

Victory Square Technologies Inc.

**Condensed Consolidated Interim Financial Statements
Three and Six months ended June 30, 2025 and 2024**

Expressed in Canadian Dollars



NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

VANCOUVER, BC
August 29, 2025

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

	Notes	June 30, 2025	December 31, 2024
ASSETS			
Current assets			
Cash		\$ 6,117,193	\$ 1,230,344
Prepays and other deposits	3	289,410	251,743
Trade and other receivables	4	234,542	111,311
Loans receivable	5	40,000	49,866
		6,681,145	1,643,264
Non-current assets			
Investments - fair value	6	5,732,201	5,093,247
Investments - equity accounted	7	-	101,776
Due from related parties	15	150,223	119,963
Property and equipment		2,777	1,616
Intangible assets	8	2,043,210	1,616,917
Goodwill	9	1,640,653	1,640,653
TOTAL ASSETS		\$ 16,250,209	\$ 10,217,436
LIABILITIES			
Current liabilities			
Trade payables	15,17	\$ 1,875,741	\$ 1,621,548
Accrued liabilities	15,17	1,541,621	1,701,499
Current portion of contract liabilities	13	2,200,549	1,732,685
Related party loans	15	246,967	151,433
Current portion of loans payable	10	1,640,000	1,600,000
Current portion of loans payable - derivative	10	395,000	395,000
Current portion of convertible debt	12	200,000	200,000
		8,099,878	7,402,165
Non-current liabilities			
CEBA loans	11	64,336	62,852
Contract liabilities	13	5,842	2,122
TOTAL LIABILITIES		8,170,056	7,467,139
EQUITY			
Share capital	14	44,153,367	44,120,621
Reserve	14	22,897,336	17,739,773
Equity portion of debt		511,620	511,620
Obligation to issue shares	14	-	61,828
Accumulated other comprehensive loss		(132,134)	(277,625)
Accumulated deficit		(56,161,351)	(56,021,353)
Equity attributable to owners of the Company		11,268,838	6,134,864
Non-controlling interest	23	(3,188,685)	(3,384,567)
EQUITY		8,080,153	2,750,297
TOTAL LIABILITIES AND EQUITY		\$ 16,250,209	\$ 10,217,436

Nature of operations and going concern – Note 1

Commitments and contingencies – Note 24

Subsequent events – Note 25

See accompanying notes to the condensed consolidated interim financial statements

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

	Note	Three months ended June 30,		Six months ended June 30,	
		2025	2024	2025	2024
Revenue	19	\$ 5,376,518	\$ 4,433,636	\$ 9,916,640	\$ 7,993,311
Cost of goods sold		3,446,317	2,542,071	6,481,974	4,688,343
		1,930,201	1,891,565	3,434,666	3,304,968
Expenses					
Amortization and depreciation	8	120,077	496,683	234,030	556,184
Foreign exchange loss (gain)		32,391	(22,747)	34,020	(21,971)
General and administration	20	634,902	544,999	1,170,935	1,120,488
Professional and consulting fees	15	587,286	919,128	999,202	1,560,439
Research and development		25,175	45,724	51,032	48,090
Sales and marketing		143,751	85,481	246,293	199,480
Share based payments	14	298,304	220,158	339,809	440,477
Wages		713,260	571,081	1,394,900	1,152,135
Equity loss on investments - equity accounted	7	-	208,536	101,776	410,708
Fair value loss (gain) on investments	6	(993,729)	705,477	149,176	422,737
Accretion, Interest and amortization of debt	10,11	60,746	255,908	121,487	548,592
Movement in provision	4	(101,170)	-	(180,418)	-
Interest and other income	21	(43,113)	(17,463)	(141,841)	(23,345)
		(1,477,880)	(4,012,965)	(4,520,401)	(6,414,014)
Gain on sale of intangible assets	6,8	-	-	880,000	-
Other gains (loss)	22	(41,513)	376,642	94,524	525,316
		(41,513)	376,642	974,524	525,316
Net income (loss) for the period		410,808	(1,744,758)	(111,211)	(2,583,730)
Other comprehensive loss					
Currency translation adjustment		122,723	(7,512)	145,491	(77,021)
Comprehensive income (loss) for the period		533,531	(1,752,270)	34,280	(2,660,751)
Net loss attributable to:					
Shareholders of the parent company		135,787	(1,674,607)	(139,998)	(2,267,345)
Non-controlling interest	23	275,021	(70,151)	28,787	(316,385)
		\$ 410,808	\$ (1,744,758)	\$ (111,211)	\$ (2,583,730)
Basic and diluted income (loss) per share attributable to the shareholders of the parent company		\$ 0.00	\$ (0.02)	\$ (0.00)	\$ (0.02)
Diluted loss per share attributable to the shareholders of the parent company		\$ 0.00	\$ (0.02)	\$ (0.00)	\$ (0.02)
Weighted average number of common shares outstanding for the period - basic		99,564,971	99,564,971	100,922,638	99,564,971
Weighted average number of common shares outstanding for the period - diluted		101,403,288	99,564,971	101,412,308	99,564,971

