robust data feed and odds applications to FansUnite's betting platforms.

- In November 2021, FansUnite announced a definitive agreement where it acquired the business and brands of American Affiliate LLC.

- In November 2021, FansUnite announced the results of the VamosGG Cup after the record setting success of Its exclusive PGL Major partnership - over 6,500 new players registered on the site; FansUnite plans to launch first-ever VamosGG Cup CS:GO Tournament in Brazil early next year.

- In November 2021, FansUnite submitted its Application to the Alcohol and Gaming Commission of Ontario ("**AGCO**") to become a gaming related supplier in Ontario.

- In March 2022, FansUnite received a Gaming Related Supplier – Manufacturer license from the AGCO, allowing it to become a fully registered supplier of sports betting and internet gaming in Ontario, effective April 4, 2022.

CoPilot AI

CoPilot AI is a Software-as-a-Service (SaaS) company that uses AI technology to help sales teams automatically target qualified prospects on social media, initiate one-to-one conversations and surface timely sales opportunities without requiring any content marketing, spam emails or advertising. Clients of CoPilot AI include MassMutual, Merrill Lynch, UBS, New York Life and more. CoPilot AI is a BC Technology Impact Award finalist and was named the winner of the Best Pivot award by Canadian Business. Recent highlights of CoPilot AI include the following:

- In the first half of 2021, CoPilot AI was ranked #140 on Canadian Business Magazine's 2020 list of fastest-growing companies in Canada and #15 fastest growing companies in Vancouver.

- In the first half of 2021, CoPilot AI is accelerating revenue growth, momentum has seen quarterly double-digit growth drive their product offerings into new sectors and industries with excellent early adoption and customer feedback.

- CoPilot AI is also a BC Technology Impact Award finalist and named by Canadian Business as the winner of the Best Pivot Award and one of Canada's Fastest-Growing Companies.

Cloud Nine

Cloud Nine is an education technology company, with a mission to fuel innovation in the education sector. Cloud Nine's opportunities and partnerships are strategically positioned to capitalize on the dominance of emerging technologies and the growing need to learn faster and easier from experts in collaboration with key educators and influencers in the marketplace. Recent highlights of Cloud Nine include the following:

- In March of 2021, Cloud Nine completed an acquisition of certain intellectual property from VST, including a VPN platform, in exchange for $6 million, which was paid by the issuance of 4,411,765 common shares of Cloud Nine (CSE: CNI) at a deemed issue price of $1.36 per common share as per the agreement. VST recognized the fair value of the shares received at $7,764,706 based on the trading price of the Cloud Nine shares on the date of acquisition.
- In March of 2021, Cloud Nine launched a new education technology platform, designed to provide users with easy and simple guides to cybersecurity, wearable technologies, blockchain technology, cryptocurrencies and decentralized finance.
- In March of 2021, Web3 Tech entrepreneur Pavel Bains, CEO of Bluzelle Platform PTE Ltd., joined Cloud Nine as a strategic advisor.
- In April of 2021, Cloud Nine announced a strategic partnership to launch NFT products and managed services.

- In May of 2021, Cloud Nine added eBay managing director & WePay Korea CEO as a strategic advisors.

- In May of 2021, Cloud Nine strengthened its Advisory Board with the additions of the former Executive of PayPal Asia & the CEO of GLOCONTECH.

- In June of 2021, Cloud Nine appointed former CEO of DMG Blockchain Solutions (TSXV: DMGI), Dan Reitzik, as special advisor to the Board of Directors.

Creator.co

Founded in 2016, Creator.co is a fully automated platform that connects brands with creators to drive awareness, content and conversions on Instagram, Facebook, Twitter, Youtube, and TikTok. Recent highlights of Creator.co include the following:

- In March of 2021, Creator.co partnered with One Tree Planted to see that every collaboration on the platform yields a new tree planted in an area of need.
- In July of 2021, Influencer Marketing Hub listed Creator.co as one of the Top 10 Influencer Marketing Platforms for 2021.
- In August of 2021, VST announced signing an LOI for a follow-on investment in Creator.co. Funds will be used to complete the development of an add-on feature which will allow creators to launch their own digital currency powered by the blockchain.
- In August of 2021, Creator.co announced that over 90,000 Creators are currently collaborating with brands through Creator.co (with over 10,000 new Creators being added monthly).
- In August of 2021, Creator.co announced that Creator has deployed campaigns for hundreds of Brands including Walmart, Colgate, Minhas Distilleries, CrayolaBox, Zero Water, Freeyum, and Vasanti.
- In November 2021, Victory Square announced that it had signed a share purchase agreement on October 13, 2021 to invest in Creator.co. In connection with the investment, the Company acquired 1,052,941 common shares in the capital of Creator.co ("SNS Shares") in consideration for $1,000,000, with 352,941 SNS Shares purchased at a deemed price per SNS Share of $0.85 and 700,000 SNS Shares purchased at a deemed price per SNS Share of $1.00. Victory Square paid the purchase price through the issuance of 1,000,000 common shares of the Company at a deemed price per VST share of $1.00. Furthermore, in connection with the investment, the Company agreed issue additional VST shares or pay in cash any deficiency resulting from value of the VST shares (as determined by the market price of the VST shares) being below $1.00 per share at certain future milestones.

Stardust Solar

Founded in 2017, Stardust Solar is a leader in renewable energy education in Canada, providing Canadian Standards Association ("**CSA**") and North American Board of Certified Energy Practitioners® ("**NABCEP**") approved design and installation training with hands-on experience. Stardust Solar is also one of the first companies in North America to offer a franchise opportunity dedicated to the installation of solar PV systems. Stardust Solar also offers training courses in Solar PV Installation, EV Charger Installation, Solar Hot Water, Wind Energy, and Wave Energy. Recent highlights of Stardust Solar include the following:

- In June of 2021, VST Announced Completion of Investment in the renewable energy company Stardust Solar.
- In June of 2021, Stardust Solar acquired the Canadian Solar Institute.
- In June of 2021, Stardust Solar became the first and the only coast to coast authorized Canadian dealer of the highly sought-after solar and energy services provider, SunPower.
- In December of 2021, Stardust Solar announced the completion of Canada's first-ever SunPower Corporation installation.

Other Highlights – Digital Currencies

Covalent CQT

The data powering the DeFi economy. Covalent provides a unified application programming interface ("**API**") to bring full transparency and visibility to assets across blockchain networks. Covalent was acquired by Byzantine Labs, a blockchain start-up, and has partnered with OpenDeFi to enhance the transparency of tokenized real-world assets. Covalent has also launched "One Million Wallets: A Celebration of Ethereum 2.0". Recent highlights of Covalent include the following:

- In May of 2021, Covalent closed $10 million in a public sale of its CQT token on the distribution platform CoinList.

- Covalent's CQT token price as of December 31st, 2021 is $0.73.

- At December 31, 2021, the Company held 6,363,965 founder tokens of the digital currency Covalent CQT, which will be released over a period of fifteen months from the date of issuance on June 23, 2021. During the year ended December 31, 2021, the Company owned 6,363,965 Covalent CQT founder tokens with $1,590,991 held in the Company's digital wallet and the remaining 4,772,974 held in trust for future release as at December 31 2021. As digital assets are accounted for under IAS 28, Intangible Assets, the tokens were recorded at their cost to the Company $Nil.

