

# **MANAGEMENT DISCUSSION AND ANALYSIS FOR VICTORY SQUARE TECHNOLOGIES INC.**

**Year ended December 31, 2022 and 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, 2022 and December 31, 2021 (the "**2022 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 May 1, 2023.

The financial information of the Company contained in this MD&A is derived from the 2022 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, 2022.

Additional information relating to the Company, including the Financial Statements, is available at [www.sedar.com](http://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 inflationary environment and uncertainty created by Russia's invasion of Ukraine;
- 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*".

### **Russian invasion of Ukraine**

In February 2022, Russia commenced a military invasion of Ukraine which generated a response in the form of strict economic sanctions from multiple countries and corporations around the world, including Canada. Although the Company does not have operations in Russia or Ukraine, the global impact of this conflict in commodity prices, foreign currency exchange rates, supply chain challenges and increased fuel prices may have adverse impacts on our costs of doing business.

## 2022 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, work and thrive. 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. We understand how frustrating the share price decline must be for our shareholders. Despite the share price decline though, Victory Square 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.

## 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.

Victory Square provides investors with a liquid way to invest in early-stage technology and health care companies without buying a venture fund that requires accredited investor status or multi-year commitments. It also can be purchased by non-accredited investors who are restricted from buying venture funds. It is an excellent way to diversify into early-stage venture.

*Our Advantage is twofold:*

1. We have unparalleled access to start-ups 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 2022 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".

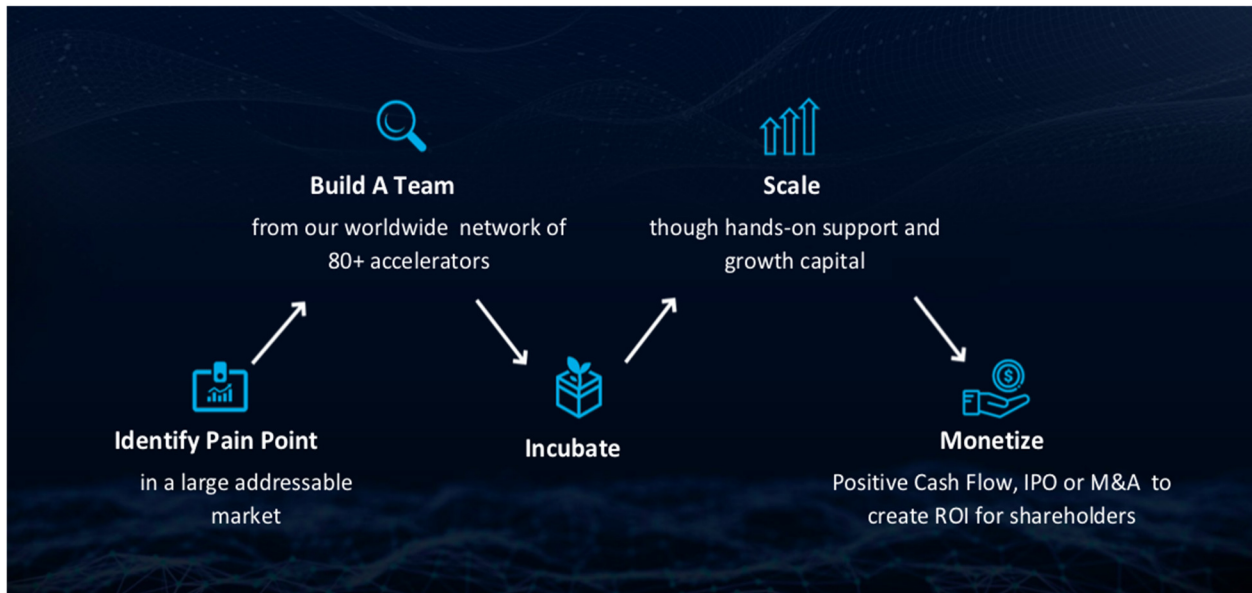
On June 9, 2017, the Company changed its name to Victory Square Technologies Inc.



## 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 a liquid way to invest in early-stage technology and health care companies without buying a venture fund that requires accredited investor status or multi-year commitments. It also can be purchased by non-accredited investors who are restricted from buying venture funds. Our portfolio provides a uniquely liquid, and transparent way for investors to get access to the latest technologies and emerging global trends. It is an excellent way to diversify into early-stage venture.

### *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.

Most recently, the company has provided time, knowledge and over \$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.

## Our Investees

### Our Subsidiaries

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

Subsidiary	Vertical
VS Digital Health Inc. (" <b>VS Digital Health</b> ")	Digital Health, Online Pharmacy, Diagnostic Testing
1362795 B.C. Ltd. (" <b>AssetCo</b> ")	Digital Health, Online Pharmacy, Diagnostic Testing
Draft Label Technologies Inc. (" <b>Draft Label</b> ")	Custom Software Development
XR Immersive Tech Inc., (formerly Fantasy 360 Technologies Inc) (" <b>XR Immersive Tech</b> ")	Virtual Reality (" <b>VR</b> "), Augmented Reality (" <b>AR</b> "), Metaverse, Web3
Synthesis VR Inc. (" <b>Synthesis</b> ")	Location-based VR content store
Victory Entertainment Inc. (" <b>Victory Entertainment</b> ")	Film, TV, Digital Content
Hydreight Technologies Inc. (" <b>Hydreight</b> ")	Digital Health, Online Pharmacy, Diagnostic Testing
PDL USA Inc. (" <b>PDL USA</b> ")	Custom Software Development
VS Blockchain Assembly Inc. (" <b>VS Blockchain</b> ")	Web3, Blockchain
BlockX Capital Corp. (" <b>BlockX</b> ")	Web3, Blockchain

Subsidiaries are fully consolidated with any applicable non-controlling interest ("**NCI**") taken in the audited financial statements for the year ended December 31, 2022.

