Victory Square Technologies Inc.

Condensed Consolidated Interim Financial Statements
Three months ended March 31, 2024 and 2023

Expressed in Canadian Dollars

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements. The accompanying condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of condensed consolidated interim financial statements by an entity's auditor.

VANCOUVER, BC
May 30, 2024

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

	Notes		March 31, 2024		December 31, 2023
ASSETS			**Unaudited**		**Audited**
Current assets					
Cash and cash equivalents	3	$	1,582,129	$	2,202,377
Prepaids	4		132,569		177,301
Trade receivables	5		8,171		24,372
Government sales tax receivable			60,835		80,489
Loans receivable	6		73,875		-
Inventory	7		103,450		103,753
			1,961,029		2,588,292
Non-current assets					
Investments - fair value	8		5,665,957		5,383,217
Investments - equity accounted	9		592,131		794,303
Deposit			85,000		85,000
Due from related parties	24		308,113		277,079
Property and equipment	11		2,424		2,693
Intangible assets	12		1,173,425		1,013,394
Goodwill	13		1,640,653		1,640,653
TOTAL ASSETS		**$**	**11,428,732**	**$**	**11,784,631**
LIABILITIES					
Current liabilities					
Trade payables	19	$	1,798,576	$	1,771,902
Accrued liabilities			1,798,979		1,558,686
Current portion of contract liabilities	17		1,546,134		1,748,574
Related party loans	19		437,230		428,384
Current portion of loans payable	14		2,351,533		2,141,421
Income taxes payable	31		113,350		113,350
CEBA loan	15		-		40,000
Current portion of convertible debt	16		208,430		184,324
			8,254,232		7,986,641
Non-current liabilities					
Convertible debt	16		216,023		200,260
CEBA loans	15		121,836		106,637
Contract liabilities	17		28,148		27,475
Deferred tax liability			11,187		11,187
Loans payable	14		3,771,444		3,738,395
TOTAL LIABILITIES			**12,402,870**		**12,070,595**
EQUITY					
Share capital	18		43,916,621		43,916,621
Reserve	18		17,069,627		16,849,308
Equity portion of debt	18		563,391		563,391
Accumulated other comprehensive loss			(188,492)		(118,971)
Accumulated deficit			(57,847,592)		(57,254,854)
Equity attributable to owners of the Company			3,513,555		3,955,495
Non-controlling interest	26		(4,487,693)		(4,241,459)
EQUITY			**(974,138)**		**(285,964)**
TOTAL LIABILITIES AND EQUITY		**$**	**11,428,732**	**$**	**11,784,631**

Nature of operations and going concern – Note 1

See accompanying notes to the condensed consolidated interim financial statements

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

		Three months ended March 31,	
	Note	**2024**	**2023**
Revenue	23	$ 3,559,675	$ 2,851,471
Cost of goods sold	23	2,146,272	1,370,139
		1,413,403	1,481,332
Expenses			
Amortization and depreciation	11,12	59,501	726,261
Foreign exchange loss		776	5,849
General and administration		355,605	273,566
Insurance		27,979	36,022
Investor relations		54,317	6,931
Management fees		12,500	27,052
Professional and consulting fees	19	641,311	619,301
Rent		72,971	49,623
Research and development		2,366	18,533
Sales and marketing		113,999	226,465
Share based payments	18	220,319	15,329
Transfer agent and regulatory fees		52,117	80,797
Wages		581,054	376,643
Equity loss on investments - equity accounted	9	202,172	83,945
Fair value gain on investments - fair value	8	(282,740)	(112,975)
Accretion, Interest and amortization of debt	14, 15,16	292,684	252,217
Interest and other income	24	(5,882)	(54,652)
Total expenses		(2,401,049)	(2,630,907)
Other gain	25	148,674	25,854
Deferred tax recovery		-	27,508
Net loss for the period		(838,972)	(1,096,213)
Other Comprehensive Loss			
Currency translation adjustment		(69,521)	(123,581)
Comprehensive loss for the period		(908,493)	(1,219,794)
Net loss attributable to:			
Shareholders of the parent company		(592,738)	(1,088,021)
Non-controlling interest	26	(246,234)	(8,192)
		$ (838,972)	$ (1,096,213)
Basic and diluted loss per share attributable to the shareholders of the parent company		**$ (0.01)**	**$ (0.01)**
Weighted average number of common shares outstanding for the period - basic		**99,564,971**	**99,564,971**
Weighted average number of common shares outstanding for the period - diluted		**113,875,689**	**99,564,971**

See accompanying notes to the condensed consolidated interim financial statements

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

	Notes	Share Capital: Number of shares	Share Capital: Amount	Accumulated other comprehensive income	Reserve	Obligation to issue shares	Equity portion of debt	Broker's warrants	Deficit	Non-controlling interest	Total
Balance at January 1, 2023		**99,564,971**	**$ 43,916,621**	**$ (81,822)**	**$ 12,419,613**	**$ 300,000**	**$ 511,620**	**$ 427,165**	**$ (43,527,088)**	**$ (720,272)**	**$ 13,245,837**
Share based payments		-	-	-	15,329	-	-	-	-	-	15,329
Reclassifiaction of contigent liability		-	-	-	-	-	-	-	(238,299)	-	(238,299)
Currency translation adjustment		-	-	(123,581)	-	-	-	-	-	-	(123,581)
Net loss for the period		-	-	-	-	-	-	-	(1,088,021)	(8,192)	(1,096,213)
Balance at March 31, 2023		**99,564,971**	**$ 43,916,621**	**$ (205,403)**	**$ 12,434,942**	**$ 300,000**	**$ 511,620**	**$ 427,165**	**$ (44,853,408)**	**$ (728,464)**	**$ 11,803,073**
Balance at January 1, 2024		**99,564,971**	**$ 43,916,621**	**$ (118,971)**	**$ 16,849,308**	**$ -**	**$ 563,391**	**$ -**	**$ (57,254,854)**	**$ (4,241,459)**	**$ (285,964)**
Share-based payments		-	-	-	220,319	-	-	-	-	-	220,319
Currency translation adjustment		-	-	(69,521)	-	-	-	-	-	-	(69,521)
Net loss for the period		-	-	-	-	-	-	-	(592,738)	(246,234)	(838,972)
Balance at December 31, 2023		**99,564,971**	**$ 43,916,621**	**$ (188,492)**	**$ 17,069,627**	**$ -**	**$ 563,391**	**$ -**	**$ (57,847,592)**	**$ (4,487,693)**	**$ (974,138)**

