FORM 5A

ANNUAL LISTING SUMMARY

Introduction

The requirement to file this Form 5A does not apply to NV Issuers. NV Issuers must file a Form 51-102F2 Annual Information Form.

This Annual Listing Summary must be posted on or before the day on which the Issuer's annual financial statements are to be filed under the Securities Act. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies.

General Instructions

(a) Prepare this Annual Listing Summary using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Listed Issuer Name: <u>Victory Square Technologies Inc.</u> **Website: www.victorysquare.com** **Listing Statement Date: May 1, 2024** **Description(s) of listed securities(symbol/type):** **Canadian Securities Exchange (VST), Frankfurt Exchange (6F6) and the OTCQX (VSQTF).**
Brief Description of the Issuer's Business: **Victory Square Technologies Inc. builds and invests in emerging technology companies with proven business models and strong teams. The Issuer has 20+ portfolio companies (10 of them are selected**

companies, that are in final stages of our process) in emerging technologies such as AI, AR/VR and Blockchain. The Issuer is headquartered in Vancouver, Canada, and listed on the Canadian Securities Exchange (VST), Frankfurt Exchange (6F6) and the OTCQX (VSQTF).		
Description of additional (unlisted) securities outstanding		
Jurisdiction of Incorporation: British Columbia		
Fiscal Year End: December 31, 2023		
Date of Last Shareholders' Meeting and Date of Next Shareholders' Meeting (if scheduled): Last Shareholders' Meeting – August 18, 2023		
Financial Information as at: December 31, 2023		
	Current	**Previous**
Cash **Current Assets** **Non-current Assets** **Current Liabilities** **Non-current Liabilities** **Shareholders' equity** **Revenue** **Net Income** **Net Cash Flow from Operations**	*Please refer to Issuer's Financial Statements attached hereto as Schedule A*	

SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in the Schedules. If the required details are included in Schedule A or B, provide specific reference to the page or note.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

(a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient. **Refer to Note 24 in Schedule A**

(b) A description of the transaction(s), including those for which no amount has been recorded. **Refer to Note 24 in Schedule A**

(c) The recorded amount of the transactions classified by financial statement category. **Refer to Note 24 in Schedule A**

(d) The amounts due to or from Related Persons and the terms and conditions relating thereto. **Refer to Note 24 in Schedule A**

(e) Contractual obligations with Related Persons, separate from other contractual obligations. **Refer to Note 24 in Schedule A**

(f) Contingencies involving Related Persons, separate from other contingencies. **N/A**

2. Summary of securities issued and options granted during the period.

Provide the following information for the Listed Issuer's fiscal year:

(a) summary of securities issued during the period,
Refer to Note 23 in Schedule A

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid

(b) summary of options granted during the period,
Refer to Note 23 in Schedule A

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of securities outstanding for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions
Refer to Note 23 in Schedule A

(b) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
Refer to Note 23 in Schedule A

(c) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.
Refer to "Consolidated statements of changes in equity" on page 9 of Schedule A

4. List the names of the directors and officers and include the position(s) held and the date of appointment, as at the date this report is signed and filed.

- Shafin Diamond Tejani, Director (appointed August 31, 2015), CEO (appointed September 15, 2015) and President (appointed August 31, 2015)
- Howard Adam Blank, Director (appointed June 28, 2016)
- Thomas Peter Mayenknecht, Director (appointed September 15, 2015)
- Peter Constantine Smyrniotis, Director (appointed September 15, 2015)
- Sheri Rempel, CFO (appointed August 11, 2015) and Corporate Secretary (appointed June 4, 2018)

5. Financial Resources

a) State the business objectives that the Issuer expects to accomplish in the forthcoming 12-month period;

Provide support to our Portfolio Companies: Hydreight, XR Immersive, GameOn, Victory Square Health, CoPilot.AI, Draft Label and Stardust Solar. Specifically:

Hydreight - work with the Hydreight team on operations (bookkeeping, accounting), sales, growth and M&A.
XR Immersive - work with the XR Immersive team on operations (bookkeeping, accounting), technology development, sales, investor relations support and exploring funding options (both dilutive and non-dilutive).
GameOn - work with the GameOn team on operations (bookkeeping, accounting), sales, investor relations support and exploring funding options (both dilutive and non-dilutive)
Victory Square Health - work with the Victory Square Health team on sales, growth and M&A.
CoPilot.AI - work with the CoPilot.AI team on sales and growth.
Draft Label - work with the Draft Label team with their public listing, operations (bookkeeping, accounting), technology development, sales, growth and M&A.
Stardust Solar - work with the Stardust team with their public listing.

b) Describe each significant event or milestone that must occur for the business objectives in (a) to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event;

With respect to portfolio companies Hydreight, XR Immersive, GameOn, Victory Square Health and CoPilot.AI, the specific milestones vary and are determined by each one of the companies. There is no additional cost to Victory Square other than the salary of employees.

With respect to the private portfolio companies Draft Label and Stardust Solar, the milestone is the filing of their prospectus for a public listing in 2023. There is no additional cost to Victory Square other than the salary of employees.

c) Disclose the total funds available to the Issuer and the following breakdown of those funds:

(i) the estimated consolidated cash position as of the most recent month end prior to filing the Listing Statement, and

$2,202,377

(ii) the total other funds, and the sources of such funds, available to be used to achieve the objectives and milestones set out in paragraphs (a) and (b); and

$536,334

(iii) describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the funds available described under the preceding paragraph will be used by the Issuer.

$1.78M cash held in subsidiary Hydreight, of which $916K is held in the US operating company for working capital purposes. $862K is held in the parent companies from a capital raise and US operating company cost recovery billings and is held to pay public company monthly costs and reserved for strategic opportunities. $196K is held in subsidiary XRI for working capital purposes. $20K is held in subsidiary Futura in anticipation of a going public transaction and business combination. $191K is held at the VST level for general corporate purchases, payroll, legal, administrative expenses of approximately $20K/month.

Other sources of liquidity include shares of portfolio investments that are publicly traded and digital asset tokens which are not recognized on the balance sheet at the time of taking custody.

6. Status of Operations

During the fiscal year, did the Listed Issuer

(a) reduce or impair its principal operating assets; or
Not operating assets; write-downs for investments

(b) cease or substantively reduce its business operations with respect to its stated business objectives in the most recent Listing Statement?
No

Provide details:

7. Business Activity

a) Activity for a mining or oil and gas Listed Issuer

(i) For the most recent fiscal year, did the Listed Issuer have positive cash flow, significant revenue from operations, or $50,000 in exploration or development expenditures?

Provide details. **Not applicable**

(ii) If the response to (i) above is “no”, for the three most recent fiscal years did the Listed Issuer have an aggregate of $100,000 in exploration or development expenditures?

Provide details. **Not applicable**

b) Activity for industry segments other than mining or oil & gas

(i) For the most recent fiscal year, did the Listed Issuer have positive cash flow, or $100,000 in revenue from operations or $100,000 in development expenditures?

Provide details. **Company had two subsidiaries with revenue from operations.**

(ii) If the response to (i) above is “no”, for the three most recent fiscal years, did the Listed Issuer have either $200,000 in operating revenues or $200,000 in expenditures directly related to the development of the business?

Provide details. **Not applicable**

SCHEDULE A: **AUDITED ANNUAL FINANCIAL STATEMENTS**

SCHEDULE B: MANAGEMENT DISCUSSION AND ANALYSIS

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Annual Listing Summary.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated: May 1, 2024

Sheri Rempel
Name of Director or Senior Officer

/s/ "Sheri Rempel"
Signature

Chief Executive Officer
Official Capacity

Issuer Details Name of Issuer Victory Square Technologies Inc.	For Year Ended 2023	Date of Report YY/MM/D 2024/05/01
Issuer Address 750 West Pender Street, Suite 401		
City/Province/Postal Code Vancouver, BC V6C 2T7	Issuer Fax No. (604) 428-7052	Issuer Telephone No. (604) 428-7050
Contact Name Shafin Diamond Tejani	Contact Position CEO and Director	Contact Telephone No. (604) 283-9166
Contact Email Address shafin@victorysquare.com	Web Site Address www.victorysquare.com	

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Schedule A

Victory Square Technologies Inc.

Consolidated Financial Statements
Years ended December 31, 2023 and 2022

Expressed in Canadian Dollars

To the Shareholders of Victory Square Technologies Inc.:

Opinion

We have audited the consolidated financial statements of Victory Square Technologies Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and December 31, 2022, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2023 and, as of that date, the Company had a working capital deficiency and an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

MNP LLP
602, 1122 International Blvd, Burlington ON, L7L 6Z8
T: 905.333.9888 F: 905.333.9583

Private Investments

Key Audit Matter Description

The Company has a venture capital operation that makes equity investments in private, emerging technology companies generally in a start-up phase where fair value is based on unobservable inputs and are classified as Level 3 financial instruments. The valuation of these investments is inherently subjective due to the absence of quoted market values. As a result, the procedures related to the valuation methodologies and unobservable market inputs required a high degree of auditor judgment and increased audit effort, where the use of different valuation techniques and assumptions could produce significantly different estimates of fair value. Auditing the fair value of financial assets based on unobservable inputs requires the application of significant auditor judgement and in some instances, involvement of valuation specialists in assessing the valuation techniques. Given the subjectivity involved, we considered this area to be a key audit matter. Refer to Notes 9 and 26 to the consolidated financial statements for further details.

Audit Response

We responded to this matter by performing audit procedures in relation to the fair value of private company investments held at year end. Our audit work in relation to this included, but was not restricted to the following:

- We verified the Company's percentage shareholding and ownership interest in each significant investment held as of year-end based on review of share certificates, subscription agreements, central securities registers, and third-party confirmations received;
- We obtained and reviewed the documented valuation methodologies and key inputs used by the Company in determining fair value;
- Where available, we obtained financial information of investee companies, and/or other publicly available financial information to corroborate fair value determined by management;
- With the assistance of internal valuation specialists, we evaluated the reasonableness of the valuation methodologies, inputs and assumptions in the valuation of private company investments held as of year-end; and
- We assessed the appropriateness of the disclosures relating to the valuation methodology used in the fair value assessment in the notes to the consolidated financial statements.

Goodwill impairment

Key Audit Matter Description

The Company performs impairment testing for goodwill on an annual basis, or more frequently when there is an indication of impairment. An impairment is recognized if the carrying amount of an asset, or its cash generating unit (CGU), exceeds its estimated recoverable amount. The recoverable amounts of the CGUs were determined using the fair value less cost of disposal method, which included using discounted cash flow projection models as well as applying industry multiples. Management used key assumptions in the discounted cash flow projection models, which included forecasted operating results, long-term growth rates and discount rates, as well as used information from comparable companies in determining suitable market multiples. As a result of its annual impairment test, the Company impaired $1,208,649 of goodwill and a further $1,092,220 of intangible assets acquired as part of the Synthesis VR Inc. acquisition in the prior year. We considered this a key audit matter due to the subjectivity and complexity involved in performing procedures to test key assumptions in determining the recoverable amounts of the CGUs, which involved significant judgment from management. Refer to Notes 11, 16 and 17 to the consolidated financial statements for further details.

Audit Response

We responded to this matter by performing audit procedures in relation to the impairment of goodwill. Our audit work in relation to this to this included, but was not restricted to the following:

- We evaluated the reasonability of key inputs such as forecasted revenues, gross margin, operating expenses, long-term growth rates and the discount rates determined by management in the discounted cash flow projection models;
- We tested the mathematical accuracy of management's impairment model and supporting calculations;
- We tested management's key assumptions, including a 'retrospective review' to compare management's assumptions in prior year expected future cash flows to the actual results to assess the Company's budgeting process;
- With the assistance of internal valuation specialists, we evaluated the reasonableness of the discount rates used by management by comparing the Company's weighted average cost of capital against publicly available market data;
- We performed a sensitivity analysis on key inputs to assess the impact of reasonable changes on the determination of the recoverable amounts; and
- We assessed the appropriateness of the disclosures relating to the assumptions used in the impairment assessment in the notes to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jaspreet Chahal.

MNP LLP

Burlington, Ontario | Chartered Professional Accountants

April 30, 2024 | Licensed Public Accountants

Victory Square Technologies Inc.
Consolidated statements of financial position
(Expressed in Canadian dollars)

	Notes		December 31, 2023		December 31, 2022
ASSETS					
Current assets					
Cash and cash equivalents	3, 11	$	2,202,377	$	3,836,815
Prepayments	4		177,301		471,762
Trade receivables	5		24,372		27,034
Government sales tax receivable			80,489		86,085
Inventory	7		103,753		104,271
			2,588,292		4,525,967
Non-current assets					
Investments - fair value	9		5,383,217		10,623,417
Investments - equity accounted	10		794,303		1,184,648
Deposit			85,000		-
Due from related parties	24		277,079		272,169
Right of use asset	14		-		402,736
Property and equipment	15		2,693		31,655
Intangible assets	16		1,013,394		4,639,881
Goodwill	11,17		1,640,653		2,495,550
TOTAL ASSETS		**$**	**11,784,631**	**$**	**24,176,023**
LIABILITIES					
Current liabilities					
Trade payables	24	$	1,771,902	$	783,819
Accrued liabilities			1,558,686		1,213,765
Current portion of contract liabilities	22		1,748,574		1,703,821
Related party loans	24		428,384		1,187,700
Current portion of loans payable	18		2,141,421		417,604
Income taxes payable	31		113,350		80,581
CEBA loan	19		40,000		-
Other payables	20		-		158,765
Current portion of convertible debt	21		184,324		121,136
Current portion of lease liability	14		-		212,196
			7,986,641		5,879,387
Non-current liabilities					
Convertible debt	21		200,260		160,452
CEBA loans	19		106,637		135,222
Contract liabilities	22		27,475		18,045
Deferred tax liability	31		11,187		367,750
Lease liability	14		-		235,993
Loans payable	18		3,738,395		4,133,337
TOTAL LIABILITIES			**12,070,595**		**10,930,186**
EQUITY					
Share capital	23		43,916,621		43,916,621
Reserve	23		16,849,308		12,419,613
Equity portion of debt	23		563,391		511,620
Broker's warrants	23		-		427,165
Obligation to issue shares	23		-		300,000
Accumulated other comprehensive income			(118,971)		(81,822)
Accumulated deficit			(57,254,854)		(43,527,088)
Equity attributable to owners of the Company			3,955,495		13,966,109
Non-controlling interest	32		(4,241,459)		(720,272)
EQUITY			**(285,964)**		**13,245,837**
TOTAL LIABILITIES AND EQUITY		**$**	**11,784,631**	**$**	**24,176,023**

Nature of operations and going concern – Note 1

See accompanying notes to the consolidated financial statements

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

	Note		Year ended December 31, 2023		2022
Revenue	28	$	12,055,070	$	5,929,096
Cost of goods sold	28		6,564,681		2,672,672
			5,490,389		3,256,424
Expenses					
Amortization and depreciation	14,15,16		2,832,075		2,921,288
Donations			-		(95,519)
Foreign exchange loss (gain)			28,856		(11,364)
General and administration			2,453,245		1,203,450
Insurance			172,198		97,824
Investor relations			286,935		322,988
Listing expense	12		-		3,938,641
Expense associated with Futura transaction	13		596,906		-
Management fees			105,115		75,142
Professional and consulting fees	24		3,277,064		3,139,946
Rent			248,916		112,689
Research and development			710,052		274,242
Sales and marketing			514,142		867,060
Share based payments	23		1,620,395		1,043,948
Transfer agent and regulatory fees			252,754		133,713
Wages			2,393,613		2,458,069
Equity loss on investments - equity accounted	10		390,345		134,671
Fair value loss on investments - fair value	9		3,974,700		11,876,869
Impairment of non-financial assets	16,17		1,947,117		1,592,644
Impairment of related party loans			-		71,005
Accretion, Interest and amortization of debt	12, 16,17,19		1,023,939		1,173,298
Movement in provision	6,7,15,16		797,551		565,023
Interest and other income	6,29		(106,116)		(239,884)
Total expenses			(23,519,802)		(31,655,743)
Other gains (losses)	30		281,138		(418,568)
Current income tax expense	31		(30,959)		(94,576)
Deferred tax recovery	31		356,563		324,095
Net loss from continuing operations for the year			(17,422,671)		(28,588,368)
Gain on loss of control of subsidiary	8		33,624		-
Net loss for the year			(17,389,047)		(28,588,368)
Other Comprehensive Income (Loss)					
Currency translation adjustment			(37,705)		(141,222)
Comprehensive loss for the year			(17,426,752)		(28,729,590)
Net loss attributable to:					
Shareholders of the parent company			(14,154,931)		(24,189,917)
Non-controlling interest	32		(3,234,116)		(4,398,451)
		$	(17,389,047)	$	(28,588,368)
Basic and diluted loss per share attributable to the shareholders of the parent company		**$**	**(0.14)**	**$**	**(0.25)**
Weighted average number of common shares outstanding for the period - basic			**99,564,971**		**98,418,743**
Weighted average number of common shares outstanding for the period - diluted			**113,875,689**		**113,289,461**