### Our Portfolio Companies

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

Portfolio Company	Vertical
Victory Square Health Inc. (" <b>VS Health</b> ")	Digital Health, Diagnostic Testing
Cassia Research Inc., doing business as CoPilot AI (" <b>CoPilot AI</b> ")	Artificial intelligence (AI), Sales & Marketing Automation
Cloud Benefit Solutions Inc., doing business as Cloud Advisors (" <b>Cloud Advisors</b> ")	Insurance Tech
MLVX Technologies Inc., doing business as Metaspectral <sup>(1)</sup> (" <b>Metaspectral</b> ")	Artificial intelligence (AI), Machine Learning (ML)

Fansuite Entertainment Inc. (" <b>FansUnite</b> ")	Sports Betting, Gaming, Esports
Flo Digital Inc. <sup>(1)</sup> (" <b>Flo Digital</b> ")	Virtual Reality (" <b>VR</b> "), Augmented Reality (" <b>AR</b> "), Metaverse, Web3
Grow Academy Technologies Inc. <sup>(1)</sup> (" <b>Grow Tech</b> ")	Plant-based Science
Howyl Ventures Inc., doing business as Capaciti <sup>(1)</sup> (" <b>Capaciti</b> ")	Web3, Future of Work
Turnium Technology Group Inc. (formerly Multapplied Networks Inc.) (" <b>Turnium</b> ")	Software Defined Wide Area Network Platforms (SD-WAN)
Next Decentrum Technologies Inc. (" <b>Next Decentrum</b> ")	Web3, Blockchain, NFTs
PayVida Solutions Inc. <sup>(1)</sup> (" <b>PayVida</b> ")	Fintech
Silota Research and Development Inc. (" <b>Silota</b> ")	Web3, Blockchain, DeFi, Data Infrastructure
Shop and Shout Ltd., doing business as Creator.co (" <b>Creator.co</b> ")	Creator Economy, Web3, NFTs
Cloud Nine Web3 Technologies Inc. (" <b>Cloud Nine</b> ")	Web3, EdTech, Metaverse
Stardust Solar Technologies Inc. (" <b>Stardust Solar</b> ")	Solar Energy, Renewables, EV Charging
Flora Growth Corp. (formerly Mercury Acquisitions Corp.) <sup>(1)</sup> (" <b>Flora Growth Corp.</b> ")	Plant-based Science
GameOn Entertainment Technologies Inc. (formerly V2 Games Inc.) <sup>(2)</sup> (" <b>GameOn</b> ")	Gaming, NFTs

(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 prior year, and therefore is included in the Financial Statements in Note 3 "Discontinued Operations".

Portfolio companies are reflected in the audited annual consolidated 2022 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.

**Hydreight** - Hydreight is an on-demand home healthcare and wellness platform that makes it possible to book health and wellness services at home. Registered nurses and other licensed providers on the platform can be their own bosses and offer services independently with the oversight of a Hydreight medical director. The platform provides them with access to a digital pharmacy, as well as a full suite of HIPAA-compliant tools to manage their businesses.

- Hydreight expanded its footprint to 437 cities nationwide in 2022
- 707 new businesses signed up on the platform in 2022, a nearly 700% increase over 2021
- A major platform update was completed to enhance scalability and feature offerings, particularly for whitelabeling strategic business-to-business (B2B) accounts
- A major app update gave service providers on the platform greater control of their service offering as well as improved training, usability, reporting, and more
- Major pharmaceutical partnerships were signed with Empower, McKesson, Medline, and Olympia
- Hydreight participated as the lead sponsor of the "National Nurses March" in Washington, DC in May of 2022, which attracted tens of thousands of nurses
- The Company completed a successful listing on the TSX Venture Exchange on December 1, 2022
- Additional financing for the Company was secured, bringing the total capital raised to C\$3.87 million

	2021	2022
January	4	22
February	5	13
March	9	38
April	10	37
May	9	63
June	2	68
July	13	49
August	4	73
September	6	71
October	14	103
November	14	99
December	12	71
<b>Total</b>	<b>102</b>	<b>707</b>

\*Numbers are approximate and provided by Hydreight Management

**GameOn (CSE:GET)** - GameOn powers the biggest sports, media, and entertainment companies with the most innovative white label game technologies. GameOn provides broadcasters, TV networks, streaming platforms, leagues, tournaments, sportsbooks, and NFT projects with white label prediction games, fantasy games, and NFT-based games. Since completing the Comcast NBCUniversal LIFT Labs Accelerator powered by Techstars in 2018, GameOn has secured revenue-generating partnerships with global companies, including NBCUniversal, Bravo, and MX Player.

