Zacks Small-Cap Research

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Victory Square Technologies (OTCQX: VSQTF)

Hydreight Starts Trading at an $18 Million Valuation

We believe VST stock is worth at least US$0.35 if we take the value of its public holdings (including Hydreight,) plus 50% of the value of its private holdings.

Current Price (12/5/2022)	US$0.09
Valuation	**US$0.35**

OUTLOOK

Victory Square Technologies provides investors with a liquid way to invest in early-stage technology and health care companies without buying a venture fund that requires accredited investor status or multi-year commitments. The company's goal is to increase its NAV as well as spin off investments to shareholders increasing their total returns. VS invests primarily in leading edge technology and health care solutions which provide the potential for high growth and 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.

SUMMARY DATA

52-Week High	**US$0.19**
52-Week Low	**US$0.08**
One-Year Return (%)	**-70**
Beta	**1.6**
Average Daily Volume (sh)	**23,251**
Shares Outstanding (mil)	**99.6**
Market Capitalization ($mil)	**US$9**
Short Interest Ratio (days)	**0**
Institutional Ownership (%)	**0**
Insider Ownership (%)	**14**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/M**
P/E using 2022 Estimate	**N/M**
P/E using 2023 Estimate	**N/M**

Risk Level	**High**
Type of Stock	**Small Value**
Industry	**Investment**

ZACKS ESTIMATES

Revenue
(In millions of CN$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2020	$0.4 A	$0.1 A	$0.6 A	$0.4 A	$1.5 A
2021	$0.1 A	$0.3 A	$0.3 A	$0.7 A	$1.5 A
2022	$1.0 A	$1.2 A	$1.6 A	$2.9 E	$6.8 E
2023					$11.6 E

Earnings per Share
(Diluted EPS on Continuing Ops IFRS)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2020	$0.05 A	$0.02 A	$0.11 A	$0.08 A	$0.26 A
2021	$0.03 A	$0.01 A	-$0.04 A	-$0.14 A	$0.15 A
2022	-$0.04 A	-$0.05 A	-$0.03 A	-$0.01 E	-$0.13 E
2023					-$0.08 E

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WHAT'S NEW

Victory Square announced its Q3 numbers showing some more information about its investments and subsidiaries although it had preannounced its unaudited NAV as $80,701,078 on September 30th. The report showed total revenues of $1.6 million with $1.1 million attributed to Hydreight and $443,613 to XR Immersive. Hydreight revenues are picking up steam as DRIPBar revenues start. XR immersive is benefitting from revenues from its acquisition of SynthesisVR in Q1.

Hydreight Technologies Begins Trading at an $18 Million Market Cap

The Hydreight Technologies spin-off began trading on December 1st on the TSX Venture Exchange under the symbol NURS. At a $0.48 stock price, with 37.8 million shares outstanding it is trading at an $18 million valuation. Victory Square trades at a market cap of US$9 million. VST owns approximately 73.72% of the issued and outstanding common shares of Hydreight worth $13.3 million. The company is in the process of raising an additional $500,000 through a PIPE. PCL provided Hydreight with a loan of $25,000 and expects to provide another $200,000 advance to Hydreight. Victory Square shareholders now own **73%** of the entity and PCL will own approximately 21% and Hike Capital will own the remaining 4%. Hydreight was acquired by Victory Square in February of 2021 for approximately US$1.8 million.

Hydreight reported revenues of $1.1 million for the third quarter as revenues from the 430 DRIPBaR locations started to onboard and ramp. Through the end of October, Hydreight signed 537 new business partners compared to only 76 in the same period next year and now has about 2,000 total. In the nine months of 2022, it generated CN$2.6 million in revenues and management expects it may be able to reach US$4-5 million in sales this year. Its current valuation is 4.5xs EV to 2022 estimated sales of US$4 million. It has been cash flow positive since early 2022.

Other Holdings

VS Health dba Safetest Comércio de Diagnósticos

The biggest risk to the NAV calculation is the value of its biggest holding VS Health dba Safetest. This company has not been revalued since February 2022 when industry valuations were much higher. It is on the books as worth $11.5 million. VS Health is a healthcare company based in Brazil using smart, connected devices, at-home diagnostic tests, personalized digital guidance and monitoring, 24/7/365 access to healthcare professionals, and prescription delivery in Latin America.

Safetest is continuing research and development on tests. It was selected to receive a federal grant in Brazil for a project using AI in the diagnosis of neglected diseases of approximately R$1,000,000 (US$192,000) in grants for the development of smartphone-based rapid tests. It partnered with Biominas on a project called AI in a point-of-care cervical cancer test, which was selected for a state grant of approximately R$1,540,000 (US$300,000) for the development of a smartphone-based rapid test for the detection of cervical cancer. Safetest was selected for a program called IBMP (Molecular Biology Institute of Paraná) Hunting and signed an NDA to develop a rapid PCR point-of-care test, which has the potential to change the point-of-care diagnostics sector. Safetest also signed a contract with one of the largest veterinarian products companies in Latin America for the development and production of a new rapid test in the veterinary diagnostics sector. Safetest recently concluded the development of its HTLV (Human T cell Leukemia Virus) 1 and 2 rapid test and is now going to perform the clinical validation for registering the test at ANVISA. There are currently no tests in the market that differentiate HTLV 1 from 2. Worldwide an estimated 5 to 10 million people have HTLV.

XR Immersive

For Q3 XR Immersive reported revenues of $443,613 versus $28,037 a year ago. It had an operating loss of $600,000 compared to a loss of $1.7 million in Q3 2021. In Q3 gameplay increased 153% to over 27 million minutes. Over 43,885 customer accounts were created on the platform in the quarter showing a 109% increase compared to last year. Platform subscriptions went up by 108% compared to last year. The company had the first full quarter of its UNCONTAINED installation at the Pacific National Exhibition in Vancouver. The company launched a new kiosk in November and is excited about a new proprietary game designed for the platform.

Turnium

Turnium, although public, has not yet been spun off to VST shareholders, and management will reassess when that might happen at the end of this year. The company has not reported its Q4 numbers for the year ending September 30, 2022. On November 28th Turnium announced the appointments of Konstantin Lichtenwal as Chief Financial Officer, Simon Tso as Controller, and Peter Smyrniotis and Erin Campbell to the Company's Board of Directors.

Stardust Solar

Stardust Solar currently has 16 franchises with new franchisees coming in Q4 in Moncton, New Brunswick, Oklahoma City, Oklahoma, Calgary, Alberta, North Vancouver, BC, and Victoria, BC. In addition to solar energy training, the company is now approved by CSA for EV Charger Installation Training. Management hopes to have the company listed as a separate public company sometime in 2023. It is growing 100% year over year.

Balance Sheet

On September 30, 2022, VST had $2.5 million in cash, negative working capital of $185,024, and $5.8 million in debt (of which $3 million belongs to XR Immersive.) The balance sheet however is an amalgamation of VST corporate plus its subsidiary holdings and does not reflect only the cash and debt of the parent company. if needed, VST can sell its stock in FansUnite and Cloud Nine, the more liquid holdings, which at current prices could add another CN$882,000 to cash.