See accompanying notes to the condensed consolidated interim financial statements

(Expressed in Canadian dollars)

	Three months ended March 31, 2024	2023
Operating activities		
Net loss for the period	$ (838,972)	$ (1,096,213)
Adjustments for non-cash items:		
Amortization and depreciation	59,501	726,261
Accretion, interest and amortization of debt	297,615	277,412
Deferred tax recovery	-	(27,508)
Foreign exchange loss	-	5,849
Share based payments	220,319	15,329
Equity loss on investments	202,172	83,945
Fair value gain on investments	(282,740)	(112,975)
Other gain	(148,674)	(25,854)
Changes in non-cash working capital items:		
Trade receivables	15,476	(43,947)
Government sales tax recoverable	20,380	725
Income tax payable	592	-
Prepaids	44,732	(118,297)
Trade payables	(287)	361,410
Accrued liabilities	240,776	(128,580)
Inventories	304	-
Deferred revenue	(201,767)	(286,797)
Net cash flows used in operating activities	(370,573)	(369,240)
Investing activities		
Cash used for additions to intangible assets	(182,889)	-
Loans to arm's length parties	(73,875)	-
Loans to portfolio companies	(30,556)	(57,489)
Proceeds received from tokens	148,674	25,854
Net cash flows used in investing activities	(138,646)	(31,635)
Financing activities		
Cash used for lease payments	-	(74,405)
Cash received (paid) to related parties	8,846	(41,770)
Cash used to repay CEBA loan	(40,000)	-
Net cash flows used in financing activities	(31,154)	(116,175)
Effect of foreign exchange on cash	(79,875)	(123,187)
Change in cash and cash equivalents	(620,248)	(640,237)
Cash and cash equivalents, beginning	2,202,377	3,836,815
Cash and cash equivalents, ending	**$ 1,582,129**	**$ 3,196,578**

See accompanying notes to the condensed consolidated interim financial statements

1. Nature of Operations and Going Concern

Victory Square Technologies Inc. ("Victory Square Technologies", "VST", or the "Company") was incorporated under the Business Corporation Act (British Columbia) on February 10, 2015. The condensed consolidated interim financial statements comprise the financial statements of the Company and its subsidiaries Futura Health and Wellness Inc. ("Futura"), Draft Label Technologies Inc. ("Draft Label"), PDL USA Inc. ("PDL USA"), BlockX Capital Corp. ("BlockX Capital"), VS Blockchain Assembly ("VS Blockchain"), Hydreight Technologies Inc. ("HTI"), Hydreight Canada Holdings Inc ("HCH")., IV Hydreight Inc. ("Hydreight"), Healthcare Prosoft LLC ("Prosoft"), Victory Square Digital Health Inc. ("VS Digital Health"), Victory Square Digital Health Inc. ("VS Digital Health USA"), XR Immersive Tech Inc. ("XRI") and Synthesis VR Inc. ("SVR"). The Company reports Non-Controlling Interest ("NCI") on XRI and its subsidiary SVR, of which the Company holds 54.10% (December 31, 2023 – 54.10%), HTI and its subsidiaries HCH, Hydreight, and Prosoft, of which the Company holds 69.83% (December 31, 2023 – 69.83%), and Futura and its subsidiaries Draft Label and PDL USA, of which the Company holds 58.46% (December 31, 2023 – 58.46%) as of December 31, 2023. XRI was formerly known as Fantasy 360 Technologies Inc. and changed its name on February 3, 2022. The Company was determined to have lost control of the previously consolidated subsidiary Insu Therapeutics Inc. ("Insu", formerly Victory Entertainment Inc., "VEI") on December 13, 2023.

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

The Company's registered office is at Suite 401, 750 West Pender Street, Vancouver, British Columbia, V6C 2T7. The Company's shares are traded on the Canadian Securities Exchange ("CSE") under the symbol "VST" and the Frankfurt Stock Exchange under the symbol "6F6". The Company is also quoted on the OTCQX Best Markets in the United States under the symbol of "VSQTF".

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2024, the Company had a working capital deficit of $6,293,203 (December 31, 2023 – $5,398,349) and an accumulated deficit of $57,847,592 (December 31, 2023 – $57,254,854) and is overall in a net liability position. The continued operations of the Company are dependent upon its ability to generate future cash flows and/or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due; however, they may not be at terms that are favourable to the Company. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

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.

2. Material Accounting Policies

These condensed consolidated interim financial statements were authorized for issue on May 30, 2024, by the directors of the Company.

a) Statement of Compliance

These condensed consolidated interim unaudited financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim unaudited financial statements are the same as those applied in the Company’s annual financial statements as at and for the year ended December 31, 2023.

The condensed consolidated interim unaudited financial statements do not include all of the information and note disclosures required for full annual financial statements and should be read in conjunction with the Company’s annual financial statements as at and for the year ended December 31, 2023.

b) Principles of Consolidation

The condensed consolidated interim financial statements comprise the financial statements of the Company and its subsidiaries Futura, Draft Label, XRI, SVR, BlockX Capital, VS Blockchain, HTI, HCH, Hydreight, Prosoft, Insu (loss of control on December 13, 2023), VS Digital Health, and VS Digital Health USA (incorporated on February 17, 2022). The condensed consolidated interim statement of loss and comprehensive loss exclude the results of operations and cash flows of HTI and HCH prior to the reverse takeover transaction, Futura prior to the share exchange transaction and Insu subsequent to the loss of control.

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

All of the Company’s subsidiaries have a December 31 year end. The Company’s subsidiaries, BlockX Capital and VS Blockchain Assembly are inactive.

c) Basis of Preparation

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

Certain comparative figures in the statement of loss and comprehensive loss have been reclassified to conform to the current year’s presentation. These include reclassification of expense line items sales and marketing, investor relations, professional fees and consulting, and wages expense. Other gain from liquidation of tokens have been reclassified from revenue to other gain. The reclassification has no impact to net income.