- GameOn Breaks Even in October, Closes Five Deals in Two Months
- Launched products for (or soon to launch products for) Chibi Dinos, the WNBA, YOOM (formerly Tetavi), RDB Car Club, Crypto Jets Club, and Karate Combat
- Partnered with Karate Combat to launch an NFT mint and fantasy game. KC35 saw 6.6m livestreams and August saw 143m video views. The league has global distribution in 100+ countries and is partnered with CBS, Globo, Eurosport, BeIN, & ESPN.
- Announced a partnership with Tetavi for an NFT-based music fantasy game. It will allow music fans to discover new music, invest in the songs, and receive royalties based on streams and charts, in essence building their own record label.

**XR Immersive (CSE:VRAR)** - Synthesis VR software platform has grown to become the largest VR out of home entertainment marketplace for games, educational and training experiences worldwide. Synthesis had over 400 VR arcades globally and a market of over 325 VR games with over 20M player minutes.

- Over 27 million minutes of gameplay, which is an increase of 153% compared to last year (on track for over 32 million minutes of gameplay for 2022)
- Over 43,885 customer accounts were created on the platform which is a 109% increase compared to last year (on track for over 51,000 customer accounts for 2022)
- Platform subscription has gone up by 108% compared to last year
- Launching Support for Android based headsets such as Quest 2, Pico and Vive Focus 3 with games for Android headsets unlike any other platform:  
(<https://svr.li/mail/w/AZrxopQkwdNdQ3g2ETbZqA>)
- Partnered with multiple developers in bringing popular games to VR locations worldwide:
  - Bugs From Space
  - Kaireyhs
  - Rotten Apple
- SynthesisVR brings enterprise training to VR locations. Foraying into enterprise:  
<https://svr.li/mail/w/GBtHDQD763ThZ2q763zi8z16oA>
- iRacing: one of the most popular games is now available on SynthesisVR:  
<https://svr.li/mail/w/5yf763zvGPJWApmLv3DgyvDg>
- Ultimechs joins SynthesisVR: <https://svr.li/mail/w/9mEzWrn7WgeOsluUmgMBKA>

**Stardust Solar** - Founded in 2017, Stardust Solar is a leader in renewable energy education, providing CSA/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. With a network of solar training centers across North America, Stardust Solar is already widely regarded as the leader in solar education now having certified over 2,000 solar installers across Canada and the USA. With a growing list of franchise locations across North America, Stardust leans on its background to educate homeowners about important key differences in solar products and their warranties and offers choices when purchasing life-changing solar equipment, including Sunpower.

- CSA approved EV Charger Installation Training completed
- Currently have 16 franchisees with new franchisees coming in Q4; Moncton, New Brunswick, Oklahoma City, Oklahoma, Calgary, Alberta, North Vancouver, BC, Victoria, BC.
- New 5-Day NABCEP Solar Sales Associates Training ready to be offered to the public
- Future proprietary products in research and development
  - Solar panel recycling plant
  - Environmental panels (generate energy from sun and raindrops)
- Environmental pledge - 10 trees planted in a country affected by deforestation for every solar panel installed, and 25 trees planted for every solar student certified
- 100% YOY Growth

**VS Health dba Safetest Comércio de Diagnósticos** - VS Health is 360-degree health care offering smart, connected devices, at-home diagnostic tests, personalized digital guidance and monitoring, 24/7/365 access to health care professionals, and prescription delivery in Latin America.

- Safetest was selected to receive a federal grant in Brazil for a project using Artificial Intelligence in the diagnosis of neglected diseases, generating quantitative results and data processing to generate epidemiological information in real time. Safetest will receive approximately R\$1,000,000 in grants for investing in R&D payroll, inventory, software development and equipment for the development of smartphone based rapid tests.
- Safetest and Biominas partnered up on a project called Artificial Intelligence in a Point-of-Care Cervical Cancer test, which was selected for a state grant, being the second-best project among hundreds of companies that submitted for this grant. The project will receive approximately R\$1,540,000 for investing in R&D payroll, inventory and lab services for the development of a smartphone based rapid test for the detection of Cervical Cancer.
- Safetest was selected for a national open innovation program called IBMP (Molecular Biology Institute of Paraná) Hunting. The goal of the program was to find projects that can add innovative solutions to IBMP's in vitro diagnostics and therapeutic biomolecules technological platforms. Safetest and IBMP are signing an NDA to develop a Rapid PCR Point-of-Care test, which has the potential to change the Point-of-Care Diagnostics sector.
- Safetest signed a contract with one of the largest Vet products companies in Latin America for the development and production of an unprecedented rapid test that has the potential to be a game changer in the Vet diagnostics sector.
- Safetest concluded the development of the HTLV 1 and 2 rapid test and is now going to perform the clinical validation for registering the test at ANVISA. There are currently no tests in the market that differentiate HTLV 1 from 2.
- The development of the Cervical Cancer Rapid Test is moving forward quickly with good results. The next step is to expand the number of samples and the clinical validation.

**Next Decentrum** - [@NextDecentrum](#), the creative force behind [@CryptoPharaohs](#), has officially partnered with [@flovatar](#) [@Piggos\\_nft](#) [@The\\_Goobz\\_NFT](#) [@BI0xNFT](#) to bring the best digital collectibles to [PopCon ME](#), the largest pop culture and gaming event in the Middle East.