See accompanying notes to the consolidated financial statements

(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, 2022		**97,930,700**	**$ 42,795,726**	**$ 59,400**	**$ 2,226,661**	**$ 1,120,895**	**$ 89,944**	**$ 427,165**	**$ (19,337,171)**	**$ 3,776,391**	**$ 31,159,011**
Shares issued - Hydreight earn out		1,634,271	1,120,895	-	-	(1,120,895)	-	-	-	-	-
Share-based payments		-	-	-	373,662	-	-	-	-	-	373,662
Subsidiary company shares issued - Finders fee		-	-	-	-	-	-	-	-	10,952	10,952
Subsidiary company shares issued - SVR acquisition		-	-	-	3,365,356	-	-	-	-	65,406	3,430,762
Equity portion of debt		-	-	-	-	-	421,676	-	-	-	421,676
Shares issued and distributed - subsidiary		-	-	-	73,169	-	-	-	-	(34,149)	39,020
RTO transaction		-	-	-	6,380,765	-	-	-	-	(140,421)	6,240,344
Subsidiary equity obligation		-	-	-	-	300,000	-	-	-	-	300,000
Currency translation adjustment		-	-	(141,222)	-	-	-	-	-	-	(141,222)
Net loss for the period		-	-	-	-	-	-	-	(24,189,917)	(4,398,451)	(28,588,368)
Balance at December 31, 2022		**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**
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**
Shares issued - Hydreight earn out	31	-	-	-	288,995	(300,000)	-	-	-	11,005	-
Share exchange of Draft Label	13,32	-	-	-	2,520,305	-	-	-	-	(351,393)	2,168,912
Share-based payments	32	-	-	-	1,620,395	-	-	-	-	53,317	1,673,712
Expiration of warrants	23	-	-	-	-	-	-	(427,165)	427,165	-	-
Equity portion of convertible debt - XRI		-	-	-	-	-	51,771	-	-	-	51,771
Currency translation adjustment		-	-	(37,149)	-	-	-	-	-	-	(37,149)
Net loss for the period		-	-	-	-	-	-	-	(14,154,931)	(3,234,116)	(17,389,047)
Balance at December 31, 2023		**99,564,971**	**$ 43,916,621**	**$ (118,971)**	**$ 16,849,308**	**$ -**	**$ 563,391**	**$ -**	**$ (57,254,854)**	**$ (4,241,459)**	**$ (285,964)**

See accompanying notes to the consolidated financial statements

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

	Year ended December 31, 2023	2022
Operating activities		
Net loss for the year	$ (17,389,047)	$ (28,588,368)
Adjustments for non-cash items:		
Amortization and depreciation	2,832,075	2,921,288
Accretion, interest and amortization of debt	1,023,939	962,676
Deferred tax recovery	(356,563)	(324,095)
Foreign exchange loss (gain)	(28,977)	(11,364)
Interest accrued on loan receivable	(45,191)	-
Share based payments	1,620,395	1,043,948
Transaction expense	596,906	3,938,641
Gain on loss of control of subsidiary	(33,624)	-
Movement in provision	797,551	565,023
Equity loss on investments	390,345	134,671
Fair value (gain) loss on investments	3,974,700	11,876,869
Impairment of non-financial assets	1,947,117	1,592,644
Impairment of related party loans	-	71,005
Other (gain) loss	(281,138)	418,568
Changes in non-cash working capital items:		
Trade receivables	(9,487)	193,461
Government sales tax recoverable	(65,686)	3,450
Income tax payable	32,769	80,581
Prepaids	297,961	(1,217)
Trade payables	731,448	399,270
Accrued liabilities	733,391	198,853
Inventories	518	(417,900)
Deferred revenue	54,184	1,334,706
Net cash flows used in operating activities	(3,176,414)	(3,607,290)
Investing activities		
Cash used for purchase of equipment	(3,232)	-
Cash reimbursed for additions to property and equipment	-	198,247
Cash used for additions to intangible assets	(208,639)	(564,373)
Cash used for deposit	(85,000)	-
Cash used on Synthesis acquisition	-	(200,000)
Cash and cash equivalents acquired on share exchange transaction	1,135,740	-
Cash derecognized on loss of control of subsidiary	(13,430)	-
Loans to portfolio companies	(175,913)	(349,442)
Proceeds received from tokens	463,541	-
Proceeds received from sale of investments	62,500	107,268
Proceeds received from divestment in investee	300,000	-
Net cash flows from (used in) investing activities	1,475,567	(808,300)
Financing activities		
Cash used for lease payments	(83,682)	(295,609)
Cash used for payments to related parties	(70,972)	(192,605)
Cash used for interest payments	-	(163,736)
Proceeds from convertible debt	250,000	325,000
Proceeds from Loan Payable, net	-	2,000,000
Proceeds received for share issuance of subsidiary, net	-	2,194,399
Net cash flows from financing activities	95,346	3,867,449
Effect of foreign exchange on cash	(28,937)	8,582
Change in cash and cash equivalents	(1,634,438)	(539,559)
Cash and cash equivalents, beginning	3,836,815	4,376,374
Cash and cash equivalents, ending	**$ 2,202,377**	**$ 3,836,815**

See accompanying notes to the consolidated 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 consolidated 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% (2022 – 54.55%), HTI and its subsidiaries HCH, Hydreight, and Prosoft, of which the Company holds 69.83% (2022 – 73.72%), and Futura and its subsidiaries Draft Label and PDL USA, of which the Company holds 58.46% (2022 – Nil) 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 (Note 8).

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 consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2023, the Company had a working capital deficit of $5,398,349 (December 31, 2022 – $1,353,420) and an accumulated deficit of $57,254,854 (December 31, 2022 – $43,527,088) 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 consolidated 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.

On November 28, 2022, HTI completed a reverse takeover transaction (the "Reverse Takeover Transaction" or "RTO" or "Transaction") with Hydreight, the Company, 1362795 BC Ltd. ("AssetCo"), and 1203500 B.C. Ltd ("PCL AcquisitionCo"). VST is Hydreight's ultimate controlling parent company before and after the Transaction.

1. Nature of Operations and Going Concern (Continued)

The Transaction was completed (the “Closing”) in accordance with the merger agreement effective July 12, 2022 (the "Merger Agreement") which resulted in HTI acquiring all of the equity interests of AssetCo, which immediately prior to the Closing issued shares to VST in exchange for all of the issued and outstanding shares in Hydreight, resulting in Hydreight becoming a wholly owned subsidiary of AssetCo. Prior to the Closing, HTI consolidated its outstanding shares on a 6.46805 to 1 basis. The share consolidation has been applied retrospectively in the consolidated financial statements and as a result, the common shares and option amounts of HTI are stated on an adjusted post-share consolidation basis. The Transaction constituted a Qualifying Transaction for HTI under Policy 2.4 of the TSX Venture Exchange (the "Exchange") Manual and resulted in AssetCo’s shareholders owning the substantial majority of HTI shares. HCH was formed by way of the amalgamation of AssetCo and PCL AcquisitionCo on November 28, 2022.

HTI filed an Article of Amendment to change its name from Perihelion Capital Ltd. (PCL) to Hydreight Technologies Inc. (HTI) and resumed trading on the Exchange under the trading symbol “NURS” (TSXV:NURS.P) on December 1, 2022. See Note 12 for more details.

2. Material Accounting Policies

a) Statement of Compliance

These consolidated financial statements were authorized for issue on April 29, 2024, by the directors of the Company.
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) as applicable to the preparation of annual financial statements.

b) Principles of Consolidation

The consolidated 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 consolidated statement of loss and comprehensive loss exclude the results of operations and cash flows of HTI and HCH prior to the RTO Transaction (Note 12), Futura prior to the Share Exchange Transaction (Note 13) 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.

Basis of Preparation

The consolidated 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

2. Material Accounting Policies (Continued)

b) Principles of Consolidation (continued)

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. The reclassification has no impact to net income.

Business combinations

The Company uses the acquisition method to account for business combinations. This requires an entity to measure each identifiable asset and liability at fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The purchase price allocation involves judgment with respect to the identification of intangible assets acquired and estimates of the fair value of the assets acquired and liabilities assumed, including pre-acquisition contingencies and contingent consideration. Changes in any of the assumptions or estimates used to identify intangible assets acquired, determine the fair value of acquired assets and liabilities assumed, including pre-acquisition contingencies or contingent consideration, could affect the amounts assigned to assets, liabilities and goodwill in the purchase price allocation. Transaction costs incurred in a business combination are expensed.

The Company considers certain acquisitions to be asset acquisitions, on the assumption that there are no identifiable businesses acquired in the transaction. There is judgment involved in the determination of whether the acquisition involves assets or entire businesses. Direct transaction costs incurred in the acquisition of an asset, or a group of assets generally are a component of the consideration transferred and are capitalized as a component of the cost of the assets acquired and liabilities assumed. Where contingent consideration is included in an asset acquisition, the Company has adopted a policy choice to record a liability for any expected variable payments at the time the obligating event or related activity that gives rise to the variability occurs. Changes in the fair value of the contingent consideration upon recognition are recognized in profit or loss during the periods in which the obligating event occurs.

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 17 for a description of the Company's annual impairment testing procedures.

Cash and cash equivalents

Cash and cash equivalents, which may include highly liquid, guaranteed short-term instruments, are presented net of outstanding items, including cheques written but not cleared by the related banks as at the statement of financial position date. Cash and cash equivalents are classified as a liability in the statement of financial position when the

2. Material Accounting Policies (Continued)

total amount of all cheques written but not cleared by the related banks exceeds the amount of cash and cash equivalents.

Inventory

Inventory is valued and recorded at the lower of cost and net realizable value. Cost is determined on a weighted average basis. Cost includes all direct expenses in bringing inventory to its present condition and location, net of consideration received from suppliers and vendors. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses. Inventory is written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, shrinkage or declining retail prices. The Company records consideration received from suppliers and vendors as a reduction to the cost of inventory, and these amounts are recognized in cost of sales when the associated inventory is sold.

Property and equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

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

Class of property and equipment	Depreciation rate
Computer equipment	3 years
Furniture and other equipment	3 years
Leasehold Improvements	Term of the lease

Intangible assets

Initial recognition of intangible assets

Blockchain Technology

Blockchain technology acquired in an asset purchase agreement that qualifies for separate recognition as intangible assets, is initially recognized at the fair value of the consideration paid.

Hydreight App

The core Hydreight App acquired in a business combination that qualifies for separate recognition, is initially recognized at fair value as at the acquisition date.

2. Material Accounting Policies (Continued)

Internally developed software (Hydreight White Label)
Intangible assets consist of the costs capitalized to build and develop the Company's mobile application white label functionality. Commencing April of 2022, the white-label mobile application went live, and the Company began amortizing the intangible asset on a straight-line basis with an estimated useful life of 10 years. Development costs are capitalized where the expenditure is incurred on developing an income generating mobile application and when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- It's intention to complete the intangible asset and use or sell it;
- It's ability to use or sell the asset;
- How the asset will generate probable future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

All research costs are expensed as incurred. Subsequent expenditures are capitalized only if it increases the future economic benefits embodied in the mobile application. All other expenditures, including operating costs, are recognized in the consolidated statement of loss and comprehensive loss.

Synthesis VR
The intangible assets acquired in the Synthesis VR business combination that qualify for separate recognition include trademarks and developed technology.

Subsequent measurement
All finite-lived intangible assets, including capitalized internally developed software, are accounted for using the cost model whereby capitalized costs are amortized on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. Indefinite life assets are not amortized but are tested for impairment annually.

Class of intangible asset	Amortization policy
Hydreight App and Blockchain Technology	3 years
Hydreight White-Label	5 years
SVR Trademark	5 years
SVR Developed Technology	6 years

2. Material Accounting Policies (Continued)

Convertible debt

The component parts of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. A conversion feature of the convertible debt meets the definition of a derivative liability if the conversion rate is variable, otherwise the conversion feature is treated as equity.

At the date of issue, the Company determines if the conversion feature is equity or liability based on the conversion terms. If the conversion feature is determined to be equity, the fair value of the liability is measured separately using an estimated market rate for a similar liability without an equity component and the residual is allocated to the conversion option. The liability component is subsequently recognized on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is recognized and included in equity and is not subsequently remeasured.

In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share capital. If the conversion feature is determined to be a liability, the fair value of the conversion is measured separately at fair value on issuance date. The residual amount is then allocated to the debt host liability and the conversion feature liability is subsequently measured at FVTPL.

Upon conversion, the carrying amount of the host debt liability along with the fair value of the conversion feature will be transferred to share capital. Transaction costs are divided between the various components in proportion to their values recorded at issuance. The portion of transaction costs allocated to the derivative liability is expensed immediately in net loss.

In the event that the instruments are not converted, and the conversion option expires at maturity, the Company accounts for the settlement of the instruments at the redemption value, which is equal to the stated principal amount of the instruments. The debt element is derecognized and the carrying amount of the conversion feature within equity portion is reclassified to deficit.

Financial Instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

2. Material Accounting Policies (Continued)

Financial Instruments (Continued)

The Company classifies its financial assets and liabilities as outlined below:

Cash and cash equivalents	Amortized cost
Trade receivables	Amortized cost
Other receivables	Amortized cost
Investments - fair value	FVTPL
Due to / from related parties	Amortized cost
Trade and other payables	Amortized cost
Borrowings	Amortized cost
Contingent consideration	FVTPL

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and are subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net income (loss) in the period in which they arise.

Debt investments at FVOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve

2. Material Accounting Policies (Continued)

(iii) Impairment of financial assets at amortized cost (Continued)

month expected credit losses. The Company recognizes in the consolidated statements of net loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are recognized in profit or loss.

Investments – fair value

Investments which are classified as financial instruments under IFRS 9 are initially recorded at the fair value of consideration paid at the time of acquisition. Subsequent measurement depends on the classification of the financial instrument as noted above. Where investments are made in publicly traded companies, the quoted price is used to determine subsequent fair value (level 1 instrument). Where investments are made in companies that do not have a quoted price, the Company uses valuation techniques such as those described in Note 26 to determine subsequent fair value (level 3 instrument). All of the Company’s investments are in equity instruments.

Investments classified as held at FVTPL under IFRS 9 include FansUnite Entertainment Inc. (“FansUnite”), Victory Square Health (“VSH”), Turnium Technology Group Inc. (“Turnium”, Next Decentrum Technologies Inc. (“Next Decentrum”), Cloud Benefit Solutions Inc. (“Cloud Benefit”, dba Cloud Advisors, “Cloud Advisors”), Cloud Nine Web Technologies Inc. (“Cloud Nine”), GameOn Entertainment Technologies Inc. (“GameOn”), Stardust Solar Inc (“Stardust”), and MLVX Technologies Inc. (“MLVX”) (Note 9).

Investments – equity accounted

Associates are entities over which the Company has significant influence, but not control. Significant influence is generally presumed to exist where the Company has between 20 percent and 50 percent of the voting rights but can also arise where the Company holds less than 20 percent of the voting rights, but it has the power to be actively involved and influential in policy decisions affecting the entity. Investments in associates are held as part of the Company’s investment portfolio and carried in the consolidated statements of financial position at fair value even though the Company may have significant influence over the companies. This treatment is permitted by IAS 28, Investment in Associates, which allows investments held by venture capital or similar organizations to be excluded from its scope where those investments are measured at fair value through profit or loss in accordance with IFRS 9,

2. Material Accounting Policies (Continued)

with changes in fair value recognized in the consolidated statements of income within net change in unrealized gains or losses on investments.

For those investments in which the Company has significant influence the Company uses either 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, and any distributions received from the investee company reduce the carrying amount of the investment, or it elects to use the exemption in IAS 28 – Investments in Associates ("IAS 28") for venture capital organizations. As at December 31, 2023, and December 31, 2022 the exemption has been applied to the Company's venture organization investment in GameOn (Note 9) and Stardust Solar (Note 9).

The exemption is not taken for investments in which the Company has significant influence where the Company is not managing the investment as a venture organization. The Company has determined that it has significant influence over the following: Cassia Research Inc. ("Cassia", dba CoPilot AI, "CoPilot") and GrowTech Academy ("GrowTech") (inactive) (Note 10).

Website Development Costs

The Company capitalizes website development costs that consist of costs incurred to develop internet websites to earn revenue with respect to the Company's business operations. Costs are capitalized in accordance with International Accounting Standard ("IAS 38"), Intangible assets and SIC Interpretation 32, Intangible assets – website costs and are amortized on a straight-line basis over 3 years from when the internet web site has been completed.

Foreign Currency Translation

These consolidated financial statements are presented in Canadian dollars. At the time of consolidation and financial reporting the following conversion methods are used:

Translation of Foreign Currency Transactions
At each statement of financial position date, foreign currency monetary items are translated to reflect the exchange rate at the statement of financial position date. Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Exchange differences are recorded in profit and loss.

Translation of Foreign Operations
The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recognized in other comprehensive income and recorded in the Company's foreign currency translation reserve in equity. These differences are recognized in the profit or loss in the period in which the operation is disposed.