(Expressed in Canadian dollars)

3. Cash and Cash Equivalents

Cash and cash equivalents are defined as cash held on deposit and balances held with merchant processing platforms.

4. Prepaids

Prepaids consist of the following:

		March 31, 2024		December 31, 2023
Marketing events and fees	$	18,320	$	26,479
Insurance		35,068		54,992
Exchange fees		41,791		57,416
Consulting and legal		19,069		21,323
Rental deposits and other		18,321		17,091
	$	132,569	$	177,301

5. Trade Receivables

Trade receivables consist of the following:

		March 31, 2024		December 31, 2023
Trade receivables	$	7,731	$	22,436
Other		440		1,936
	$	8,171	$	24,372

6. Loans Receivable

The Company advanced a $40,000 loan to an arm's length party. In addition, HTI advanced USD $25,000 ($33,875) as per a binding letter of intent for an acquisition of a target company, with the intention to convert to shares of the acquisition company on closing. The loans are unsecured, do not bear interest and has no fixed terms of repayment.

7. Inventory

In a previous year, Hydreight entered into a purchase commitment with a pharmacy vendor for the production of a specific number of customized branded kits and packaging, which were sold and delivered in the normal course of operations. On December 20, 2021, a final purchase commitment settlement agreement was executed with the vendor whereby Hydreight agreed to purchase and take possession of the remaining unsold units. Inventory consists of customized kits and itemized component products ordered and warehoused in advance of shipment to new and existing business partners. Hydreight contracts with a third party to accept and warehouse the kits. Pharmacy sales, including these inventory items, are reflected in cost of goods sold on the condensed consolidated interim statement of loss and comprehensive loss.

(Expressed in Canadian dollars)

7. Inventory (Continued)

	Pharmacy Supplies
Balance, January 1, 2024	$ 103,753
Additions	9,931
Expensed to cost of sales	(12,718)
Foreign currency translation	2,484
Balance March 31, 2024	$ 103,450

No impairment on inventory was recognized in the period ended March 31, 2024.

8. Investments Measured at Fair Value

The Company's investments measured at fair value consist of the following:

	31-Mar-24		December 31, 2023	
	Fair Value	% holding	Fair Value	% holding
FansUnite (1)	$ 354,072	2.47%	$ 486,849	2.47%
Victory Square Health (2)	1,500,000	20.00%	1,500,000	20.00%
Turnium (1)(3)	177,845	2.97%	164,165	2.97%
Cloud Benefit, dba Cloud Advisors (2)	309,000	5.43%	309,000	5.43%
Anonymous Intelligence (1)	32,048	2.57%	27,868	2.57%
GameOn (1)	1,883,165	19.75%	1,464,684	19.75%
Stardust Solar (2)	1,320,000	10.97%	1,320,000	10.97%
Other (4)	89,827		110,651	
	$ 5,665,957		$ 5,383,217	

A summary of investment transactions recorded in the condensed consolidated interim statement of loss and comprehensive loss for the period ended March 31, 2024, is as follows:

	Fair Value - Opening	Unrealized (losses) gains	Fair Value - Ending
FansUnite (1)	$ 486,849	$ (132,777)	$ 354,072
Victory Square Health (2)	1,500,000	-	1,500,000
Turnium (1)(3)	164,165	13,680	177,845
Cloud Benefit, dba Cloud Advisors (2)	309,000	-	309,000
Anonymous Intelligence (1)	27,868	4,180	32,048
GameOn (1)	1,464,684	418,481	1,883,165
Stardust Solar (2)	1,320,000	-	1,320,000
Other (4)	110,651	(20,824)	89,827
	$ 5,383,217	$ 282,740	$ 5,665,957

(Expressed in Canadian dollars)

8. Investments Measured at Fair Value (continued)

A summary of investment transactions recorded in the condensed consolidated interim statement of loss and comprehensive loss for the period ended March 31, 2023, is as follows:

	Fair Value - Opening	Unrealized (losses) gains	Fair Value - Ending
FansUnite (1)	$ 573,473	$ -	$ 573,473
Victory Square Health (2)	5,347,000	-	5,347,000
Turnium (1)(3)	328,330	(164,165)	164,165
Next Decentrum (5)	901,000	-	901,000
Cloud Benefit, dba Cloud Advisors (2)	475,000	-	475,000
Shop & Shout, dba Creator.co (5)	1,193,000	-	1,193,000
Cloud Nine (1)	242,206	-	242,206
GameOn (1)	694,210	282,246	976,456
Stardust Solar (2)	770,000	-	770,000
Other (4)	99,198	(5,106)	94,092
	$ 10,623,417	$ 112,975	$ 10,736,392

(1) Denotes Level 1 investments (listed) subject to certain trading and hold restrictions and have been discounted for a lack of marketability factor. Hold restrictions on FansUnite and Cloud Nine expired during the year ended December 31, 2023.
(2) Denotes Level 3 investments.
(3) On June 22, 2022, Turnium underwent a going public transaction whereby its shares began trading on the TSX Venture Exchange under the ticker symbol TTGI.V.
(4) The Company has minor investments in several other publicly traded equities and several private companies including its remaining interest in Insu.
(5) Next Decentrum was fully impaired in the year ended December 31, 2023. Creator.co was divested in the year ended December 31, 2023.

9. Investments Accounted for Using Equity Method

Cassia, dba CoPilot

During the year ended December 31, 2018, the Company entered into an agreement to purchase a 23.1% interest in the issued and outstanding common shares of CoPilot for cash of $1,000,000 and 187,266 common shares of the Company with a fair value of $514,982 for total consideration of $1,514,982. As at March 31, 2024, the Company holds an interest of 24.60% in Cassia (2022 – 24.60%). The Company reports its investment in Cassia under IAS 28, Investments in Associates and Joint Ventures and is presented separately on the consolidated statement of financial position as investment – equity accounted.

During the period ended March 31, 2024, the Company reported an equity loss of $202,172 (three months ended March 31, 2023 – equity loss of $83,945).

As at March 31, 2024, the value of the Company's investment in Cassia is $592,131 (December 31, 2023, $794,303).