Key Transactions in 2020

The following key transactions were recorded in the 2020 Financial Statements:

- On March 26, 2020, FansUnite completed a private placement, issuing 8,948,326 common shares of FansUnite for gross proceeds of $3,131,918, and concurrently completed the acquisition of McBookie, a provider of betting services in the United Kingdom, for $2 million. As a result of the private placement, the Company's interest in FansUnite was reduced from 48.55% to 7.02% and FansUnite was deconsolidated from the Company's financial statements.
- On April 16, 2020, the Company sold 50% of its interest in a loan receivable (the "**Just Games Loan**") from Just Games Entertainment Inc. ("**Just Games**"), as well as a 50% interest in two minor investments of GameOn (the "**GameOn Interest**"), to FansUnite in exchange for 3,142,857 common shares of FansUnite.
- On June 3, 2020, the Company completed a transaction pursuant to which VS Health acquired all of the issued and outstanding shares of Comercio de Diagnosticos Ltd. ("**Safetest**"), the developer of the Safetest COVID-19 Assay Tests, in exchange for the issuance of 400 common shares of VS Health, representing an 80% interest in VS Health. As a result, the Company's interest in VS Health was reduced from 100% to 20% and VS Health was deconsolidated from the Company's financial statements and is now a Portfolio Company.
- On October 9, 2020, the Company and GameOn re-acquired the 50% interest in the Just Games Loan from FansUnite in exchange for the cancellation of FansUnite shares held by the Company, as well as forgiveness of outstanding debts held by FansUnite and due to the Company.
- On November 9, 2020, the Company completed a private placement of 11,713,053 special warrants of the Company ("**2020 Special Warrants**") at a price per 2020 Special Warrant of $0.52 for gross proceeds of $5,590,788 and settlement of $500,000 of debt owing to the chief executive officer of the Company.
- On December 1, 2020, GameOn acquired substantially all of the assets of GameOn App Inc. ("**GOAI**") in exchange for the issuance of common shares of GameOn, the assumption of certain debt of GOAI, the issuance of a convertible note to the former chief executive officer of GOAI, and contingent consideration GOAI and the former CEO of GOAI, who became the chief executive

officer of GameOn, upon completion of the transaction. As a result, the Company's interest in GameOn was reduced from 100% to 64.39%.

- On December 10, 2020, GameOn entered into an amending agreement with Just Games, modifying the terms of the Just Games Loan to provide that it would 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.
- On December 31, 2020, GameOn settled outstanding deposits by the issuance of common shares of GameOn. Additionally, the Company surrendered shares of GameOn such that the Company's interest in GameOn was further reduced from 64.39% to 55.87%.

Key Transactions in 2021

The following key transactions were recorded in the 2021 Financial Statements:

- On January 15, 2021, GameOn settled their outstanding loan to Runway Finance Group Inc. ("**Runway**") for 916,702 common shares of GameOn with a fair value of $229,175.
- On January 15, 2021, GameOn issued a non-interest-bearing convertible debenture of $1,400,000 to the Company maturing on January 15, 2023. The holder can convert the debenture all or in part at any time before the maturity date at $0.25 per share.
- On February 1, 2021, the Company entered into an agreement to purchase various blockchain assets from Aspen in exchange for 4,600,048 common shares valued at $0.77 per common share or $3,542,037 in total as well as forgiveness of debt of $1,994,261 for a total consideration of $5,536,298.
- On February 10, 2021, the Company closed the acquisition of the shares of Hydreight for total consideration of USD $1,600,000 via issuance of 3,007,058 common shares. 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 $162,446 as finder's fee on the transaction settled through the issuance of 232,066 common shares.
- On February 16, 2021, the Company filed a final short form prospectus qualifying the 2020 Special Warrants and in connection therewith each 2020 Special Warrant converted into a common share and one-half of one share purchase warrant (a "**2020 SW Unit Warrant**") resulting in the issuance of an aggregate of 11,713,053 common shares and 5,856,526 2020 SW Unit Warrants. Each 2020 SW Unit Warrant is exercisable to acquire one additional common share at $0.78 until November 9, 2023.
- On March 5, 2021, the Company sold a version of certain intangible assets acquired from Aspen to 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. The fair value of the intangible assets sold was $254,357, and the Company recognized a gain on the sale of $7,510,349.
- On March 11, 2021, GameOn completed its financing of 16,505,536 subscription receipts at a price of $0.35 for gross proceeds of $5,776,938.
- On March 12, 2021, the Company sold its interests in Talo Flow for USD $325,000. In early 2021, Talo Flow split their stock 2000:1 such that the Company's holding increased from 500 common shares to 1,000,000. The Company was looking for an exit strategy for this investment and was able to secure a buyer and negotiate for a price of USD $0.325 per share. The Company received funds and transferred ownership of the shares on March 12, 2021.
- On March 15, 2021, GameOn received the third and final installment payment on the Just Games loan receivable. Total proceeds received on the loan during the period were $1,697,912.

- On April 1, 2021, XR Immersive Tech completed a non-brokered private placement of 4,691,180 common shares at a price of $0.25 per share for aggregate gross proceeds of $1,172,795. The proceeds for the private placement was received in the prior year and recognized as NCI.
- On April 23, 2021, XR Immersive Tech completed a non-brokered private placement of subscription receipts by the issuance of 6,750,803 subscription receipts at a price of $0.35 per subscription receipt for aggregate gross proceeds of $2,362,781. XR Immersive Tech subsequently filed a final long form prospectus dated August 9, 2021 and in connection therewith each XR Immersive Tech subscription receipt converted into one common share of XR Immersive Tech and one half of one common share purchase warrant of XR Immersive Tech with each such full warrant exercisable for a period of 24 months to acquire an additional common share of XR Immersive Tech at $0.52.
- On May 14, 2021, GameOn settled an outstanding convertible debenture with a balance of $1,538,482 through the issuance of 6,125,933 common shares of GameOn.
- On May 27, 2021, VST issued a dividend to shareholders of 1,999,974 common shares of GameOn at a price of $0.25 per share for a total value of $499,994.
- On June 8, 2021, the Company purchased 25,000 shares in Stardust Solar representing a 20% interest in Stardust Solar through the issuance of 674,157 common shares of the Company at a price per common share of $0.65 for total fair value of $438,202 and contingent consideration of $130,918 for aggregate consideration of $569,120.
- On June 23, 2021, the Company entered into a sub-lease agreement with an underlying lease commitment term from September 1, 2021, to December 30, 2024. The lease agreement provides for a monthly payment of $21,503, comprised of a monthly base rent of $2,766 and fixed operating costs of $18,737, for the duration of the term of the lease commitment. The Company itself earns sub-lease revenue to several tenants to which sub-lease a portion of the premises.
- On September 9, 2021, the Company signed an agreement to increase their holdings in Silota by 12.5% as well as acquire a convertible promissory note due from Silota via two installment payments of $150,000 each as well as delivery of 200,000 shares of a former subsidiary company with a fair value of $46,000.
- On December 17, 2021, the Company sold its 25% share holdings of Silota as well as settled the related party receivables. In exchange, the Company received a licence agreement with Silota. The license shall be in the form of a future non-exclusive, non-transferable, non-refundable, non-assignable license to Silota's blockchain query technology. The value of the investment as accordingly $Nil as at December 31, 2021.
- At year end December 31, 2021, the Company held 6,363,965 tokens of the digital currency Covalent CQT which had a market value of $3,391,357 on December 31, 2021 less a 27% discount for liquidity on market due to the tokens being tradeable over a period of fifteen months from the date of issuance on June 23, 2021.
- In the year ended December 31, 2021, the Company exercised 350,000 warrants of Argo at a value of 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 year ended December 31, 2021, the Company sold all 350,000 common shares of Argo for gross proceeds of £659,729 or $1,135,937. Transfer agent fees were £7,071 or $12,173 and a loss on sale of investment of £296,047 or $324,369 was recognized. Before disposing of the shares, the Company recognized a fair value loss of $216,366.
- During the year ended December 31, 2021, the Company sold 1,932,436 shares of FansUnite for net proceeds of $1,710,551 and recognized a gain on the sale of $208,925 less transfer agent expenses of $17,297. The Company also transferred 171,429 common shares of FansUnite to a shareholder of the Company which was recorded as a $44,572 dividend in kind.
- During the year ended December 31, 2021, the Company sold 97,000 shares of Cloud Nine for net proceeds of $34,998 and recognized a loss on the sale of $3,480.

- In February 2021, the Company began a Normal Course Issuer Bid ("**NCIB**") Common Share buyback program. During the year ended December 31, 2021, the Company bought back 562,000 common shares with fair value of $270,543. Common shares were repurchased under the NCIB and have been cancelled and returned to treasury.

Summary of Quarterly Results

The table below sets out a summary of certain financial results of the Company over the past eight quarters and is derived from the audited annual consolidated financial statements and unaudited quarterly consolidated financials statements of the Company.