**FansUnite (TSX:FANS)** - Achieved total revenue in the range of \$26.0 million to \$27.3 million for the full year of Fiscal 2022, an increase of at least 364% year-over-year. FansUnite continued its growth by obtaining a gaming supplier license for Ohio (U.S.) and recently submitted a Supplier License application to the Virginia Lottery Board in order to become a legal sports betting and iGaming supplier in the Commonwealth of Virginia.

**Draft Label Technologies** - Draft Label subsidiary inks [definitive agreement to complete business combination](#). Draft Label will become a wholly owned subsidiary of Acquisition Co, which is launching the app DiscreetCare.com.

**Turnium Technology Group Inc (TSXV:TTGI)** - Turnium generated \$5.2 million in revenue, a year-over-year increase of 31% compared to 2021. The year also saw substantial operating achievements and cost cutting initiatives combined with management and staffing changes, strengthening its financial foundation for Turnium and positioning the company for future growth.

**Covalent CQT** - In February of 2023, Covalent announced a partnership with Coinbase (NASDAQ: COIN) to launch a blockchain network. This partnership allows Coinbase to look beyond currency exchange and towards decentralized finance, gaming, and social media.

**CloudAdvisors** - CloudAdvisors listed as 2022 New Innovators in Canadian Business and was named as a 5-Star Insurance Technology Provider in 2022 by [Insurance Business Canada Magazine](#).

**CoPilot** - CoPilot exited FY 2022 with \$520K MRR and are projected to achieve 40% revenue growth in 2023. In 2022, CoPilot raised 9M in non-dilutive funding.

The Company and its Executive Team have been featured in a variety of publications which include Forbes, Entrepreneur, and Newsweek. Additionally, the Company participated in a number of webinars.

## 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 condensed consolidated interim unaudited financial 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, 2022	2,076,995	(14,794,620)	(14,837,225)	(0.12)	(0.12)
September 30, 2022	1,620,221	(3,473,694)	(3,584,645)	(0.03)	(0.03)
June 30, 2022	1,214,783	(5,414,904)	(5,416,177)	(0.05)	(0.05)
March 31, 2022	1,017,097	(4,905,150)	(4,891,543)	(0.04)	(0.04)
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

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, 2022, is primarily due to the fair value write-down on portfolio investments due to the market environment as well as operating losses from consolidated subsidiaries, partially offset by increased revenue from Hydreight.
- The net loss for the quarter ended June 30, 2022, is primarily due to the fair value write-down on portfolio investments due to the market environment as well as operating losses from consolidated subsidiaries.
- The net loss for the quarter ended March 31, 2022, is due to continuing operating losses in XRI and VST.
- 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.

## Selected Annual Information

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

	<b>As at December 31, 2022</b>	<b>As at December 31, 2021</b>	<b>As at December 31, 2020</b>
Current assets	\$ 4,525,967	\$ 5,442,063	\$ 6,955,646
Non-current assets	19,650,056	31,889,090	35,696,561
<b>Total assets</b>	<b>24,176,023</b>	<b>37,331,153</b>	<b>42,652,207</b>
Current liabilities	5,879,387	5,337,645	3,717,321
Non-current liabilities	5,050,799	834,497	230,059
<b>Total liabilities</b>	<b>10,930,186</b>	<b>6,172,142</b>	<b>3,947,380</b>
	<b>Year ended December 31,</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
Total revenue	\$ 5,929,096	\$ 1,494,450	\$ 1,487,020
Net income (loss)	(28,588,368)	(15,745,665)	19,733,031
Comprehensive income (loss)	(28,729,590)	(15,745,343)	19,733,511
Net income (loss) per share, basic	(0.25)	(0.15)	0.18
Net income (loss) per share, diluted	(0.25)	(0.15)	0.17

## Discussion of Operations

The 2022 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, 2022	December 31, 2021
Draft Label	100.00%	100.00%
PDL USA	100.00%	100.00%
XRI	54.55%	69.80%
GameOn (1)	0.00%	22.39%
V2G USA (1)	0.00%	22.39%
Victory Entertainment	100.00%	100.00%
BlockX Capital	100.00%	100.00%
VS Blockchain Assembly	100.00%	100.00%
VS Digital Health	100.00%	100.00%
Hydreight Technologies Inc.	73.72%	100.00%

(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, 2022, was \$5,929,096 compared to \$1,494,450 for the corresponding prior year. Revenue for the three months ended December 31, 2022, was \$2,076,995 compared to \$745,615 for the corresponding prior year period. The increase in revenues is primarily related to revenues from XRI subsidiary SVR and organic growth of Hydreight's user base resulting in increasing subscription, pharmacy and net commission revenues.