(Expressed in Canadian dollars)

10. Futura Reverse Takeover Transaction

On July 12, 2023, the Company and Draft Label executed a Share Exchange Agreement (the "Agreement") with 1288273 B.C. Ltd. ("1288273"), a company incorporated under the laws of British Columbia. Pursuant to the Agreement, the Company exchanged all of its issued and outstanding common shares of Draft Label to 1288273 in exchange for 45,000,000 common shares and 15,000,000 preferred shares of 1288273. Upon completion of the Agreement, Draft Label and its subsidiary PDL USA became wholly owned legal subsidiaries of 1288273. On August 14, 2023, 1288273 changed its name to Futura Health & Wellness Inc. ("Futura"). Also, effective August 14, 2023, a director resolution was executed appointing the CFO of VST as a director of Futura and the resignation of the sole former director. As at March 31, 2024, VST owned 58.46% of the common shares and 100% of the preferred shares of Futura.

The substance of the share exchange transaction was a reverse acquisition of a non-operating company. For accounting purposes, the share exchange transaction does not constitute a business combination under IFRS 3, since Futura, the predecessor entity, is a private company and did not meet the accounting definition of a business. As a result, the share exchange transaction has been accounted for as an asset acquisition, with the consideration paid being determined as an equity-settled share-based payment transaction under IFRS 2, with Draft Label being identified as the accounting acquirer as a result of Futura becoming a wholly owned accounting subsidiary of DLT. As DLT was deemed to be the acquirer for accounting purposes, all of DLT and Futura assets, liabilities, and operations since incorporation are consolidated at their historical carrying values. The total consideration in excess of the net identifiable assets of Futura acquired is charged as a transaction expense in contemplation of a go-public transaction in the consolidated statement of loss and comprehensive loss.

The fair value of consideration shares deemed issued by DLT is $2,272,425, calculated based on the share price of the most recent issuance per share of $0.10 multiplied by the deemed exchange ratio.

The acquisition was recorded as follows:

		Futura Asset Acquisition
Number of Draft Label shares issued:		22,724,253
Price per share		$0.10
Fair value of consideration	$	2,272,425
Less: Pre-existing relationship		(157,000)
		2,115,425
Less: Fair value of 1288273 net assets		(1,580,747)
Add: Legal fees attributable to transaction		62,228
Total transaction expense on acquisition of Futura	$	596,906

As the Company retained control of Draft Label following the transaction, it continues to consolidate Draft Label indirectly through control over Futura. As a result, the reduction in ownership in Draft Label is treated as an equity transaction. Based on the net assets acquired, a decrease of $351,393 was recognized in NCI during the year ended December 31, 2023.

(Expressed in Canadian dollars)

11. Property and Equipment

Property and equipment at March 31, 2024 consist of the following:

		Computer Equipment
Cost		
Balance, March 31, 2024 and January 1, 2024	$	8,502
Accumulated depreciation		
Balance, January 1, 2024	$	5,809
Depreciation		269
Balance, March 31, 2024	$	6,078
Net book value, January 1, 2024	$	2,693
Net book value, March 31, 2024	$	2,424

12. Intangible Assets

Intangible assets at March 31, 2024 consist of the following:

		Blockchain Technology		DiscreetCare Website		Hydreight - White Label		Hydreight App		Total
Cost										
Balance, January 1, 2024	$	5,536,298	$	18,900	$	757,010	$	1,593,739	$	7,905,947
Addition		-		-		209,851		-		209,851
Foreign currency translation		-		-		12,200		-		12,200
Balance, March 31, 2024	$	5,536,298	$	18,900	$	979,061	$	1,593,739	$	8,127,998
Accumulated depreciation										
Balance, January 1, 2024	$	(5,136,874)	$	-	$	(221,615)	$	(1,534,064)	$	(6,892,553)
Depreciation		-		-		(59,232)		-		(59,232)
Foreign currency translation		-		-		(2,788)		-		(2,788)
Balance, March 31, 2024	$	(5,136,874)	$	-	$	(283,635)	$	(1,534,064)	$	(6,954,573)
Net book value, January 1, 2024	$	399,424	$	18,900	$	535,395	$	59,675	$	1,013,394
Net book value, March 31, 2024	$	399,424	$	18,900	$	695,426	$	59,675	$	1,173,425

Blockchain Technology

On March 5, 2021, the Company acquired certain intangible assets related to blockchain technology for 4,600,048 common shares of the Company with a fair value of $3,542,037 as well as forgiveness of outstanding debts of $1,587,001 and other debts totalling $407,260. After acquisition, the Company incurred costs to bring these assets to saleable state, resulting in additional costs of $29,357, which were expensed.

Hydreight White Label

Throughout 2021 and the first quarter of the 2022 fiscal year, Hydreight incurred costs to develop a white-label product built off its core technology. The technology was primarily financed by VST. The capitalized costs of the internally generated software consisted of the directly attributable costs of external labor and an allocation of

12. Intangible Assets (Continued)

Hydreight employee and contractor labour. In the year ended December 31, 2023 and through March 31, 2024 additional improvements and features on the technology were capitalized on a consistent basis with directly attributable development costs and allocation of labour.

Hydreight App

On February 10, 2021, the Company acquired Hydreight through a share purchase agreement. The purchase price allocation of this acquisition was finalized during the year ended December 31, 2021, and $1,593,739 was allocated to intangible assets as a result. The intangible asset is being amortized on a straight-line basis over three years, commencing on acquisition.

13. Goodwill

Goodwill was recognized in the acquisition of Hydreight and represents the expected synergies from combining the operations of the acquired companies with those of the acquiring Company, revenue growth, future market development and customer relations. These benefits are not recognized separately from goodwill since the resulting economic impact cannot be measured reliably. Goodwill is non-deductible for tax purposes. For the purpose of annual impairment testing, goodwill is allocated to the operating segments, or cash-generating units ("CGU"), expected to benefit from the synergies of the business combinations in which the goodwill arises as set out below, and is compared to its recoverable value. The Company has identified Hydreight as a CGU for the purposes of goodwill impairment testing.

The Company tests CGUs with goodwill annually for impairment, or more frequently if there is an indication that a CGU to which goodwill has been allocated may be impaired. The recoverable amount of a CGU is the higher of the CGU's fair value less cost of disposal ("FVLCD") and its value-in-use. FVLCD is determined based on an implied enterprise value calculation using a market capitalization approach. Value-in-use is calculated using a discounted cash flow analysis based on detailed forecasts provided by management to estimate enterprise value.