Fiscal Quarter Ended	Revenue	Net Earnings (Loss) for the Period	Comprehensive Earnings (Loss) for the Period	Basic Earnings (Loss) Per Share	Fully Diluted Earnings (Loss) Per Share
December 31, 2021	742,824	(12,062,119)	(12,058,693)	(0.14)	(0.14)
September 30, 2021	337,761	(3,942,795)	(3,942,212)	(0.04)	(0.03)
June 30, 2021	276,301	320,924	317,547	-	-
March 31, 2021	137,564	2,362,030	2,361,720	0.03	0.03
December 31, 2020	421,188	6,115,907	6,115,894	0.08	0.08
September 30, 2020	583,302	8,890,750	8,890,750	0.12	0.11
June 30, 2020	88,419	1,434,807	1,434,780	0.02	0.02
March 31, 2020	394,111	3,291,567	3,292,087	0.05	0.05

The Company invests in early-stage technology companies. Increases and decreases in the value of those companies have the greatest impact on the results of operations of the Company from quarter to quarter. It is within the business cycle to see periods of net losses when first investing in a new company, spending 18-36 months incurring expenses and building the business, and then in subsequent periods realizing the gains and revenues from those early investments. This trend can be seen in the quarterly information above as the Company made major investments in 2018, incurred expenses and losses in 2019 while investing in those companies, and then began to monetize and realize gains and net income in 2020 and 2021 as the companies mature and increase in value.

- The net loss for the quarter ended December 31, 2021, is largely related to losses and write downs on portfolio investments as well as the reclassification of research and development costs incurred in XRI, Hydreight, and VSDH from intangible asset to expense.
- The net loss for the quarter ended September 30, 2021, is largely related to losses and write downs on portfolio investments as well as losses incurred by subsidiary XR Immersive Tech due to building the UNCONTAINED business unit as well as increased general and administrative expenses. This loss was reduced by a capitalization of research and development expenses incurred by XR Immersive Tech.
- The net loss for the quarter ended June 30, 2021, is related to losses incurred by subsidiaries XR Immersive Tech and GameOn prior to deconsolidation as well as a large fair value loss on two investments, partially offset by a large gain on deconsolidation of GameOn.
- The positive net earnings for the quarter ended March 31, 2021, is related to the gain on sale of blockchain intangible assets to Cloud Nine in the period as well as a gain on the exercise of warrants for Argo blockchain.
- The large positive net earnings for the quarter ended December 31, 2020, is related to a significant increase in the share price of FansUnite, of which the Company holds several million shares, resulting in a large fair value gain under IFRS 9. A fair value gain of $9,572,995 was recognized in the quarter for a cumulative fair value gain on the Company's investment in FansUnite of $10,071,522. This gain was offset but impairments of several other investments including Flo Digital. Additionally, the Company recognized high operating expenses for legal and accounting

matters as they prepared to two subsidiaries for going public transactions expected to occur in 2021.

- The large positive net earnings for the quarter ended September 30, 2020, is related to the increase in the fair value of VS Health under IFRS 9, due to its acquisition of Safetest. A fair value gain of $11,952,000 was recognized in the quarter. This gain was offset by an impairment of the Just Games Loan receivable to 40% of the face value of the loan. Additionally, the Company recognized high operating expenses for legal matters as they underwent several transactions in the period.
- The relative lower net earnings for the quarter ended June 30, 2020, is related to the only major event in the quarter being the partial sale and de-consolidation of VS Health, which resulted in a gain on deconsolidation, but to a lesser extent that of FansUnite in the first quarter of 2020. A deconsolidation gain of $696,328 was recognized in the quarter. The Company did not have significant operating expenses in this period due to slowing of certain business segments with the COVID-19 pandemic.
- The large positive net earnings for the quarter ended March 31, 2020, is related to the fact that FansUnite was publicly listed in the quarter ended March 31, 2020, which resulted in a large gain on deconsolidation of the formerly consolidated subsidiary. The gain on deconsolidation was $4,311,300 for the quarter. The Company also realized offsetting expenses in order to prepare the subsidiary for its initial public offering, which decreased the net income for the period.

Selected Annual Information

The table below sets out selected annual financial results of the Company and is derived from the Financial Statements.

	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Current assets	$ 5,442,063	$ 6,955,646	$ 1,196,667
Non-current assets	31,889,090	35,696,561	12,354,512
Total assets	37,331,153	42,652,207	13,551,179
Currrent liabilities	5,350,988	3,717,321	2,344,651
Non-current liabilities	821,154	230,059	1,437,563
Total liabilities	6,172,142	3,947,380	3,782,214

			Year ended December 31,
	2021	2020	2019
Total revenue	$ 1,494,450	$ 1,487,020	$ 3,528,180
Net income (loss)	(15,745,665)	19,733,031	(8,917,573)
Comprehensive income (loss)	(15,745,343)	19,733,511	(8,916,911)
Net income (loss) per share, basic	(0.15)	0.27	(0.10)
Net income (loss) per share, diluted	(0.15)	0.26	(0.10)

No cash dividends have been declared by the Company in their operating history.

Discussion of Operations

The 2021 Financial Statements comprise the financial statements of the Company plus the financial statements of the subsidiaries of the Company described in the table below:

	Percentage Ownership as at	
	December 31, 2021	December 31, 2020
Draft Label	100.00%	100.00%
PDL USA	100.00%	100.00%
XR Immersive Tech	69.80%	100.00%
GameOn (1)	22.39%	55.87%
V2G USA (1)	22.39%	55.87%
Victory Entertainment	100.00%	100.00%
BlockX Capital	100.00%	N/A
VS Blockchain Assembly	100.00%	N/A
VS Digital Health	100.00%	100.00%
Hydreight	100.00%	N/A

(1) GameOn was deconsolidated from the Company as of May 26, 2021 when management deemed a loss of control.

Continuing Operations

Revenue

Revenue for the year ended December 31, 2021, was $1,494,450 compared to $1,489,646 for the corresponding prior year period. Revenue for the three months ended December 31, 2021, was $745,615 compared to $423,814 for the corresponding prior year period. The slight increase in revenue is primarily related to the decrease in XR Immersive Tech's immersive experience revenue as a result of the COVID-19 pandemic and shift towards a new project under development offset by management fees and sublease revenue. Other factors that contributed to the overall difference was the revenues generated from advertising on GameOn's app, which was not held in 2020. Software sales were from one product by Draft Label in 2020 and 2021. Hydreight, which was acquired in February 2021, had revenues in 2021 related to their services. For more information on COVID-19's impact on the Company, see "*COVID-19 Pandemic*".

The table below sets out revenues of the Company:

	Year ended December 31,	
	2021	2020
Immersive experiences	$ 107,960	$ 1,440,140
Film royalties	-	44,549
Health	1,051,800	-
Software	36,803	4,957
Management fees	267,000	-
Sublease	30,887	-
	$ 1,494,450	$ 1,489,646

Cost of Goods Sold

Cost of goods sold for the year ended December 31, 2021, was $584,314 compared to $961,858 for the corresponding prior year period. Cost of goods sold for the three months ended December 31, 2021, was $295,888 compared to $434,916 for the corresponding prior year period. The change in cost of goods sold is related to the above-described decrease in immersive experiences revenue related to the COVID-19 pandemic. Hydreight also incurred a large amount of cost of goods sold expenses in the second half of

2021 compared to the corresponding prior year comparative period when the Company did not hold that subsidiary. For more information on COVID-19's impact on the Company, see "*COVID-19 Pandemic*".

The table below sets out the cost of goods sold of the Company:

	Year ended December 31,			
		2021		2020
Immersive experiences	$	108,737	$	804,253
Health		460,372		-
Software		15,205		157,605
	$	584,314	$	961,858

Gross Margin

The gross margin for the year ended December 31, 2021, was $910,136 or 61% compared to $527,788 or 35% for the corresponding prior year. The gross margin figure and percentage for the year ended December 31, 2021, was heavily influenced from the pivot in product delivery for XR Immersive Tech. XR Immersive Tech had minimal historical product offering, while also recognizing a portion of revenue based on percentage of completion of certain contracts. The increase in gross margin percentage for the year ended December 31, 2021, is due primarily to the online pharmacy sales of Hydreight as well as the reclassification of management fee and sublease to the revenue line item. The increase in revenues related to software, health services which have lower costs associated and therefore higher gross margins. Gross margin for film royalties and software sales are less meaningful to analyze given the nature of the investments being investments in for several years and the cash flows out for several years once the product is released. The investment is capitalized and amortized once released, but the amortization costs are not classified as cost of goods sold, and therefore the gross margin on these kinds of investments is less directly analyzed than a good like immersive services. For more information on COVID-19's impact on the Company, see "*COVID-19 Pandemic*".