2. Material Accounting Policies (Continued)

Income Taxes

Current Income Tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Income Tax
Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Impairment of Non-financial Assets

The carrying amount of the Company's non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The Company considers Hydreight and SVR to be distinct cash-generating units for which impairment of non-financial assets are performed at each reporting date.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Impairment loss on goodwill is not reversed.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

2. Material Accounting Policies (Continued)

Income (Loss) per Share

Basic income (loss) per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted income (loss) per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti dilutive.

Revenue Recognition

Revenue from Contracts with Customers, IFRS 15 utilizes a methodical framework for entities to follow in order to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

The Company determines the amount of revenue to be recognized through application of the following steps:
- Identification of the contract, or contracts with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as the Company satisfies the performance obligations.

Interest income is recorded on an accrual basis using the effective interest method. Under the effective interest method, the interest rate realized is not necessarily the same as the stated loan interest rate. When a loan is classified as impaired, the original expected timing and amount of future cash flows may be revised to reflect new circumstances. These revised cash flows are discounted using the original effective interest rate to determine the impaired carrying value of the loan. Interest income is thereafter recognized on this impaired carrying value using the original effective interest rate. Additional changes to the amount or timing of future cash flows could result in further loan losses, or the reversal of prior loan losses, which would also impact the amount of subsequent interest income recognized. Interest and fees collected in advance are recorded as deferred revenue and recognized in income. Loan commitment, origination, structuring fees and bonuses are recorded as income over the life of the loan.

Purchases and sales of investments are recognized on the transaction date. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the consolidated statements of income loss) and comprehensive income (loss). Realized losses may arise even if the investment is not disposed of in circumstances where the investee is insolvent.

Upon disposal of an investment, previously recognized unrealized gains or losses are reversed to recognize the full realized gain or loss in the period of disposition. All transaction costs associated with the acquisition and disposition of investments are expensed to the consolidated statements of income (loss) and comprehensive income (loss) as incurred.

2. Material Accounting Policies (Continued)

Revenue Recognition (Continued)

Dividend income is recorded on the ex-dividend date and when the right to receive the dividend has been established. Other income is recorded on an accrual basis.

Management and consulting fees are recognized over the period in which the services are provided.

The Company, through its investment in subsidiaries, generates its revenue from the following sources:

<u>Hydreight</u>

Business partner contract revenue

The Company generates business partner contract revenue by providing support, hosting and related services to business partners across the US that use the digital app platform. The business partners are the Company's professional provider network of medical practitioners that use the telehealth platform to service their patients. Business partner contract revenue is typically for an annual term, except for exclusivity contracts, prepaid by business partners in advance and earned over a period of time and generated from the Company rendering the service. These arrangements are non-cancellable, do not contain refund-type provisions and generally contain an option to renew. The Company offers several subscription packages that vary based on specific features and inclusions offered and pricing, one of which is the delivery of a specific value of pharmacy product based on the pharmacy stand-alone retail price. The Company treats the delivery of pharmacy product included in the offering as a separate performance obligation recognized as pharmacy sales at the time of delivery and valued at the retail price of the product(s) which is quantified on the offering. The balance of the subscription consideration is allocated to a separate performance obligation; to provide access to the telehealth platform over the term of the contract and satisfied as services are rendered over the term of service arrangement.

The Company does offer a financing plan whereby the business partner can pay for the annual subscription in full in twelve monthly instalments completed within one year from the subscription term start. The Company does not adjust the transaction price for a significant financing component under the practical expedient option in IFRS 15 whereby the time between the services rendered and consideration paid is one year or less.

The Company incurs incremental costs in the form of sales commissions in obtaining subscriptions from new partners and renewing partners. The Company recognizes the incremental costs as an expense when incurred under the practical expedient offered under IFRS 15.

Commission revenue

The Company generates commissions from patients that visit its platform to have access to and hire a provider within the Company's network of medical practitioners. Commission revenue is generated mainly on a per-telehealth visit basis, as the patients enter into a contractual relationship with the business partner. The Company's performance obligation is shared with the digital applications/telehealth revenue described in the previous section. Commission revenue is considered to be variable consideration and is recognized on a net basis, as the Company's obligation is to act as intermediary between the patient and the business partner. The commission revenue is earned based on the level of activity the business partner generates. Commission revenue is recognized upon the completion of the patient and business partner service.

2. Material Accounting Policies (Continued)

Pharmacy sales
The Company offers an online pharmacy to its subscribers, which allow its network of medical practitioners to purchase pharmacy products from federally regulated pharmacies. Sales orders are received through the Company's online store and products are sourced and shipped by independent pharmacies. The Company collects payment upon the completion of the online ordering by the customer, and revenue is recognized when the products are delivered to the customer. Although the independent pharmacies are sourced to ship the products to the customer, the Company develops the specialized ingredient compositions for its product base that are distributed through the pharmacies, has access and control over the contents of the online store, determines the pharmacy to source the delivery of the products, sets the prices for the products paid by the customer, and therefore acts as the principal point of contact with the customer and correspondingly recognizes revenue on a gross basis. The Company deducts pharmacy vendor volume rebates from cost of pharmacy sales and customer volume rebates from gross revenue.

Licensor configuration fee revenue
Licensor configuration fee revenue is recognized at the point in time the white label customer receives the right to use the intellectual property, which is typically at the point in time the configuration and onboarding is substantially complete. The performance obligation of configuring the white label software is considered distinct from the recurring monthly services charged over the course of the white label customer's agreement.

<u>XRI and SVR</u>
Immersive experiences revenue
Revenue from providing immersive experiences is recognised in the fiscal year in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting year as a proportion of the total services to be provided. This is determined based on the actual total costs spent relative to the expected total costs.

Estimates of revenues, costs, or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that gave rise to the revision become known to management. In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset (receivable) is recognised. If the payments exceed the services rendered, a contract liability (deferred revenue) is recognized.

Revenue from Location-Based Virtual Reality ("LBVR")
SVR offers a platform that serves the LBVR segment. SVR charges LBVR operators' subscription fees that can be customized to the customers needs and are based on the utilization of SVR's platform and the content available therein. The platform allows for the use of content made available to SVR through game licenses with various developers. SVR acts as an agent in its revenue generating activity, recording revenue on a net basis by deducting the cost of content license fees from gross revenue. SVR has license agreements with licensors where the licensors grant SVR the right to use their license in exchange of between 75% to 80% of gross revenue earned from LBVR customers. The licensors set the price of their content and maintain control over the content, while SVR bears no credit risk to pay developers should it not collect subscription and usage fees from its customers.

2. Material Accounting Policies (Continued)

Comprehensive Income

Comprehensive income is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in the statement of loss and comprehensive loss. For the years ended December 31, 2023, and 2022, other comprehensive income is related to the foreign currency translation adjustments.

Share-based Payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using a Black–Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Vesting conditions are determined by the Board of Directors.

Leases

The Company assesses at inception of a contract, whether the contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether the customer has the following through the period of use:

1. The right to obtain substantially all of the economic benefits from use of the identified asset; and
2. The right to direct the use of the identified asset.

At the lease commencement date, the Company recognizes a right of use asset and a lease liability. The right of use asset is initially measured at cost. The cost of the right of use asset is comprised of the initial amount of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, initial direct costs incurred by the Company, and an estimate of the costs to be incurred by the Company in dismantling and removing the underlying asset and restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date, the Company measures right of use assets related to property and equipment by applying the cost model, whereby the right of use asset is measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability. The right of use asset is depreciated using the straight-line method from the commencement date to the end of the lease term or the end of the estimated useful life of the right of use asset. The determination of the depreciation period is dependent on whether the Company expects that the ownership of the underlying asset will transfer to the Company by the end of the lease term or if the cost of the right of use asset reflects that the Company will exercise a purchase option.

2. Material Accounting Policies (Continued)

The lease liability is initially measured at the present value of the lease payments not paid at the lease commencement date, discounted using the interest rate implicit in the lease or the Company's incremental borrowing rate, if the interest rate implicit in the lease cannot be readily determined. The lease payments included

in the measurement of the lease liability comprise of fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, amounts expected to be payable by the Company under a residual value guarantee, the exercise price of a purchase option that the Company is reasonably certain to exercise, and payment of penalties for terminating the lease if the lease term reflects the Company exercising an option to terminate the lease. After the commencement date, the Company measures the lease liability at amortized cost using the effective interest method.

The Company remeasures the lease liability when there is a change in the lease term, a change in the Company's assessment of an option to purchase the underlying asset, a change in the Company's estimate of amounts expected to be payable under a residual value guarantee, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments. On remeasurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Company has elected to not recognize right of use assets and lease liabilities for short term leases and low value leases. Short-term leases are leases with a term of twelve months or less. Low value leases are leases where the underlying asset has a new value of $5,000 USD or less. The Company recognizes the lease payments associated with these leases as an expense on either a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the lessee's benefit.

NCI

The Company has three subsidiaries, HTI, XRI, and Futura with material non-controlling interests (Note 12, 13 and 31). Non-controlling interests represent ownership interests in consolidated subsidiaries by parties that are not shareholders of VST. They are shown as a component of total equity in the consolidated statements of financial position, and the share of income (loss) attributable to non-controlling interests is shown as a component of net loss in the consolidated statements of operations. Changes in the Company's ownership that do not result in a loss of control are accounted for as equity transactions.

New Accounting Standards, Implementations and Amendments in Effect

The Company has applied the following new amendments to standards that have been issued and are effective for annual periods beginning on or after January 1, 2023. The Company had no material impact to the consolidated financial statements upon adoption.

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements
Amendments to IAS 1 were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in June 2021. The amendments help entities provide accounting policy disclosures that are more useful to primary users of financial statements by:

2. Material Accounting Policies (Continued)

- Replacing the requirement to disclose "significant" accounting policies under IAS 1 with a requirement to disclose "material" accounting policies. Under this, an accounting policy would be material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that primary users of general-purpose financial statements make on the basis of those financial statements.
- Providing guidance in IFRS Practice Statement 2 to explain and demonstrate the application of the four-step materiality process to accounting policy disclosures.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to IAS 8, issued in February 2021, introduces a new definition of "accounting estimates" to replace the definition of "change in accounting estimates" and also include clarification intended to help entities distinguish changes in accounting policies from changes in accounting estimates.

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements

Recent Accounting Pronouncements
The Company has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at December 31, 2023 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations.

Amendments to IAS 1 were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in April 2020 and December 2022. The amendments clarify the requirements for classifying liabilities as either current or non-current by clarifying that:

- Liabilities are classified as either current or non-current depending on the existence at the end of the reporting period of a right to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that only covenants that an entity must comply with on or before the reporting date would affect a liability's classification as current or non-current, even if compliance with the covenant is only assessed after the entity's reporting date.
- Classification is unaffected by the likelihood that an entity will settle the liability within 12 months after the reporting date; and
- How an entity classifies debt an entity may settle by converting it into equity.

Additionally, the amendments added new disclosure requirements for situations where a liability is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months after the reporting date. The disclosure should enable users of financial statements to understand the risk that the liability classified as non-current could become repayable within 12 months after the reporting period.

Both the January 2020 and October 2022 amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. An entity that applies these amendments early is required to apply both the January 2020 and October 2022 amendments at the same time.

2. Material Accounting Policies (Continued)

The amendments are effective for annual periods beginning on or after January 1, 2024. The Company does not anticipate a material impact to the consolidated financial statements upon adoption.

Critical Accounting Estimates and Judgements

The preparation of the financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

Critical accounting estimates

Fair Value of Investments
The Company reviews certain investments and records their fair value at each financial statement reporting date. For investments in public companies, 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. Privately held investments are initially recorded at the transaction price being the fair value at the time of acquisition. Thereafter, the fair value is adjusted using various valuation techniques such as subsequent equity financing or share performance of comparable public companies. 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 (Note 26(e)).

Impairment of Non-Financial Assets
When there are indications that intangible assets may be impaired, the Company is required to estimate their recoverable amounts. The recoverable amount is the greater of value in use and fair value less costs to sell. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Determining the value in use requires the Company to estimate expected future cash flow associated with the assets and a suitable discount rate in order to calculate the present value (refer to Note 17 for details of the impairment loss on goodwill).

Recognition and Valuation of Deferred Tax Assets
The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future or whether taxable temporary differences will reverse such that deferred tax assets can be utilized. Recognition therefore involves a degree of estimation and judgement regarding the future financial performance or the timing of the reversed deferred tax liabilities of the particular legal entity in which the deferred tax assets have been recognized.

Estimated Useful Life of Intangible Assets
The relative size of the Company's intangible assets makes the judgements surrounding the estimated useful lives critical to the Company's financial position and performance. The useful life of intangible assets relates to the future performance of the assets and management's judgement of the period over which economic benefit will be derived from the assets. The useful life is determined by management and is regularly reviewed for appropriateness. The

2. Material Accounting Policies (Continued)

amortization of Company's finite-life intangible assets begins when the assets are available for use. The useful life is based on historical experience with similar development costs as well as anticipation of future events which may impact their life such as changes in technology.

Critical accounting estimates (continued)

Valuation of Inventory
The Company measures inventory at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost to sell. The actual selling price less costs to sell could deviate from this estimate.

Business combination
In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair value. One of the most significant areas of judgement and estimation relates to the determination of the fair value of these assets and liabilities. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Leases
Critical judgements required in the application of IFRS 16 Leases include identifying whether a contract (or a part of a contract) includes a lease and determining whether it is reasonably certain that an extension or termination option will be exercised. Key sources of estimation uncertainty in the application of IFRS 16 include the estimation of the lease terms and the determination of the appropriate rate to discount the lease payments.

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use ("ROU") asset. The IBR, therefore, requires estimation when no observable rates are available. The Company estimates the IBR using observable inputs such as market interest rates and is required to make certain entity specific estimates such as the stand-alone credit rating.

Share-based payments
The cost of equity settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The cost of equity settled transactions with non-employees is measured by reference to the fair value of services or products received if reliably measurable, or alternative by reference to the fair value of equity instruments granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. The fair value of the options is measured by use of the Black-Scholes pricing model. The valuation of these share-based payments requires several judgements and inputs to the valuation model. The Company issued share capital and share options as a form of consideration pursuant to the Hydreight RTO which involved significant estimation on the market price of the shares at the grant date.

2. Material Accounting Policies (Continued)

Convertible Debt
The identification of convertible debt and conversion feature on debt are based on the interpretations of the substance of the contractual arrangement, and therefore require judgment from management. The separation of the components affects the initial recognition at issuance and the subsequent recognition of interest on the liability component.
Critical estimates and assumptions used in the assessment of the fair value of the components are discussed in Note 20 and include the discount rate applied.

Critical accounting judgements

Going Concern
Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements for the years ended December 31, 2022, and 2021. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. As a result of the assessment, management concluded the going concern basis of accounting is appropriate based on its profit and cash flow forecasts and access to replacement financing for the future twelve months.

Determination of Significant Influence
Management applies judgement in determining whether it controls or has significant influence over an investee in which it has equity interest in. In determining its judgement, management reviews any agreements in place with the investee, as well as board representation.

Business versus Asset Acquisition
Determining whether or not the January 4, 2022, share acquisition of SVR by XRI (Note 11) constituted a business combination or acquisition of assets. At acquisition, SVR had an application, a user base, and contracts with a number of customers as well as revenues. As such the acquisition was considered a business combination and the fair value of the consideration paid was allocated to the identifiable assets acquired with the remaining value allocated to goodwill.

Determining whether or not the July 12, 2023, share exchange agreement between the Company, Draft Label and 1288273 B.C. Ltd. ("1288273") (Note 13) constituted a business combination or acquisition of assets. At the agreement date, 1288273 did not meet the definition of a business as it had no notable inputs, processes and outputs. As such the substance of the transaction was a reverse acquisition of a non-operating company accounted for as an asset acquisition.

(Expressed in Canadian dollars)

2. Material Accounting Policies (Continued)

Research and Development Costs for Applications
Evaluating whether or not costs incurred by the Company in developing its applications meet the criteria for capitalizing as intangible assets, recognition of which involves significant management judgement. Specifically, assessing whether the internally generated intangible assets can demonstrate the following during the development phase:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- It's intention to complete the intangible asset and use or sell it;
- It's ability to use or sell the asset;
- How the asset will generate probable future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

3. Cash and Cash Equivalents

Cash and cash equivalents included $Nil (December 31, 2022 – $11,500) of cash held in a GIC.

4. Prepaids

Prepaids consist of the following:

	December 31, 2023	December 31, 2022
Marketing events and fees	$ 26,479	$ 344,175
Insurance	54,992	15,602
Exchange fees	57,416	46,362
Consulting and legal	21,323	39,580
Rental deposits and other	17,091	26,043
	$ 177,301	$ 471,762

5. Trade Receivables

Trade receivables consist of the following:

	December 31, 2023	December 31, 2022
Trade receivables	$ 22,436	$ -
Other	1,936	27,034
	$ 24,372	$ 27,034

During the year ended December 31, 2023, the Company settled an amount of $29,485 of unpaid sub-lease rent from an investee company (Note 9). As at December 31, 2023, the Company has $125,587 (December 31, 2022 - $27,034) due from related parties included in trade receivables.