See accompanying notes to the condensed consolidated interim financial statements

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

Notes	Share Capital		Accumulated other comprehensive loss	Reserve	Obligation to issue shares	Equity portion of debt	Deficit	Non-controlling interest	Total
	Number of shares	Amount							
Balance at January 1, 2024	99,564,971	\$ 43,916,621	\$ (118,971)	\$ 16,849,308	\$ -	\$ 563,391	\$ (57,254,854)	\$ (4,241,459)	\$ (285,964)
Share-based payments	-	-	-	440,477	-	-	-	-	440,477
Equity portion of convertible debt - XRI	-	-	-	-	-	38,121	-	-	38,121
Currency translation adjustment	-	-	(77,021)	-	-	-	-	-	(77,021)
Net loss for the period	-	-	-	-	-	-	(2,267,345)	(316,385)	(2,583,730)
Balance at June 30, 2024	99,564,971	43,916,621	(195,992)	17,289,785	-	601,512	(59,522,199)	(4,557,844)	(2,468,117)
Balance at January 1, 2025	100,814,971	\$ 44,120,621	\$ (277,625)	\$ 17,739,773	\$ 61,828	\$ 511,620	\$ (56,021,353)	\$ (3,384,567)	\$ 2,750,297
RSUs vested and options exercised	14	-	-	22,890	(22,890)	-	-	-	-
Options exercised - HTI	14	-	-	175,268	(38,938)	-	-	-	136,330
Options exercised	14	150,000	32,746	(10,246)	-	-	-	-	22,500
Share-based payments	14	-	-	273,329	-	-	-	-	273,329
Share-based payments - HTI	14	-	-	66,480	-	-	-	-	66,480
Shares issued and distributed - HTI	14,23	-	-	3,397,496	-	-	-	167,095	3,564,591
Warrants issued - HTI	14	-	-	1,232,346	-	-	-	-	1,232,346
Currency translation adjustment	-	-	145,491	-	-	-	-	-	145,491
Net income for the period	-	-	-	-	-	-	(139,998)	28,787	(111,211)
Balance at June 30, 2025	100,964,971	\$ 44,153,367	\$ (132,134)	\$ 22,897,336	\$ -	\$ 511,620	\$ (56,161,351)	\$ (3,188,685)	\$ 8,080,153

See accompanying notes to the condensed consolidated interim financial statements

Victory Square Technologies Inc.
Condensed consolidated interim statements of cash flows
(Expressed in Canadian dollars - unaudited)

	Six months ended June 30,			
	2025		2024	
Operating activities				
Net loss for the period	\$	(111,211)	\$	(2,583,730)
Adjustments for non-cash items:				
Amortization and depreciation		234,030		556,184
Accretion, interest and amortization of debt		121,487		548,592
Foreign exchange loss		28,121		(21,971)
Other income - subsidiary		101,918		-
Share based payments		339,809		440,477
Gain on sale of intangible assets		(880,000)		-
Equity loss on investments		101,776		410,708
Fair value (gain) loss on investments		149,176		422,737
Other gain		(94,524)		-
Changes in non-cash working capital items:				
Trade receivables		(163,508)		(21,735)
Government sales tax receivable		40,367		(10,302)
Income taxes payable		-		-
Prepays and other deposits		(37,667)		49,063
Trade payables		221,997		447,195
Accrued liabilities		(278,418)		90,215
Inventory		-		(742)
Contract liabilities		471,585		(309,247)
Net cash flows from operating activities		244,938		17,444
Investing activities				
Cash derecognized on deconsolidation of subsidiary		-		(453,082)
Cash used for purchase of equipment		(1,995)		-
Cash used for additions to intangible assets		(714,815)		-
Loans to arm's length parties		-		(94,748)
Loans to portfolio companies		-		(64,610)
Proceeds received from token liquidation		141,415		-
Proceeds received from sale of investments		44,980		-
Net cash used in investing activities		(530,415)		(612,440)
Financing activities				
Cash used for lease payments		-		(35,590)
Cash proceeds from (used for) related parties		54,902		-
Cash used to repay CEBA loan and interest		-		(40,000)
Proceeds from subsidiary financing, net		4,796,937		-
Repayment of loan interest		(80,000)		-
Proceeds received for exercise of stock options - VST & HTI		158,830		-
Proceeds received in convertible debenture issuance of		-		248,661
Net cash flows from financing activities		4,930,669		173,071
Effect of foreign exchange on cash		241,657		(66,968)
Change in cash		4,886,849		(488,893)
Cash, beginning		1,230,344		2,202,377
Cash, ending	\$	6,117,193	\$	1,713,484
Supplemental non-cash activities:	Note			
Intangible assets included in trade payables	8	\$ 41,366	\$	-
Disposal of intangible asset in exchange for portfolio investment	6,8	\$ 880,000	\$	-