The table below sets out gross margins of the Company:

	Year ended December 31,					
			2021			2020
Immersive experiences	-1%	$	(777)	44%	$	635,887
Film Royalties	0%		-	100%		32,006
Health	56%		591,428	0%		(1,183)
Software	59%		21,598	-5628%		(131,197)
Management fees	100%		267,000	0%		-
Sublease	100%		30,887	0%		-
		$	910,136		$	535,513

Expenses

For the year ended December 31, 2021, total expenses were $15,082,847 compared to $3,074,887 for the corresponding prior year period. For the three months ended December 31, 2021, total expenses were $7,119,747 compared to $1,701,498 for the three months ended December 31, 2020. Material variances over this period are discussed below.

Amortization and Depreciation

Amortization and depreciation were $2,595,222 for the year ended December 31, 2021, as compared to $169,267 for the corresponding prior year comparative period. For the three months ended December 31, 2021, amortization and depreciation were $2,041,733 compared to $153,355 for the three months ended December 31, 2020. The increase in this amount is attributable to amortization of three intangible assets acquired in early 2021 from Aspen and the amortization of the Hydreight intangible asset.

Donations

Donations were $288,358 for the year ended December 31, 2021 as compared to $20,500 for the corresponding prior year comparative period. Donations for the three months ended December 31, 2021, were $25,000 compared to $20,500 for the corresponding three month period ended December 31, 2020. The increase in this amount is attributable to the Company's commitment to philanthropic initiatives, described herein this MD&A.

General and Administration

General and administrative expenses were $746,693 for the year ended December 31, 2021 as compared to $189,095 for the corresponding prior year comparative period. For the three months ended December 31, 2021, as a result of several reclassifying entries, general and administration were $(160,354) compared to $69,197 for the corresponding three month period ended December 31, 2020. The increase in this amount for the fully year is due to the Company's increase spend on the areas of subscriptions, software, licencing, and fees and expenses related to two subsidiaries initial public offering (IPO) transactions. Additionally, the 2021 values include the operations of several more entities than that of the 2020 values, such that this amount would increase for more operations.

Investor Relations

Investor relations expenses were $617,779 for the year ended December 31, 2021, as compared to $76,181 for the corresponding prior year comparative period. For the three months ended December 31, 2021, investor relations were $70,703 compared to $55,831 for the corresponding three month period ended December 31, 2020. The increase in this amount is due to the Company's shift in spending towards preparing certain subsidiaries for going-public transactions. Additionally, investor relations expenses increased for the high volume of transactions the Company had in the current period and, as such, investor relations costs increased to reflect the increased disclosure needs.

Management Fees

Management fees were $387,516 for the year ended December 31, 2021 as compared to $118,713 for the corresponding prior year comparative period. Management fees for the three months ended December 31, 2021, were 8,900 compared to $21,213 for the corresponding three-month period ended December 31, 2020. The increase in the annual amount was due to changes in management fees charged to a former subsidiary no longer eliminated on consolidation, spending on management consultants in relation to the going public transactions of certain subsidiaries, as well as to support the continued operations of the Company as they grow and diversify into various industries.

Professional and Consulting Fees

Professional and consulting fees were $1,841,594 for the year ended December 31, 2021, as compared to $948,135 for the corresponding prior year comparative period. For the three months ended December 31, 2021, professional and consulting fees were $1,546,613 compared to $639,116 for the corresponding three month period ended December 31, 2020. The increase in this amount is related to legal, technical consulting fees, and audit costs related to two investee IPO transactions and transactions for Hydreight.

Research and Development

Research and development expense for the year ended December 31, 2021 was $2,307,999 as compared to $Nil for the corresponding prior year comparative period. For the three months ended December 31, 2021, research and development expense was $2,092,814 compared to $Nil for the corresponding three month period ended December 31, 2020. During the year ended December 31, 2021, XR Immersive Tech began incurring costs related to the UNCONTAINED project, both relating to the internal development of intangible software as well as a physical, customized shipping container. Hydreight also incurred research and development costs in this period for software development.

Sales and Marketing

Sales and marketing expense for the year ended December 31, 2021 were $1,259,442 as compared to $712,370 for the corresponding prior year comparative period. For the three months ended December 31, 2021, sales and marketing expense were $353,190 compared to $450,247 for the corresponding three month period ended December 31, 2020. The majority of the increase in sales and marketing expense is due to the Company's increased spending in connection with two financing transactions as well as the completed going public transactions of GameOn and XR Immersive Tech.

Share based payments

Share based payments expense was $2,794,297 for the year ended December 31, 2021, as compared to $Nil for the corresponding prior year comparative period. Share based payments for the three months ended December 31, 2021, was $409,289 compared to $Nil for the corresponding three month period ended December 31, 2020. This amount was due to the stock options granted and related share-based compensation expense recognized within the Company and subsidiaries GameOn and XR Immersive Tech. This was the first year both XR Immersive Tech and GameOn recognized share based payments for stock options issued to various directors, management, employees, and consultants.

Wages

Wages expense for the year ended December 31, 2021 was $1,755,645 as compared to $500,939 for the corresponding prior year comparative period. For the three months ended December 31, 2021, wage expense was $543,400 compared to $123,798 for the corresponding three month period ended December 31, 2020. The increase in wage expense in the period was driven by new hires at XR Immersive Tech to facilitate the increased workload relating to UNCONTAINED as well as XR Immersive Tech's IPO and wages compensation to select Hydreight employees. VST also incurred additional wage expense relating to increased compensation to current employees.

Segmented Operations

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

Legal Entities	Segment
Draft Label	Software
PDL USA	Software
Immersive Tech	Immersive Services
GameOn (1)	Gaming
V2G USA (1)	Gaming
Victory Entertainment	Investments
Victory Square (2)	Investments
BlockX Capital	Investments
VS Blockchain Assembly	Investments
VS Digital Health	Health
Hydreight	Health

(1) GameOn was deconsolidated from the company as of May 26, 2021 when Management deemed a loss of control.

(2) Parent corporation

Segmented operations were as follows as at and for the year ended December 31, 2021:

	Investments	Gaming	Software	Immersive Services	Health	Total
Current assets	$ 2,029,676	$ -	$ 50,274	$ 3,341,442	$ 20,671	$ 5,442,063
Non-current assets	32,099,804	-	(143,425)	23,833	(91,122)	31,889,090
	$ 34,129,480	$ -	$ (92,526)	$ 3,365,275	$ (70,451)	$ 37,331,153
Current liabilities	$ (768,728)	$ -	$ (38,271)	$ (3,997,958)	$ (546,031)	$ (5,350,988)
Non-current liabilities	(705,909)	-	(40,696)	(74,549)	-	(821,154)
	$ (1,474,636)	$ -	$ (78,967)	$ (4,072,508)	$ (546,031)	$ (6,172,142)

	Investments	Gaming	Software	Immersive Services	Health	Total
Revenue	$ 297,887	$ -	$ 36,803	$ 107,960	$ 1,051,800	$ 1,494,450
Cost of goods sold	-	-	(15,205)	(108,737)	(460,372)	(584,314)
Gross margin	297,887	-	21,598	(777)	591,428	910,136
Expenses	(8,980,567)	-	(360,001)	(4,852,215)	(890,064)	(15,082,847)
Discontinued loss	-	(2,423,705)	-	-	-	(2,423,705)
Gain on deconsolidation of subsidiaries	6,108,408	-	-	-	-	6,108,408
Deferred tax recovery	99,030	-	-	-	-	99,030
Other gains (losses)	(5,925,833)	-	106,764	469,395	(7,013)	(5,356,687)
Net income (loss)	(8,401,075)	(2,423,705)	(231,639)	(4,383,597)	(305,649)	(15,745,665)
Other Comprehensive Income	322	-	-	-	-	322
Comprehensive income (loss)	$ (8,400,753)	$ (2,423,705)	$ (231,639)	$ (4,383,597)	$ (305,649)	$ (15,745,343)

Segmented operations were as follows as at and for the year ended December 31, 2020:

	Investments	Gaming	Software	Immersive Services	Health	Total
Current assets	$ 4,722,050	$ 1,903,239	$ (323)	$ 270,762	$ 59,917	$ 6,955,646
Non-current assets	31,710,083	5,125,157	(1,385,975)	241,296	6,000	35,696,561
	$ 36,432,134	$ 7,028,396	$ (1,386,297)	$ 512,057	$ 65,917	$ 42,652,207
Current liabilities	$ 943,936	$ 2,558,922	$ 42,632	$ 165,349	$ 6,481	$ 3,717,321
Non-current liabilities	33,665	140,280	22,447	33,667	-	230,059
	$ 977,602	$ 2,699,202	$ 65,079	$ 199,016	$ 6,481	$ 3,947,380

	Investments	Gaming	Software	Immersive Services	Health	Discontinued Operations	Total
Revenue	$ 44,548	$ 2,626	$ 1,004	$ 1,441,468	$ -	$ -	$ 1,489,646
Cost of goods sold	(12,543)	(10,877)	(133,003)	(804,253)	(1,183)	-	(961,858)
Gross margin	32,005	(8,251)	(131,999)	637,216	(1,183)	-	527,788
Expenses	(2,110,147)	(928,882)	(203,427)	(726,578)	(35,260)	-	(4,004,295)
Other gains (losses)	23,401,838	(49,933)	17,541	208,282	-	-	23,577,728
Discontinued loss	-	-	-	-	-	(368,190)	(368,190)
Net income (loss)	$ 21,323,696	$ (987,065)	$ (317,886)	$ 118,919	$ (36,443)	$ (368,190)	$ 19,733,031

Discontinued Operations

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 parties 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 $4,311,300. After this de-consolidation date, the investment is recorded as an investment measured at fair value under IFRS 9.

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

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

Victory Square Health

On June 3, 2020, VS Health entered into an agreement with Safetest Comercio de Diagnosticos Ltd. ("**Safetest**") whereby Victory Square Health acquired all outstanding shares of Safetest in exchange for the issuance of 80% of the common shares of VS Health. The Company also contributed $400,000 in the form of an obligation to deliver cash. As at December 31, 2020, the Company had paid the entire balance of the obligation.

The Company's interest was reduced from 100% to 20% as a result of this transaction. Accordingly, the Company deconsolidated VS Health and recognized a gain on deconsolidation of $696,328. The investment in VS Health was subsequently recognized at fair value under IFRS 9.

For the period prior to deconsolidation, VS Health had a $14,020 net loss. There were no adjustments required for the discontinued cash flows due to VS Health's inactivity during these periods. Total assets and liabilities of VS Health are reported as assets and liabilities from discontinued operations as separate line items on the consolidated financial statements under IFRS 5.

For the year ended December 31, 2020, cash flows from discontinued operations relating to VS Health were $14,020 used in operating activities, and $68,000 provided by financing activities.

GameOn

Prior to May 26, 2021, the Company had control over GameOn and, as a result, the Company presented the assets, liabilities, certain reserves, and results of operations of GameOn in its consolidated financial statements.

On December 31, 2020, the Company held 24,293,101 or 55.87% of GameOn. On May 13, 2021, the Company transferred 2,020,000 shares of GameOn, with a fair value of $101,898, to various parties for no consideration to the Company decreasing the Company's holding to 22,273,101 or 50.16%. On May 14, 2021, the Company cancelled 6,125,933 shares of GameOn pursuant to GameOn's indenture debenture dated May 10, 2021, and to settle the outstanding convertible debentures in GameOn for the same number of shares with a value of $1,538,481 or $0.25 per share in GameOn but for no consideration to the Company. This transaction decreased the Company's holding to 16,147,168 or 36.37%. On May 26, 2021, GameOn completed a private placement which increased the total common shares outstanding and reduced the Company's ownership to 26.51%. Accordingly, at May 26, 2021, the Company deconsolidated GameOn and recognized a gain on deconsolidation of associate of $6,108,408. On May 27, 2021, the Company issued a dividend in kind of 1,999,974 GameOn common shares to Company shareholders valued at $499,992. As at June 30, 2021, the Company held 14,147,194 out of 62,936,922 or 22.48%. The Company transferred 200,000 shares as part of the consideration paid for another investment opportunity. After several additional GameOn share disbursements, the Company's holdings as at December 31, 2021 were 13,949,373 or 22.07%. After this de-consolidation date, the investment is recorded as an investment measured at fair value under IFRS 9.

For the period from January 1, 2021, to May 26, 2021, the net loss from GameOn is reported as loss from discontinued operations. The net loss from GameOn is as follows:

		January 1, 2021 to May 26, 2021		January 1, 2020 to December 31, 2020
Revenue	$	5,862	$	2,626
Cost of goods sold		39,879		10,351
		(34,017)		(7,725)
Expenses				
Amortization and depreciation		165,291		632,507
Foreign exchange gain		(1,239)		(113,436)
General and administration		190,265		13,873
Interest and accretion		195,465		300,204
Management fees		57,553		88,990
Professional and consulting fees		590,486		221,926
Sales and marketing		132,840		1,619
Share based compensation		958,526		-
Transfer agent and regulatory fees		21,237		9,791
Wages		377,333		74,138
Total expenses		(2,687,757)		(1,229,612)
Other items				
Impairment of related party receivable		(10,819)		(42,867)
Impairment of investments		-		(178,949)
Fair value loss on investments		-		(102,013)
Gain on derivative liability		27,008		14,820
Gain on disposal of assets		-		171,665
Gain on conversion of related party debt		-		-
Gain on settlement of debt		281,880		92,013
Gain on CEBA loan		-		27,733
Interest and other income		-		274,063
		298,069		256,465
Net loss	$	(2,423,705)	$	(980,872)

The major classes of assets and liabilities of GameOn are as follows:

		May 26, 2021		December 31, 2020
Assets				
Cash	$	6,230,826	$	135,476
Prepaids		89,117		60,620
Government sales tax receivable		23,115		9,231
Current portion of loan receivable		-		1,697,912
Investments		819,583		984,874
Advances		500		500
Intangible assets		941,000		941,000
Goodwill		3,432,783		3,432,783
Due from related party		373,279		103,816
Total Assets from Discontinued Operations	**$**	**11,910,203**	**$**	**7,366,212**
Liabilities				
Accounts payable	$	550,585	$	104,161
Accrued liabilities		22,384		56,771
Income taxes payable		21,404		21,405
Loan payable		-		295,077
Share consideration		104,542		104,542
Other payables		-		237,655
Obligation to issue convertible debentures		95,000		95,000
Convertible debentures		-		1,447,872
Related party loans		557,383		866,057
Derivative liability		-		97,896
Convertible note		-		8,758
CEBA loan		35,246		33,626
Total Liabilities from Discontinued Operations	**$**	**1,386,544**	**$**	**3,368,820**

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

		January 1, 2021 to May 26, 2021		January 1, 2020 to December 31, 2020
Net cash flows used in operating activities	$	(1,049,522)	$	(499,521)
Net cash flows provided by (used in) investing activities	$	(122,418)	$	4,042
Net cash flows provided by (used in) financing activities	$	7,144,871	$	573,859

Effect on Continuing Operations

The Company notes that the loss of control and subsequent deconsolidation of FansUnite, VS Health, and GameOn do not impact the remaining continuing operations of the Company. The Company operates in segments, with each legal entity having its own management, operations, and goals. The Company does provide occasional consulting services to these companies as part of their business model, to see their investments through their growth and into market, but to a much lesser extent than previously.

Liquidity

As at December 31, 2021, the Company had total current assets of $5,442,063 comprised of $4,376,374 in cash, $510,545 in prepaids, $289,291 in trade receivables, $121,835 in government sales tax receivable, and $144,018 in inventories.

As at December 31, 2021, the Company had total current liabilities of $5,350,988, comprised of $384,578 in trade payables, $727,702 in accrued liabilities, $387,160 in deferred revenue, $959,921 in related party loans, $2,560,172 in loan payable, $158,765 in other payables and $172,690 in current portion of lease liability.

As at December 31, 2021, the Company had working capital of $91,075, comprised of $5,442,063 in current assets and $5,350,988 in current liabilities.

As at December 31, 2020, the Company had a working capital of $3,238,325, comprised of $6,955,646 in current assets and $3,717,321 in current liabilities.