14. Loans Payable

VST secured loan

On August 26, 2022, the Company entered into a secured loan agreement with an arm's length individual for $2,000,000. The loan bears interest at 13% per annum payable in advance in cash or marketable securities held by VST calculated and compounded monthly based on a 365-day year basis and matures on the two-year anniversary of the closing date of the Loan or such later date as is agreed to in writing. The loan is secured against certain shares of publicly traded companies currently held by VST, including the resulting issuer shares involving HTI disclosed in Note 12. In connection with the Loan as an inducement to the lender, VST also granted the lender the right to acquire up to 1,222,222 resulting issuer shares to be received by VST in connection with the subsequently closed transaction at a price per resulting issuer share of $0.63 at any time after 4 months following the completion of the Transaction subject to certain additional conditions. As at March 31, 2024, the lender has not acquired any HTI shares pursuant to this right. VST use of the proceeds from the loan is for strategic opportunities and general working capital purposes.

14. Loans Payable (Continued)

The fair value of the debt component of the loan payable was determined at inception using the Company's incremental borrowing rate of 17%. A total of $154,770, representing the difference between the discounted value of $1,845,230 and the proceeds received of $2,000,000, was allocated to the equity component. The Company paid a finder's fee to an arm's length party in the amount of $100,000 and incurred legal fees of $23,087, allocated to the debt and equity component in the amount of $113,561 and $9,525 respectively. The resulting carrying value of the debt at inception was $1,731,668. For the period ended March 31, 2024, included in interest expense on the condensed consolidated interim statement of loss and comprehensive loss is interest and accretion costs totalling $101,780 (three months ended March 31, 2023 - $94,721), resulting in an ending carrying value of $2,351,533 (December 31, 2023 - $2,141,421), which includes accrued interest of $433,333 (December 31, 2023 - $368,333).

XRI

On December 17, 2021, XRI entered into a loan agreement for a principal amount of $3,000,000, maturing on the earliest of 180 days from the closing date and either a financing or business combination transaction. The loan bears interest at a rate of 12% per annum and is, payable monthly, on the first business day of each month. As an inducement to the lender, 333,333 lender warrants were issued at an exercise price of $3.12 for a period of 4 years.

Further, the loan is secured by a General Security Agreement over all of XRI's assets and property. XRI paid costs including a finder's fee of $150,000 and $16,000 in legal costs. XRI also issued 161,055 finder warrants at an exercise price of $3.12 for a period of 4 years. The costs and fair value of the finder warrants of $238,216 was allocated to the issuance cost of the loan payable.

The agreement was identified as a compound financial instrument based on the substance of the contractual arrangement requiring the valuation on initial recognition of the liability and equity components. The fair value of the debt component of the loan payable was determined at inception using XRI's incremental borrowing rate of 20%. A total of $89,944, representing the difference between the discounted value of $2,910,056 and the proceeds received of $3,000,000, was allocated to the equity component.

On August 31, 2022, the loan agreement was amended to extend the maturity date to August 31, 2024. The Company paid $72,986 in monthly interest through May 2022, but defaulted on the June, July, and August payments. The interest rate effective June 1, 2022, was increased to 15% from 12%, with interest accruing and payable on August 31, 2023. From September 1, 2023, until the maturity date, interest is payable monthly on the first business day of the month.

In addition, the amended agreement amended the exercise price of the 333,333 lender warrants from $3.12 per common share to $0.48 per common share. As an additional inducement for the lender to close the loan amendment agreement, XRI agreed to issue 500,000 RSUs, with 25% vesting on December 13, 2022, and the remainder vesting at 25% every 12 months. The RSUs are recorded in share-based payments expense on the date of issuance based on the fair value of XRI shares multiplied by the number of RSUs issued.

Interest expense, accretion expense and the amortization of debt costs are being recognized over the loan period, with a total of $141,381 being recognized as interest expense during the period ended March 31, 2024 (three months ended March 31, 2023 - $107,972). Accrued interest as at March 31, 2024 is $825,000 (December 31, 2023 - $712,500) and is included in the carrying value of the loan.

The management of the borrower has formally notified the Company that the borrower will not demand repayment through August 31, 2025. Consequently, the balance is presented as a non-current liability.

(Expressed in Canadian dollars)

14. Loans Payable (Continued)

Loans payable as at March 31, 2024, consists of the following:

	VST secured loan	XRI	Total
Balance, January 1, 2024	$ 2,141,421	$ 3,738,395	$ 5,879,816
Amortization of transaction costs, accretion, and interest	101,780	141,381	243,161
Balance March 31, 2024	2,243,201	3,879,776	6,122,977
Less: Current portion	2,243,201	-	2,243,201
Non-current: Balance, March 31, 2024	$ -	$ 3,879,776	$ 3,879,776

	VST secured loan	XRI	Total
Balance, January 1, 2023	$ 1,752,417	$ 2,798,524	$ 4,550,941
Amortization of transaction costs, accretion, and interest	389,004	939,871	1,328,875
Balance March 31, 2023	2,141,421	3,738,395	5,879,816
Less: Current portion	2,141,421	-	2,141,421
Non-current: Balance, December 31, 2023	$ -	$ 3,738,395	$ 3,738,395

15. CEBA loans

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

The outstanding balances as of January 18, 2024, convert to a non-amortizing term loan with full principal repayment due on December 31, 2026. Commencing January 19, 2024, the loan accrues interest of 5% per annum. The Company repaid its CEBA loan prior to January 18, 2024, with the $20,000 balance of the loan forgiven.