(Expressed in Canadian dollars)

6. Loan Receivable

On May 25, 2022, Futura loaned $1,200,000 to an arms-length corporation. During the year ended December 31, 2022, the counterparty repaid $577,862 and Futura earned $46,861 in interest. Futura earned an additional $36,474 in interest up to the Reverse Takeover transaction. The loan bears interest at 10% per annum and will mature on May 5, 2024. As at the Futura Reverse Takeover transaction date of July 12, 2023, the fair value of the loan was $681,251 (Note 13). Interest is included in interest and other income on the statement of loss and comprehensive loss.

Balance, July 12, 2023 (Note 13)	$	681,251
Interest earned (Note 29)		45,191
Allowance [1]		(726,442)
Balance, December 31, 2023	$	-

[1] The Company has recorded an allowance for the full carrying value of the loan due to uncertainty over recoverability.

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 consolidated statement of loss and comprehensive loss.

	Units under Construction	Supplies Inventory	Pharmacy Supplies	Total
Balance, January 1, 2023	$ -	$ -	$ 104,271	$ 104,271
Additions	-	-	63,432	63,432
Expensed to cost of sales	-	-	(63,950)	(63,950)
Balance December 31, 2023	$ -	$ -	$ 103,753	$ 103,753

	Units under Construction	Supplies Inventory	Pharmacy Supplies	Total
Balance, January 1, 2022	$ 140,699	$ 3,319	$ -	$ 144,018
Additions	60,739	83,620	300,390	444,749
Expensed to cost of sales	-	-	(36,595)	(36,595)
Provision	(201,438)	(86,939)	(169,269)	(457,646)
Foreign currency translation	-	-	9,745	9,745
Balance December 31, 2022	$ -	$ -	$ 104,271	$ 104,271

No impairment on inventory was recognized in the year ended December 31, 2023. In the prior year, Hydreight recognized a $169,269 impairment charge recorded in provision on the consolidated statement of loss and comprehensive loss as a result of certain inventory items included in the customized branded kits and packaging

(Expressed in Canadian dollars)

7. Inventory (Continued)

passing their respecting expiry dates. Also in the prior year, XRI recorded a provision to write-off the entire value ascribed to a self-contained VRAR prototype and related equipment.

8. Deconsolidation of Subsidiary

Prior to December 13, 2023, the Company owned 100% of Victory Entertainment Inc., a subsidiary with no active operations. On November 16, 2023, the Company owned 250,000 shares of VEI after a 1 to 2,500 share split. On December 13, 2023, the Company issued shares to several arm's length parties for 750,000 common shares of VEI at $0.01, resulting in VSTs interest being diluted to 25%. Accordingly, at December 13, 2023, the Company deconsolidated VEI and recognized a gain on deconsolidation of $33,624 calculated based on the following:

Common shares of VEI held at date of deconsolidation		250,000
Fair value of VEI shares on December 13, 2023	$	0.01
Proceeds of disposal @ fair value recognized at disposal date		2,500
Less: Net Liability of VEI at date of deconsolidation		(31,124)
Deconsolidation gain recognized	$	33,624

The gain is reported on the statement of loss and consolidated loss as gain on deconsolidation of subsidiary. Prior to the share split and subscription agreements, on September 7, 2023, VEI changed its name to Insu Therapeutics Inc.

9. Investments Measured at Fair Value

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

	December 31, 2023			December 31, 2022	
		Fair Value	% holding		Fair Value	% holding
FansUnite (1)	$	486,849	2.47%	$	573,473	2.73%
Victory Square Health (2)		1,500,000	20.00%		5,347,000	20.00%
Turnium (1)(3)		164,165	2.97%		328,330	4.51%
Next Decentrum (2)		-	13.27%		901,000	13.89%
Cloud Benefit, dba Cloud Advisors (2)		309,000	5.43%		475,000	5.43%
Shop & Shout, dba Creator.co (2)(5)		-	0.00%		1,193,000	10.46%
Anonymous Intelligence (1)(4)		27,868	2.57%		242,206	5.95%
GameOn (1)		1,464,684	19.75%		694,210	20.73%
Stardust Solar (2)		1,320,000	10.97%		770,000	20.00%
Other (6)		108,151			99,198	
	$	5,380,717		$	10,623,417	

(Expressed in Canadian dollars)

9. Investments Measured at Fair Value (continued)

A summary of investment transactions recorded in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2023 is as follows:

	Fair Value - Opening	Unrealized (losses) gains	Proceeds of disposal (Cash)	Realized losses	Fair Value - Ending
FansUnite (1)	$ 573,473	$ (86,624)	$ -	$ -	$ 486,849
Victory Square Health (2)	5,347,000	(3,847,000)	-	-	1,500,000
Turnium (1)(3)	328,330	(164,165)	-	-	164,165
Next Decentrum (2)	901,000	(901,000)	-	-	-
Cloud Benefit, dba Cloud Advisors (2)	475,000	(166,000)	-	-	309,000
Shop & Shout, dba Creator.co (2)(5)	1,193,000	-	(300,000)	(893,000)	-
Anonymous Intelligence (1)(4)	242,206	(139,338)	(62,500)	(12,500)	27,868
GameOn (1)	694,210	770,474	-	-	1,464,684
Stardust Solar (2)	770,000	550,000	-	-	1,320,000
Other (6)	99,198	8,953	-	-	108,151
	$ 10,623,417	$ (3,974,700)	$ (362,500)	$ (905,500)	$ 5,380,717

A summary of investment transactions recorded in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2022, is as follows:

	Fair Value - Opening	Unrealized (losses) gains	Proceeds of disposal (Cash)	Realized losses	Fair Value - Ending
FansUnite (1)	$ 3,258,057	$ (2,684,584)	$ -	$ -	$ 573,473
Victory Square Health (2)	11,691,937	(6,344,937)	-	-	5,347,000
Turnium (1)(3)	1,148,000	(819,670)	-	-	328,330
Next Decentrum (2)	-	901,000	-	-	901,000
Cloud Benefit, dba Cloud Advisors (2)	263,500	211,500	-	-	475,000
Shop & Shout, dba Creator.co (2)(5)	1,116,115	76,885	-	-	1,193,000
Anonymous Intelligence (1)(4)	1,294,430	(926,271)	(107,768)	(18,185)	242,206
GameOn (1)	2,605,185	(1,910,975)	-	-	694,210
Stardust Solar (2)	1,153,000	(383,000)	-	-	770,000
Other (6)	96,015	3,183	-	-	99,198
	$ 22,626,239	$ (11,876,869)	$ (107,768)	$ (18,185)	$ 10,623,417

(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) Effective May 18, 2023, Cloud Nine Web3 Technologies Inc. changed its name to Anonymous Intelligence Company Inc. ("Anonymous Intelligence"). During the year ended December 31, 2023, the Company sold 1,250,000 (2022 - 278,000) common shares for gross proceeds of $62,500 (2022 - $107,768) and recognized a loss on disposal of $12,500 (2022 - $18,185). The Company has the right to dividend up to 15% of its interest in this investment to its shareholders. On March 15, 2021, the Company sold a license to certain intangible assets to Anonymous Intelligence for 4,411,765 common shares of Anonymous Intelligence with a fair value of $1.76 per share or $7,764,706 in total consideration.
(5) On July 10, 2023, the Company divested its interest in Shop & Shout by way of a settlement agreement whereby it transferred all shares and forfeiture of its options in Shop & Shout in exchange for cash consideration of

(Expressed in Canadian dollars)

9. Investments Measured at Fair Value (continued)

$300,000. The consideration was also in settlement of its amount due from Shop & Shout of $185,450 (Note 24) and $29,485 of unpaid sub-lease rent included in trade receivable (Note 5), together included in other losses as loss on settlement of receivables (Note 30). Also included in other gains (Note 30), the Company derecognized $801,654 in contingent consideration (Note 24). The difference between the cash consideration received and carrying value of the investment amounted to $893,000 (Note 30) and is recognized as a realized loss on investment and included in other gains (losses) on the consolidated statement of loss and comprehensive loss.

(6) The Company has minor investments in several other publicly traded equities and several private companies including its remaining interest in Insu (Note 8).

10. 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 December 31, 2023, 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 year ended December 31, 2023, the Company reported an equity loss of $390,345 (December 31, 2022 – $134,671).

As at December 31, 2023, the value of the Company's investment in Cassia is $794,303 (December 31, 2022, $1,184,648).

Selected information as at December 31,		**2023**		**2022**
		Unaudited		Unaudited
Cash and cash equivalents	$	3,436,257	$	1,773,681
Current assets (non-cash)	$	409,835	$	383,785
Non-current assets	$	148,349	$	157,811
Total assets	$	3,994,441	$	2,315,276
Current liabilities	$	1,640,665	$	1,371,763
Total liabilities	$	4,948,581	$	3,250,722
Net assets	$	(954,140)	$	(935,446)
Total income	$	6,686,653	$	6,472,272
Cost of sales	$	402,775	$	413,421
Total expenses	$	7,936,148	$	7,016,003
Other income	$	657,793	$	651,847
Other expenses	$	592,292	$	240,996
Net loss and comprehensive loss	$	(1,586,770)	$	(546,300)

(Expressed in Canadian dollars)

11. Acquisition

On January 4, 2022, XRI signed a share purchase agreement to acquire all of the shares of Synthesis VR Inc. ("Synthesis"), a location-based Virtual Reality content store and technology engine, for an aggregate purchase price of $4,800,000 as follows (i) $500,000 in cash with $150,000 payable upon closing, $50,000 payable by January 31, 2022, and a further $300,000 payable upon the completion of certain milestones related to rounds of financings; and (ii) common shares of XRI with an aggregate value of $4,300,000 at a deemed price per share equal to the market price of XRI's shares minus permitted discounts per policies of the CSE with a minimum price per share of $0.35, which such shares shall be subject to contractual escrow subject to CSE mandated hold periods. In addition, subject to applicable laws and the policies of the CSE, XRI may issue additional shares with an aggregate value of up to $5,000,000 upon the achievement of certain mutually agreed upon performance milestones. In connection with the transaction, XRI also paid a finder's fee by the issuance of 2,057,142 common shares at a fair market value of $370,285.

The acquisition was treated as a business combination. In accordance with IFRS 3 Business Combinations, the fair value of consideration in excess of the fair value of the identifiable assets and liabilities acquired will be recognized as goodwill. The acquisition was recorded as follows:

Fair value of consideration		
Common shares of XRI	$	3,071,429
Cash paid on closing		200,000
Cash payable on future financing		294,311
Contingent consideration		295,333
	$	3,861,073
Assets and liabilities acquired		
Cash and cash equilvalents acquired	$	276,819
Deferred income tax liability		(441,695)
Trademark (Note 16)		585,866
Developed Technology (Note 16)		992,542
Goodwill		2,447,541
	$	3,861,073

As at December 31, 2023, the fair value of the contingent consideration was assessed to be nil as the performance targets for revenue generation as specified in the acquisition agreement were not met (Note 16, 17). The change in fair value was recognized immediately in the consolidated statement of loss and comprehensive and included in other gains (losses) as a gain on derivative liability (Note 30).

12. Hydreight Reverse Takeover Transaction

Pursuant to the Merger Agreement effective July 12, 2022, HTI completed an arm's length reverse-takeover transaction on November 28, 2022, which resulted in HTI acquiring all of the equity interests of Hydreight.

In connection with and in anticipation of the Transaction, HTI provided Hydreight with a refundable, unsecured, non-interest-bearing loan of $25,000 concurrently with the signing of the Letter of Intent, which Hydreight used for

12. Hydreight Reverse Takeover Transaction (Continued)

working capital purposes. Pursuant to the Merger Agreement, HTI provided a refundable, secured, non-interest bearing loan to Hydreight in the amount of $200,000 for the purposes of funding Hydreight's working capital requirements. Pursuant to the $200,000 loan, Hydreight issued a promissory note to HTI and entered into a general security agreement with HTI, each effective as of September 13, 2022. As a result of the RTO effective November 28, 2022, both loans have been eliminated upon consolidation.

Immediately prior to the Closing and in consideration for the issuance by AssetCo to VST of 27,896,725 AssetCo Shares, VST, Hydreight and AssetCo executed an agreement to transfer the equity interest of Hydreight from VST to AssetCo ("Hydreight Equity Transfer"), such that, immediately following the Hydreight Equity Transfer, Hydreight became a wholly owned subsidiary of AssetCo. As a condition to the Closing, AssetCo completed a non-brokered private placement offering of an aggregate of 614,654 shares ("Concurrent Financing Shares") to subscribers ("Concurrent Financing Subscribers") for aggregate gross proceeds of $387,232 at a price per Concurrent Financing Share of $0.63. Prior to the Transaction Closing, HTI consolidated its shares on a 6.46805 to 1 basis. Immediately before Closing, there were (a) 51,333,727 Pre-Consolidation PCL Shares; (b) 100,000 Pre-Consolidation PCL Options; (c) 100 AssetCo Shares, excluding Concurrent Financing Shares; and (d) 614,654 Concurrent Financing Shares issued and outstanding.

On Closing HTI issued 28,511,479 shares at an estimated fair value of $0.63 per share in exchange for all of the issued and outstanding AssetCo Shares, including the Concurrent Financing Shares and reserve for issuance 15,460 shares in connection with the exercise of any Post-Consolidation PCL Options following the Amalgamation. Immediately prior to the Closing, AssetCo and PCL AcquisitionCo, a wholly owned subsidiary of HTI, amalgamated to form Hydreight Canada Holdings Inc. and each AssetCo Shareholder received that number of HTI shares as is equal to the number of AssetCo Shares held by such AssetCo Shareholder immediately prior to closing. Shortly after closing, HTI paid a finder's fee in the amount of $878,750 to Hike Capital Inc. ("Hike"), an arm's length party to HTI, VST and Hydreight, through the issuance of 1,394,841 shares at a deemed issuance price of $0.63.

After Closing, 37,842,827 shares are issued and outstanding on a non-diluted basis, of which approximately 27,896,825 shares are held by VST, 614,654 shares are held by Concurrent Financing Subscribers, and 7,936,507 shares are held by former HTI shareholders, and 1,394,841 shares are held by Hike. Accordingly, approximately 73.72% of the total issued and outstanding shares are owned by VST, 1.62% of the total issued and outstanding shares are owned by Concurrent Financing Subscribers, approximately 20.97% of the total issued and outstanding shares are owned by pre-Transaction HTI Shareholders, and approximately 3.69% of the total issued and outstanding shares are owned by Hike on a non-diluted basis.

The substance of the Transaction was a reverse acquisition of a non-operating company. For accounting purposes, the Transaction does not constitute a business combination under IFRS 3, since PCL, the predecessor entity, was a Capital Pool Company and did not meet the accounting definition of a business. As a result, the Transaction has been accounted for as an asset acquisition, with the consideration paid being determined as an equity-settled share-based payments transaction under IFRS 2, with Hydreight being identified as the accounting acquirer. As Hydreight was deemed to be the acquirer for accounting purposes, its assets, liabilities, and operations since incorporation are included in the consolidated financial statements at their historical carrying values. The cost of listing in excess of the net identifiable assets of PCL acquired is charged as a listing expense on the Company's annual financial statement for the year ended December 31, 2022.

(Expressed in Canadian dollars)

12. Hydreight Reverse Takeover Transaction (Continued)

The following table represents the fair value of the share-based consideration provided and net assets acquired.

Fair value of consideration:		
Shares issued	$	5,000,000
Share-based payment reserve		6,826
Assumption of related party debt		(225,000)
Total consideration	$	4,781,826
Net assets acquired:		
Cash	$	1,851,148
Prepaid expenses		1,365
Accounts payable and accrued liabilities		(53,388)
Total net assets acquired	$	1,799,125
Non-cash listing expense	$	2,982,701
Transaction costs:		
Finder's fee	$	878,750
Legal and professional fees		77,190
Total listing expense	$	3,938,641

13. 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. Immediately after the Agreement and through the year ended December 31, 2023, 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.

(Expressed in Canadian dollars)

13. Futura Reverse Takeover Transaction (Continued)

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 (Note 32).

14. Right of Use Asset and Lease Liability

On June 23, 2021, the Company entered into a sub-lease agreement with an underlying lease commitment term from September 1, 2021, to December 30, 2024. The lease agreement provides for a monthly payment of $21,503, comprised of a monthly base rent of $2,766 and fixed operating costs of $18,737, for the duration of the term of the lease commitment.

In accordance with IFRS 16, the Company recognized a right-of-use asset and lease obligation in relation to its lease commitments. The lease liability has been recorded at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate estimated at 20% per annum. The associated right-of use asset is measured at the amount equal to the corresponding lease liability and subsequently depreciated. During the year ended December 31, 2023, the Company's sub-lease agreement was terminated, and a net $21,043 gain on derecognition of the right of use asset, lease liability and leasehold improvements is included in other gain (loss) on the consolidated statement of loss and comprehensive loss.