The Company's ability to meet its ongoing obligations and activities depends on its ability to generate cash flow through the issuance of common shares of the Company pursuant to equity financings and short-term or long-term loans. Capital markets may not be receptive to future offerings of new equity from treasury or debt, whether by way of private placements or public offerings. The Company currently has ample funding from the latest private placement transaction. Future funding is available through sale of shares in publicly held companies that are becoming unrestricted in 2022 and onwards.

Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**After 5 years**
Other payables	$ 158,765	$ 158,765	$ -	$ -	$ -
Leases	636,039	$ 172,690	$ 463,349	$ -	$ -
CEBA Loans	122,150	-	-	122,150	-
Total Contractual Obligations	$ 916,954	$ 331,455	$ 463,349	$ 122,150	$ -

Capital Resources

As at the date hereof, there are 97,930,700 common shares, 6,878,218 common share purchase warrants and 7,702,500 stock options outstanding.

Each warrant is exercisable for the purchase of one common share. Of the warrants, 5,806,526 are 2020 SW Unit Warrants and exercisable at $0.78 per common share and expire on November 9, 2023. As at the date of this MD&A, there are also 298,825 warrants exercisable at $0.78 and expiring on November 9, 2023, and 772,867 warrants exercisable at $0.52 and expiring on November 9, 2023 issued to certain finders, brokers and agents in connection with the Company’s prior financing transactions.

Each option is exercisable for the purchase of one common share. Of the options, 4,162,500 are exercisable at $0.15 per common share and expire on March 17, 2025; 2,765,000 are exercisable at $0.60 per common share and expire on January 11, 2024; 150,000 are exercisable at $0.94 per common share and expire on February 24, 2023; 300,000 are exercisable at $0.80 per common share and expire on April 23, 2023; 250,000 are exercisable at $0.51 per common share and expire on July 22, 2024; 75,000 are exercisable at $0.53 per common share and expire on July 28, 2023, 165,000 are exercisable at $0.43 per common share and expire on December 21, 2022, 125,000 are exercisable at $0.43 and expire on December 21, 2023, and 300,000 are exercisable at $0.43 and expire on December 28, 2023.

There are no other sources of financing arranged but not yet used by the Company. There are no commitments for capital expenditures.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial performance or financial condition, including with respect to revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Transactions Between Related Parties

Related Party Transactions

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

		December 31, 2021		December 31, 2020
Management fees accrued for Shafin Tejani, CEO	$	32,500	$	130,000
Professional fees paid to ARO Consulting Inc., a company owned by Sheri Rempel, CFO	$	250,044	$	178,615
Interest on loan due to Shafin Tejani, CEO	$	2,168	$	13,034
Share-based compensation to various related parties	$	942,196	$	-
Share-based compensation of GameOn to various related parties	$	159,410	$	-
Share-based compensation of XRI to various related parties	$	46,961	$	-

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 - $130,000) in management fees and $187,500 in salaries (2020 - $Nil) to the CEO;
- $227,500 (2020 - $120,000) in salary to the COO;
- $250,044 (2020 - $178,615) in professional fees to companies controlled by the CFO, for controller, bookkeeping, corporate secretarial and CFO services;
- $942,196 (2020 - $Nil) in share-based compensation to various Directors and Management of the Company;
- $159,410 (2020 - $Nil) in share-based compensation related to GameOn stock options to various Directors and Management of GameOn Entertainment; and
- $46,961 (2020 - $Nil) in share-based compensation related to XR Immersive Tech stock options to various Directors and Management of XR Immersive Tech.

Due from Related Parties

		December 31, 2021		December 31, 2020
Due from Aspen	$	-	$	2,072,015
Due from a Director		250		52,750
Due from Subsidiary Management		8,252		-
Due from Victory Square Health		-		239,533
Due from Silota		-		73,834
Due from Stardust Solar		200,000		-
Due from CoPilot.AI		2,095		2,095
	$	210,597	$	2,440,227

The majority of the amount due from Aspen was 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 year ended December 31, 2021, the Company settled $1,994,261 of this receivable via an asset acquisition of blockchain intangible assets.

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. The majority of this amount was settled via consulting services within the fiscal year 2021. Amounts are unsecured, non-interest bearing, and due on demand.

The amount due from VS Health is an intercompany receivable which was previously eliminated on consolidation, but which is now recognized as a result of the deconsolidation of VS Health. The balance of the amount due from VS Health at the time of forgiveness was $228,843, which was recorded against reserves as a related party debt forgiveness in the year ended December 31, 2021.

The loan due from Silota was secured under a General Security Agreement, non-interest bearing, contained a conversion feature which had not been triggered as of the date of these financial statements, and had 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. In the year ended December 31, 2021, the Company entered into an agreement to increase their investment in Silota as well as acquire a convertible promissory note valued at $300,000. The Company made two cash payments as well as transferred shares of GameOn to acquire the note as well as a 12.5% interest in Silota shares from the vendor. The fair value of consideration was allocated to the note and investment accordingly. The Company then entered into another agreement to settle all investment and loan amounts with Silota in exchange for a licence agreement to obtain access to future blockchain technology platform. Therefore, the balance of this related party loan amount as at December 31, 2021 was $Nil and a $142,577 loss on settlement of related party loan was realized.

As part of the Company's investment in Stardust Solar, the Company originally pledged up to $100,000 in cash as a loan to Stardust Solar. As of December 31, 2021, this amount was increased due to additional funding requirements by Stardust Solar. As at December 31, 2021, $200,000 had been advanced to Stardust Solar and is recorded as a related party loan. Amounts are unsecured, non-interest bearing, and due on demand.

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

	December 31, 2021	December 31, 2020
Due to Aspen	$ -	$ 77,754
Due to Limitless	-	202,844
Due to Shop & Shout	550,352	-
Due to Stardust Solar	130,918	-
Due to CEO	278,651	75,220
	$ 959,921	$ 355,818

As at December 31, 2021, the Company has $Nil (2020 - $77,754) in related party loans due to Aspen, $Nil (2020 - $202,844) due to Limitless, $550,352 (2020 - $Nil) due to Shop & Shout, and $130,918 (2020 - $Nil) due to Stardust Solar. These related party loans are unsecured, due on demand, and non-interest bearing.

As part of the asset acquisition from Aspen, the Company settled all remaining balances with Aspen and Limitless of $77,754 and $202,844, respectively, were part of the consideration to the transaction.

The amount due to Shop & Shout relates to a clause within the Shop & Shout investment agreement wherein the Company shall pay amount equal to difference between aggregate value of already issued or transferred VST shares and the sum of $1,000,000 to reach a total sum of $1,000,000. On the date of closing of the investment transaction, the value of VST common shares issued for the investment was $425,000. The value of this financial instrument as of December 31, 2021, was determined to be $550,352 using historical stock price data and scenario modelling such that the total investment value was $975,352.

The amount due to Stardust Solar relates to a clause within the Stardust Solar investment agreement wherein the Company shall pay amount equal to difference between aggregate value of already issued or transferred VST shares and the sum of $600,000 to reach total sum of $600,000. On the date of closing of the investment transaction, the value of VST common shares issued for the investment was $438,202. The value of this financial instrument as of December 31, 2021, was determined to be $130,918 using historical stock price data and scenario modelling such that the total investment value was $569,120.

As at December 31, 2021, the Company has $278,651 (2020 - $75,220) in related party loans due to the CEO, which includes $2,168 (2020 - $Nil) in accrued interest. This related party loan is unsecured, due on demand, and bear interest at 3%.

Related Party Balances

As at December 31, 2021, the Company has $106,508 (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.

Proposed Transactions

There are no proposed transactions for the Company as at the date hereof. All events which have completed subsequent to the date of the Financial Statements and prior to the date of this MD&A are summarized in the subsequent event note to the financial statements.

Critical Accounting Estimates

The Company's significant accounting estimates are presented in Note 2 in the notes to the 2021 Financial Statements. The preparation of the Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period presented and reported amounts of expenses during the same period. Actual outcomes could differ from these estimates. The 2021 Financial Statements include estimates, which, by their nature, are uncertain. The impact of such estimates may require accounting adjustments based on future occurrences. Any revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods if the revision affects the future. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty at the end of the reporting period that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made include, but are not limited to, the following:

- The preparation of the 2021 Financial Statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, and expenses.
- The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.
- Critical judgements are made in particular with regard to assessment of impairment to the carrying value of the Company's assets.
- At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. If the recoverable amount of an asset is estimated to be less than its carrying

amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognized in the statement of income (loss) and comprehensive income (loss) for the period.