See accompanying notes to the condensed consolidated interim financial statements

Victory Square Technologies Inc.
Notes to the Condensed consolidated interim financial statements
For the periods ended June 30, 2025 and 2024
(Expressed in Canadian dollars – unaudited)

1. Nature of Operations and Going Concern

Victory Square Technologies Inc. (“Victory Square Technologies”, “VST”, or the “Company”) was incorporated under the Business Corporation Act (British Columbia) on February 10, 2015. The condensed consolidated interim financial statements comprise the financial statements of the Company and its subsidiaries detailed in the table below.

Legal Entities	Reference	Percentage of Equity Interest (Q2 2025)	Percentage of Equity Interest (2024)	Jurisdiction of Incorporation	Functional Currency	Segment
Draft Label Technologies Inc.	Draft Label	58.46%	58.46%	BC, Canada	CAD	Health Tech
PDL USA Inc.	PDL USA	58.46%	58.46%	Delaware, USA	USD	Health Tech
Futura Health and Wellness Inc.	Futura	58.46%	58.46%	BC, Canada	CAD	Health Tech
XRI Immersive Tech Inc. ⁽²⁾	XRI ⁽²⁾	Note 2	Note 2	BC, Canada	CAD	Immersive Services
Synthesis VR Inc.	SVR	Note 2	Note 2	California, USA	USD	Immersive Services
Victory Square Technologies ⁽¹⁾	VST ⁽¹⁾	N/A	N/A	BC, Canada	CAD	Investments
BlockX Capital Corp. ⁽²⁾	BlockX ⁽²⁾	Note 2	Note 2	BC, Canada	CAD	Investments
Pawsible Ventures Inc. ⁽⁴⁾	Pawsible	100.00%	100.00%	BC, Canada	CAD	Health Tech
VS Digital Health Inc.	VSDH	100.00%	100.00%	BC, Canada	CAD	Health
VS Digital Health Inc. (Delaware)	VSDH (USA)	100.00%	100.00%	Delaware, USA	USD	Health
Hydreight Technologies Inc.	HTI	57.36%	64.31%	BC, Canada	CAD	Health
Hydreight Canada Holdings Inc.	HCH	57.36%	64.31%	BC, Canada	CAD	Health
IV Hydreight Inc.	IVH	57.36%	64.31%	Nevada, USA	USD	Health
Digital Health GPO, LLC	GPO	57.36%	64.31%	Nevada, USA	USD	Health
Healthcare Prosoft, LLC	Prosoft	57.36%	64.31%	Nevada, USA	USD	Health
Healthcare Prosoft CT, P.A. ⁽³⁾	Prosoft CT ⁽³⁾	0.00%	0.00%	Kansas, USA	USD	Health
Healthcare Prosoft NE Professional Corporation ⁽³⁾	Prosoft NE ⁽³⁾	0.00%	0.00%	New Jersey, USA	USD	Health
Healthcare Prosoft SW, P.C. ⁽³⁾	Prosoft SW ⁽³⁾	0.00%	0.00%	California, USA	USD	Health

(1) Parent corporation

(2) Deconsolidated September 27, 2024 (XRI); August 2, 2024 (BlockX Capital)

(3) Controlled by IVH through contractual agreements

(4) Formerly VS Blockchain Assembly Inc.

The Company reports Non-Controlling Interest (“NCI”) on HTI and its subsidiaries (Note 23).

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”.

1. Nature of Operations and Going Concern (continued)

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2025, the Company had a working capital deficit of \$1,418,733, (December 31, 2024 – \$5,758,901) and an accumulated deficit of \$56,161,351 (December 31, 2024 – \$56,021,353) and is overall in a net liability position. The continued operations of the Company are dependent upon its ability to generate future cash flows and/or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due; however, they may not be at terms that are favourable to the Company. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Material Accounting Policies

These condensed consolidated interim financial statements were authorized for issue on August 29, 2025, by the directors of the Company.

a) Statement of Compliance

These condensed consolidated interim unaudited financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with IFRS® Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim unaudited financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended December 31, 2024.

The condensed consolidated interim unaudited financial statements do not include all of the information and note disclosures required for full annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended December 31, 2024.

b) Principles of Consolidation

The condensed consolidated interim financial statements comprise the financial statements of the Company and its subsidiaries outlined in Note 1. For former consolidated subsidiaries XRI and SVR, the results of operations and cash flows are included up to the date of deconsolidation, with the subsequent period accounted for under IAS 28.

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

2. Material Accounting Policies (continued)

All of the Company's subsidiaries have a December 31 year end. The Company's subsidiary VS Blockchain Assembly is inactive.