EBITDA was a negative $787,000 in the quarter. Cash flow from operations, not including changes in working capital was a negative $687,000 for the September quarter.

On September 30, 2022, there were 99.6 million common shares, 6.8 million warrants, and 7.9 million stock options outstanding. All of the warrants and options are out of the money and do not add to the diluted stock number.

Update on Potential Spin-Offs

Draft Label Technologies dba **DiscreetCare**

The DiscreetCare.com website and mobile app plan to provide access to testing, treatment, and prescriptive medicinal remedies with convenience and privacy for 'delicate' medical issues including hair loss, erectile dysfunction, premature ejaculation, genital herpes, cold sores, acne, and bladder control issues. Draft Label Technologies Inc contributes all the revenues in the software segment (in Q3 $778). It is a software developer and creates custom software for Victory Square's various companies as needed. As of Q4 2022, all revenues from Draft label may be solely DiscreetCare's at which point we expect it would be moved to the Health segment. On Sept. 29th VST announced it entered into a share exchange agreement effective on September

28, 2022, with AcquisitionCo to acquire all of the equity interests of Draft Label and prepare a prospectus and a listing statement. AcquisitionCo will use funds from the proposed transaction to grow and scale DiscreetCare.com. The company is slated to list in the first half of 2023.

KEY POINTS

- Victory Square Technologies (VST) is an early-stage investor primarily in technology and healthcare companies in the US and Canada. It operates with a small staff that runs a startup incubator and takes large positions in startup companies. As a public company, it can use its stock for these investments eliminating the need to constantly raise cash to support its business model.

- The company has a portfolio of 25 companies, eight of which are subsidiaries and others are classified as investments. When it makes sense, VST enters into liquidity events for its subsidiaries and investments—either through a sale or a spin-off to its shareholders.

- The company trades an 84% discount to its current estimated NAV of US$0.56 per share, well below comparable companies.

- In 2022, two companies in the portfolio were spun off into separate public companies, Turnium Technology Group, Inc. (TSXV: TTGI) and Hydreight Technologies (TSXV: NURS.) The spin-off of DiscreetCare is in the works. This adds to the total return to shareholders of Victory Square as well as aids those companies in fundraising and M&A.

- Hydreight Technologies adds significant value to the company's holdings as it is rapidly growing and is expected to provide the majority of revenues for VST this year. Although it is now a publicly traded company, it has not yet been spun off to shareholders, so anyone buying VST stock now will receive shares of Hydreight in the future. In the nine months of 2022, the company generated CN$2.6 million in revenues and management expects it may be able to reach US$4-5 million in sales this year. VST owns 73% of Hydreight.

- An investment in VST is a liquid way to invest in early-stage venture companies without the usual lock-up required by venture funds that require multiyear investments. It also can be purchased by non-accredited investors who are restricted from buying venture funds. It is an excellent way to diversify into early-stage venture. Due to market conditions, investors have the ability to now buy VST stock at discount to its NAV.

OVERVIEW

Victory Square Technologies was founded in 2015 and is headquartered in Vancouver BC, Canada. It employs five people at its parent company and another 27 in its wholly-owned subsidiaries. It functions like an early-stage venture capital company combined with an incubator but is structured as a public company allowing investors and co-owners of its subsidiaries and portfolio companies liquidity. In addition, VST invests primarily using its common stock and does not require a liquidation preference thus providing founders with better economics than traditional venture capital.

VST sources investments by actively searching for promising companies that fulfill real-world solutions in areas of health and technology that management deems areas of potential high growth. It has particular interest and expertise in the Creator Economy, Digital Health, Gaming, Web 3.0, VR/AR, and Climate Tech. It has a vast global network that it taps to find entrepreneurs with these solutions. Management at VST then provides capital, guidance, hands-on help, and shared resources such as office space and accounting to grow these companies and increase their value.

The value of Victory Square Technologies is primarily derived from its holdings in other companies. It accounts for these holdings in two ways. It has subsidiaries (as listed below) of which it owns 22% to 100% that are consolidated with VST the parent company's financials. They comprise the revenues on the company's income statement. The rest of the companies in the portfolio are classified as investments and comprise the "Investments" number on the balance sheet. The company revalues these holdings periodically and the total value of VST's ownership in the subsidiaries, plus the investments, equals its Net Asset Value.

Shareholders of VST benefit in two ways. First management strives to increase the value of the companies it which it invests and hopefully increases the share price of the stock. Secondly, the company creates liquidity events for its investments either selling them to raise cash to redeploy into new investments or spinning them off into separate entities to shareholders. In the past year, the company showed the second strategy by taking GameOn and XR Immersive public and listing the Covalent token. Going forward, the company plans to hold its public company investments for a longer time than in the past before it spins the new stock off to shareholders in order to create a more stable trading environment and gather natural shareholders. There is also the possibility the company could sell its public company stock holdings for cash and distribute that cash to VST shareholders to minimize price disruption and taxes. VST has two other possible spin-offs planned: Hydreight Technologies, and Draft Label dba DiscreetCare. Hydreight is now a public company but has not yet been spun off to shareholders.

PORTFOLIO INVESTMENTS

The value of Victory Square Technologies (the parent company) is primarily derived from its holdings in other companies. The value is a combination of its subsidiaries plus the companies in its portfolio that are classified as investments and comprise the "Investments" number on the balance sheet. The company revalues these holdings periodically and the total value of VST's ownership in the subsidiaries, plus the investments, equals its Net Asset Value. The value of VST's investments is currently comprised of nine entities and Other, but almost half of the value is Victory Square Health, which has not been revalued since February. Four positions are FansUnite (FANS.CN), GameOn (GET.CN), Turnium Technology Group (TTGI.V), and Cloud Nine Web3 Technologies (CNI.CN), four public companies that are easy to get a current valuation and track.

Valuations of Investments as of Quarter End

Company	31-Dec-2021	31-Mar-2022	30-Jun-2022	30-Sep-2022	Gain/Loss	% Change	% of Portfolio
Victory Square Health	11,691,937	11,691,937	11,691,937	11,691,937	-	0.0%	65.2%
Cassia, dba CoPilot	1,319,319	1,227,841	1,227,841	1,256,128	28,287	2.3%	7.0%
Stardust Solar	1,153,000	1,153,000	1,153,000	1,153,000	-	0.0%	6.4%
Creator.co	1,116,115	1,116,115	1,116,115	1,116,115	-	0.0%	6.2%
FansUnite (FANS.CN)	3,258,057	2,600,151	1,845,166	763,607	(1,081,559)	-58.6%	4.3%
Turnium	1,148,000	1,148,000	994,939	684,020	(310,919)	-31.3%	3.8%
GameOn (GET.CN)	2,605,185	1,057,117	735,889	641,625	(94,264)	-12.8%	3.6%
Cloud Advisors	263,500	263,500	263,500	263,500	-	0.0%	1.5%
Cloud Nine Web3 Technologies (CNI.CN)	1,294,430	1,057,117	383,493	242,206	(141,287)	-36.8%	1.4%
Other	95,515	84,265	173,500	119,950	(53,550)	-30.9%	0.7%
SUM	23,945,058	21,399,043	19,585,380	17,932,088	(1,653,292)	-8.4%	100.0%

Source: Zacks Small Cap Research and Victory Square Technologies Filings

VALUATION

We believe Victory Square should be valued based on future expectations for Net Asset Value. The company is comprised of public and private entities valued through either public market prices, third-party, or management valuations as seen below. The NAV on September 30, 2022, of CN$80.7 million equated to CN$0.81 (US$0.60) per share.