The table below sets out revenues of the Company:

	Year ended December 31,		Three months ended December 31,	
	2022	2021	2022	2021
Immersive experiences	\$ 1,195,393	\$ 107,960	\$ 226,579	\$ 131
Film royalties	5,633	-	5,633	-
Health	4,403,245	1,051,800	1,784,071	446,530
Software	2,252	36,803	-	1,067
Management fees	197,073	267,000	29,512	267,000
Sublease	125,500	30,887	31,200	30,887
	\$ 5,929,096	\$ 1,494,450	\$ 2,076,995	\$ 745,615

### Cost of Goods Sold

Cost of goods sold for the year ended December 31, 2022, was \$2,672,672 compared to \$584,314 for the corresponding prior year period. For the three months ended December 31, 2022, cost of goods sold was \$940,964 compared to \$295,888 for the comparative year. The increase in cost of goods sold is related to the above-described changes in revenues, primarily due to the cost of pharmacy purchases associated with the increased pharmacy sales of Hydreight.

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

	Year ended December 31,		Three months ended December 31,	
	2022	2021	2022	2021
Immersive experiences	\$ 409,012	\$ 108,737	\$ 81,992	\$ 62,824
Health	2,263,660	460,372	929,847	226,454
Software	-	15,205	(70,875)	6,610
	\$ 2,672,672	\$ 584,314	\$ 940,964	\$ 295,888

### **Gross Margin**

The gross margin for the three months ended December 31, 2022, was \$1,136,031 compared to \$449,727 for the corresponding prior year. For the year ended December 31, 2022, gross margin was \$3,256,424 or compared to \$910,136 or 61% for the corresponding prior year. The current period gross margin is driven primarily by the online pharmacy sales of Hydreight as well as the reclassification of management fee and sublease to the revenue line item. Also, Hydreight revenue includes subscription revenue earned over time, which doesn't have a corresponding cost of expense as with pharmacy purchases. 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.

The table below sets out gross margins of the Company:

	Year ended December 31,		Three months December 31,	
	2022	2021	2022	2021
Immersive experiences	\$ 786,381	\$ (777)	\$ 144,587	\$ (62,693)
Film royalties	5,633	-	5,633	-
Health	2,139,585	591,428	854,224	220,076
Software	2,252	21,598	70,875	(5,543)
Management fees	197,073	267,000	29,512	267,000
Sublease	125,500	30,887	31,200	30,887
	\$ 3,256,424	\$ 910,136	\$ 1,136,031	\$ 449,727

### **Expenses**

For the three months ended December 31, 2022, total expenses were \$7,178,570 compared to \$7,119,747 for the three months ended December 31, 2021. For the year ended December 31, 2022, total expenses were \$16,482,117 compared to \$15,082,847 for the corresponding prior year period. Material variances over this period are discussed below.

#### *Amortization and Depreciation*

Amortization and depreciation for the three months ended December 31, 2022, were \$957,355 compared to \$2,041,733 for the three months ended December 31, 2021. For the year ended December 31, 2022, amortization and depreciation expense was \$2,921,288 compared to \$2,595,222 in the corresponding prior year comparative period. 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 for the three months ended December 31, 2022, was (\$116,507) compared to \$24,999 for the three months ended September 30, 2021. For the year ended December 31, 2022, donation expense was (\$95,519) compared to \$288,358 for the corresponding prior year comparative period. The decrease is due

to several large pledges that were fulfilled in the prior period. The negative number for three and twelve months is a result of reversal of accrued expenditure in prior periods.

#### *General and Administration*

For the three months ended December 31, 2022, general and administration expenses were \$234,563 compared to a \$160,354 recovery for the corresponding three-month period ended December 31, 2021. For the year ended December 31, 2022, general and administration expenses were \$1,203,450 compared to \$746,693 in the corresponding prior year comparative period. The increase in this amount is due to the Company's increase spend on the areas of subscriptions, software, and licencing as well as a \$100,000 finder's fee paid for the non-dilutive \$2,000,000 loan payable.

#### *Management Fees*

Management fees for the three months ended December 31, 2022, were \$9,384 compared to \$8,900 for the corresponding three-month period ended December 31, 2021. For the year ended December 31, 2022, management fees were \$75,142 compared to \$387,516 for the corresponding prior year comparative period. The decrease in the amount was due to changes in VST's executive compensation from management fees to salary, partially offset by a change in XRI's executive compensation from salary to management fees.

#### *Professional and Consulting Fees*

For the three months ended December 31, 2022, professional and consulting fees were \$1,503,553 compared to \$1,546,613 for the corresponding three-month period ended December 31, 2021. For the year ended December 31, 2022, professional and consulting fees were \$3,271,269 compared to \$1,841,594 for the corresponding year ended December 31, 2021. The increase in this amount is related to legal, technical consulting fees, and audit costs and transactions for Hydreight and XRI, as well an increase in VSTs audit costs.

#### *Research and Development*

For the three months ended December 31, 2022, research and development expense was recovery of \$212,934 compared to \$2,092,814 for the corresponding three-month period ended December 31, 2021. For the year ended December 31, 2022, research and development costs were \$274,242 compared to \$2,307,999 for the corresponding prior year comparative period. 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. These costs were primarily incurred in 2021 with XRI completing most of its development in the first quarter of 2022.

#### *Sales and Marketing*

For the three months ended December 31, 2022, sales and marketing expense were \$182,738 compared to \$353,190 for the corresponding three-month period ended December 31, 2021. For the year ended December 31, 2022, sales and marketing expense was \$905,626 compared to \$1,259,442 for the corresponding prior year comparative period. The majority of the decrease in sales and marketing expense is due to the Company's higher prior year spending in connection with two financing transactions as well as the completed going public transactions of GameOn and XRI, partially offset by an increase in Hydreight sales and marketing expense to support continued growth.