(Expressed in Canadian dollars)

14. Right of Use Asset and Lease Liability (Continued)

Hydreight recognized a right-of-use asset related to an office lease that commenced in June of 2022 with the initial term ending June 30, 2023. Hydreight renewed its lease through June 30, 2024, and accounts for it as a short-term lease with leases payments expensed as incurred.

Right-of-use asset at December 31, 2023 is as follows:

	VST	Hydreight	Total
Balance, January 1, 2023	$ 384,033	$ 18,703	$ 402,736
Amortization	(48,004)	(18,611)	(66,615)
Foreign currency translation	-	(92)	(92)
Derecognition	(336,029)	-	(336,029)
Balance, December 31, 2023	$ -	$ -	$ -

	VST	Hydreight	XRI	Total
Balance, January 1, 2022	$ 576,049	$ -	$ 45,312	$ 621,361
Additions	-	37,481	-	37,481
Amortization	(192,016)	(19,912)	(13,593)	(225,521)
Foreign currency translation	-	1,134	-	1,134
Derecognition	-	-	(31,719)	(31,719)
Balance, December 31, 2022	$ 384,033	$ 18,703	$ -	$ 402,736

Lease liability at December 31, 2023 is as follows:

	VST	Hydreight	Total
Balance, January 1, 2023	$ 429,526	$ 18,663	$ 448,189
Interest expense	19,662	605	20,267
Lease payment	(64,508)	(19,174)	(83,682)
Foreign currency translation	-	(94)	(94)
Derecognition	(384,680)	-	(384,680)
Balance, December 31, 2023	$ -	$ -	$ -

	VST	Hydreight	XRI	Total
Balance, January 1, 2022	$ 588,239	$ -	$ 47,800	$ 636,039
Additions	-	37,481	-	37,481
Interest expense	99,319	2,266	6,310	107,895
Lease payment	(258,032)	(22,217)	(16,092)	(296,341)
Foreign currency translation	-	1,133	-	1,133
Derecognition	-	-	(38,018)	(38,018)
	429,526	18,663	-	448,189
Less: Current portion	193,533	18,663	-	212,196
Balance, December 31, 2022	$ 235,993	$ -	$ -	$ 235,993

(Expressed in Canadian dollars)

15. Property and Equipment

Property and equipment at December 31, 2023 consist of the following:

		Computer Equipment		Furniture and Other Equipment		Leasehold Improvements		Total
Cost								
Balance, January 1, 2023	$	40,047	$	24,581	$	52,589	$	117,217
Additions		3,232		-		-		3,232
Disposals		(34,777)		(24,581)		(52,589)		(111,947)
Balance, December 31, 2023	$	8,502	$	-	$	-	$	8,502
Accumulated depreciation								
Balance, January 1, 2023	$	39,946	$	24,581	$	21,035	$	85,562
Depreciation		640		-		3,945		4,585
Disposals		(34,777)		(24,581)		(24,980)		(84,338)
Balance, December 31, 2023	$	5,809	$	-	$	-	$	5,809
Net book value, January 1, 2023	$	101	$	-	$	31,554	$	31,655
Net book value, December 31, 2023	$	2,693	$	-	$	-	$	2,693

Property and equipment at December 31, 2022 consist of the following:

		Computer Equipment		Furniture and Other Equipment		Leasehold Improvements		Total
Cost								
Balance, January 1, 2022	$	35,167	$	22,108	$	250,835	$	308,110
Additions (reimbursements)		4,880		2,473		(198,246)		(190,893)
Balance, December 31, 2022	$	40,047	$	24,581	$	52,589	$	117,217
Accumulated depreciation								
Balance, January 1, 2022	$	19,979	$	3,884	$	-	$	23,863
Depreciation		3,555		1,583		21,035		26,173
Balance, December 31, 2022	$	23,534	$	5,467	$	21,035	$	50,036
Net book value, January 1, 2022	$	15,188	$	18,224	$	250,835	$	284,247
Provision		(16,412)		(19,114)		-		(35,526)
Net book value, December 31, 2022	$	101	$	-	$	31,554	$	31,655

(Expressed in Canadian dollars)

16. Intangible Assets

Intangible assets at December 31, 2023 consist of the following:

	Blockchain Technology	DiscreetCare Website	SVR Technology and Trademarks	Hydreight - White Label	Hydreight App	Total
Cost						
Balance, January 1, 2023	$ 5,536,298	$ 18,900	$ 1,578,408	$ 532,648	$ 1,593,739	$ 9,259,993
Addition	-	-	-	230,789	-	230,789
Foreign currency translation	-	-	-	(6,427)	-	(6,427)
Balance, December 31, 2023	$ 5,536,298	$ 18,900	$ 1,578,408	$ 757,010	$ 1,593,739	$ 9,484,355
Accumulated depreciation						
Balance, January 1, 2023	$ (3,316,721)	$ -	$ (263,069)	$ (37,503)	$ (1,002,819)	$ (4,620,112)
Depreciation	(1,820,153)	-	(223,119)	(184,112)	(531,245)	(2,758,629)
Balance, December 31, 2023	$ (5,136,874)	$ -	$ (486,188)	$ (221,615)	$ (1,534,064)	$ (7,378,741)
Net book value, January 1, 2023	$ 2,219,577	$ 18,900	$ 1,315,339	$ 495,145	$ 590,920	$ 4,639,881
Impairment	$ -	$ -	$ (1,092,220)	$ -	$ -	$ (1,092,220)
Net book value, December 31, 2023	$ 399,424	$ 18,900	$ -	$ 535,395	$ 59,675	$ 1,013,394

Intangible assets at December 31, 2022 consisted of the following:

	Blockchain Technology	DiscreetCare Website	SVR Technology and Trademarks	Hydreight - White Label	Hydreight App	Total
Cost						
Balance, January 1, 2022	$ 5,536,298	$ -	$ -	$ -	$ 1,593,739	$ 7,130,037
Additions (Note 11)	-	18,900	1,578,408	532,648	-	2,129,956
Foreign currency translation	-	-	-	20,135	-	20,135
Balance, December 31, 2022	$ 5,536,298	$ 18,900	$ 1,578,408	$ 552,783	$ 1,593,739	$ 9,259,993
Accumulated depreciation						
Balance, January 1, 2022	$ (1,471,290)	$ -	$ -	$ -	$ (471,573)	$ (1,942,863)
Depreciation	(1,845,431)	-	(263,069)	(37,503)	(531,246)	(2,677,249)
Balance, December 31, 2022	$ (3,316,721)	$ -	$ (263,069)	$ (37,503)	$ (1,002,819)	$ (4,620,112)
Net book value, January 1, 2022	$ 4,065,008	$ -	$ -	$ -	$ 1,122,166	$ 5,187,174
Net book value, December 31, 2022	$ 2,219,577	$ 18,900	$ 1,315,339	$ 515,280	$ 590,920	$ 4,639,881

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.

Synthesis

On January 4, 2022, XRI acquired Synthesis through a share purchase agreement (Note 9). The purchase price allocation of this acquisition was finalized during the year ended December 31, 2022, and $1,578,408 was allocated to intangible assets as a result. The intangible assets include an allocation for trademarks and developed technology, with each component being amortized on a straight-line basis over 5 and 6 years respectively, commencing on acquisition. As at December 31, 2023, the carrying value of the acquired intangibles were deemed to be fully impaired primarily because the revenue targets and growth rates were not achieved. The carrying amount was written off to impairment of non-financial assets in the consolidated statement of loss and comprehensive loss.

(Expressed in Canadian dollars)

16. Intangible Assets (Continued)

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 Hydreight employee and contractor 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.

17. Goodwill
Goodwill was recognized in the acquisition of Hydreight and SVR (Note 10) 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 and SVR as their own CGUs for the purposes of goodwill impairment testing:

	Hydreight	SVR	Total
Balance, January 1, 2023	$ 1,640,653	$ 854,897	$ 2,495,550
Impairment	-	(854,897)	(854,897)
Balance December 31, 2023	$ 1,640,653	$ -	$ 1,640,653

	Hydreight	SVR	Total
Balance, January 1, 2022	$ 1,640,653	$ -	$ 1,640,653
Additions (Note 11)	-	2,447,541	2,447,541
Impairment	-	(1,592,644)	(1,592,644)
Balance, December 31, 2022	$ 1,640,653	$ 854,897	$ 2,495,550

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. XRI recognized a goodwill impairment loss for the year ended December 31, 2023, primarily because the revenue targets of SVR were not achieved, on the SVR CGU of $854,897 (December 31, 2022 - $1,592,644) based on the excess of the carrying value of the acquired assets over the calculated recoverable amount using a value-in-use calculation. Key assumptions used in the impairment calculation was the revenue terminal growth rate of 2.5% and the discount rate of 27% to 31%. A +/- 3% change in the inputs used in the calculation of the recoverable amount would have resulted in the same impairment charge in XRI and no impairment charge in Hydreight.

18. 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 December 31, 2023, 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.

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. Included in interest expense on the consolidated statement of loss and comprehensive loss is interest and accretion costs totalling $389,004 (2022 - $20,748), resulting in an ending carrying value of $2,249,754 (2022 - $1,860,750), which includes accrued interest of $368,333 (2022 - $108,333).

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.

(Expressed in Canadian dollars)

18. Loans Payable (Continued)

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. For the year ended December 31, 2023, 125,000 (2022 – 125,000) RSUs were issued and $21,251 (2022 - $26,250) was recognized in the consolidated statement of loss and comprehensive loss.

Interest expense, accretion expense and the amortization of debt costs are being recognized over the loan period, with a total of $551,416 being recognized as interest expense during the period ended December 31, 2023 (December 31, 2022 - $755,715). Accrued interest as at December 31, 2023 is $712,500 (December 31, 2022 - $262,500) 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.

Loans payable as at December 31, 2023, consists of the following:

	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 December 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

	VST secured loan	XRI	Total
Balance, January 1, 2022	$ -	$ 2,560,172	$ 2,560,172
Amount funded	2,000,000	-	2,000,000
Equity portion allocated to reserve	(154,770)	(237,240)	(392,010)
Transaction costs	(113,561)	-	(113,561)
Amortization of transaction costs, accretion, and interest	20,748	475,592	496,340
Balance December 31, 2022	1,752,417	2,798,524	4,550,941
Less: Current portion	129,004	288,600	417,604
Non-current: Balance, December 31, 2022	$ 1,623,413	$ 2,509,924	$ 4,133,337

(Expressed in Canadian dollars)

19. 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 Company paid its CEBA loan before the January 18, 2024, deadline and was forgiven the remaining $20,000 of debt. As it was management's intention to meet the terms for the forgiveness of the loan, the difference between the total debt of $60,000 due and the carrying amount was recorded in other income (Note 29) in the consolidated statement of loss and comprehensive loss and the $40,000 final settlement is presented as a current liability in the consolidated statement of financial position.

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.

	VST	XRI	Draft Label	Total
Balance, January 1, 2023	$ 49,269	$ 49,270	$ 36,683	$ 135,222
Loan forgiven (Note 29)	(19,604)	-	-	(19,604)
Accretion	10,335	10,335	10,349	31,019
Balance December 31, 2023	40,000	59,605	47,032	146,637
Less: Current portion	40,000	-	-	40,000
Non-current: Balance, December 31, 2023	$ -	$ 59,605	$ 47,032	$ 106,637

	VST	XRI	Draft Label	Total
Balance, January 1, 2022	$ 40,727	$ 40,727	$ 28,659	$ 110,113
Accretion	8,542	8,543	8,024	25,109
Balance December 31, 2022	49,269	49,270	36,683	135,222
Less: Current portion	-	-	-	-
Non-current: Balance, December 31, 2022	$ 49,269	$ 49,270	$ 36,683	$ 135,222

20. Other Payables

Other payables consist of the following:

	December 31, 2023	December 31, 2022
Funds received from investors for investments not proceeding	$ -	$ 158,765

Other payables in subsidiary Insu Therapeutics Inc. included amounts advanced by third parties in connection with investments which did not proceed. The amounts were unsecured, non-interest bearing and payable on demand. The amounts were derecognized on deconsolidation (Note 2,8).

21. 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 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 as disclosed in Note 13 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)

21. 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 December 31, 2023. 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 (Note 13).

	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 and accretion	27,736	2,031	29,767
Balance, December 31, 2023	184,324	200,260	384,584
Less: Current portion	184,324	-	184,324
Balance, December 31, 2023	$ -	$ 200,260	$ 200,260

	Draft Label	XRI	Total
Balance, January 1, 2022	$ -	$ -	$ -
Debt issued	325,000	-	325,000
Amount allocated to equity	(53,687)	-	(53,687)
Interest accretion	10,275	-	10,275
Balance, December 31, 2022	281,588	-	281,588
Less: Current portion	121,136	-	121,136
Balance, December 31, 2022	$ 160,452	$ -	$ 160,452

22. Contract Liabilities

Contract liabilities for the year ended December 31, 2023, consists primarily of Hydreight deferred revenue related to the unearned portion of annual subscription sales and an amount of pharmacy product sales for which the delivery of goods occurred after the year ended December 31, 2023. The following table is a summary of deferred revenue from contracts with customers and the change in those balances during the year ended December 31, 2023, and the year ended December 31, 2022. As at December 31, 2023, $152,176 (December 31, 2022 - $105,626) of deferred revenue relates to goods and services transferred at a point in time, with the remaining $1,623,873 (December 31, 2022 - $1,616,240) relating to its services transferred over time.

	December 31, 2023	December 31, 2022
Balance, opening	$ 1,721,866	$ 302,646
Revenue deferred in prior periods and recognized as revenue in current yea	(1,741,238)	(271,558)
New additions from contracts with customers during the current year	1,795,421	1,690,778
Balance, ending	$ 1,776,049	$ 1,721,866
Current portion	1,748,574	1,703,821
Long-term portion	27,475	18,045
	$ 1,776,049	$ 1,721,866

(Expressed in Canadian dollars)

23. Share Capital

Authorized Share Capital
Unlimited common shares without par value.

Issued Share Capital
As at December 31, 2023, there were 99,564,971 common shares outstanding (December 31, 2022 - 99,564,971).

Shares Issued during the year ended December 31, 2022:

The Company issued 1,634,271 common shares to the CEO of Hydreight pursuant to an equity earn-out clause payable in VST shares as per the Share Purchase Agreement (the "SPA") of Hydreight dated January 29, 2021. The equity earn-out, valued at $1,120,895 on the acquisition date, was based the satisfaction of certain earn-out milestones as agreed to in the SPA and subject to certain issuance limitations set out in the SPA. The common shares were issued on September 13, 2022, with the obligation to issue shares of $1,120,895 reclassified to share capital.

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 December 31, 2023, and 2022. Share-based payments for the period ended December 31, 2023, relating to the vesting of the VST options was $16,145 (December 31, 2022 - $111,311) and is recorded in the consolidated statement of loss and comprehensive loss. The Company has estimated a 0% forfeiture rate in 2023 and 2022. The fair value of the options was calculated using the Black-Scholes option pricing model with the following assumptions:

	Expected	Risk-free	Expected Dividend	Expected Life
Issued March 17, 2020	116%	0.15%	0%	5
Issued January 11, 2021	176%	0.30%	0%	3
Issued February 24, 2021	199%	0.25%	0%	2
Issued April 23, 2021	197%	0.30%	0%	2
Issued July 22, 2021	174%	0.60%	0%	3
Issued December 21, 2021	79%	0.85%	0%	1
Issued December 28, 2021	185%	0.99%	0%	2

Options outstanding as at December 31, 2023, 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	1.21	March 17, 2025
$0.60	2,745,000	2,745,000	0.03	January 11, 2024
$0.51	250,000	250,000	0.56	July 22, 2024
$0.43	300,000	300,000	1.21	March 17, 2025
	7,432,500	7,432,500		

(Expressed in Canadian dollars)

23. Share Capital (Continued)

Stock options continuity for the period ended December 31, 2023, is as follows:

	Number of options	WAV option price
Balance, December 31, 2021	7,992,500	$0.36
Cancelled	(180,000)	$0.45
Balance, December 31, 2022	7,812,500	$0.35
Cancelled	(380,000)	$0.64
Balance, December 31, 2023	7,432,500	$0.34

Warrants

All unexercised warrants and broker's warrants expired in the year ended December 31, 2023.

		Warrants		Broker's Warrants
Balance, January 1, 2023 and 2022	$	6,105,351	$	772,867
Expired		(6,105,351)		(772,867)
Balance, December 31, 2023	$	-	$	-

Non-Controlling Interest

Share-based payments of subsidiary company

During the year ended December 31, 2023, XRI recorded $670,095 (December 31, 2022 - $262,351) in share-based compensation expense.

During the year ended December 31, 2023, HTI recorded $447,709 (December 31, 2022 - $Nil) in share-based compensation expense.

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.

The Company transferred 1,138,247 common shares of HTI to third party consultants as consideration for several software development projects in development. The transfer was recorded based on the share price of HTI shares of $0.43 on the date of transfer.

As per Note 13, on the share exchange transaction with Futura, the Company recognized a $721,852 addition to NCI based on a 41.54% of net assets acquired by the NCI post transaction.