IFRS 10 outlines the requirements for the preparation and presentation of condensed consolidated interim financial statements, requiring entities to consolidate entities it controls. Consolidation of a subsidiary begins on the date that control is acquired by a Company over the subsidiary and ceases when the Company loses control of the subsidiary. The income and expenses of the new subsidiary are incorporated during the period and are included in the condensed consolidated interim statements of income (loss) and comprehensive income (loss) loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

c) Basis of Preparation

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain assets and liabilities measured at fair value, and are presented in Canadian dollars. Certain comparative figures have been reclassified to conform to the current period's presentation. Specifically, the reclassification of expense line items insurance, investor relations, management fees, and rent within general and administration expense. Also, several accounts have been reclassified between professional and consulting fees, sales and marketing, and general and administrative expense. The reclassification is intended to align expenses by nature has no impact to net income.

3. Prepaids and Other Deposits

Prepaids consist of the following:

	June 30, 2025	December 31, 2024
Marketing events and fees	\$ 70,258	\$ 17,280
Insurance	21,252	53,129
Exchange fees	22,060	1,606
Advance on lab services	57,556	57,556
Deposit towards pharmacy purchases	85,000	85,000
Consulting and legal	16,039	16,039
Rental deposits and other	17,245	21,133
	\$ 289,410	\$ 251,743

4. Trade and Other Receivables

Trade receivables consist of the following:

	June 30, 2025	December 31, 2024
Trade receivables	\$ 210,310	\$ 43,941
Government sales tax receivable	24,232	63,872
Other	-	3,498
	\$ 234,542	\$ 111,311

The Company has not recorded an expected credit loss ("ECL") allowance due to amounts being small and considered fully collectible.

Victory Square Technologies Inc.
Notes to the Condensed consolidated interim financial statements
For the periods ended June 30, 2025 and 2024
(Expressed in Canadian dollars – unaudited)

5. Loans Receivable

On February 20, 2024, the Company advanced a \$40,000 loan to an arms length party. The loan is unsecured, do not bear interest and have no terms of repayment.

6. Investments Measured at Fair Value

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

	June 30, 2025		December 31, 2024	
	Fair Value	% holding	Fair Value	% holding
FansUnite (1)	\$ -	2.47%	\$ 12,731	2.47%
Victory Square Health	-	20.00%	-	20.00%
Turnium (1)	155,459	1.88%	120,500	1.88%
Cloud Benefit, dba Cloud Advisors	252,000	5.43%	252,000	5.43%
XRI (1)	2,568,708	43.89%	1,408,646	43.89%
EdgeTI (1) (2)	1,724,890	7.80%	3,143,520	7.20%
Yocale (4)	880,000	8.00%	-	0.00%
Anonymous Intelligence (1) (2)	33,368	0.98%	20,518	2.25%
GameOn (1)	-	19.57%	-	19.75%
Stardust Solar (1)	56,511	0.74%	74,067	10.97%
Other (1) (3)	61,265		61,265	
	\$ 5,732,201		\$ 5,093,247	

A summary of investment transactions recorded in the condensed consolidated interim statement of income (loss) and comprehensive income (loss) for the period ended June 30, 2025, is as follows:

	Fair Value - Opening	Deconsolidation of Subsidiary	Additions	Unrealized (losses) gains	Proceeds of disposal (Cash)	Realized gains (losses)	Fair Value - Ending
FansUnite (1)	\$ 12,731	\$ -	\$ -	\$ (12,731)	\$ -	\$ -	\$ -
Yocale (4)	-	-	880,000	-	-	-	880,000
Turnium (1)	120,500	-	-	34,959	-	-	155,459
EdgeTI (1) (2)	3,143,520	-	-	(1,327,629)	(42,325)	(48,676)	1,724,890
Cloud Benefit, dba Cloud Advisors	252,000	-	-	-	-	-	252,000
XRI (1)	1,408,646	-	-	1,160,062	-	-	2,568,708
Anonymous Intelligence (1) (2)	20,518	-	-	13,720	(2,655)	1,785	33,368
Stardust Solar (1)	74,067	-	-	(17,556)	-	-	56,511
Other (1) (3)	61,265	-	-	-	-	-	61,265
	\$ 5,093,247	\$ -	\$ 880,000	\$ (149,175)	\$ (44,980)	\$ (46,891)	\$ 5,732,201

- (1) Denotes Level 1 investments (listed) subject to certain trading and hold restrictions and have been discounted for a lack of marketability factor where applicable. Gameon was publicly traded as at December 31, 2023, but was under a cease trade order effective of December 6, 2024. FansUnite was delisted effective August 21, 2024. The investments classified as Other include some publicly traded entities.
- (2) During the six months ended June 30, 2025, the Company sold 14,500 common shares of Anonymous Intelligence for gross proceeds of \$2,655 and recognized a gain on disposal of \$1,785. During the six months ended June 30, 2025, the Company sold 100,000 common shares of Edge for gross proceeds of \$42,325 and recognized a loss on disposal of \$48,676.