#### *Share based payments*

Share based payments for the three months ended December 31, 2022, was \$606,288 compared to \$409,289 for the corresponding three-month period ended December 31, 2021. For the year ended

December 31, 2022, share based payments were \$1,043,948 compared to \$2,794,297 for the corresponding prior year comparative period. This amount was driven by stock options granted and related share-based compensation expense recognized within the Company and XRI, with most of the expense and vesting occurring in 2021.

#### *Listing expense*

Transaction costs for the three months ended December 31, 2022, \$3,938,641 and comparative period was \$Nil. For the year ended December 31, 2022, transaction costs were \$3,938,641 compared to \$Nil for the corresponding prior year comparative period. Transaction costs were entirely related to a finder's fee, paid via issuance of XRI shares, to a consultant subsequent to closing the loan payable for XRI.

#### *Wages*

For the three months ended December 31, 2022, wage expense was \$296,615 compared to \$543,400 for the corresponding three-month period ended December 31, 2021. For the year ended December 31, 2022, wage expense was \$2,273,212 compared to \$1,755,645 for the corresponding prior year comparative period. The increase in wage expense in the period was driven by new hires at XRI to facilitate the increased workload relating to UNCONTAINED as well as wages to select Hydreight employees. The increase in wages expense in XRI occurred primarily in the first half of 2022, resulting in a decrease in total wages for the three months ended December 31, 2022. 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:

<b>Legal Entities</b>	<b>Segment</b>
Draft Label	Software
PDL USA	Software
XRI	Immersive Services
SVR	Immersive Services
Victory Entertainment	Investments
Victory Square Technologies (1)	Investments
BlockX Capital	Investments
VS Blockchain	Investments
VS Digital Health	Health
Hydreight	Health

(1) Parent corporation

Segmented operations were as follows as at and for the year ended December 31, 2022:

	<b>Investments</b>	<b>Software</b>	<b>Immersive Services</b>	<b>Health</b>	<b>Total</b>
Current assets	\$ 1,263,217	\$ 88,230	\$ 541,288	\$ 2,633,232	\$ 4,525,967
Non-current assets	19,280,082	-	1,057,312	(687,338)	19,650,056
	\$ 20,543,299	\$ 88,230	\$ 1,598,600	\$ 1,945,894	\$ 24,176,023
Current liabilities	\$ 2,321,133	\$ 324,805	\$ 781,954	\$ 2,451,495	\$ 5,879,387
Non-current liabilities	2,225,418	36,683	2,770,035	18,663	5,050,799
	\$ 4,546,551	\$ 361,488	\$ 3,551,989	\$ 2,470,158	\$ 10,930,186

	Investments	Software	Immersive Services	Health	Total
Revenue	\$ 463,218	\$ 2,252	\$ 1,195,195	\$ 4,268,431	\$ 5,929,096
Cost of goods sold	-	-	(409,012)	(2,263,660)	(2,672,672)
Gross margin	463,218	2,252	786,183	2,004,771	3,256,424
Expenses	(5,015,801)	(536,527)	(7,043,624)	(3,886,165)	(16,482,117)
Deferred tax recovery	309,600	14,495	-	-	324,095
Other gains (losses)	(11,687,624)	(6,240)	46,227	(3,944,557)	(15,592,194)
Net income (loss)	(16,025,183)	(526,020)	(6,211,214)	(5,825,951)	(28,588,368)
Non-controlling interest	4,398,451	-	-	-	4,398,451
Other Comprehensive Income	-	(37,338)	13,517	(117,401)	(141,222)
Comprehensive income (loss)	\$ (11,626,732)	\$ (563,358)	\$ (6,197,697)	\$ (5,943,352)	\$ (24,331,139)

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

	Investments	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)	(15,745,343)
Other Comprehensive Income	322	-	-	-	-	322
Comprehensive income (loss)	\$ (8,400,753)	\$ (2,423,705)	\$ (231,639)	\$ (4,383,597)	\$ (305,649)	\$ (15,745,343)

## Discontinued Operations

### 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 was reported as loss from discontinued operations. The net loss from GameOn was as follows:

	January 1, 2021 to May 26, 2021
<b>Revenue</b>	\$ 5,862
<b>Cost of goods sold</b>	39,879
	(34,017)
<b>Expenses</b>	
Amortization and depreciation	165,291
Foreign exchange gain	(1,239)
General and administration	190,265
Interest and accretion	195,465
Management fees	57,553
Professional and consulting fees	590,486
Sales and marketing	132,840
Share based compensation	958,526
Transfer agent and regulatory fees	21,237
Wages	377,333
<b>Total expenses</b>	<b>(2,687,757)</b>
<b>Other items</b>	
Impairment of related party receivable	(10,819)
Impairment of investments	-
Fair value loss on investments	-
Gain on derivative liability	27,008
Gain on disposal of assets	-
Gain on conversion of related party debt	-
Gain on settlement of debt	281,880
Gain on CEBA loan	-
Interest and other income	-
	298,069
Income taxes	-
<b>Net loss</b>	<b>\$ (2,423,705)</b>