On May 1, 2021, XRI granted 4,300,000 stock options to employees, consultants, and directors exercisable at $0.25 and expiring on May 1, 2026. On August 12, 2021, XRI granted 3,100,000 stock options to employees and consultants exercisable at $0.25 and expiring on August 12, 2026. On January 27, 2023, XRI granted 591,428 options to

(Expressed in Canadian dollars)

23. Share Capital (Continued)

consultants exercisable at $0.10 and expiring on January 27, 2025. These stock options vest according to specific terms on each employee, consultant, or director's stock option agreements.

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 year ended December 31, 2023, 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 December 31, 2023, 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

Shares issued during the year ended December 31, 2023
On December 13, 2023, XRI issued 125,000 RSUs to the lender of the loan payable (Note 18). The fair value of the RSUs on the date of issuance was $21,250 and is recorded in share-based compensation expense.

Shares issued during the year ended December 31, 2022
During the year ended December 31, 2022, XRI issued 2,047,619 common shares with a fair value of $3,071,428 on the acquisition of Synthesis to the vendors of Synthesis and 342,857 common shares with a fair value of $370,285 for a finder's fee (Note 10) recorded as transaction cost expense.

XRI issued 125,000 RSUs connection with the Amended Loan agreement (Note 18). The fair value of the RSUs on the date of issuance was $26,250 and is recorded in share-based compensation expense. On January 27, 2023, XRI granted 97,582 stock options that vested immediately to two consultants exercisable at $0.60 and expiring on January 27, 2025. The grant date fair value was $21,326 and is recorded in share-based payments expense.

Share purchase rights agreement

The $2,000,000 loan agreement (Note 16) 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)

24. Related Parties

Related Party Transactions

During the period ended December 31, 2023, and 2022, the Company entered into the following transactions with related parties:

		December 31, 2023		December 31, 2022
Management fees revenue	$	-	$	197,073
Professional and consulting fees	$	325,126	$	252,121
Executive compensation	$	826,934	$	893,284
Share-based compensation - HTI	$	122,559	$	300,000
Share-based compensation - XRI	$	63,989	$	69,437

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:

- $826,934 (December 31, 2022 - $893,284) in executive compensation to the CEO and Chief Growth Officer of VST and executive officers of XRI and Hydreight.
- $325,126 (December 31, 2022 - $252,121) in professional fees to company controlled by the CFO, for controller, bookkeeping, corporate secretarial and CFO services;
- $63,989 (December 31, 2022 - $69,437) in share-based compensation related to XRI stock options to a director and CFO.
- $122,559 (2022 - $300,000) in share-based compensation related to HTI RSUs and options granted to CEO, directors and officers of HTI.

Due from Related Parties

		December 31, 2023		December 31, 2022
Due from a Director	$	250	$	250
Due from Subsidiary Management		81,920		215
Due from GameOn Entertainment		151,878		67,159
Due from Shop & Shout (Note 9)		-		185,450
Due from IV Hydreight Inc related parties		7,936		-
Due from Victory Square Health		33,000		17,000
Due from Cassia, dba CoPilot		2,095		2,095
	$	277,079	$	272,169

As part of the Company's investment in Stardust Solar, the Company originally pledged up to $100,000 in cash as a

(Expressed in Canadian dollars)

24. Related Parties (Continued)

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 recorded in the year ended December 31, 2022.

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.

Due to Related Parties

		December 31, 2023		December 31, 2022
Due to Insu	$	113,311	$	-
Due to former owners of SVR (Note 11)		300,000		300,000
Due to Shop & Shout (Note 9)		-		801,654
Due to CEO		15,073		86,046
	$	428,384	$	1,187,700

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 (Note 11).

The amount due to Shop & Shout related 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 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. The value of this contingency was revalued to $801,654 as at December 31, 2022. On July 10, 2023, this contingent liability was derecognized in connection with a settlement agreement with Shop & Shout (Note 9).

As at December 31, 2023, the Company has $15,073 (December 31, 2022 - $86,086) 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 December 31, 2023, the Company has $366,149 (December 31, 2022 - $132,680) due to related parties included in trade payables and accrued liabilities. As at December 31, 2023, the Company has $125,587 (December 31, 2022 - $27,034) due from related parties included in trade receivables. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

(Expressed in Canadian dollars)

25. 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

Segmented operations were as follows as at December 31, 2023:

	Investments	Health Tech	Immersive Services	Health	Total
Current assets	$ 209,835	$ 88,554	$ 225,416	$ 2,064,487	$ 2,588,292
Non-current assets	8,607,818	-	49,000	539,521	9,196,339
	$ 15,686,649	$ 88,554	$ 274,416	$ 2,604,008	$ 11,784,631
Current liabilities	$ 2,661,618	$ 144,000	$ 773,573	$ 4,407,450	$ 7,986,641
Non-current liabilities	(1,598,301)	214,485	5,440,295	27,475	4,083,954
	$ 1,063,317	$ 358,485	$ 6,213,868	$ 4,434,925	$ 12,070,595

	Investments	Health Tech	Immersive Services	Health	Total
Revenue	$ 24,000	$ -	$ 521,574	$ 11,509,496	$ 12,055,070
Cost of goods sold	-	-	(16,627)	(6,548,054)	(6,564,681)
Gross margin	24,000	-	504,947	4,961,442	5,490,389
Expenses	(11,774,165)	(2,109,193)	(2,740,390)	(6,896,054)	(23,519,802)
Income tax	5,390	-	(36,349)	-	(30,959)
Deferred tax recovery	56,154	-	300,409	-	356,563
Gain on loss of control of subsidiary	33,624	-	-	-	33,624
Other gains (losses)	2,176,241	-	(1,892,356)	(2,747)	281,138
Net loss	(9,478,756)	(2,109,193)	(3,863,739)	(1,937,359)	(17,389,047)
Non-controlling interest	-	876,159	1,773,456	584,501	3,234,116
Net loss attributable to parent	$ (9,478,756)	$ (1,233,034)	$ (2,090,283)	$ (1,352,858)	$ (14,154,931)

(Expressed in Canadian dollars)

25. Operating Segments (Continued)

Segmented operations were as follows as at December 31, 2022:

	Investments	Health Tech	Immersive Services	Health	Total
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	Health Tech	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	111,562	14,495	-	-	126,057
Other gains (losses)	(11,687,624)	(6,240)	46,227	(3,944,557)	(15,592,194)
Net loss	(16,128,645)	(526,020)	(6,211,214)	(5,825,951)	(28,691,830)
Non-controlling interest	-	-	2,822,997	1,575,544	4,398,541
Net loss attributable to parent	$ (16,128,645)	$ (526,020)	$ (3,388,217)	$ (4,250,407)	$ (24,293,289)

26. 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.

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 December 31, 2023, the Company believes that its receivables are collectable and management has determined credit risk to be low.

(Expressed in Canadian dollars)

26. Financial Risk Management (Continued)

b) Interest rate risk

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

c) Liquidity risk

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

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

Contractual Obligations As at December 31, 2023	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**After 5 years**
Trade payables and accrued liabilities	$ 3,330,588	$ 3,330,588	$ -	$ -	$ -
Other payables	-	-	-	-	-
Related party loans	428,384	428,384	-	-	-
Convertible debt	450,000	200,000	250,000	-	-
Loans payable	5,879,816	2,141,421	3,738,395	-	-
CEBA Loans	160,000	40,000	120,000	-	-
Total Contractual Obligations	$ 10,248,788	$ 6,140,393	$ 4,108,395	$ -	$ -

Contractual Obligations As at December 31, 2022	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**After 5 years**
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	-	-
Total Contractual Obligations	$ 8,478,401	$ 3,973,849	$ 4,504,552	$ -	$ -

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 year.

26. Financial Risk Management (Continued)

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.

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.

(Expressed in Canadian dollars)

26. Financial Risk Management (Continued)

e) Fair value risk (continued)

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 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 December 31, 2023. During the period there has been no movement of investments from Level 3 to Level 1 or Level 2.

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 December 31, 2022.

Investment	Valuation Method	Inputs	FV Change $ (+/-10%)
Cloud Benefit Solutions	Market calibration and multiple of revenue	Multiple	31,000
Shop & Shout, dba, Creator.co	Market calibration and multiple of revenue	Multiple	N/A - Divested
Next Decentrum Inc.	Option pricing model	Implied company value	N/A - Impaired
Stardust Solar Inc.	Discounted cash flow	Discount rate	114,000
Victory Square Health	Market calibration and multiple of revenue	Multiple	122,000

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 following table shows the estimated sensitivity on the statement of income and comprehensive income for the year ended December 31, 2023, from a change in closing price and fair market value of the Company's publicly listed investments of $2,143,566 with all other variables held constant as at December 31, 2023:

Percentage of change in closing prices	Change in comprehensive income from % increase in closing price	Change in comprehensive income from % decrease in closing price
5%	$107,178	($107,178)
10%	$214,357	($214,357)

(Expressed in Canadian dollars)

26. Financial Risk Management (Continued)

e) Fair value risk (continued)

The following table shows the estimated sensitivity on the statement of income and comprehensive income for the year ended December 31, 2022, from a change in closing price and fair market value of the Company's publicly-listed investments of $1,838,219 with all other variables held constant as at December 31, 2022.

Percentage of change in closing prices	Change in comprehensive income from % increase in closing price	Change in comprehensive income from % decrease in closing price
5%	$91,911	($91,911)
10%	$183,822	($183,822)

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 December 31, 2023.

27. 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)

28. Revenue and Cost of Goods Sold

Revenue

	Years ended December 31, 2023	2022
Immersive experiences	$ 521,574	$ 1,195,393
Film Royalties	-	5,633
Health	11,509,496	4,403,245
Health tech	-	2,252
Management fees	-	197,073
Sublease	24,000	125,500
	$ 12,055,070	$ 5,929,096

Cost of Goods Sold

	Years ended December 31, 2023	2022
Immersive experiences	$ 16,627	$ 409,012
Health	6,548,054	2,263,660
	$ 6,564,681	$ 2,672,672

29. Interest and Other Income

Included in interest and other income is $19,604 gain on forgiveness of CEBA loan (Note 19) and $45,191 (Note 6) in accrued interest on loan receivable. The Company's subsidiaries HTI and XRI also earn interest and other income on high-interest savings accounts and other investment.

During the year ended December 31, 2023, XRI was refunded $54,087 plus interest for a provincial government tax credit for eligible salaries and wages incurred in the 2021 taxation year and accrued in the year ended December 31, 2022. In the comparative period ended December 31, 2022, XRI had major sources of interest and other income of $237,469 in government subsidies. Government subsidies and grants included Canada Emergency Wage Subsidy (CEWS), Canada Emergency Rent Subsidy (CERS), Tourism and Hospitality Recovery Program, and a CanExport Canadian government grant that supports businesses as they explore/expand new and under-developed international markets.

(Expressed in Canadian dollars)

30. Other Gain (Loss)

Other gains (losses) consist of the following:

		Years ended December 31, 2023	2022
Loss on disposal of Shop & Shout	9	$ (893,000)	$ -
Loss on disposal of Anonymous Intelligence	9	(12,500)	(18,185)
Gain on derecognition of lease	14	21,043	-
Gain on proceeds of digital assets		463,541	-
Loss on settlement of receivables	9	(214,935)	-
Loss on settlement of debt	8,24	-	(149,082)
Gain (loss) on derivative liabilities	9,11	916,237	(251,301)
Other		752	-
Other gains (losses)		$ 281,138	$ (418,568)

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.

31. Income Tax

The following tables reconciles the expected income tax recovery at the Canadian statutory income tax rates to the amounts recognized in the statements of income (loss) and comprehensive income (loss) for the years ended December 31, 2023, and 2022.

Income tax expense varies from the amount that would be computed by applying the basic federal and provincial tax rates to income (loss) from operations before income taxes, shown as follows:

	Dec 31, 2023	Dec 31, 2022
Expected Tax Rate	**27.00%**	**27.00%**
Expected income tax recovery	$ (4,799,755)	$ (7,740,490)
Permanent Differences	822,599	1,557,347
Effect of losses not recognized	1,565,612	1,716,460
Effect of other deductible temporary differences not recognized	2,085,941	4,251,657
Tax rate differences	-	-
True-up of prior years taxes	-	-
Other	-	(14,494)
Income tax expense (recovery)	**$ (325,604)**	**$ (229,520)**

The income tax expense (recovery) consists of the following:

	Dec 31, 2023	Dec 31, 2022
Current Tax Expense (Recovery)	$ 30,959	$ 94,576
Deferred Tax Expense (Recovery)	(356,563)	(324,096)
Net tax expense (recovery)	**$ (325,604)**	**$ (229,520)**

(Expressed in Canadian dollars)

31. Income Tax (Continued)

Deferred income taxes reflect the impact of loss carry forwards and of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. The following deferred tax assets and liabilities have been recognized for accounting purposes:

	Dec 31, 2023	Dec 31, 2022
Deferred tax asset	$ 278,001	$ 238,531
Deferred tax liability	(289,188)	(606,281)
Net deferred tax liability	**$ (11,187)**	**$ (367,750)**

Gross temporary differences and loss carry forwards that give rise to significant portions of the deferred tax asset, which have not been recognized, are approximately as follows:

	Dec 31, 2023	Dec 31, 2022
Fixed Assets	$ 1,309,636	$ 1,695,307
Intangible Assets	1,503,960	4,005,867
Investments	17,157,768	16,269,090
Reserves	8,009	381,386
Share based payments	-	300,000
Share Issue Costs	393,480	1,604,055
Non-Capital Losses	30,298,997	14,957,156
Net Capital Losses	2,458,431	-
Other	1,410,179	-
Right of Use Liability	-	429,526
Total	**$ 54,540,460**	**$ 39,642,387**

The Company has non-capital loss carry forwards which may be carried forward to apply against future year income tax subject to the final determination by taxation authorities, expiring in the following years:

2033	54,316
2034	9,910
2035	211,913
2036	1,483,198
2037	1,244,562
2038	767,136
2039	1,328,955
2040	2,430,927
2041	6,722,262
2042	7,788,948
2043	9,286,504
	$ 31,328,631

(Expressed in Canadian dollars)

32. Non-Controlling Interest

HTI

On closing of the Transaction (Note 12), 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.

Effective July 4, 2023, the Company transferred 1,138,247 common shares of HTI to third party consultants as consideration for several software development projects in development. The transfer was recorded based on the share price of HTI shares of $0.43 on the date of transfer. The transfer was recorded based on the share price of HTI shares of $0.43 on the date of transfer, with $489,446 recognized in share-based payments expense on the statement of loss and consolidated loss.

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

XRI

On March 28, 2022, and May 12, 2022, XRI issued a total of 2,390,476 shares on the acquisition of SVR, reducing the Company's interest in XRI to 58.75%. In the fourth quarter of 2022, the Company distributed 3,384,881 shares to various consultants and XRI issued 125,000 shares to a lender, reducing the Company's interest in XRI to 54.55%. In the year ended December 31, 2023, XRI issued a further 125,000 shares to the same lender. As of December 31, 2023, the Company owns 54.10% of XRI and records the balance of 45.90% in NCI.

FUTURA

As per Note 13, on the share exchange transaction with Futura, the Company recognized a $351,393 decrease to NCI based on a 41.54% of net assets acquired by the NCI post transaction.

	HTI	XRI	Futura	Total
Carrying amount, December 31, 2021	$ -	$ 3,776,391	$ -	$ 3,776,391
Additions of non-controlling interest on acquisition date	(140,421)	42,299	-	(98,122)
Net loss attributable to non-controlling interest	(1,575,544)	(2,822,997)	-	(4,398,541)
Carrying amount, December 31, 2022	$ (1,715,965)	$ 995,693	$ -	$ (720,272)
Additions of non-controlling interest on acquisition date	-	-	(351,393)	(351,393)
Shares issued - Bonus	11,005	-	-	11,005
Shares issued - RSUs	-	26,728	-	26,728
Transfer of shares (Note 23)	26,589	-	-	26,589
Net loss attributable to non-controlling interest	(584,501)	(1,773,456)	(876,159)	(3,234,116)
Carrying amount, December 31, 2023	$ (2,262,872)	$ (777,763)	$ (1,227,552)	$ (4,241,459)

(Expressed in Canadian dollars)

32. Non-Controlling Interest (Continued)

Summarized financial information of HTI, XRI, and Futura are presented below, on a 100% basis:

	69.83% HTI	73.27% HTI	XRI	XRI	Futura
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**	**December 31, 2023**
Non-controlling interest	**30.17%**	**26.28%**	**45.90%**	**45.45%**	**41.54%**
Current assets	$ 2,064,487	$ 2,618,138	$ 225,416	$ 545,763	$ 88,554
Non-current assets	539,521	274,295	49,000	3,604,154	-
	2,604,008	2,892,433	274,416	4,149,917	88,554
Current liabilities	4,407,450	3,231,229	1,162,028	2,422,752	144,000
Non-current liabilities	27,475	18,045	5,051,840	3,049,270	214,485
Total liabilities	4,434,925	3,249,274	6,213,868	5,472,022	358,485
Net assets	(1,830,917)	(356,841)	(5,939,452)	(1,322,105)	(269,931)
Accumulated non-controlling interest	$ (552,388)	$ (93,778)	$ (2,726,208)	$ (600,897)	$ (112,129)

	HTI	HTI	XRI	XRI	Futura
For the year ended December 31,	**2023**	**2022**	**2023**	**2022**	**2023**
Revenue	$ 11,509,496	$ 4,268,431	$ 521,574	$ 1,195,195	$ -
Cost of goods sold	(6,548,054)	(2,432,929)	(16,627)	(409,012)	-
Expenses	(6,896,054)	(3,886,165)	(2,740,390)	(7,043,624)	(2,109,193)
Other gains (losses)	(2,747)	(3,944,557)	(1,892,356)	46,227	-
Taxes	-	-	264,060	-	-
Net loss	$ (1,937,359)	$ (5,995,220)	$ (3,863,739)	$ (6,211,214)	$ (2,109,193)
Net loss attributable to non-controlling interest	$ (584,501)	$ (1,575,544)	$ (1,773,456)	$ (2,822,997)	$ (876,159)

Schedule B

MANAGEMENT DISCUSSION AND ANALYSIS FOR VICTORY SQUARE TECHNOLOGIES INC.