	VST	XRI	Draft Label	Total
Balance, January 1, 2024	$ 40,000	$ 59,605	$ 47,032	$ 146,637
Repayment	(40,000)	-	-	(40,000)
Interest and accretion	-	1,042	14,157	15,199
Balance March 31, 2024	-	60,647	61,189	121,836

16. Convertible Debt

On August 21, 2022, Draft Label issued a $200,000 convertible debenture to an arm's length investor. The convertible note is non-interest bearing, unsecured, and upon a Liquidity Event, becomes convertible at the option of the holder into common shares of Draft Label at a conversion price of $0.15 per common share. The convertible debenture will

16. Convertible Debt (Continued)

mature two years after the closing date if no Liquidity Event occurs. Liquidity Event for the convertible debenture is defined as:

- the acquisition of Draft Label by another entity by means of any transaction or series of related transactions to which Draft Label is party (including, without limitation, any stock acquisition, reorganization, merger, amalgamation, arrangement, consolidation or other transaction but excluding any bona fide sale of stock for capital raising purposes);
- the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by Draft Label or any subsidiary Draft Label of all or substantially all the assets of Draft Label and its subsidiaries taken as a whole, or (2) the sale or disposition (whether by merger, amalgamation, arrangement, consolidation or otherwise and whether in a single transaction or a series of related transactions) of one or more subsidiaries of Draft Label if substantially all of the assets of Daft Label and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where the sale, lease, transfer, exclusive license or other disposition is to a wholly-owned subsidiary of Draft Label; or
- the closing of the transfer (whether by merger, amalgamation, arrangement, consolidation or otherwise), in a single transaction or series of related transactions, to a “person” or “group”, of the Shares if, after such closing, such person or group would become the “beneficial owner” of more than 50% of the outstanding voting securities of Daft Label (or the surviving or acquiring entity).

The share exchange transaction with Futura would meet the definition of a Liquidity Event. As at the financial statement date, the convertibility option has not been triggered.

The arm’s length convertible debt has been assessed to be a compound instrument with a fixed conversion rate, and therefore the conversion feature is determined to be an equity component. The fair value of the arm’s length convertible debt has had its debt host liability fair valued using a market rate of interest of 13.99%, with $153,921 being allocated to the debt host and $46,079 being allocated to equity using the residual method.

In the year ended December 31, 2023, XRI issued up to a maximum of $500,000 convertible debenture units, each consisting of one unsecured, non-redeemable debenture and one common share purchase warrant exercisable for common shares. The debenture units are offered at an issue price of the 10-day value weighted average price (“VWAP”) of XRI’s common shares for the 10 trading days immediately preceding the date of draw down. The debentures bear interest at 12% per annum from issue date payable semi-annually in arrears on June 30 and December 30 of each year. The debentures mature 36 months from closing date, with the option to extend or prepay upon agreement by both parties. The debentures are convertible at the holder’s option into common shares of the Company at a conversion price of $0.15 with accrued and unpaid interest up to conversion date payable in cash or additional common shares. Each warrant is exercisable to acquire one common share at an exercise price of $0.15 per share for a period of 36 months from the closing date.

On November 2, 2023, XRI drew on $250,000 in debentures at a WVAP price equivalent to 989,237 debenture units. The debenture was financed by way of a transfer of $190,000 in cash and the balance as repayment of amount due to VST. The fair value of the debt component of the debenture was determined at inception using XRI’s incremental borrowing rate of 23%. A total of $51,771 representing the difference between the discounted value of $198,229

(Expressed in Canadian dollars)

17. Convertible Debt (Continued)

and the proceeds received of $250,000, was allocated to the equity component. The amount allocated to equity was split between contributed surplus and warrant reserve based on the relative fair value of the warrants and convertible debentures as determined using the Black-Scholes Option Pricing Model.

The following table illustrates the movement of convertible debt during the period ended March 31, 2024. The comparative figures include a $125,000 working capital loan between 1288273 and Draft Label that had a conversion option that is eliminated on consolidation subsequent to the share exchange transaction.

	Draft Label	XRI	Total
Balance, January 1, 2024	$ 184,324	$ 200,260	$ 384,584
Interest and accretion	24,106	15,763	39,869
Balance, March 31, 2024	208,430	216,023	424,453
Less: Current portion	208,430	-	208,430
Non-current: Balance, March 31, 2024	$ -	$ 216,023	$ 216,023

	Draft Label	XRI	Total
Balance, January 1, 2023	$ 281,588	$ -	$ 281,588
Debt issued	-	250,000	250,000
Amount allocated to equity	-	(51,771)	(51,771)
Futura RTO transaction	(125,000)	-	(125,000)
Interest accretion	27,736	2,031	29,767
Balance, December 31, 2023	184,324	200,260	384,584
Less: Current portion	184,324	-	184,324
Non-current: Balance, December 31, 2023	$ -	$ 200,260	$ 200,260

18. Contract Liabilities

The following table is a summary of contract liabilities from contracts with customers and the change in those balances during the three months ended March 31, 2024, and 2023. As at March 31, 2024, $253,388 (December 31, 2023 - $315,291) of contract liabilities relates to goods and services transferred at a point in time, with the remaining $1,320,894 (2023 - $1,404,016) relating to its services transferred over time.

	March 31, 2024	December 31, 2023
Balance, opening	$ 1,719,307	$ 1,721,866
Revenue deferred in prior periods and recognized as revenue in current period	(559,740)	(1,721,866)
New additions from contracts with customers during the current period	414,715	1,719,307
Balance, ending	$ 1,574,282	$ 1,719,307
Current portion	1,546,134	1,691,832
Long-term portion	28,148	27,475
	$ 1,574,282	$ 1,719,307

(Expressed in Canadian dollars)

19. Share Capital

Authorized Share Capital
Unlimited common shares without par value.

Issued Share Capital
As at March 31, 2024, there were 99,564,971 common shares outstanding (December 31, 2023 - 99,564,971).

Reserve
The Company has a stock option plan whereby share purchase options are granted in accordance with the policies of regulatory authorities at an exercise price equal to the market price of the Company's shares on the date of the grant and, unless otherwise stated, vest on the grant date and with a term not to exceed ten years.

Under the plan, the board of directors may grant up to 10% of the issued number of shares outstanding as at the date of the share purchase option grant.

The Company did not grant any stock options during the period ended March 31, 2024. Share-based payments for the period ended March 31, 2024, relating to the vesting of the VST options was $Nil (three months ended March 31, 2023 - $7,222) and is recorded in the condensed consolidated interim statement of loss and comprehensive loss. The Company has estimated a 0% forfeiture rate in 2024 and 2023.