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

	<b>May 26, 2021</b>	
<b>Assets</b>		
Cash	\$	6,230,826
Prepays		89,117
Government sales tax receivable		23,115
Current portion of loan receivable		-
Investments		819,583
Advances		500
Intangible assets		941,000
Goodwill		3,432,783
Due from related party		373,279
<b>Total Assets from Discontinued Operations</b>	<b>\$</b>	<b>11,910,203</b>
<b>Liabilities</b>		
Accounts payable	\$	550,585
Accrued liabilities		22,384
Income taxes payable		21,404
Loan payable		-
Share consideration		104,542
Other payables		-
Obligation to issue convertible debentures		95,000
Convertible debentures		-
Related party loans		557,383
Derivative liability		-
Convertible note		-
CEBA loan		35,246
<b>Total Liabilities from Discontinued Operations</b>	<b>\$</b>	<b>1,386,544</b>

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

	<b>January 1, 2021 to May 26, 2021</b>	
Net cash flows used in operating activities	\$	(1,049,522)
Net cash flows provided by (used in) investing activities	\$	(122,418)
Net cash flows provided by (used in) financing activities	\$	7,144,871

### ***Effect on Continuing Operations***

The Company notes that the loss of control and subsequent deconsolidation of GameOn did 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, 2022, the Company had a working capital deficit of \$1,353,420 (December 31, 2021 working capital of \$104,418) comprised of total current assets of \$4,525,967 (December 31, 2021 - \$5,442,063) and total current liabilities of \$5,879,387 (December 31, 2021 - \$5,337,645).

As at December 31, 2022, the Company had total current assets of \$4,525,967 (December 31, 2021 - \$5,442,063) comprised of \$3,836,815 (December 31, 2021 - \$4,376,374) in cash, \$471,762 (December 31, 2021 - \$510,545) in prepaids, \$27,034 (December 31, 2021 - \$289,291) in trade receivables, \$86,085 (December 31, 2021 - \$121,835) in government sales tax receivable, and \$104,271 (December 31, 2021 - \$144,018) in inventories.

As at December 31, 2022, the Company had total current liabilities of \$5,879,387 (December 31, 2021 - \$5,337,645), comprised of \$783,819 (December 31, 2021 - \$384,578) in trade payables, \$1,213,765 (December 31, 2021 - \$727,702) in accrued liabilities, \$1,703,821 (December 31, 2021 - \$387,160) in deferred revenue, \$1,187,700 (December 31, 2021 - \$959,921) in related party loans, \$417,604 (December 31, 2021 - \$2,560,172) in loan payable, \$158,765 (December 31, 2021 - \$158,765) in other payables, \$121,136 (December 31, 2021 - \$Nil) in current portion of convertible debt, and \$212,196 (December 31, 2021 - \$172,690) in current portion of lease liability.

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.

<b>Contractual Obligations As at December 31, 2022</b>	<b>Total</b>	<b>Less than 1 year</b>	<b>1-3 years</b>	<b>3-5 years</b>	<b>After 5 years</b>
Trade payables and accrued liabilities	\$1,997,584	\$1,997,584	\$ -	\$ -	\$ -
Other payables	158,765	158,765	-	-	-
Related party loans	1,187,700	\$1,187,700			
Leases	448,189	212,196	235,993	-	-
Loans payable	4,550,941	417,604	4,133,337	-	-
CEBA Loans	135,222	-	135,222	-	-
<b>Total Contractual Obligations</b>	<b>\$6,480,817</b>	<b>\$1,976,265</b>	<b>\$4,504,552</b>	<b>\$ -</b>	<b>\$ -</b>

<b>Contractual Obligations As at December 31, 2021</b>	<b>Total</b>	<b>Less than 1 year</b>	<b>1-3 years</b>	<b>3-5 years</b>	<b>After 5 years</b>
Trade payables and accrued liabilities	\$1,112,280	\$1,112,280	\$ -	\$ -	\$ -
Other payables	158,765	158,765	-	-	-
Related party loans	959,921	959,921	-	-	-
Leases	636,039	172,690	463,349	-	-
Loans payable	2,560,172	2,560,172	-	-	-
CEBA Loans	122,150	-	122,150	-	-
<b>Total Contractual Obligations</b>	<b>\$4,437,047</b>	<b>\$3,851,548</b>	<b>\$ 585,499</b>	<b>\$ -</b>	<b>\$ -</b>

## Capital Resources

As at the date hereof, there are 99,564,971 common shares, 6,878,218 common share purchase warrants and 7,677,500 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; 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, 48,750 are exercisable at \$0.43 per common share and expire on December 21, 2022, 109,375 are exercisable at \$0.43 and expire on December 21, 2023, and 300,000 are exercisable at \$0.43 and expire on March 17, 2025.