Year ended December 31, 2023 and 2022

Prepared as of April 29, 2024

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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, 2023 and December 31, 2022 (the "**2023 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 April 29, 2024.

The financial information of the Company contained in this MD&A is derived from the 2023 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, 2023.

Additional information relating to the Company, including the Financial Statements, is available at www.sedarplus.ca.

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 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, 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 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.

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.

The Company and Key Milestones

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 some of the world's most innovative early-stage technology 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 ventures.

VST invests primarily in leading edge technology, such as artificial intelligence (AI), machine learning (ML), digital health, blockchain, gaming and climate tech, which provide the potential for high growth and returns.

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. The company's goal is to increase its NAV as well as spin off investments to shareholders increasing their total returns. The company funds its new investments primarily with shares and by selling off older ones for cash and keeps share dilution to a minimum.

As of the date hereof, our portfolio consists of twelve 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 2023 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.

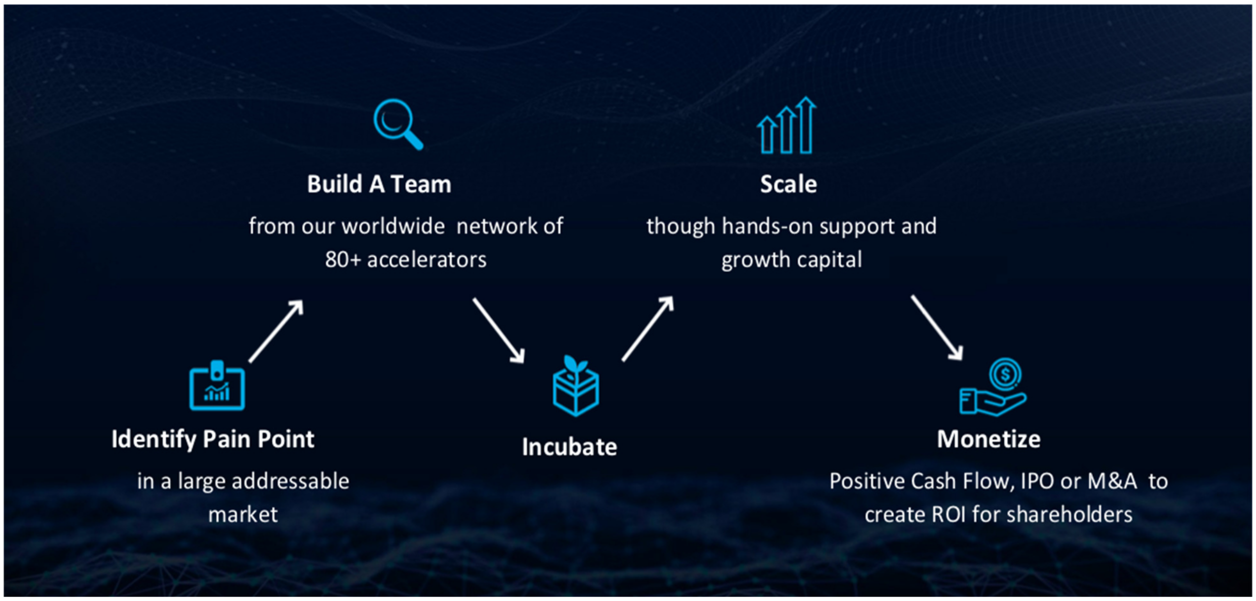
On April 29, 2016, the Company filed a long form prospectus with the BCSC, qualifying the distribution of 5,094,000 common shares issuable upon the exercise of special warrants previously issued by the Company for gross proceeds of $509,400. Trading in the common shares commenced on the CSE on May 4,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

On June 9, 2017, the Company changed its name to Victory Square Technologies Inc and changed its trading symbol on the CSE from "FYS" to "VST".

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 some of the world's most innovative early-stage technology 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 ventures.

VST invests primarily in leading edge technology, such as artificial intelligence (AI), machine learning (ML), digital health, blockchain, gaming and climate tech, which provide the potential for high growth and returns

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.

The company has provided time, knowledge and financial contributions 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. ("**VS Digital Health USA**") VS Digital Health Inc. ("**VS Digital Health**")	Digital Health, Online Pharmacy, Diagnostic Testing, Artificial Intelligence (AI), Machine Learning (ML)
Hydreight Canada Holdings Inc. ("**HCH**")	Digital Health, Online Pharmacy, Diagnostic Testing
IV Hydreight Inc. ("**Hydreight**")	Digital Health, Online Pharmacy, Diagnostic Testing
Hydreight Technologies Inc. ("**HTI**")	Digital Health, Online Pharmacy, Diagnostic Testing
Healthcare Prosoft LLC ("**Prosoft**")	Digital Health, Online Pharmacy, Diagnostic Testing
Futura Health & Wellness Inc. **("Futura")**	Digital Health, Online Pharmacy, Diagnostic Testing, Artificial Intelligence (AI), Machine Learning (ML)
Draft Label Technologies Inc. ("**Draft Label**")	Digital Health, Online Pharmacy, Diagnostic Testing, Artificial Intelligence (AI), Machine Learning (ML)
PDL USA Inc. ("**PDL USA**")	Custom Software Development
XR Immersive Tech Inc., (formerly Fantasy 360 Technologies Inc) ("**XR Immersive Tech**")	Virtual Reality ("**VR**"), Augmented Reality ("**AR**"), Artificial Intelligence (AI), Machine Learning (ML), Web3
Synthesis VR Inc. ("**Synthesis**")	Virtual Reality ("**VR**"), Augmented Reality ("**AR**"), Artificial Intelligence (AI), Machine Learning (ML), Game Development, Web3
Insu Therapeutics Inc. ("**Insu**")	Injectables Medicines, Peptide–Based Medicines, Diabetes Treatment, Non-Invasive Oral Insulin Delivery Technology
VS Blockchain Assembly Inc. ("**VS Blockchain**")	Blockchain, Artificial Intelligence (AI), Machine Learning (ML)
BlockX Capital Corp. ("**BlockX**")	Blockchain, Artificial Intelligence (AI), Machine Learning (ML)

Subsidiaries are fully consolidated with any applicable non-controlling interest ("**NCI**") taken in the audited financial statements for the year ended December 31, 2023.

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

Portfolio Company	Vertical
Victory Square Health Inc. ("**VS Health**")	Digital Health, Diagnostic Testing, Artificial Intelligence (AI), Machine Learning (ML)
Cassia Research Inc., doing business as CoPilot AI ("**CoPilot AI**")	Artificial intelligence (AI), Sales & Marketing Automation
Cloud Benefit Solutions Inc., doing business as Cloud Advisors ("**Cloud Advisors**")	Insurance Tech, Artificial Intelligence (AI), Machine Learning (ML)
MLVX Technologies Inc., doing business as Metaspectral (1) ("**Metaspectral**")	Artificial intelligence (AI), Machine Learning (ML), Computer Vision
FansUnite Entertainment Inc. ("**FansUnite**")	Sports Betting, Gaming, Esports
Flo Digital Inc. (1) ("**Flo Digital**")	Virtual Reality ("**VR**"), Augmented Reality ("**AR**"), Metaverse, Web3
Kyn Biosciences Inc. (1) ("**Kyn**")	Plant-based Science
Howyl Ventures Inc., doing business as Capaciti (1) ("**Capaciti**")	Web3, Future of Work
Turnium Technology Group Inc. (formerly Multapplied Networks Inc.) ("**Turnium**")	Software Defined Wide Area Network Platforms (SD-WAN)
Next Decentrum Technologies Inc. ("**Next Decentrum**")	Web3, Blockchain, NFTs
PayVida Solutions Inc. (1) ("**PayVida**")	Fintech
Silota Research and Development Inc. ("**Silota**")	Web3, Blockchain, DeFi, Data Infrastructure
Shop & Shout Ltd., doing business as Creator.co ("**Creator.co**") (2)	Creator Economy, Web3, NFTs
Anonymous Intelligence Company Inc. (**"ANON**")	Web3, EdTech, Artificial Intelligence (AI), Machine Learning (ML)
Stardust Solar Technologies Inc. ("**Stardust Solar**")	Solar Energy, Renewables, EV Charging
Flora Growth Corp. (1) ("**Flora Growth Corp.**")	Plant-based Science
GameOn Entertainment Technologies Inc. ("**GameOn**")	Web3, Blockchain, Gaming, NFTs, Sports, Entertainment

(1) Included in "Other" in the Financial Statements in Note 9 "Investments" in 2023 Financial Statements
(2) The Company's interest in Creator.co was divested in the year ended December 31, 2023. See Note 9 in the 2023 Financial Statements.

Portfolio companies are reflected in the audited annual consolidated 2023 Financial Statements in Notes 9 and 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.

Key Transactions in 2023

The following key transactions were recorded in the 2023 Financial Statements:

- Effective July 4, 2013, the Company transferred 1,138,247 common shares of HTI to third party consultants as consideration for several software development projects in development. The transfer was recorded based on the share price of HTI shares of $0.43 on the date of transfer. The decrease in VSTs interest in HTI is recorded in NCI.

- On July 10, 2023, the Company divested its interest in Shop & Shout by way of a settlement agreement whereby it transferred all shares and forfeiture of its options in Shop & Shout in exchange for consideration of $300,000. The consideration was also in settlement of its amount due from Shop & Shout of $185,450 and $29,485 of unpaid sub-lease rent included in trade receivable, together included in other losses as loss on settlement of receivables. Also included in other gains, the Company derecognized $801,654 in contingent consideration. The difference between the cash consideration received and carrying value of the investment amounted to $893,000 and is recognized as a realized loss on investment and included in other gains (losses) on the consolidated statement of loss and comprehensive loss.

- 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. Immediately after the Agreement and through the year ended December 31, 2023, 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

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 of the Company.

Fiscal Quarter Ended	Revenue	Net Loss for the Period	Comprehensive Loss for the Period	Basic and Diluted Loss Per Share
December 31, 2023	3,325,822	(12,462,193)	(12,501,552)	(0.10)
September 30, 2023	3,213,031	(2,576,681)	(2,799,383)	(0.02)
June 30, 2023	2,638,892	(1,199,873)	(851,936)	(0.01)
March 31, 2023	2,877,325	(1,150,300)	(1,273,881)	(0.01)
December 31, 2022	2,076,995	(14,794,620)	(14,837,225)	(0.12)
September 30, 2022	1,620,221	(3,473,694)	(3,584,645)	(0.04)
June 30, 2022	1,214,783	(5,785,189)	(5,786,462)	(0.05)
March 31, 2022	1,017,097	(4,534,865)	(4,521,258)	(0.04)

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 through 2021, incurred expenses and losses throughout these periods while investing in those companies, and then began to monetize and realize increased revenues and gains as the companies mature and increase in value. The Company’s net loss and comprehensive loss per period is materially affected by the fair value adjustments of its publicly listed investees and fourth quarter adjustments when valuing interests in privately held investments for annual audited financial statements.

- The net loss for the quarter ended December 31, 2023, is primarily due to operating losses from consolidated subsidiaries, impairment of non-financial assets and partially offset by increased revenue from Hydreight.
- The net loss for the quarter ended September 30, 2023, was mainly attributed to operating losses from consolidated subsidiaries, partially offset by increased revenue from Hydreight and a decrease in revenue from XRI.

- The net loss for the quarter ended June 30, 2023, was primarily due to operating losses from consolidated subsidiaries, partially offset by increased revenue from Hydreight and a decrease in revenue from XRI.
- The net loss for the quarter ended March 31, 2023, was mainly attributed to operating losses from consolidated subsidiaries, partially offset by increased revenue from Hydreight.
- The net loss for the quarter ended December 31, 2022, resulted primarily from 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 September 30, 2022, was correlated 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, resulted from continued operating losses in XRI and VST.

Selected Annual Information

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

	As at December 31, 2023	As at December 31, 2022	As at December 31, 2021
Current assets	$ 2,588,292	$ 4,525,967	$ 5,442,063
Non-current assets	9,196,339	19,650,056	31,889,090
Total assets	11,784,631	24,176,023	37,331,153
Currrent liabilities	7,986,641	5,879,387	5,337,645
Non-current liabilities	4,083,954	5,050,799	834,497
Total liabilities	12,070,595	10,930,186	6,172,142

	2023	2022	2021
Total revenue	$ 12,055,070	$ 5,929,096	$ 1,494,450
Net income (loss)	(17,389,047)	(28,537,234)	(15,745,665)
Comprehensive income (loss)	(17,426,752)	(28,678,456)	(15,745,343)
Net income (loss) per share, basic	(0.14)	(0.25)	(0.15)
Net income (loss) per share, diluted	(0.14)	(0.25)	(0.15)

Discussion of Operations

The 2023 Consolidated 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, 2023	December 31, 2022
Futura [(3)]	58.46%	100.00%
XRI[(1)]	54.10%	69.80%
Insu[(4)]	0.00%	100.00%
BlockX Capital	100.00%	100.00%
VS Blockchain Assembly	100.00%	100.00%
VS Digital Health	100.00%	100.00%
VS Digital Health USA	100.00%	100.00%
HTI[(2)]	69.83%	100.00%

[1] SVR is a wholly owned subsidiary of XRI
[2] HCH and Hydreight are wholly owned subsidiaries of HTI
[3] Draft Label and PDL USA are wholly owned subsidiaries of Futura. As at December 31, 2023, VST owned 100% of Draft Label and PDL USA prior to share exchange agreement.
[4] Insu was deconsolidated during the fiscal year ended December 31, 2023.

Revenue

Revenue for the three-months and year ended December 31, 2023, was $3,325,822 and $12,055,070 compared to $2,076,995 and $5,929,096 for the comparative periods. The increase in revenues is primarily related to substantial growth in Hydreight revenues and user base resulting in increasing subscription, pharmacy and net commission revenues.

The table below sets out revenues of the Company:

	Three months ended December 31		Years ended December 31,	
	2023	2022	2023	2022
Immersive experiences	$ (21,517)	$ 226,579	$ 521,574	$ 1,195,393
Film Royalties		5,633		$ 5,633
Health	3,373,194	1,784,071	11,509,496	4,403,245
Health tech	(25,855)	-	-	2,252
Management fees (expense)	-	29,512	-	197,073
Sublease (expense)	-	31,200	24,000	125,500
	$ 3,325,822	$ 2,076,995	$ 12,055,070	$ 5,929,096

Cost of Goods Sold

Cost of goods sold for the three-months and year ended December 31, 2023, was $1,789,786 and $6,564,681 compared to $940,964 and $2,672,672 for the comparative periods. 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:

	Three months ended December 31		Years ended December 31,	
	2023	2022	2023	2022
Immersive experiences (recovery)	$ 16,627	$ 81,992	$ 16,627	$ 409,012
Health	1,773,159	929,847	6,548,054	2,263,660
Health tech (recovery)	-	(70,875)	-	-
	$ 1,789,786	$ 940,964	$ 6,564,681	$ 2,672,672

Gross Margin

The gross margin for the three-months and year ended December 31, 2023, was $1,536,036 and $5,490,389 compared to $1,136,031 and $3,256,424 for the corresponding comparative periods. The current period gross margin is driven primarily by the online pharmacy sales of Hydreight. Also, Hydreight revenue includes subscription revenue earned over time, which doesn't have a corresponding cost of expense as with pharmacy purchases.

The table below sets out gross margins of the Company:

	Three months ended December 31				Years ended December 31,			
		2023		2022		2023		2022
Immersive experiences	177%	$ (38,144)	64%	$ 144,587	97%	$ 504,947	66%	$ 786,381
Film Royalties	-	-	100%	5,633	-	-	100%	5,633
Health	47%	1,600,035	48%	854,224	43%	4,961,442	49%	2,139,585
Health tech	100%	(25,855)	-	70,875	-	-	100%	2,252
Management fees	-	-	100%	29,512	-	-	100%	197,073
Sublease	-	-	100%	31,200	100%	24,000	100%	125,500
		$ 1,536,036		$ 1,136,031		$ 5,490,389		$ 3,256,424

Expenses

For the three-months and year ended December 31, 2023, total expenses were $14,852,139 and $23,519,802 compared to $28,921,518 and $31,655,743 for the three-months and year ended December 31, 2022. Material variances over this period are discussed below.