6. Investments Measured at Fair Value (continued)

- (3) The Company has minor investments in several other publicly traded equities and several private companies. Included in Other is the Company's investment in Insu, which is controlled by non-public entities and individuals.
- (4) On March 31, 2025, the Company sold several intangible assets (Note 8) to Yocale.ai ("Yocale"), an arm's length company. In exchange for the intangible assets, the Company received 4,000,000 shares of Yocale, representing 8% of the voting shares of Yocale.ai. The consideration received by the Company was valued at the most recent capital raise of Yocale which was \$0.22 per share.

7. Investments Accounted for Using the Equity Method

Cassia

During December, 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 June 30, 2025, the Company holds an interest of 24.60% in Cassia (2024 – 24.60%). The Company reports its investment in Cassia under IAS 28, Investments in Associates and Joint Ventures and is presented separately on the condensed consolidated statement of financial position as investment – equity accounted.

During the period ended June 30, 2025, the Company reported an equity loss of \$101,776 (six months ended June 30, 2024 – equity loss of \$410,708).

As at June 30, 2025, the value of the Company's investment in Cassia is \$Nil (December 31, 2024 - \$101,776).

8. Intangible Assets

Intangible assets at June 30, 2025, consist of the following:

	Blockchain Technology	DiscreetCare Website	Hydreight App	Franchise Label	White- (VSDH)	Franchise Label (HTI)	Patient Specific Tech	VSDH One Platform	Total
Cost									
Balance, January 1, 2025	\$ 5,536,298	\$ 18,900	\$ 1,593,739	\$ 258,977	\$ 286,034	\$ 466,925	\$ 1,076,063	\$ 9,236,936	
Additions	-	-	-	-	-	-	756,181	756,181	
Foreign currency translation	-	-	-	-	(13,805)	(22,535)	(82,720)	(119,060)	
Balance, June 30, 2025	\$ 5,536,298	\$ 18,900	\$ 1,593,739	\$ 258,977	\$ 272,229	\$ 444,390	\$ 1,749,524	\$ 9,874,057	
Accumulated depreciation									
Balance, January 1, 2025	\$ 5,536,298	\$ 18,900	\$ 1,593,739	\$ 168,336	\$ 132,881	\$ 132,586	\$ 37,279	\$ 7,620,019	
Amortization	-	-	-	25,063	28,478	24,594	155,061	233,196	
Foreign currency translation	-	-	-	834	(2,690)	(4,392)	(16,120)	(22,368)	
Balance, June 30, 2025	5,536,298	18,900	1,593,739	194,233	158,669	152,788	176,220	7,830,847	
Net book value, January 1, 2025	\$ -	\$ -	\$ -	\$ 90,641	\$ 153,153	\$ 334,339	\$ 1,038,784	\$ 1,616,917	
Net book value, June 30, 2025	\$ -	\$ -	\$ -	\$ 64,744	\$ 113,560	\$ 291,602	\$ 1,573,304	\$ 2,043,210	

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 totaling \$407,260. After acquisition, the Company incurred costs to bring these assets to a saleable state, resulting in additional costs of \$29,357, which were expensed. Intangible assets, fully depreciated at the time of the transaction, were included in the Yocale transaction (Note 6), wherein the Company recorded an \$880,000 gain on the fair value of consideration shares received.

8. Intangible Assets (continued)

Hydreight – Franchise White-Label, Patient Specific Tech, VSDH One

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. The Company started development of Patient Specific Technology workflows in 2023 and through the first quarter of 2024, to allow for D2C transactions. In the second quarter of 2024, the Company started building the VSDH One platform. The technology is amortized over five years from the date it is put into use. Included in trade payables is \$40,929 in capitalized development fees.

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.

9. Goodwill

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

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

10. Loans Payable

VST secured loan

On August 26, 2022, the Company entered into an agreement with a lender whereby the lender granted a loan in the aggregate of \$2,000,000 subject to an interest rate of 13% per annum. The loan matured on August 29, 2024, and the Company entered into an amending agreement on September 10, 2024 ("Amendment #1"). The Company and the lender settled the outstanding accrued interest of \$520,000. The Company transferred shares of one of its subsidiaries previously held within the Company. As a result of the settlement of accrued interest, an increase to NCI of \$206,484 and a gain on extinguishment of \$313,596 was recognized and reported as loss on settlement of debt in the statement of income (loss) and comprehensive income (loss) for the year ended December 31, 2024.