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, 2022, and 2021, the Company entered into the following transactions with related parties:

	December 31, 2022		December 31, 2021	
Management fees expense	\$	-	\$	32,500
Management fees revenue	\$	197,073	\$	-
Professional and consulting fees	\$	252,121	\$	250,044
Executive compensation	\$	893,284	\$	569,723
Interest	\$	-	\$	2,168
Equity-based compensation - HTI	\$	300,000	\$	-
Share-based compensation of the Company	\$	-	\$	942,196
Share-based compensation of subsidiaries	\$	69,437	\$	206,371

### 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:

- \$Nil (December 31, 2021 - \$32,500) in management fees to the CEO;
- \$893,284 (December 31, 2021 - \$569,723) in executive compensation to the CEO and Chief Growth Officer of VST and executive officers of XRI and Hydreight.
- \$252,121 (December 31, 2021 - \$250,044) in professional fees to company controlled by the CFO, for controller, bookkeeping, corporate secretarial and CFO services;
- \$Nil (December 31, 2021 - \$942,196) in share-based compensation to various Directors and Management of the Company;
- \$69,437 (December 31, 2021 - \$206,371) in share-based compensation related to GameOn Entertainment and XRI stock options to the CEO and CFO.

## Due from Related Parties

	December 31, 2022	December 31, 2021
Due from a Director	\$ 250	\$ 250
Due from Subsidiary Management	215	8,252
Due from GameOn Entertainment	67,159	-
Due from Shop & Shout (Note 8)	185,450	-
Due from Stardust Solar (Note 8)	-	200,000
Due from Victory Square Health	7,000	-
Due from Safetest	10,000	-
Due from Cassia, dba CoPilot	2,095	2,095
	\$ 272,169	\$ 210,597

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. For the year ended December 31, 2022, an additional \$80,000 had been advanced to Stardust Solar and was recorded as a related party loan. On May 22, 2022, the Company and Stardust Solar executed an amending agreement to the original share purchase agreement whereby the \$280,000 indebtedness was extinguished as consideration for the value of compensation shares issued to Stardust Solar as per the purchase price (Note 8). At the time of the share purchase transaction, a contingent liability of \$130,918 was recognized for the future consideration to be owed on expiration of the Holding Period. On settlement of the indebtedness, the Company recognized a \$149,082 loss on settlement of debt.

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. 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. For the year ended December 31, 2022, an additional \$80,000 had been advanced to Stardust Solar and was recorded as a related party loan. On May 22, 2022, the Company and Stardust Solar executed an amending agreement to the original share purchase agreement whereby the \$280,000 indebtedness was extinguished as consideration for the value of compensation shares issued to Stardust Solar as per the purchase price. At the time of the share purchase transaction, a contingent liability of \$130,918 was recognized for the future consideration to be owed on expiration of the Holding Period. On settlement of the indebtedness, the Company recognized a \$149,082 loss on settlement of debt. 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, 2022	December 31, 2021
Due to former owners of SVR	\$ 300,000	\$ -
Due to Shop & Shout (Note 8)	801,654	550,352
Due to Stardust Solar (Note 8)	-	130,918
Due to CEO	86,046	278,651
	\$ 1,187,700	\$ 959,921

These related party loans are unsecured, due on demand, and non-interest bearing.

The amount due to SVR is owed by XRI to the former shareholders of SVR, being the balance of the initial purchase price to be settled in cash.

The amount due to Shop & Shout relates to a clause within the Shop & Shout investment agreement from the fourth quarter of 2021 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 (Note 8) and using historical stock price data and scenario modelling, the contingent consideration was valued at \$550,352, such that the total investment book value on the date of investment was \$975,352 (Note 8). The value of this contingent consideration as of December 31, 2022, was determined to be \$801,654 (December 31, 2021 - \$550,352) after a \$101,894 (December 31, 2021 - \$Nil) revaluation of the contingent liability based on the Company's share price as at December 31, 2022. During the year ended December 31, 2022, the Company advanced a total of \$185,450 to Shop & Shout in anticipation of a final settlement to be agreed upon at a later date.

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 (Note 8). The value of this financial instrument as of December 31, 2022, and 2021, was determined to be \$130,918 using historical stock price data and scenario modelling such that the total investment value was \$569,120. This amount was extinguished in the year.

**As at December 31, 2022, the Company has \$50,575 (December 31, 2021 - \$278,651) in related party loans due to the CEO, which includes \$2,168 (December 31, 2021 - \$2,168) in accrued interest. This related party loan is unsecured, due on demand, and bear interest at 3%.**

As at December 31, 2022, the Company has \$34,735(December 31, 2021 - \$106,508) due to related parties included in trade payables and accrued liabilities. As at December 31, 2022, the Company has \$225,080 (December 31, 2021 - \$71,060) due from related parties included in trade receivables. 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 2022 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 2022 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 2022 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, 2022, 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 Q4 2022 Financial Statements.

## Changes in Accounting Policies including Initial Adoption

### 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, 2022, the Company held Nil (December 31, 2021 - 6,363,965) founder tokens of the digital currency Covalent CQT, which were 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 of \$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, 2022.

## **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 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, 2022, 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**

Fiscal 2020 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 2022 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 2022 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.

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 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.

## **Russian invasion of Ukraine**

In February 2022, Russia commenced a military invasion of Ukraine which generated a response in the form of strict economic sanctions from multiple countries and corporations around the world, including Canada. Although the Company does not have operations in Russia or Ukraine, the global impact of this conflict in commodity prices, foreign currency exchange rates, supply chain challenges and increased fuel prices may have adverse impacts on our costs of doing business.

## **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](http://www.sedar.com).