NAV as of September 30, 2022

Current Portfolio Companies		Total Consider	Number share	Price			
Public Companies	**Industry**				**NAV**	**VALUATION METI**	**DATE**
XR Immersive Technologies *(CSE: VRAR, OTC: FNTTF)*	VR/AR/MR, Metaverse, Gaming	$750,000	51,461,632.00	$0.045	$2,315,773	Mark to Market	Real-time
Fansunite Entertainment *(CSE: FANS, OTC: FUNFF)*	Sports Betting, Gaming, eSports	$2,000,000	8,851,794.00	$0.090	$796,661	Mark to Market	Real-time
Cloud Nine Web3 Technologies Inc. *(CSE: CNI, OTC: CLGUF)*	Web3	$250,000	4,036,765.00	$0.06	$242,206	Mark to Market	Real-time
GameOn Entertainment Technologies *(CSE: GET, OTC: GMETF)*	Gaming, eSports, NFTs, P2E	$1,400,000	13,949,373.00	$0.045	$627,722	Mark to Market	Real-time
Tumium Technology Group (TSXV: TTGI)	Digital Health, Diagnostic Testing	$600,000	3,109,183	$0.22	$684,020	Mark to Market	
Franchise Global Health Inc. (TSXV: FGH)	Blockchain, Web3 (Crypto, NFTs, DAC	$25,000	25,000	$0.45	$11,250	Mark to Market	
Covalent CQT	Blockchain, Web3 (Crypto, NFTs, DAC	$60,000	6,363,965.00	$0.1000	$636,397	Mark to Market	Real-time
Total - Public Companies		**$5,085,000**			**$5,314,029**		

Private Companies	**Industry**		**NAV**	**VALUATION METI**	**DATE**
IV Hydreight	Digital Health, Diagnostic Testing	$1,960,000	$17,500,000	Definitive Agreem	July 2022
Victory Square Health	Digital Health, Diagnostic Testing	$300,000	$11,500,000	3rd Party Pricing A	February 2022
VS Digital Health	Digital Health, Diagnostic Testing	$250,000	$9,384,000	3rd Party Pricing A	February 2022
Copilot.AI	Automation, Artificial Intelligence	$1,500,000	$8,678,000	3rd Party Pricing A	February 2022
Draft Label/DiscreetCare	Digital Health, Diagnostic Testing		$6,500,000	Term Sheet	February 2022
Blockchain Assembly	Web3 (crypto, NFT, DeFi, DAOs)	250,000	$5,267,040	Last Transaction	February 2021
Creator.co	Creator Economy, Web3, NFTs	$400,000	$1,700,000	Last Transaction	August 2021
Next Decentrum	Web3, NFTs, P2E	$175,000	$1,494,000	3rd Party Pricing A	February 2022
Stardust Solar	Renewable Energy	$600,000	$1,153,000	3rd Party Pricing A	February 2022
Cloud Advisors	Insurance Tech	$300,000.00	$1,130,000	3rd Party Pricing A	February 2022
PDL	Web3, Crypto, Fantasy Sports	$0	$1,000,000	Mgt Reviewed	February 2022
Grow Tech Labs	Plant Based Science (Cannabis, CBD	$150,000.00	$150,000	3rd Party Pricing A	September 2021
Compression.AI	Artificial Intelligence, Machine Learnin	$58,000	$61,377	3rd Party Pricing A	September 2021
Total - Private Companies		**$13,363,000**	**$65,517,417**		

Residual IP & Other Holdings	**Industry**		**NAV**	**VALUATION METI**	**DATE**
Incubating (BlockX, DiscreteCare & Miilie)	PetHealth, Mental Health, DAO, Climate Tech, Fintech/Creators, Metaverse		$7,000,000	Mgt Reviewed	February 2022
Victory Square Entertainment	Film, TV, Digital Content	$1,200,000.00	$910,000	Mgt Reviewed	September 2021
Payvida	Payments, Lending, DeFi	$1,250,000.00	$500,000	Mgt Reviewed	February 2022
Howyl Ventures	Future of Work, Web3	$200,000.00	$500,000	Mgt Reviewed	February 2022
BioSciences Enterprises	Plant Based Science (CBD)	$0.00	$500,000	Mgt Reviewed	February 2022
Flo Digital	VR/AR/MR	$25,000.00	$500,000	Mgt Reviewed	February 2022
Total - Residual IP & Other Holdings		$1,475,000.00	**$9,910,000**		

TOTAL - ALL	**$80,741,446**

Source: Victory Square Technologies

Today the company's holding in public entities without Hydreight is CN$5.2 million, down from the quarter end CN$5.3 million. With Hydreight, the public companies add to CN$18.3 million versus $22.8 at the quarter's end. Adjusting for the price decrease in it these holdings of $4.5 million, the NAV is CN$76 million or CN$0.77 per share and **US$0.56 per share using 99.6 million shares**. At US$0.09 per share, VST shares are currently trading at an 84% discount to NAV.

Public Companies	Cost	Shares	Price	Value
XR Immersive Technologies *(CSE: VRAR, OTC: FNTTF)*	$750,000	51,461,632	$0.040	$2,058,465
Fansunite Entertainment *(CSE: FANS, OTC: FUNFF)*	$2,000,000	8,851,794	$0.070	$619,626
Cloud Nine Web3 Technologies Inc. *(CSE: CNI, OTC: CLGUF)*	$250,000	4,036,765	$0.065	$262,390
GameOn Entertainment Technologies *(CSE: GET, OTC: GMETF)*	$1,400,000	13,949,373	$0.075	$1,046,203
Turnium Technology Group (TSXV: TTGI)	$600,000	3,109,183	$0.20	$621,837
Franchise Global Health Inc. (TSXV: FGH)	$25,000	25,000	$0.45	$11,250
Covalent CQT	$60,000	6,363,965	$0.0951	$605,270
Subtotal				$5,225,041
Hydreight Technologies	$1,800,000	27,280,260	$0.48	$13,094,525
Total - Public Companies	**$5,085,000**			**$18,319,565**