- Changes in any of the assumptions used in impairment testing could materially affect the result of the analysis.

As at December 31, 2021, the Company reviewed the carrying value of its remaining assets and determined that there were no indicators of impairment further to the impairments recognized in the 2021 Financial Statements.

Changes in Accounting Policies including Initial Adoption

Leases

On January 1, 2019, the Company adopted IFRS 16 – Leases ("IFRS 16") which replaced IAS 17 – Leases ("**IAS 17**") using the modified retrospective approach, under which the cumulative effect of initial application was recognized on the statement of financial position as at January 1, 2019 without restating the financial statements on a retrospective basis. The most significant effect of the new standard is the lessee's recognition of the initial present value of unavoidable future lease payments as right-of-use ("**ROU**") assets and lease liabilities on the statement of financial position, including those for most leases that would currently be accounted for as operating leases. Both leases with durations of 12 months or less and leases for low-value assets may be exempted.

Financial Instruments

IFRS 9 – *Financial Instruments* uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39. The Company has applied IFRS 9 in the preparation of the current and prior period financial statements.

Revenues

IFRS 15 – *Revenues* replaced the previous revenue standard IAS 18 and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under this standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. We have applied IFRS 15 in the preparation of the current and prior period financial statements and noted no material impact upon adoption.

Digital Assets

The determination of a principal market is specific to a particular digital asset. To determine which exchange is the principal market for the purpose of calculating the fair value less cost to sell of a particular digital asset, the Company considers only those exchanges that are available to be used by the Company, have an online trading platform and published transaction price and volume data. The Company evaluates the principal markets annually and conducts a quarterly analysis to determine if any changes in principal market required. Changes in estimates and assumptions about these inputs could affect the reported fair value.

At December 31, 2021, the Company held 6,363,965 founder tokens of the digital currency Covalent CQT, which are tradeable over a period of fifteen months from the date of issuance on June 23, 2021. During the year ended December 31, 2021, the Company owned 6,363,965 Covalent CQT founder tokens with $1,590,991 held in the Company's digital wallet and the remaining 4,772,974 held in trust for future release as at December 31 2021. As digital assets are accounted for under IAS 28, Intangible Assets, the tokens were recorded at their cost to the Company $Nil.

Financial Instruments and Other Instruments

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.

The different levels for valuation of financial instruments carried at fair value 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, other payables, convertible debentures and related party loans. The carrying value of financial instruments approximates the fair value as at December 31, 2021.

Other Risks and Uncertainties

The Company is in the investment management business and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. The Company has no material ongoing revenue or income from operations. The Company has limited capital resources and must rely upon the sale its assets or sale of its common shares for cash required to make new investments and to fund the administration of the Company.

These risks may not be the only risks faced by the Company. Additional risks and uncertainties not presently known by the Company or which are presently considered immaterial may also adversely impact the Company's business, results of operations and financial performance. The most significant risks and uncertainties faced by the Company are set out below.

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:

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 accounts in Canada and the USA. 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. The Company's exposure to credit risk on cash is assessed as low.

The Company's receivables consist of trade receivables, government sales tax receivable, loan receivable and due from related parties. Based on the evaluation of receivables as at December 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 the Company's exposure to credit risk to be high.

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 risk.

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.

The Company's exposure to liquidity risk is assessed as high.

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.

Limited Operating History

The Company has limited operating history as an investment company and no operating history as a portfolio manager in making investments in the technology industry. The Company and its business prospects must be viewed against the background of the risks, expenses and problems frequently encountered by companies in the early stages of their development, particularly companies in new and rapidly evolving markets.

Limited History of Profitability

Last year was the first year that the Company had made profits since its incorporation. Its future profitability will depend upon its success in making strategic investments in and monetize those investments. Because of the limited operating history and the uncertainties regarding the development of certain technologies and industries in which the Company invests, there are significant risks associated with the Company's investment strategy.

Going-Concern Risk

The 2021 Financial Statements have been prepared on a going-concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financing or in achieving profitability. The 2021 Financial Statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

Negative Cash Flow

The Company has a limited history of operations, and very little history of earnings, positive cash flows, or profitability. The Company has had negative operating cash flow since inception, and the Company will continue to have negative operating cash flow for the foreseeable future. No assurance can be given that the Company will ever attain positive cash flow or profitability or that additional funding will be available for operations.

Additional Requirements for Capital

Substantial additional financing may be required if the Company is to be successful in developing a diversified and material portfolio of investments. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future development. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated investments.

Risks Relating to Existing and Future Investments

The Company may, in the future, make investments that may, in part, be financed by the Company. Existing investments and future investments made by the Company should be considered speculative and there is no guarantee that any such investment will earn any positive return in the short term or long term. Businesses that the Company invests in may also request additional funding from the Company to support their operations and growth, and there is no assurance that such funding will be available to the Company from external sources on acceptable terms or at all.

The Company intends to pursue opportunities outside of the Company's existing business segments that would diversify the asset base, the success of which will depend, in part, on its ability to: identify suitable investments; negotiate the purchase of such investments on terms acceptable to it; complete the investments within expected time frames; and capitalize on such investments. Further, the profitability of such investments will be dependent upon a variety of potential factors depending on the underlying industry, for example, the market price of commodities, the level of interest rates, global economic conditions, political conditions, speculative activities, stability of exchange rates and other factors beyond the control of the Company. Investments in companies with publicly traded securities may experience substantial volatility and would be subject to market trends and macroeconomic conditions generally, notwithstanding any potential success of such companies in creating revenues, cash flows or earnings and may not accurately reflect the long-term value of such companies. There can be no assurance that continual fluctuations in price will not occur in such instances. The Company invests in and may make future investments in securities of private companies. In some cases, the Company may be restricted by contract or by applicable securities laws from selling such securities for a period of time. Such securities may not have a ready market and the inability to sell such securities or to sell such securities on a timely basis or at acceptable prices may impair the Company's ability to exit such investments when the Company considers it appropriate. Foreign investments that may be made by the Company in specific sectors such as natural resource, industrial or technology may be subject to political risks, risks associated with changes in foreign exchange rates, foreign exchange control risks and other similar risks. The Canadian dollar equivalent of the Company's net denominated assets and dividends would be adversely affected by reductions in the value of the applicable foreign currencies relative to the Canadian dollar and would be positively affected by increases in the value of the applicable foreign currencies relative to the Canadian dollar.

The Company invests in and may make future investments in securities of companies that the Company does not control. These investments will be subject to the risk that the company in which the investment is made may make business, financial or management decisions with which the Company does not agree or that the majority stakeholders or management of the company may take risks or otherwise act in a manner that does not serve the Company's interests. If any of the foregoing were to occur, the values of investments by the Company could decrease and the Company's financial condition and cash flow could suffer as a result.

The due diligence process undertaken by the Company in connection with investments it makes or that it wishes to make may not reveal all relevant facts in connection with an investment. Before making investments, the Company will conduct due diligence investigations that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence investigations, the Company may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants, and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. The due diligence investigations that are carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such investigation will not necessarily result in the investment being successful.

Equity Investment Risk

Equities such as common shares give the holder part ownership in a company. The value of an equity security changes with the fortunes of the company that issued it. General market conditions and the health of the economy can also affect equity prices. Certain securities may be particularly sensitive to general market movements, which may result in a greater degree of price volatility for such securities and for securities of companies that invest in such securities under specific market conditions and over time. Equity related securities that provide indirect exposure to the equity securities of an issuer, such as convertible debentures, can also be affected by equity risk.

Illiquid Securities

If the Company is unable to dispose of some or all of the securities held by it, the Company may experience a delay in the receipt of the proceeds of disposition until such time as it is able to dispose of such securities or may be able to do so only at prices which may not reflect the true value of such investments.

Asset Class Risk

The equity investments held by the Company may underperform the returns of other securities that have exposure to other countries, regions, industries, asset classes or sectors. Various asset classes tend to experience cycles of outperformance and under performance in comparison to the general securities markets.