On September 10, 2024, in a first amendment agreement, the maturity date of the loan was extended to October 28, 2024, and the interest rate was increased from 13% to 15% payable monthly. On September 10, 2024, the Company repaid in cash \$400,000 towards the principal of the loan, resulting in the VST secured loan balance outstanding of \$1,600,000. On October 29, 2024, a second loan amending agreement was executed whereby the maturity date of the loan was extended nine months to July 1, 2025. As an additional inducement to the lender to grant the second extension, the Company granted the lender the right to convert any part of the loan into common shares of HTI at the market share price on the date of conversion less a discount of 20%, with a floor set at \$0.63 ("Conversion Liability"). As at June 30, 2025, the lender had not exercised any conversion right. In the second loan amending agreement, the Company also granted the lender the right to additional RSUs to compensate for interest paid via shares already transferred, where the share price was below the floor price ("Additional RSUs Liability"). The clause dictated that the lender would be entitled to the amount equal to the difference between a NURS share price of \$0.75 less actual share price on January 17, 2025, multiplied by the 825,396 shares transferred to settle interest accrued to July 31, 2024. As the share price of HTI was above \$0.75 on January 17, 2025, no additional shares were granted.

On October 29, 2024, the Company derecognized the loan that had matured and recognized the new \$1,600,000 loan principal remaining being the fair value of the new loan, a Conversion Option derivative liability at a fair value of \$105,000 and an additional RSU derivative liability at fair value of \$230,000. The fair value of the derivative liabilities was calculated independently from the host liability using a binomial option pricing model. The fair value of the derivative liabilities were revalued at each reporting period, with the fair value at June 30, 2025, determined to be unchanged at \$395,000 and \$Nil for the Conversion Liability and Additional RSUs Liability respectively.

For the three and six months ended June 30, 2025, included in interest expense and accretion on the condensed consolidated interim statement of income (loss) and comprehensive income (loss) is \$60,000 and \$120,000 (three and six months ended June 30, 2024 - \$103,793 and \$205,573), of which \$80,000 (June 30, 2024 - \$Nil) was paid in cash.

Subsequent to the six months ended June 30, 2025, the Company agreed to a third loan amendment agreement with the lender extending the loan maturity date to October 1, 2025 (Note 25).

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10. Loans Payable (continued)

Loans payable as at June 30, 2025, consist of the following:

	VST secured loan					
	Derivative -		Amendment #2	Total		
	Option					
Balance, January 1, 2025	\$	395,000	\$	1,600,000	\$	1,995,000
Interest		-		120,000		120,000
Interest paid in cash		-		(80,000)		(80,000)
Balance June 30, 2025		395,000		1,640,000		2,035,000
Less: Current portion		395,000		1,640,000		2,035,000
Non-current: Balance, June 30, 2025	\$	-	\$	-	\$	-

11. 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. 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. As of the period ended June 30, 2025, the CEBA loan is held in Draft Label with a carrying value of \$64,336 (December 31, 2024 - \$62,852). For the three and six months ended June 30, 2025, included in accretion, interest and amortization of debt expense on the condensed consolidated interim statement of income (loss) and comprehensive income (loss) is \$743 and \$1,484 (three and six months ended June 30, 2024 - \$1,176 and \$16,375) related to CEBA loans.

12. Convertible Debt

Draft Label

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 Draft Label and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where

12. Convertible Debt (continued)

- the sale, lease, transfer, exclusive license or other disposition is to a wholly-owned subsidiary of Draft Label; or
- the closing of the transfer (whether by merger, amalgamation, arrangement, consolidation or otherwise), in a single transaction or series of related transactions, to a “person” or “group”, of the Shares if, after such
 - closing, such person or group would become the “beneficial owner” of more than 50% of the outstanding voting securities of Daft Label (or the surviving or acquiring entity).

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

The arm’s length convertible debt has been assessed to be a compound instrument with a fixed conversion rate, and therefore the conversion feature is determined to be an equity component. The fair value of the arm’s length convertible debt has had its debt host liability fair valued at inception 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.

For the three and six months ended June 30, 2025, included in accretion and interest expense on the condensed consolidated interim statement of income (loss) and comprehensive income (loss) is interest and accretion costs totalling \$Nil (three and six months ended June 30, 2024 - \$Nil and \$24,106), resulting in an ending carrying value of \$200,000 (December 31, 2024 - \$200,000).

13. Contract Liabilities

Contract liabilities for the period ended June 30, 2025, consist 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 period ended June 30, 2025.

The following table is a summary of contract liabilities from contracts with customers and the change in those balances during the period ended June 30, 2025, and year ended December 31, 2024. As at June 30, 2025, \$492,592 (December 31, 2024 - \$326,616) of contract liabilities relates to goods and services transferred at a point in time, with the remaining \$1,713,799 (December 31, 2024 - \$1,408,191) relating to its services transferred over time.