Options outstanding as at March 31, 2024, are as follows:

Exercise Price	Number of Shares Issuable	Exercisable	Weighted Average Remaining Contractual Life (Years)	Expiry Date
$0.15	4,137,500	4,137,500	0.96	March 17, 2025
$0.51	250,000	250,000	0.31	July 22, 2024
$0.43	300,000	300,000	0.96	March 17, 2025
	4,687,500	4,687,500		

Stock options continuity for the period ended March 31, 2024, is as follows:

	Number of options	WAV option price
Balance, December 31, 2023	7,432,500	$0.34
Cancelled	(2,745,000)	$0.60
Balance, March 31, 2024	4,687,500	$0.19

Warrants

There were no warrants issued during the three months ended March 31, 2024.

Non-Controlling Interest

Share-based payments of subsidiary company

(Expressed in Canadian dollars)

18. Share Capital (Continued)

During the period ended March 31, 2024, XRI recorded $4,023 (March 31, 2023 - $8,107) in share-based compensation expense.

During the period ended March 31, 2024, HTI recorded $216,296 (March 31, 2023 - $Nil) in share-based compensation expense.

The Company has estimated a 0% forfeiture rate in 2023 and 2022. The following weighted average assumptions were used in calculating the fair value of stock options granted and exercisable through the period ended March 31, 2024, using the Black-Scholes Option Pricing Model:

	Expected Volatility	**Risk-free Interest Rate**	**Expected Dividend Yield**	**Expected Life (in periods)**
Issued May 1, 2021	167%	0.92%	0%	5
Issued August 12, 2021	162%	0.91%	0%	5
Issued January 27, 2023	178%	3.65%	0%	2

The following weighted average assumptions were used in calculating the fair value of broker warrants and consultant warrants exercisable through the period ended March 31, 2024, using the Black-Scholes Option Pricing Model:

	Expected Volatility	**Risk-free Interest Rate**	**Expected Dividend**	**Expected Life (in years)**
Performance Warrants, August 11, 2021	162%	0.45%	0%	5
Lender and Finder Warrants, December 17, 2021	157%	1.14%	0%	4

Shares issued of subsidiary company

There were no shares issued in subsidiary companies during the three months ended March 31, 2024.

Share purchase rights agreement

The $2,000,000 loan agreement (Note 14) contains a share purchase rights clause whereby the lender has the right to acquire up to 1,222,222 of HTI shares from VST at the Transaction price over the term of the loan any time after 4 months following the completion of the Transaction. The lender has not exercised any share purchase rights as of the date of these consolidated financial statements.

(Expressed in Canadian dollars)

19. Related Parties

Related Party Transactions

During the period ended March 31, 2024, and 2023, the Company entered into the following transactions with related parties:

		March 31, 2024		March 31,2023
Professional and consulting fees	$	47,965	$	54,733
Executive compensation	$	234,525	$	230,750
Share-based compensation - HTI	$	25,134	$	-

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:

- $234,525 (March 31, 2023 - $230,750) in executive compensation to the CEO and Chief Growth Officer of VST and executive officers of XRI and Hydreight.
- $47,965 (March 31, 2023 - $54,733) in professional fees to company controlled by the CFO, for controller, bookkeeping, corporate secretarial and CFO services;
- $25,134 (March 31, 2023 - $Nil) in share-based compensation related to HTI RSUs and options granted to CEO, directors and officers of HTI.

Due from Related Parties

		March 31, 2024		December 31,2023
Due from a Director	$	250	$	250
Due from Subsidiary Management		77,804		81,920
Due from GameOn Entertainment		186,834		151,878
Due from IV Hydreight Inc related parties		8,130		7,936
Due from Victory Square Health		33,000		33,000
Due from Cassia, dba CoPilot		2,095		2,095
	$	308,113	$	277,079

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.

Amounts are unsecured, non-interest bearing, and due on demand.

(Expressed in Canadian dollars)

19. Related Parties (Continued)

Due to Related Parties

		March 31, 2024		December 31,2023
Due to Insu	$	111,277	$	113,311
Due to former owners of SVR		300,000		300,000
Due to CEO		25,953		15,073
	$	437,230	$	428,384

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

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

As at March 31, 2024, the Company has $25,953 (December 31, 2023 - $15,073) in related party loans due from the CEO. This related party loan is unsecured, due on demand, and bears interest at 3%.

Related Party Balances

As at March 31, 2024, the Company has $279,149 (December 31, 2023 - $366,149) due to related parties included in trade payables and accrued liabilities. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

20. Operating Segments

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

Legal Entities	Segment
Draft Label	Health Tech
PDL USA	Health Tech
Futura Health and Wellness Inc.	Health Tech
XRI	Immersive Services
SVR	Immersive Services
Insu Therapeutics Inc. [2]	Investments
Victory Square Technologies [1]	Investments
BlockX Capital	Investments
VS Blockchain	Investments
VS Digital Health	Health
VS Digital Health (Delaware)	Health
Hydreight Technologies Inc.	Health
Hydreight Canada Holdings Inc.	Health
IV Hydreight Inc.	Health
Prosoft	Health

[1] Parent corporation

[2] Deconsolidated December 13, 2023

(Expressed in Canadian dollars)

20. Operating Segments

Segmented operations were as follows as at March 31, 2024:

	Investments	Health Tech	Immersive Services	Health	Total
Current assets	$ 154,052	$ 50,606	$ 231,526	$ 1,524,845	$ 1,961,029
Non-current assets	8,663,928	-	28,175	775,600	9,467,703
	$ 15,686,649	$ 50,606	$ 259,701	$ 2,300,445	$ 11,428,732
Current liabilities	$ 3,268,013	$ 207,380	$ 1,223,990	$ 3,446,517	$ 8,145,900
Non-current liabilities	11,187	182,608	4,035,700	27,475	4,256,970
	$ 3,279,200	$ 389,988	$ 5,259,690	$ 3,473,992	$ 12,402,870

	Investments	Health Tech	Immersive Services	Health	Total
Revenue	$ -	$ -	$ 182,069	$ 3,377,606	$ 3,559,675
Cost of goods sold	-	-	-	(2,146,272)	(2,146,272)
Gross margin	-	-	182,069	1,231,334	1,413,403
Expenses	(351,072)	(97,440)	(406,807)	(1,545,730)	(2,401,049)
Other gain	148,674	-	-	-	148,674
Net loss	(202,398)	(97,440)	(224,738)	(314,396)	(838,972)
Non-controlling interest	-	93,138	112,619	40,477	246,234
Net loss attributable to parent	$ (202,398)	$ (4,302)	$ (112,119)	$ (273,919)	$ (592,738)

21. Financial Risk Management

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

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The cash is deposited in 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. Credit risk on cash is assessed as low.