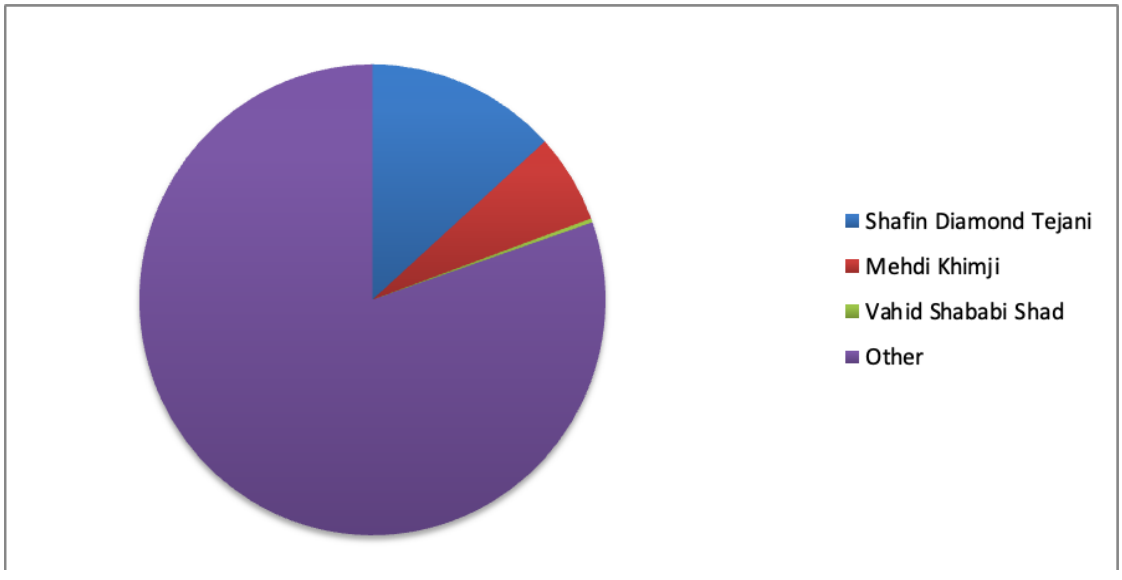
Hydreight has not yet been spun off to shareholders and we expect that DiscreetCare should also add to the public company roster in 2023. This would provide even more liquidity and a return for current VST shareholders.

The company's current enterprise value is approximately CN$12 million or US$9 million. If we say that the company is worth at least the value of its public entity holdings (and include Hydreight) of CN$18.3 million, plus 50% of the rest (CN$29 million) it might be worth CN$47 million or CN$0.47 per share or US$0.35.

RISKS

- Early-stage venture is the riskiest form of equity investing and there are no assurances that any investments will yield a return to investors.
- The company's decline in the stock price of itself and its portfolio holdings may result in much more dilution when raising capital than expected.
- The current economy and stock market valuation worldwide may create a greater increase in competition for capital and a more difficult selling environment for companies. With a looming recession and high inflation, it will be more difficult to raise capital and do business.