Fair Value Movement, Impairment, and Equity Loss

For the three-months and year ended December 31, 2023, the Company recorded a total of $8,467,014 and $7,109,713 compared to $8,239,638 and $14,169,207 for the three-months and year ended December 31, 2022 in the following expenses:

- Equity loss on investments – equity accounted
- Fair value loss on investments – fair value
- Impairment of non-financial assets
- Movement in provision

The Company records the gain or loss of publicly traded investments at each quarterly reporting period and material private investments on an annual basis. The Company records the equity gain or loss on its equity accounted investee at each quarterly reporting period. Impairment of non-financial assets consists entirely of the impairment recorded for goodwill and intangible assets of a subsidiary charged at year end. The movement in provision is primarily due to an allowance on a subsidiary loan receivable.

Amortization and Depreciation

Amortization and depreciation for the three-months and year ended December 31, 2023, were $791,076 and $2,832,075 compared to $957,355 and $2,921,288 for the three-months and year ended December 31, 2022. There was no meaningful variance from prior periods due to the composition of the assets subject to amortization being substantially unchanged from the prior periods.

General and Administration

For the three-months and year ended December 31, 2023, general and administration expenses were $1,115,135 and $2,453,245 compared to $234,563 and $1,203,450 for the corresponding three-months and year ended December 31, 2022. The increase was due to a general increase in overhead costs in Hydreight to support organic growth in the business, partially offset by a sharp decrease in general and administration expenses in XRI due to the winding down of the legacy business in early 2023.

Insurance

For the three-months and year ended December 31, 2023, insurance expense was $29,592 and $172,198 compared to $14,639 and $97,824 for the corresponding three-months and year ended December 31, 2022. The increase was due to higher in insurance premiums in Hydreight as a result of increased insurance coverage requirements for operations and being a public company.

Investor Relations

For the three-months and year ended December 31, 2023, investor relations expense was $158,766 and $286,935 compared to $69,227 and $322,988 for the corresponding three-months and year ended December 31, 2022. The increase in the fourth quarter of 2023 compared to the comparative period is due to higher investor relations costs in HTI from several external consultants retained. The decrease in the year ended December 31, 2023 over the comparative year is due to lower investor relations fees incurred at the VST level and XRI entity, partially offset by the aforementioned increase in HTI cost increase in 2023.

Management Fees

Management fees for the three-months and year ended December 31, 2023, were $73,615 and $105,115 compared to $9,384 and $75,142 for the corresponding three-month and year ended December 31, 2022. The variance is due to an adjustment to intercompany management fees posted in the current period, partially offset by management fee expense recorded in Futura post acquisition.

Professional and Consulting Fees

For the three-month and year ended December 31, 2023, professional and consulting fees were $584,822 and $3,277,064 compared to $1,372,230 and $3,139,946 for the corresponding three-months and year ended December 31, 2022. The increased expense during the year ended December 31, 2023 is mainly attributed to Hydreight's legal and technical consulting fees. The Company incurred more expenditures to support growth of the business and compliance with public company reporting and corporate practice of medicine legislation. During the quarter ended December 31, 2023, the Company reclassified some of Hydreight's professional and consulting fees which resulted in a decrease of these expenses.

Rent

For the three-months and year ended December 31, 2023, rent expense was $54,845 and $248,916 compared to $5,507 and $112,689 for the corresponding three-months and year ended December 31, 2022. The increased rent expense is primarily related to Hydreight setting up a Canadian office presence in the second quarter of 2023, which was partially offset by lower rent expense in VST and XRI.

Research and Development

For the three-months and year ended December 31, 2023, research and development expense was $298,434 and $710,052 compared to a recovery of $212,934 and $274,242 expense for the corresponding three-months and year ended December 31, 2022. 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. These costs were primarily incurred in 2021 with XRI completing most of its development in the first quarter of 2022. The UNCONTAINED project was discontinued at the end of 2022. The decrease in XRI was partially offset by sustained software development in Hydreight to support ongoing development of the product.

Sales and Marketing

For the three-months and year ended December 31, 2023, sales and marketing expense were $94,728 and $514,142 compared to $144,172 and $867,060 for the corresponding three-month and year ended December 31, 2022. The vast majority of the decrease in sales and marketing expense is due to a decrease in Company expenditures in promotion, 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 and year ended December 31, 2023, were $1,236,316 and $1,620,395 compared to $606,288 and $1,043,948 for the corresponding three-months and year ended December 31, 2022. The increase in the fourth quarter and year ended December 31, 2023 is mainly attributed to the issuance of a tranche of RSUs to employees and officers of HTI as well as several stock option issuances to consultants of HTI.

Transfer Agent and Regulatory Fees

For the three-months and year ended December 31, 2023, transfer agent and regulatory fees were $64,425 and $252,754 compared to $38,290 and $133,713 for the corresponding three-months and year ended December 31, 2022. The increase in transfer agent and regulatory fees expense in 2023 is due to Hydreight going public in late 2022 and the first full year of public company regulatory expenses for this subsidiary.

Wages

For the three-months and year ended December 31, 2023, wage expense was $1,099,421 and $2,393,613 compared to $481,472 and $2,458,069 for the corresponding three-months and year ended December 31, 2022. The increase in wage expense for the fourth quarter of 2023 over the comparative period is due to hiring more staff and compensation increases at Hydreight as well as the conversion of several consultants to full time employee status in Hydreight's US operations. The decrease in wage expense in the year ended December 31, 2023 is due to the reduction in XRI head-count from 2022 to 2023, offset by the increase in executive compensation to the CEOs of SVR and Hydreight as well as additions to the head-count in Hydreight's Canadian operations.

Segmented Operations

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

Segmented operations were as follows as at and for the year ended December 31, 2023:

	Investments	Health Tech	Immersive Services	Health	Total
Current assets	$ 209,835	$ 88,554	$ 225,416	$ 2,064,487	$ 2,588,292
Non-current assets	8,607,818	-	49,000	539,521	9,196,339
	$ 15,686,649	$ 88,554	$ 274,416	$ 2,604,008	$ 11,784,631
Current liabilities	$ 2,661,618	$ 144,000	$ 773,573	$ 4,407,450	$ 7,986,641
Non-current liabilities	(1,598,301)	214,485	5,440,295	27,475	4,083,954
	$ 1,063,317	$ 358,485	$ 6,213,868	$ 4,434,925	$ 12,070,595

	Investments	Health Tech	Immersive Services	Health	Total
Revenue	$ 24,000	$ -	$ 521,574	$ 11,509,496	$ 12,055,070
Cost of goods sold	-	-	(16,627)	(6,548,054)	(6,564,681)
Gross margin	24,000	-	504,947	4,961,442	5,490,389
Expenses	(11,774,165)	(2,109,193)	(2,740,390)	(6,896,054)	(23,519,802)
Income tax	5,390	-	(36,349)	-	(30,959)
Deferred tax recovery	56,154	-	300,409	-	356,563
Gain on loss of control of subsidiary	33,624	-	-	-	33,624
Other gains (losses)	2,176,241	-	(1,892,356)	(2,747)	281,138
Net loss	(9,478,756)	(2,109,193)	(3,863,739)	(1,937,359)	(17,389,047)
Non-controlling interest	-	876,159	1,773,456	584,501	3,234,116
Net loss attributable to parent	$ (9,478,756)	$ (1,233,034)	$ (2,090,283)	$ (1,352,858)	$ (14,154,931)

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

	Investments	Health Tech	Immersive Services	Health	Total
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	Health Tech	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	111,562	14,495	-	-	126,057
Other gains (losses)	(11,687,624)	(6,240)	46,227	(3,944,557)	(15,592,194)
Net loss	(16,128,645)	(526,020)	(6,211,214)	(5,825,951)	(28,691,830)
Non-controlling interest	-	-	2,822,997	1,575,544	4,398,541
Net loss attributable to parent	$ (16,128,645)	$ (526,020)	$ (3,388,217)	$ (4,250,407)	$ (24,293,289)

Liquidity

As at December 31, 2023, the Company had a working capital deficiency of $5,398,349 (December 31, 2022 - $1,353,420) comprised of total current assets of $2,588,292 (December 31, 2022 - $4,525,967) and total current liabilities of $7,986,641 (December 31, 2022 - $5,879,387).

As at December 31, 2023, the Company had total current assets of $2,588,292 (December 31, 2022 - $4,525,967) comprised of $2,202,377 (December 31, 2022 - $3,836,815) in cash and cash equivalents, $177,301 (December 31, 2022 - $471,762) in prepayments, $24,372 (December 31, 2022 - $27,034) in trade receivables, $80,489 (December 31, 2022 - $86,085) in government sales tax receivable, and $103,753 (December 31, 2022 - $104,271) of inventory.

As at December 31, 2023, the Company had total current liabilities of $7,986,641 (December 31, 2022 - $5,879,387), comprised of $1,771,902 (December 31, 2022 - $783,819) in trade payables, $1,558,686 (December 31, 2022 - $1,213,765) in accrued liabilities, $1,748,574 (December 31, 2022 - $1,703,821) in contract liabilities, $428,384 (December 31, 2022 - $1,187,700) in related party loans, $2,141,421 (December 31, 2022 - $417,604) in loans payable, $113,350 (December 31, 2022 - $80,581) in income taxes payable, $40,000 (December 31, 2022 - $Nil) for CEBA loan, $Nil (December 31, 2022 - $158,765) in other payables, $184,324 (December 31, 2022 - $121,136) in current portion of convertible debt, and $Nil (December 31, 2022 - $212,196) 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 2023 and onwards.

Contractual Obligations As at December 31, 2023	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Trade payables and accrued liabilities	$ 3,330,588	$ 3,330,588	$ -	$ -	$ -
Other payables	-	-	-	-	-
Related party loans	428,384	428,384	-	-	-
Convertible debt	450,000	200,000	250,000	-	-
Loans payable	5,879,816	2,141,421	3,738,395	-	-
CEBA Loans	160,000	40,000	120,000	-	-
Total Contractual Obligations	$ 10,248,788	$ 6,140,393	$ 4,108,395	$ -	$ -

Contractual Obligations As at December 31, 2022	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
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	-	-
Total Contractual Obligations	$ 8,478,401	$ 3,973,849	$ 4,504,552	$ -	$ -

Capital Resources

As at December 31, 2023 and as of the date of this MD&A, there are 99,564,971 common shares, and 7,432,500 stock options outstanding.

As at December 31, 2023, there are no share purchase warrants outstanding. As at the date of this MD&A, all of the share purchase warrants outstanding expired unexercised.

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 year ended December 31, 2023, and 2022, the Company entered into the following transactions with related parties:

	December 31, 2023	December 31, 2022
Management fees revenue	$ -	$ 197,073
Professional fees paid to ARO Consulting Inc., a company owned by CFO	$ 325,126	$ 252,121
Executive compensation	$ 826,934	$ 893,284
Share-based compensation - HTI	$ 122,559	$ 300,000
Share-based compensation - XRI	$ 63,989	$ 69,437

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:

- $826,934 (December 31, 2022 - $893,284) in executive compensation to the CEO and Chief Growth Officer of VST and executive officers of XRI and Hydreight;
- $325,126 (December 31, 2022 - $252,121) in professional fees to company controlled by the CFO, for controller, bookkeeping, corporate secretarial and CFO services; and
- $63,989 (2022 - $69,437) in share-based compensation related to XRI stock options to a director and CFO.
- $122,559 (2022 - $300,000) in share-based compensation related to HTI RSUs and options granted to CEO, directors and officers of HTI.

Due from Related Parties

	December 31, 2023	December 31, 2022
Due from a Director	$ 250	$ 250
Due from Subsidiary Management	81,920	215
Due from GameOn Entertainment	151,878	67,159
Due from Shop & Shout	-	185,450
Due from IV Hydreight Inc related parties	7,936	-
Due from Victory Square Health	33,000	17,000
Due from Cassia, dba CoPilot	2,095	2,095
	$ 277,079	$ 272,169

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

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 in the year ended December 31, 2022.

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 is non-interest bearing.

Due to Related Parties

	December 31, 2023	December 31, 2022
Due to Insu	$ 113,311	$ -
Due to former owners of SVR	300,000	300,000
Due to Shop & Shout	-	801,654
Due to CEO	15,073	86,046
	$ 428,384	$ 1,187,700

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.

The amount due to Shop & Shout related 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 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. The value of this contingency was revalued to $801,654 as at December 31, 2022. On July 10, 2023, this contingent liability was derecognized in connection with a settlement agreement with Shop & Shout.

As at December 31, 2023, the Company has $15,073 (December 31, 2022 - $86,086) in related party loans due from the CEO. This related party loan is unsecured, due on demand, and bears interest at 3%.

As at December 31, 2023, the Company has $366,149 (December 31, 2022 - $132,680) due to related parties included in trade payables and accrued liabilities. As at December 31, 2023, the Company has $125,587 (December 31, 2022 - $27,034) 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 material accounting estimates are presented in Note 2 in the notes to the December 31, 2023 Consolidated 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 2023 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 2023 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, 2023, 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 2023 Financial Statements.

Changes in Accounting Policies including Initial Adoption

The Company has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at December 31, 2023 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations.

Amendments to IAS 1 were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in April 2020 and December 2022. The amendments clarify the requirements for classifying liabilities as either current or non-current by clarifying that:

- Liabilities are classified as either current or non-current depending on the existence at the end of the reporting period of a right to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that only covenants that an entity must comply with on or before the reporting date would affect a liability's classification as current or non-current, even if compliance with the covenant is only assessed after the entity's reporting date.
- Classification is unaffected by the likelihood that an entity will settle the liability within 12 months after the reporting date; and
- How an entity classifies debt an entity may settle by converting it into equity.

Additionally, the amendments added new disclosure requirements for situations where a liability is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months after the reporting date. The disclosure should enable users of financial statements to understand the risk that the liability classified as non-current could become repayable within 12 months after the reporting period.

Both the January 2020 and October 2022 amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. An entity that applies these amendments early is required to apply both the January 2020 and October 2022 amendments at the same time.

The amendments are effective for annual periods beginning on or after January 1, 2024. The Company does not anticipate a material impact to the consolidated financial statements upon adoption.

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 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 as at December 31, 2023.

U.S. Income Tax Status

U.S. federal tax legislation was enacted in 2004 to address perceived U.S. tax concerns in "corporate inversion" transactions. A "corporate inversion" generally occurs when a non-U.S. corporation acquires "substantially all" of the equity interests in, or the assets of, a U.S. corporation or partnership, if, after the acquisition, former equity holders of the U.S. corporation or partnership own a specified level of stock in the non-U.S. corporation. The tax consequences of these rules depend upon the percentage identity of stock ownership that results. Generally, in the "80-percent identity" transactions, i.e. former equity holders of the U.S. corporation owns 80% or more of the equity of the non-U.S. acquiring entity (excluding certain equity interests), the tax benefits of the inversion are limited by treating the non-U.S. acquiring entity as a domestic entity for U.S. tax purposes. Note, the ownership percentage is computed under section 7874 which varies from legal ownership.

Management is of the view that a corporate inversion has resulted from HTI's RTO transaction completed in November 2022. Management has determined that HTI is subject to the "80 percent" identity with respect to the transactions undertaken. The tax implication resulting from this transaction would be annual filing of US corporate income tax return and additional withholding tax payment to IRS on future distribution to minority shareholders.

Use of Non-GAAP Financial Measures

This release contains references to non-GAAP financial measures of Hydreight, Adjusted Revenue (also referred to Topline Revenue) and Adjusted Gross Margin. The Company defines Adjusted Revenue as gross cash income before adjustment for the deferred portion of business partner contract revenue and gross receipts from Hydreight App service sales. Hydreight defines Adjusted Gross Margin as GAAP gross margin plus inventory impairment plus the deferred portion of business partner contract revenue. Hydreight believes that the measures provide information useful to its shareholders and investors in understanding the Hydreight's operating cash flow growth, user growth, and cash generating potential and may assist in the evaluation of the Hydreight's business relative to that of its peers more accurately than GAAP financial measures alone. This data is furnished to provide additional information and does not have any standardized meaning prescribed by GAAP. Accordingly, it should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP and is not necessarily indicative of other metrics presented in accordance with GAAP.

Neither TSXV nor its Regulation Services Provider (as that term is defined in policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release. This press release does not constitute an offer of securities for sale in the United States. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and such securities may not be offered or sold within the United States absent U.S. registration or an applicable exemption from U.S. registration requirements.

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, and due from related parties. Based on the evaluation of receivables, both current and past due as at December 31, 2023, the Company believes that its receivables are collectable and management has determined credit risk to be low.

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 2023 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 2023 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.

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.sedarplus.ca.