	June 30, 2025	December 31, 2024
Balance, opening	\$ 1,734,807	\$ 1,776,049
Revenue deferred in prior periods and recognized as revenue in current period	(980,670)	(1,748,574)
New additions from contracts with customers during the current period	1,452,254	1,707,332
Balance, ending	\$ 2,206,391	\$ 1,734,807
Current portion	2,200,549	1,732,685
Long-term portion	5,842	2,122
	\$ 2,206,391	\$ 1,734,807

14. Share Capital

Authorized Share Capital

Unlimited common shares without par value.

Issued Share Capital

As at June 30, 2025, there were 100,964,971 common shares outstanding (December 31, 2024 - 100,814,971).

Shares issued during the period ended June 30, 2025

The Company issued 150,000 common shares on the exercise of options by a director of the Company for cash proceeds of \$22,500.

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.

On April 7, 2025, the Company granted 2,500,000 options at an exercise price of \$0.17 and 300,000 options at an exercise price of \$0.43, both of which vest immediately and are exercisable for a period of two years.

On June 20, 2025, the Company granted 300,000 options at an exercise price of \$0.19. The options vested immediately and are exercisable for a period of two years.

The Company granted 3,100,000 stock options during the six months ended June 30, 2025 (Nil – Six months ended June 30, 2024). Share-based payments for the periods ending June 30, 2025 was \$273,329 (Nil – Six months ended June 30, 2024) related to the vesting of VST options.

The following assumptions were used in calculating the fair value of stock options granted and exercisable through the period ended June 30, 2025, using the Black-Scholes Option Pricing Model:

	Expected Volatility	Risk-free Interest Rate	Expected Dividend Yield	Expected Life (in years)
Issued April 7, 2025	100%	2.45%	0%	2
Issued June 20, 2025	100%	2.64%	0%	2

Options outstanding as at June 30, 2025, are as follows:

Exercise Price	Number of Shares Issuable	Exercisable	Weighted Average Remaining Contractual Life (Years)	Expiry Date
\$0.43	300,000	300,000	1.77	April 7, 2027
\$0.17	2,500,000	2,500,000	1.77	April 7, 2027
\$0.19	300,000	300,000	1.97	June 20, 2027
	3,100,000	3,100,000		

14. Share Capital (continued)

The continuity of stock options for the period ended June 30, 2025 is as follows:

	Number of options	WAV option price
Balance, December 31, 2024	4,437,500	\$0.19
Exercised	(150,000)	\$0.15
Issued	3,100,000	\$0.20
Expired	(4,287,500)	\$0.17
Balance, June 30, 2025	3,100,000	

Warrants

There were no warrants issued during the six months ended June 30, 2025.

Non-Controlling Interest

Share-based payments of subsidiary companies

During the period ended June 30, 2025, HTI recorded \$66,480 (period ended June 30, 2024 - \$436,454) in share-based compensation expense.

Shares issued of subsidiary companies

Shares issued during the six months ended June 30, 2025

On February 11, 2025, and March 11, 2025, HTI issued 160,000 and 26,000 common shares to two optionees for cumulative proceeds of \$57,661 in relation to the exercise of options at an exercise price of \$0.31.

On February 26, 2025, HTI closed a private placement, issuing 3,492,300 units of HTI at a price of \$1.55 per unit for aggregate gross proceeds of \$5,413,065, and net proceeds of \$4,996,117 on closing. HTI also incurred directly related legal, filing and transfer agent expenses totalling \$199,180 which are allocated to issuance costs and netted against the proceeds, and in which result in total net proceeds of \$4,796,937.

On March 5, 2025, HTI issued 218,750 common shares of which 104,000 were for proceeds of \$26,000, received in the fourth quarter of 2024, for options exercised at \$0.25 per share by a director of HTI. The remaining common shares issued were for 114,750 RSUs, 45,000 of which were issued to a director of HTI, that vested on November 17, 2024. Both the RSUs and options comprise the opening amount reported in equity under the obligation to issue shares on the consolidated statements of changes in shareholders' deficit. The derecognition in obligation to issue shares of \$61,828 comprised the \$26,000 in cash proceeds for the options, \$12,938 in amounts reclassified from reserve from the options exercised, and \$22,890 reclassified from reserve for the vested RSUs.

On March 14, 2025, HTI issued 575,000 common shares in relation to a tranche of RSUs that were granted on July 18, 2023, and which vested in the first quarter of 2025. Of the 575,000 RSUs issued, 202,500 were issued to related parties of HTI.

On April 9, 2025, HTI issued 61,000 common shares in relation to an issuance of RSUs that were granted on April 5, 2024, and which vested on April 5, 2025.

14. Share Capital (continued)

On May 23, 2025, HTI issued 57,375 common shares in relation to an issuance of RSUs that were granted on November 17, 2023, and which vested on May 17, 2025.

On May 27, 2025, HTI issued 82,000 common shares in relation to the exercise of options for cash proceeds of \$25,420.