(Expressed in Canadian dollars)

21. Financial Risk Management (Continued)

a) Credit risk (continued)

The Company's receivables consist of trade receivables, government sales tax receivable, and due from related parties. Based on the evaluation of receivables, both current and past due as at March 31, 2024, the Company believes that its receivables are collectable and management has determined credit risk to be low.

b) Interest rate risk

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

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and cash reservers. Historically, the Company's main source of funding has been the issuance of equity securities through private placements and loans from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

Contractual Obligations As at March 31, 2024	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Trade payables and accrued liabilities	$ 3,597,555	$ 3,597,555	$ -	$ -	$ -
Related party loans	437,230	437,230	-	-	-
Convertible debt	450,000	200,000	250,000	-	-
Loans payable	6,122,977	2,351,533	3,771,444	-	-
CEBA Loans	120,000	-	120,000	-	-
Total Contractual Obligations	$ 10,727,762	$ 6,586,318	$ 4,141,444	$ -	$ -

d) Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company's subsidiaries, Hydreight and SVR, have a functional currency of the USD and therefore the Company bears the risk of fluctuations in the exchange rate between the USD and CAD with respect to Hydreight and SVR's results of operations and financial position. A +/- 10% in the exchange rate of the USD/CAD would have resulted in a combined impact of approximately $195,000 in loss and equity for the period.

e) Fair value risk

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

21. Financial Risk Management (Continued)

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the use of significant unobservable inputs are considered Level 3.

Private company investments and contingent consideration derivative liabilities are considered Level 3.

For investments that are not publicly traded, subsequent to initial recognition, the fair value of these investments is determined by the Company using the most appropriate valuation methodology in light of the nature, facts and circumstances of the investment and its materiality in the context of the total investment portfolio.

Investments are valued at cost for a limited period after the date of acquisition, if the purchase price remains representative of the fair value at the reporting date; otherwise, investments are valued using one of the other methodologies detailed below.

Investments in which there has been a recent or in-progress funding round involving significant financing from external investors are valued at the price of the recent funding, whereby the various shareholder categories rights are taken into account in the valuation. The price is adjusted, where appropriate.

Investments in which there has been a recent private secondary market trade of meaningful volume and the transaction is undertaken by a sophisticated, arm’s-length investor are valued at the price of the recent trade.

Investments in established companies for which there has not been any recent independent funding or secondary private market transaction are valued using revenue or earnings multiples. When valued on a multiple basis, the maintainable revenue or earnings of a portfolio company are multiplied by an appropriate multiple. The multiple is derived from the market capitalization of a peer group. Companies are selected for the peer group that are comparable with the portfolio company to be valued as to their business model and size. If the portfolio company to be valued differs in certain aspects compared with features of companies in the peer group, discounts or premiums are applied to the relevant multiple or resulting valuation.

Investments in early-stage companies not generating sustainable revenue or earnings and for which there has not been any recent independent funding are valued using alternative methodologies. The Company considers investee company performance relative to plan, going concern risk, continued funding availability, comparable peer group valuations, exit market conditions and general sector conditions and calibrates its valuation of each investment as appropriate.

The Company may apply a further illiquidity discount to the fair value of an investment if conditions exist that could make it challenging to monetize the investment in the near term at a price indicated by the valuation models. The

21. Financial Risk Management (Continued)

amount of illiquidity discount applied requires considerable judgment and is based on the facts and circumstances of each investment.

The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties, and the resulting values may differ significantly from values that would have been used had a ready market existed for the investments. These differences could be material to the fair value of investments in the portfolio.

The table below presents the valuation techniques and the nature of significant inputs used to determine the fair values of the Level 3 investments as at March 31, 2024. During the period there has been no movement of investments from Level 3 to Level 1 or Level 2.

The Company's investments include publicly listed entities that are listed on a Canadian and United States stock exchange. Changes in the fair value of investments designated as FVTPL are reported in the statement of income and comprehensive income.

The Company's financial instruments consist of cash and cash equivalents, trade receivables, marketable securities, certain investments, amounts due from related parties, trade payables, loans payable, other payables, convertible debt, and related party loans. The carrying value of financial instruments approximates the fair value at March 31, 2024.

22. Capital Management

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

The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account. The Company will require capital resources to carry its plans and operations through its current operating period. The Company currently is not subject to externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the period.

(Expressed in Canadian dollars)

23. Revenue and Cost of Goods Sold

Revenue

	Three months ended March 31, 2024	2023
Immersive experiences	$ 182,069	$ 200,659
Health	3,377,606	2,630,812
Sublease	-	20,000
	$ 3,559,675	$ 2,851,471

Cost of Goods Sold

	Three months ended March 31, 2024	2023
Immersive experiences	$ -	$ 4,146
Health	2,146,272	1,359,224
Software	-	6,769
	$ 2,146,272	$ 1,370,139

24. Interest and Other Income

Interest and other income includes interest earned on cash balances and other items not classified as revenue or other gains.

25. Other Gain

The gain on proceeds of digital assets is the liquidation of digital asset tokens not recognized at the time of receipt due to the inability of the Company to demonstrate future economic benefits of the tokens and uncertainly of measurement basis.

26. Non-Controlling Interest

HTI

On closing of the reverse takeover transaction, 37,842,827 shares of HTI are issued and outstanding on a non-diluted basis, of which approximately 27,896,825 shares are held by VST representing a 73.72% interest, with the balance of 26.28% reported initially in NCI.

During the year ended December 31, 2023, HTI settled a $300,000 obligation recognized in the prior year to issue shares to the CEO of HTI in recognition of a going public bonus.

As of March 31, 2024, and December 31, 2023, the NCI interest in HTI is 30.17%.

26. Non-Controlling Interest (Continued)

XRI

As of March 31, 2024 and December 31, 2023, the Company owns 54.10% of XRI and records the balance of 45.90% in NCI.

FUTURA

As per Note 10, on the share exchange transaction with Futura, as at March 31, 2024 and December 31, 2023, Company owns 58.46% of Futura and records the balance of 41.54% in NCI.