OWNERSHIP



INCOME STATEMENT

Canadian Dollars	Mar 31, 2021R	Jun. 30, 2021	Sep. 30, 2021	Dec. 31, 2021	Mar 31, 2022	Jun. 30, 2022	Sep. 30, 2022	Dec. 31, 2022E	2020	2021	2022E	2023E
Revenue:												
Health (100% is Hydreight)	107,241	231,387	266,642	446,530	780,217	713,638	1,125,319	2,700,000	-	1,051,800	5,319,174	10,000,000
Yr-Yr Growth	NA	NA	NA	NA	627.5%	208.4%	322.0%	504.7%	NA	NA	406%	88%
Cost of service	-	68,135	165,783	226,454	289,959	505,921	537,933	1,350,000	NA	460,372	2,683,813	5,000,000
Gross Margin	107,241	163,252	100,859	220,076	490,258	207,717	587,386	1,350,000	0.0%	591,428	2,635,361	5,000,000
% of sales	100%	71%	38%	49%	63%	29%	52%	50%	NA	56%	50%	50%
XR Immersive (58.75% owned by VST)	-	40,544	67,285	131	110,389	414,812	443,613	200,000	1,440,140	107,960	1,168,814	1,000,000
Yr-Yr Growth	-100.0%	-54.1%	-87.5%	-100.0%	NA	923.1%	559.3%	152571.8%		-92.5%	982.6%	-14.4%
Cost of service	34,648	(5,902)	17,167	62,824	82,123	72,000	172,897	90,000	804,253	108,737	417,020	750,000
Gross Margin	(34,648)	46,446	50,118	(62,693)	28,266	342,812	270,716	110,000	635,887	(777)	751,794	250,000
% of sales	-100%	115%	74%	-47857%	34.4%	476.1%	61.0%	55.0%	44%	-1%	64%	25%
Software (Draft Label Technologies)	27,532	4,370	3,834	1,067	970	504	778	500	0	36,803	2,752	2,500
Yr-Yr Growth	NA	NA	-91.4%	-102.4%	-96.5%	-88.5%	-79.7%	-53.1%	NA	NA	-93%	-9%
Cost of service	-	34,095	(25,500)	-	70,875	-	-	-	0	15,205	70,875	2,000
Gross Margin	27,532	(29,725)	29,334	1,067	(69,905)	504	778	500	0	21,598	(68,123)	500
% of sales	100%	-680%	765%	100%	-7207%	100%	100%	100%		59%	-2475%	20%
Gaming (was GameOn)	-	-	-	-	0	0	0	0	0	0	0	0
Yr-Yr Growth	NA	NA	NA	NA	NA	NA	NA	NA	NA	0	NA	NA
Cost of service	-	34,095	(25,500)	-	0	0	0	0	0	0	0	0
Gross Margin	-	(34,095)	25,500	-	0	0	0	0	0	0	0	0
% of sales	NA	-100%	NA	NA	NA	NA	NA	NA	0	0	NA	0
Film Royalties	0	0	0	0	0	0	0	0	44,549	0	0	0
Management Fees	0	0	0	267,000	100,821	56,279	10,461	10,461	0	267,000	178,022	500,000
Sublease	0	0	0	30,887	24,700	29,550	40,050	40,050	0	30,887	134,350	100,000
Total revenue	**134,773**	**276,301**	**337,761**	**745,615**	**1,017,097**	**1,214,783**	**1,620,221**	**2,951,011**	**1,487,020**	**1,494,450**	**6,803,112**	**11,602,500**
Yr-Yr Growth	-65.8%	212.5%	-40.0%	69.0%	654.7%	339.7%	379.7%	295.8%		0.5%	355%	
Cost of revenue	(25,352)	96,328	157,450	355,888	442,957	577,921	710,830	1,440,000	951,507	584,314	3,171,708	5,750,000
Gross Margin	160,125	179,973	180,311	389,727	574,140	636,862	909,391	1,511,011	535,513	910,136	3,631,404	5,852,500
Gross Margin %	118.8%	65.1%	53.4%	52.3%	56.4%	52.4%	56.1%	51.2%	36.0%	60.9%	53.4%	50.4%
Amortization and depreciation	181,272	183,267	188,950	2,041,733	644,113	655,753	664,087	664,087	169,267	2,595,222	2,628,040	3,000,000
Donations	263,359	0	0	24,999	0	19,790	1,198	0	20,500	288,358	20,988	-
Foreign currency translation	34,803	28,916	3,068	(3,001)	61	(17,381)	(4,994)	0	77,616	63,786	(22,314)	-
G&A	118,417	162,260	439,466	26,550	269,430	337,899	361,558	361,558	189,095	746,693	1,330,445	1,596,534
Insurance	6,391	(4,311)	14,509	44,922	30,781	18,968	33,436	33,436	26,984	61,511	116,621	133,744
Investor relations	41,737	441,107	64,232	70,703	113,447	113,071	27,243	100,000	76,181	617,779	353,761	353,761
Management fees	77,257	253,286	7,717	49,256	40,150	0	30,030	30,030	118,713	387,516	100,210	250,000
Professional and consulting fees	328,181	237,193	(47,809)	1,324,029	459,349	785,355	523,012	523,012	948,135	1,841,594	2,290,728	2,000,000
Rent	45,194	53,456	9,647	7,173	16,820	82,875	7,487	7,487	141,989	115,470	114,669	100,000
R&D	0	772,774	(557,589)	2,092,814	333,814	79,702	73,660	73,660	-	2,307,999	560,836	1,600,000
Sales and marketing	497,058	386,463	29,176	346,745	320,816	240,451	161,621	161,621	712,370	1,259,442	884,509	1,800,000
Share based payments	1,566,058	519,548	299,402	409,289	526,806	180,574	100,565	100,565	-	2,794,297	908,510	2,000,000
Transfer agent and regulatory fees	17,915	46,496	43,939	139,185	38,140	41,278	16,005	16,005	93,098	247,535	111,428	111,428
Wages	144,958	530,930	536,357	543,400	688,208	822,726	465,663	465,663	500,939	1,755,645	2,442,260	3,200,000
Total operating expenses	3,322,600	3,611,385	1,031,065	7,117,797	3,481,935	3,361,061	2,460,571	2,537,124	3,074,887	15,082,847	11,840,691	16,145,467
Operating (loss) income	(3,162,475)	(3,431,412)	(850,754)	(6,728,070)	(2,907,795)	(2,724,199)	(1,551,180)	(1,026,113)	393,524	(14,172,711)	(8,209,287)	(10,292,967)
Operating Margin	-2346.5%	-1241.9%	-251.9%	-251.9%	-251.9%	-224.3%	-95.7%	-34.8%	26.5%	-948.4%	-120.7%	-88.7%
Other expense:												
FV gain on marketable securities	46,375	0	0	0	0	0	0	0	14,250	46,375	0	0