Digital Assets Risk

The Company holds digital currencies or service tokens. Prices of digital currencies are volatile, and they are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The digital assets are accounted for under IAS 28 at the cost to the Company, being $Nil. The Company may not be able to liquidate its inventory of digital currency at its desired price if required.

The Company may hold some or all of the Company's digital assets in wallets directly controlled by the Company or through third party custodian services. Such wallets may be susceptible to cyber-attacks and/or mishandling which could cause the loss of funds.

Technology Sector Risk

The Company obtains exposure to the securities of technology companies. General risks of technology companies include the risks of rapidly changing technologies, short product life cycles, fierce competition, aggressive pricing and reduced profit margins, loss of patent, copyright and trademark protections, cyclical market patterns, evolving industry standards and frequent new product introductions. Certain technology companies may be smaller and less experienced companies, with markets or financial resources and fewer experienced management or marketing personnel.

Small and Mid-Capitalization Companies Risk

Certain of the equity securities to which the Company obtains exposure may be small and/or mid-capitalization company common shares. Such common shares have customarily involved material investment risk. Small and mid-capitalization companies may have limited product lines, markets or financial resources; may lack management depth or experience; and may be more vulnerable to adverse general market or economic developments than large companies. Some of these companies may distribute, sell or produce products which have recently been brought to market and may be dependent on key personnel.

The prices of small and mid-capitalization company securities are often more volatile than prices associated with large company issues, and can display abrupt or erratic movements at times, due to limited trading volumes and less publicly available information. Also, because small and mid-capitalization companies normally have fewer common shares outstanding and these common shares trade less frequently than those of large companies, it may be more difficult for the Company to buy and sell significant amounts of such common shares. The securities of small and mid-capitalization companies are often traded on "over the counter" markets and may not be traded in the volumes typical of a national securities exchange.

Regulatory Risks

Changes in, or more aggressive enforcement of, laws and regulations could adversely impact companies involved in the health, digital health, insurance, gaming, and cryptocurrency businesses. Failure or delays in obtaining necessary approvals, changes in government regulations and policies and practices could have an adverse impact on such businesses' future cash flows, earnings, results of operations and financial condition.

Dependence on Internet Infrastructure; Risk of System Failures, Security Risks and Rapid Technological Change

The success of any developer of technology platforms will depend by and large upon the continued development of a stable public infrastructure, with the necessary speed, data capacity and security, and the timely development of complementary products such as high-speed modems for providing reliable internet access and services. Technology platforms have experienced and are expected to continue to experience significant growth in the number of users, amount of content and bandwidth availability. It cannot be assured that the infrastructure will continue to be able to support the demands placed upon it by this continued growth or that the performance or reliability of the technology will not be adversely affected by this continued growth.

Intellectual Property Rights

Companies involved in the development and operation of technologies may be dependent on intellectual property rights; the loss of which could harm its business, results of operations and its financial condition. There can be no assurance that any company's products will not violate proprietary rights of third parties or that third parties will not assert or claim that such violation has occurred. Any such claims and disputes arising may result in liability for substantial damages which in turn could harm the underlying business, results of operations and financial condition of the Company.

Cyber Security Risks

The Company is dependent on information technologies to conduct its operations, including management information systems and computer control systems. Business and supply chain disruptions, plant and utility outages and information technology system and network disruptions due to cyber-attacks could seriously harm operations and materially adversely affect operation results, Cyber security risks include attacks on information technology and infrastructure by hackers, damage or loss of information due to viruses, the unintended disclosure of confidential information, the issue or loss of control over computer control systems, and breaches due to employee error.

The Company's exposure to cyber security risks includes exposure through third parties on whose systems it places significant reliance for the conduct of its business. There can be no assure that the Company has the resources or technical sophistication to anticipate, prevent, or recover from rapidly evolving types of cyber-attacks. Compromises to its information and control systems could have severe financial and other business implications.

Competition

The market for investment opportunities is highly competitive. The Company will compete with a large number of other investors focused on similar investments, such as private equity funds, mezzanine funds, investment banks, and other equity and non-equity based public and private investment funds. Competitors may have a lower cost of funds and may have access to funding sources that are not available to the Company. In addition, certain competitors of the Company may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships and build their respective market common shares. As a result of this competition, there can be no assurance that the Company will be able to locate suitable investment opportunities, acquire such investments on acceptable terms, or achieve an acceptable rate of return on the investments it does make. The competitive pressures faced by the Company may have a material adverse effect on its activities, financial condition, and results of operations.

Key Personnel

The Company is dependent upon the continued availability and commitment of its management, whose contributions to immediate and future operations of the Company are of significant importance. The loss of any such management could negatively affect the Company's business operations. From time to time, the Company will also need to identify and retain additional skilled management to efficiently operate its business. Recruiting and retaining qualified personnel is critical to the Company's success and there can be no assurance of its ability to attract and retain such personnel. If it is not successful in attracting and training qualified personnel, the Company's ability to execute its business model and growth strategy could be affected, which could have a material and adverse impact on its profitability, results of operations and financial condition.

Conflicts of Interest

Certain of the Company's directors and officers may, from time to time, serve as directors or officers of other companies involved in similar businesses to the Company and, to the extent that such other companies may participate in the same ventures in which the Company may seek to participate, such directors and officers may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such conflicts of the Company's directors and officers may result in a material and adverse effect on the Company's results of operations and financial condition.

Share Price Volatility Risk

External factors outside of the Company's control may have a significant impact on the market price of the common shares. Global stock markets have experienced extreme price and volume fluctuations from time to time. There can be no assurance that an active or liquid market will develop or be sustained for the common shares.

COVID-19

In March of 2020, the World Health Organization declared 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. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's ability to raise funds in the future.

The Company was not immune from the effects of the global pandemic. The Company encountered supply chain issues, travel restrictions, and production variables for many of its portfolio companies.

In terms of liquidity, capital resources, and overall financial condition, the balance sheet as at December 31, 2021 is in a healthy position. The Company was able to secure financing via the private placement of the Special Warrants in November of 2020, and it received deposits in the aggregate amount of $6.1 million on shares for subsidiary companies GameOn and XR Immersive Tech. In early 2021, GameOn received gross proceeds of $5.8 million pursuant to a private placement offering. The pandemic has not negatively affected the Company in this manner, and while management continues to monitor such risks, there is no additional risk the COVID-19 pandemic places on the Company in this regard.

Some portfolio companies that were impacted by "stay at home" measures and other external factors have encountered a decrease in productivity through limited workforce, travel, supply chain and other factors directly correlated to the virus / pandemic. The Company assisted those companies by providing executive management assistance / leadership and often directly assisted with solving COVID-19 pain points to enable the respective companies to continue with their micro and macro sales and growth strategies during COVID-19.

The Company's immersive services subsidiary, XR Immersive Tech, initially faced a decrease in its business due to the in-person nature of its product. However, XR Immersive Tech was able to deliver its product to key customers and close several new deals within the 2020 fiscal year. In the second half of fiscal 2020, XR Immersive Tech shifted focus and capitalized upon the pandemic shutdown of live events and attractions. The executive team of XR Immersive Tech focussed efforts and resources on creating a state-of-the-art 5D all immersive attraction called "*UNCONTAINED*". While similar companies folded during 2020 and 2021, XR Immersive Tech capitalized upon the time to create the next generation of family-fun attractions. In early April of 2021, the Company announced that XR Immersive Tech had signed of a letter of intent with Autobahn Indoor Speedway USA for an option of up to 10-unit purchase of "*UNCONTAINED*".

The Company also saw many positives during the pandemic, including having portfolio company VS Health shift its focus to the Safetest COVID-19 Assay Tests and other serology, and virology products. VS Health also signed key manufacturing and distribution agreements and has capitalized upon the pandemic by providing approved, high-quality testing products along with its other complement of products and services.

VS Health and Hydreight also capitalized upon the global pandemic by providing on demand and in person medical testing, screening, and related services in the United States and abroad. Hydreight announced a partnership with VS Health for in-home tele-health services across Brazil and focussed upon future growth into Europe and beyond.

Disclosure of Internal Controls and Procedures

In connection with National Instrument 52-109 – *Certification of Disclosure in Issuer's Annual and Interim Filings* ("**NI 52-109**"), the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the Financial Statements and this MD&A. The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Information Available on SEDAR

Additional information about the Company, including historical financial statements and management discussion and analyses, is available on SEDAR at www.sedar.com.