Gain on deconsolidation of subsidiaries	0	5,266,509	0	(5,266,509)	0	0	0	0	0	0	0	0
Gain on exercise of warrants	1,688,148	0	0	0	0	0	0	0	0	1,688,148	0	0
Equity gain on investment	103,273	43,706	(14,559)	(149,893)	(91,478)	0	28,287	0	17,733	(17,473)	(63,191)	0
Fair value gain on investment	(1,157,189)	(2,279,672)	(3,439,904)	(6,060,017)	(1,438,272)	(2,746,527)	(1,681,579)	0	18,448,845	(12,936,782)	(5,866,378)	0
Fair value gain on digital currencies	0	1,738,476	0	(1,738,476)	0	0	0	0	0	0	0	0
Impairment of investment	(620,000)	(233,000)	233,000	(181,466)	0	0	0	0	(540,063)	(801,466)	0	0
Impairment of related party loans	(5,391)	0	0	(17,305)	0	0	0	0	(25,000)	(22,696)	0	0
Gain on modification of loan receivable	0	0	0	0	0	0	0	0	(20,212)	0	0	0
Loss on recogniztion of convertible debentures	0	0	0	(427,778)	0	0	0	0	0	(427,778)	0	0
Gain on disposal of assets	7,480,611	(118,816)	4,975	(702,043)	23,620	748	0	0	389,831	6,664,727	24,368	0
Loss on settlement of payables	(138,789)	(529)	0	126,441	0	0	0	0	30,684	(12,877)	0	0
Gain on settlement of debt						(149,082)						
Loss on settlement of receivables	(496,362)	528	0	495,834	0	123,359	(123,359)	0	(17,053)	0	0	0
Lease revenue	0	0	0	0	0	0	0	0	93,097	0	0	0
Gain on CEBA loans	8,649	0	0	0	0	0	0	0	77,439	8,649	0	0
Interest expense	(73,291)	(5,412)	(7,626)	(243,688)	(368,048)	(335,171)	(176,418)	(176,418)	(23,548)	(330,017)	(1,056,055)	(705,672)
Interest and other income	138,567	164,194	132,073	349,669	219,600	17,869	2,415	200,000	167,836	784,503	439,884	800,000
Total other income	6,974,601	4,575,984	(3,092,041)	(13,815,231)	(1,654,578)	(3,088,804)	(1,950,654)	23,582	18,613,839	(5,356,687)	(6,521,372)	94,328
Income before income taxes	3,812,126	1,144,572	(3,942,795)	(20,543,301)	(4,562,373)	(5,813,003)	(3,501,834)	(1,002,531)	16,074,465	(19,529,398)	(14,730,659)	(10,198,639)
Income tax expense	0	0	0	99,030	(27,508)	(27,814)	(28,120)	0	0	99,030	(83,442)	0
Loss from continuing operations	3,812,126	1,144,572	(3,942,795)	(3,942,795)	(4,534,865)	(5,785,189)	(3,473,714)	(1,002,531)	16,074,465	(19,430,368)	(14,814,101)	(10,198,639)
Loss from discontinued operations	(1,458,729)	(823,648)	0	(141,328)	0	0	0	0	(1,349,062)	(2,423,705)	0	-
Gain on deconsolidation of subsidiaries	0	0	0	6,108,408	0	0	0	0	5,007,628	6,108,408	0	-
Net income	2,353,397	320,924	(3,942,795)	(3,942,795)	(4,534,865)	(5,785,189)	(3,473,714)	(1,002,531)	19,733,031	(15,745,665)	(14,814,101)	(10,198,639)
Other comprehensive loss:												
Currency translation	(310)	(3,377)	583	3,426	13,607	(1,273)	(110,951)	0	480	322	(98,617)	0
Unrealized gain on digital currency	0	0	4,254,470	(4,254,470)	0	0	0	0	0	0	0	0
Comprehensive income:	$ 2,353,087	$ 317,547	$ 312,258	$ (8,193,839)	$ (4,521,258)	$ (5,786,462)	$ (3,584,665)	$ (1,002,531)	$ 19,733,511	$ (15,745,343)	$ (14,912,718)	$ (10,198,639)
Net income to shareholders of parent	**2,779,533**	**$ 878,984**	**$ (3,857,219)**	**$ (13,655,236)**	**(3,969,565)**	**(4,922,015)**	**(3,311,920)**	**(840,757)**	**19,915,251**	**(13,853,938)**	**(13,044,257)**	**(8,198,639)**
Non-controlling interest	(426,136)	(558,060)	(85,576)	(821,955)	(565,300)	(863,174)	$ (161,774)	$ (161,774)	$ (182,220)	$ (1,891,727)	(1,752,022)	$ (2,000,000)
	2,353,397	320,924	(3,942,795)	(14,477,191)	(4,534,865)	(5,785,189)	(3,473,714)	(1,002,531)	19,733,031	(15,745,665)	(14,814,101)	(10,198,639)
Continuing to parent GAAP loss per share	**$ 0.03**	**$ 0.01**	**$ (0.04)**	**$ (0.14)**	**$ (0.04)**	**$ (0.05)**	**$ (0.03)**	**$ (0.01)**	**$ 0.27**	**$ (0.15)**	**$ (0.13)**	**$ (0.08)**
Yr-Yr Growth					-224.2%	-651.7%	-16.0%	-94.0%	NM	-155.3%	-10.1%	-36.7%
Continuing to parent loss per diluted share	0.02	0.00	(0.04)	(0.14)	(0.04)	(0.05)	(0.03)	(0.01)	**$ 0.26**	(0.15)	(0.13)	(0.08)
Basic shares outstanding	85,164,542	96,493,146	97,387,700	97,500,000	97,930,700	97,930,700	99,564,971	99,600,000	74,928,905	94,240,905	98,756,593	98,000,000
Yr-Yr Growth	16.6%	29.2%	28.5%	21.9%	15.0%	1.5%	2.2%	2.2%	2.9%	25.8%	4.8%	34.6%
Diluted shares	99,884,032	110,407,744	111,243,918	97,500,000	97,930,700	99,027,059	99,564,971	99,600,000	78,063,603	94,240,905	99,030,683	98,500,000
EBITDA	(1,415,145)	(2,728,597)	(362,402)	(4,277,048)	(1,736,876)	(1,887,872)	(786,528)	(261,461)	562,791	(8,783,192)	(4,672,737)	(5,292,967)
Yr-Yr Growth	248.0%	2277.0%	-611.7%	122.8%	22.7%	-30.8%	117.0%	-93.9%		-1660.6%	-46.8%	13.3%
NAV	65,503,828	NA	NA	102,269,229	99,861,912	88,901,353	80,701,078		51,258,000	102,269,229		
NAV/share	$0.66	NA	NA	$1.05	$1.02	$0.90	$0.81		$0.66	$1.09		
Yr-Yr Growth					55.5%	NA	NA			65.3%		

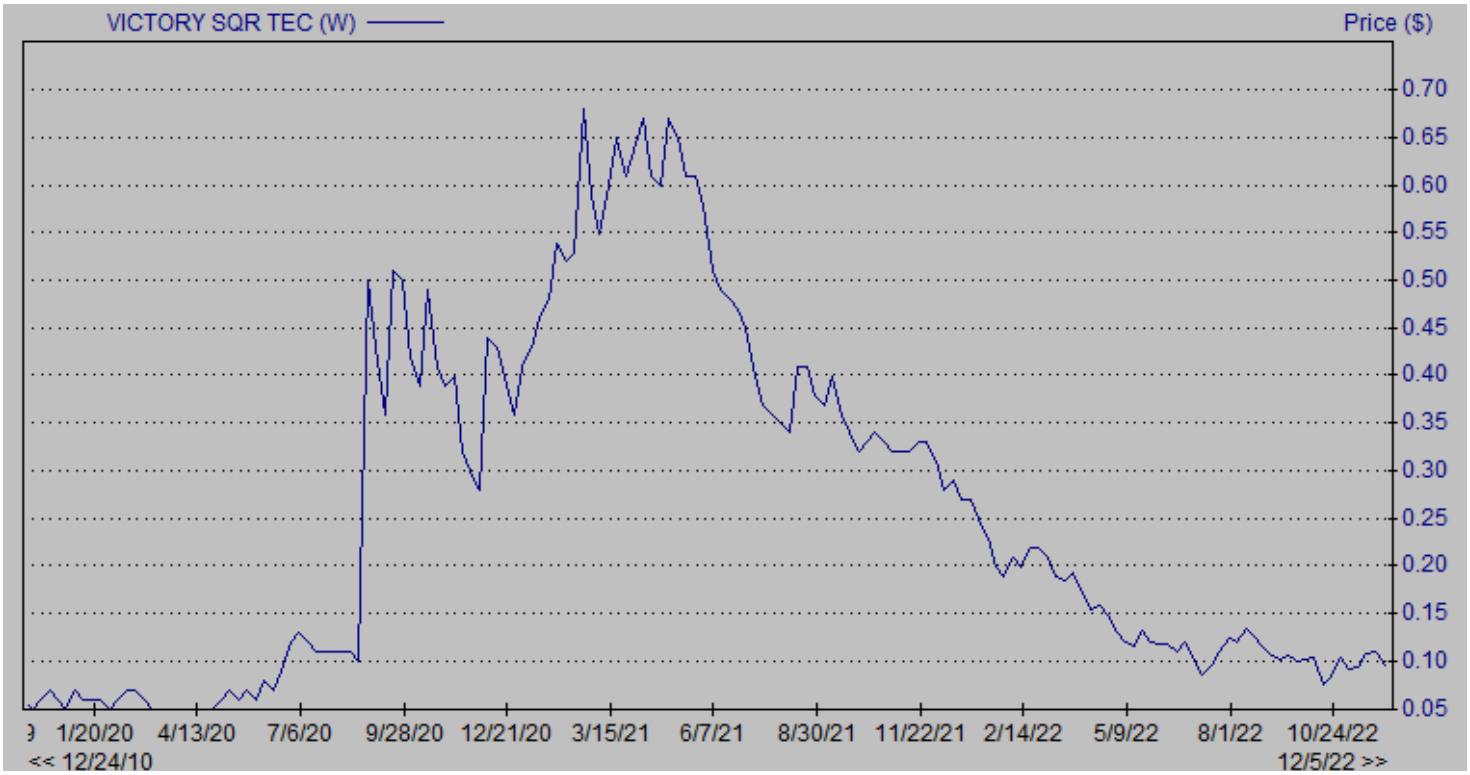
BALANCE SHEET

Canadian Dollars	Sept. 30, 2022	June. 30, 2022	Qtr-Qtr % Growth	Sept. 30, 2021	Yr-Yr % Growth
Current assets:					
Cash	**$ 2,475,771**	**$ 1,121,046**	120.8%	**$ 3,907,632**	-36.6%
Prepaids	928,679	588,011	57.9%	579,150	60.4%
Trade receievable	239,573	213,041	12.5%	294,278	-18.6%
Government sales tax receivable	157,965	147,044	7.4%	112,765	40.1%
Income taxes revceivable	14,163	0	NM	0	NM
Inventories	635,300	614,966	3.3%	116,271	446.4%
Total current assets	4,451,451	2,684,108	65.8%	5,010,096	-11.2%
Investments	17,932,088	19,585,380	-8.4%	30,063,822	-40.4%
Due from related party	271,653	246,192	10.3%	2,305,324	-88.2%
Right-of-use assets	501,100	516,291	-2.9%	134,814	271.7%
Property and equipment	71,325	77,130	-7.5%	70,747	0.8%
Intangible assets	7,531,370	4,027,502	87.0%	7,880,924	-4.4%
Acquisition	0	3,571,428	-100.0%	0	0.0%
Goodwill	1,640,653	1,640,653	0.0%	1,033,400	58.8%
Total assets	32,399,640	32,348,684	0.2%	46,499,127	-30.3%
Current liabilities:					
Trade payables	1,049,592	1,101,466	-4.7%	513,655	104.3%
Accrued liabilities	1,086,381	510,937	112.6%	256,317	323.8%
Deferred revenues	1,466,024	964,772	52.0%	193,073	659.3%
Related party loans	**394,473**	**1,058,843**	-62.7%	**2,036,686**	-80.6%
Loan payable	**225,000**	**3,054,712**	-92.6%	**0**	NM
Other payables	174,916	158,765	10.2%	158,766	10.2%
Current portion of lease liability	240,089	192,489	24.7%	44,268	442.4%
Total current liabilities	4,636,475	7,041,984	-34.2%	3,202,765	44.8%
Convertible note	200,000	0	NM	0	NM
CEBA loans	140,857	134,253	4.9%	116,423	21.0%
Deferred revenues	14,428	0	NM	0	NM
Lease liability	307,072	362,336	-15.3%	86,385	255.5%
Deferred tax liability, net	152,213	180,332	-15.6%	0	NM
Loan payable	5,000,000	0	NM	0	NM
Total liabilities	10,451,045	7,718,905	35.4%	3,405,573	206.9%
Stockholders' equity					
Share capital	43,008,181	42,795,726	0.5%	42,981,503	0.1%
Stock option reserve	3,235,666	2,226,661	45.3%	2,344,919	38.0%
Equity portion of converts	89,944	89,944	0.0%	0	NM
Broker's warrants	427,165	427,165	0.0%	428,856	-0.4%
Obligation to issue shares	550,352	1,120,895	-50.9%	396,691	38.7%
Accumulated other comprehensive inc	(39,217)	71,413	-154.9%	6,048,920	-100.6%
Deficit	(31,288,127)	(28,228,751)	10.8%	(6,992,258)	347.5%
Equity attributible to owners of company	15,983,964	18,503,053	-13.6%	45,208,631	-64.6%
Non-controlling interest	5,964,952	6,126,726	-2.6%	3,877,869	53.8%
EQUITY	21,948,916	24,629,779	-10.9%	49,086,500	-55.3%
Total liabilities and equity	32,399,961	32,348,684	0.2%	52,492,073	-38.3%
Current ratio	1.0	0.4	151.9%	1.6	-38.6%
Quick ratio	0.8	0.3	180.1%	1.5	-46.1%
Working Capital	(185,024)	(4,357,876)	-95.8%	1,807,331	-110.2%
Net cash	2,475,771	1,121,046	120.8%	3,907,632	-36.6%
Debt	5,819,473	4,113,555	41.5%	2,036,686	185.7%
Debt/TA	27%	17%	58.8%	4%	539.0%

CASH FLOW

	2020	3 Mo Ended March 31, 2021	3 Mo Ended June 30, 2021	3 Mo Ended Sept. 30, 2021	3 Mo Ended Dec. 31, 2021	2021	3 Mo Ended March 31, 2022	3 Mo Ended June 30, 2022	3 Mo Ended Sept. 30, 2022
Cash flows from operating activities:									
Net income (loss)	$ 16,074,465	$ 2,361,720	$ 317,547	$ (5,677,584)	$ (16,432,051)	$ (19,430,368)	$ (4,534,865)	$ (5,785,189)	$ (3,473,694)
Adjustments to reconcile net income (loss) to net cash used by operating activities:									
Amortization and depreciation	801,773	320,795	43,744	188,950	2,041,733	2,595,222	644,113	655,753	664,067
Accretion and amortization of debt	155,707	0	0	0	330,017	330,017	0	564,609	315,028
Deferred tax recovery	0	0	0	0	(99,030)	(99,030)	(27,508)	(27,814)	(28,120)
Foreign exchange (gain) loss	(97,982)	29,021	34,517	3,068	(66,606)	0	(4,583)	4,583	(17,892)
Non-cash consulting	0	0	212,500	0	(160,000)	52,500	0	0	0
Transaction cost	0	0	0	0	0	0	0	370,285	(370,285)
Share based payments	0	2,498,562	(412,956)	299,402	409,289	2,794,297	526,806	(189,711)	470,850
Synthesis transaction -equity adjustment	0	0	0	0	0	0	0	24,064	(24,064)
Shares to settle non-cash consulting costs	0	0	0	150,000	0	150,000	0	0	0
Executive performance share issuance	0	0	0	0	175,000	175,000	0	0	0
FV gain on marketable securities	(14,250)	(46,375)	0	0	0	(46,375)	0	0	0
Gain on recognition of convertible notes	0	0	0	0	427,778	427,778	0	0	0
Gain on deconsolidation of subs	0	0	(5,266,509)	0	5,266,509	0	0	0	0
Gain on exercise of warrants	0	(1,688,148)	0	0	0	(1,688,148)	0	0	0
Equity (gain) loss on investments	(17,732)	(103,273)	(43,706)	14,559	149,893	17,473	91,478	0	(28,287)
FV (gain) loss on investments	(18,346,832)	1,157,189	2,279,672	3,439,904	6,060,017	12,936,782	1,438,272	2,746,527	1,681,579
FV gain on digital currencies	0	0	(1,738,476)	1,738,476	0	0	0	0	0
Impairment of investment	719,012	620,000	233,000	(233,000)	181,466	801,466	0	0	0
Impairment of related party loans	67,867	5,391	(10,819)	0	28,124	22,696	0	0	0
Gain on disposal of assets	(20,173)	(7,480,611)	118,816	(4,975)	702,043	(6,664,727)	(23,620)	(748)	0
Gain on sale of investments	(561,496)	0	0	0	0		0	0	0
(Gain) loss on settlement of payables	(122,698)	(132,272)	282,409	0	(137,260)	12,877	0	149,082	0
(Gain) loss on settlement of receivables	20,212	496,362	427,250	0	(923,612)	0	0	(123,359)	123,359
Gain on CEBA loans	(105,172)	(8,649)	0	0	0	(8,649)	0	0	0
Dist. Of GameOn shares to settle VST exp.	0	0	0	0	101,898	101,898	0	0	0
Dist. Of XRI shares to settle VST exp.	0	0	0	0	192,147	192,147	0	0	0
Gain on derivative liability	(14,820)	(2,286)	2,286	0	0	0	0	0	0
Accrued interest expense	154,056	73,291	(107,171)	7,626	26,254	0	295,056	(295,056)	0
Accrued interest income	(252,128)	(399)	(55,554)	(56,497)	(92,649)	(205,099)	0	0	0
Change in non-cash work. cap:									
Trade receivables	(120,757)	13,786	(3,846)	(231,984)	4,986	(217,058)	(443,879)	519,984	(18,373)
Gov't sales tax receivable	7,590	20,673	(15,920)	2,914	(18,301)	(10,634)	(29,759)	4,550	(10,921)
Prepaid expenses	(116,025)	70,079	58,326	(207,752)	122,689	43,342	(456,828)	379,362	(340,669)
Trade payables	142,390	198,074	(33,538)	(28,931)	(50,296)	85,309	667,190	173,056	(192,053)
Accrued liabilities	(76,524)	(121,389)	(89,646)	(273,183)	622,670	138,452	(178,168)	(38,594)	476,695
Inventory	0	0	0	(116,271)	(27,747)	(144,018)	(130,598)	(340,350)	(20,334)
Deferred revenue	(310,834)	33,320	(33,320)	193,073	(70,500)	122,573	68,933	508,679	501,252
Other payables	(104,431)	(274,680)	29,025	0	239,823	(5,832)	0	0	16,150
Net cash used by cont. operating activities	(2,138,782)	(1,959,819)	(3,772,369)	(792,205)	(995,716)	(7,520,109)	(2,097,960)	(700,287)	(275,712)
Cash used by discontinued operations	(1,119,382)	0	(1,239,583)	0	190,061	(1,049,522)	0	0	0
Investing activities:									
Cash flows from discontinued ops	0	0	(2,228,900)	130,170	2,098,730	0	0	0	0
Cash used for investments	(200,300)	(49,000)	(36,496)	0	(299,004)	(384,500)	(200,000)	200,000	0
Property & equipment	(2,412)	(151,524)	143,584	(125,550)	(153,009)	(286,499)	201,966	(10,469)	(603)
Intangible assets	0	(269,885)	127,352	(1,408,050)	1,550,583	0	0	(18,900)	(322,676)
Share buybacks	0	(81,830)	0	0	81,830	0	0	0	0
Cash used on Synthesis acquisition	0	0	0	0	0	0	0	(200,000)	0
Proceeds received on acq. of investment	0	0	36,940	53,173	(61,151)	28,962	0	0	0
Loans to portfolio companies	0	0	0	0	0	0	0	(315,450)	(33,619)
Proceeds received from note receivable	104,042	1,697,912	0	0	(1,697,912)	0	0	0	0
Proceeds from sale of furniture	15,705	0	0	0	0	0	0	0	0
Proceeds from sale of investments	777,344	528,483	2,553,339	183,063	57,868	3,322,753	77,020	30,748	0
Proceeds from sale of markt. securities	0	0	44,508	0	0	44,508	0	0	0
Cash from investing by continuing	694,379	1,674,156	640,327	(1,167,194)	1,577,935	2,725,224	78,986	(314,071)	(356,898)
Cash from discontinued opers	12,636	0	(1,711,717)	0	(4,519,109)	(6,230,826)	0	0	0
Financing activities:									
Cash for lease payments	(42,273)	0	0	0	(92,787)	(92,787)	(69,590)	(69,590)	(73,629)
Cash for payments to related parties	(705,891)	0	(135,221)	(40,000)	292,230	117,009	(32,884)	(37,276)	(114,017)
Cash for interest payments	0	0	0	0	0	0	0	0	(163,736)
Cash used for share buybacks	0	0	0	0	(270,543)	(270,543)	0	0	0
Cash used on loan to investee company	0	0	0	0	(200,000)	(200,000)	(80,000)	80,000	0
Proceeds from convertible debenture					0	0	0	0	200,000
Proceeds on loan from PCL to AssetCo									225,000
Proceeds from loan payable	0	0	0	0	2,834,000	2,834,000	0	0	2,000,000
Proceeds received for lease payments	51,000	0	0	0	0	0	0	0	0
Payments on lease liabilities	0	0	0	(7,852)	7,852	0	0	0	0
Proceeds from exercise of warrants	0	43,368	1,872	0	0	45,240	0	0	0
Proceeds from exercise of options	18,750	0	106,875	0	0	106,875	0	0	0
Proceeds from issue of spec warrants, net	5,082,657	0	0	0	0	0	0	0	0
Proceeds from share issue of sub, net	787,553	5,776,938	(3,427,479)	(261,698)	107,108	2,194,869	0	0	0
Proceeds from adv of share issue of sub	0	150,851	(150,851)	0	0	0	0	0	0
Proceeds in adv of conver issuance of sub	50,000	0	(95,000)	0	95,000	0	0	0	0
Proceeds from obl. to issue shares of sub	1,172,796	0	0	0	0	0	0	0	0
Proceeds from CEBA loans	220,000	20,000	0	0	0	20,000	0	0	0
Proceeds from related party loans	401,358	0	0	0	0	0	0	0	0
Repayments of obl. to issue converts	(185,000)	0	0	0	0	0	0	0	0
Repayment of related party loans	0	(76,625)	76,625	0	0	0	0	0	0
Cash provided by continuing operations	6,850,950	5,914,532	(3,623,179)	(309,550)	2,772,860	4,754,663	(182,474)	(26,866)	2,073,618
Net cash used by discontinued oper.	122,877	0	5,657,132	22,675	1,442,389	7,144,871	0	0	0
Effect of foreign exchange	480	0	0	0	322	322	13,283	(25,939)	(86,283)
Net decrease in cash	4,423,158	5,628,869	(4,049,389)	(2,246,274)	468,742	(175,377)	(2,188,165)	(1,067,163)	1,441,008
Cash and rest. cash at beginning of period	128,593	4,551,751	10,180,620	6,131,231	3,907,632	4,551,751	4,376,374	2,188,209	1,121,046
Cash and restricted cash at end of period	$ 4,551,751	$ 10,180,620	$ 6,131,231	$ 3,907,632	$ 4,376,374	$ 4,376,374	$ 2,188,209	$ 1,121,046	$ 2,562,054
Operating Cash Flow	$ (1,560,191)	$ (1,899,682)	$ (3,683,450)	$ (130,071)	$ (1,819,040)	$ (7,532,243)	$ (1,594,851)	$ (1,906,974)	$ (687,459)
Free Cash Flow	$ (1,562,603)	$ (2,051,206)	$ (3,539,866)	$ (255,621)	$ (1,972,049)	$ (7,818,742)	$ (1,392,885)	$ (1,917,443)	$ (688,062)

HISTORICAL STOCK PRICE



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