In June 2025, HTI issued 213,000 common shares in relation to the exercise of options for cash proceeds of \$53,250

15. Related Parties

Related Party Transactions

During the three and six months ended June 30, 2025, and 2024, the Company entered into the following transactions with related parties:

	Three months ended June		Six months ended June	
	2025	2024	2025	2024
Professional and consulting fees	\$ 56,731	\$ 109,818	\$ 115,246	\$ 157,783
Executive compensation	\$ 103,853	\$ 225,265	\$ 344,687	\$ 459,790
Share-based compensation - CEO, directors and officers of HTI	\$ 5,294	\$ 138,151	\$ 14,816	\$ 163,285

Key Management Compensation

The Company's key management personnel, including subsidiaries' management, 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 for the three and six months ended June 30, 2025 was comprised of:

- \$103,853 and \$344,687 (three and six months ended June 30, 2024 - \$225,265 and \$459,790) in executive compensation to the CEO and Chief Growth Officer ("CGO") of VST and Hydreight and the CEO of Hydreight;
- \$56,731 and \$115,246 (three and six months ended June 30, 2024 - \$109,818 and \$157,783) in professional fees to a company controlled by the CFO, for controller, bookkeeping, corporate secretarial and CFO services; and
- \$5,294 and \$14,816 (three and six months ended June 30, 2024 - \$138,151 and \$163,285) in share-based compensation related to HTI RSUs granted to CEO, directors and officers of HTI.

HTI and a director of HTI entered into a medical consultation agreement for telemedicine consulting services. The director is the medical director of HTI and contracts with and assigns physicians for the provision of telehealth services. The director is paid a base fee of USD \$3,000 per month and a percentage-based fee for every transaction generated by HTI, from which physicians contracted under the director are compensated. The medical consultation agreement will remain in effect until terminated according to provisions in the agreement. Included in professional and consulting fees for the three and six months ended June 30, 2025, is \$101,235 and \$177,966 (three and six months ended June 30, 2024 - \$171,239 and \$216,289) related to fees paid out under this agreement.

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15. Related Parties (continued)

Due to related parties

	June 30, 2025	December 31, 2024
Due to Insu	\$ 121,976	\$ 113,015
Due to CEO	124,991	38,418
	\$ 246,967	\$ 151,433

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

As at June 30, 2025, the Company has \$124,991 (December 31, 2024 - \$38,418) in related party loans due to the CEO. This related party loan is unsecured, due on demand, and bears interest at 3%.

Due from Related Parties

	June 30, 2025	December 31, 2024
Due from a Director	\$ 250	\$ 250
Due from Subsidiary Management	78,793	84,618
Due from GameOn Entertainment	220,971	220,971
Due from GameOn Entertainment - Allowance	(220,971)	(220,971)
Due from XRI ⁽¹⁾	1,092,194	1,092,194
Due from XRI - Allowance	(1,092,194)	(1,092,194)
Other	36,085	-
Due from Victory Square Health	33,000	33,000
Due from Cassia, dba CoPilot	2,095	2,095
	\$ 150,223	\$ 119,963

The Company has not recorded an expected credit loss ("ECL") allowance due to amounts assessed as fully collectible.

The amount due from Cassia 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, other than above, are unsecured, non-interest bearing, and due on demand.

Related Party Balances

As at June 30, 2025, the Company has \$56,278 (December 31, 2024 - \$115,858) due to a Company controlled by the CFO for professional services included in trade payables and accrued liabilities. As at June 30, 2025, the Company has \$816 (December 31, 2024 - \$816) due from related parties included in trade receivables. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

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16. Operating Segments

The Company currently operates in four 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
Victory Square Technologies ⁽¹⁾	Investments
Pawsible	Health Tech
VS Digital Health	Health
VS Digital Health (Delaware)	Health
Hydreight Technologies Inc.	Health
Hydreight Canada Holdings Inc.	Health
IV Hydreight Inc.	Health
GPO	Health
Prosoft, Prosoft CT, Prosoft NE, Prosoft SW	Health

⁽¹⁾ Parent corporation

Segmented information as at June 30, 2025:

	Investments	Health Tech	Health	Intercompany Eliminations	Total
Current assets	\$ 899,743	\$ 3,349	\$ 6,661,650	\$ (883,597)	\$ 6,681,145
Non-current assets	10,905,473	208,231	1,981,241	(3,525,881)	9,569,064
	\$ 11,805,216	\$ 211,580	\$ 8,642,891	\$ (4,409,478)	\$ 16,250,209
Current liabilities	\$ 3,144,104	\$ 292,705	\$ 4,473,685	\$ 189,384	\$ 8,099,878
Non-current liabilities	-	200,000	755,721	(885,543)	70,178
	\$ 3,144,104	\$ 492,705	\$ 5,229,406	\$ (696,159)	\$ 8,170,056

Segmented information for the six months ended June 30, 2025:

	Investments	Health Tech	Health	Intercompany Eliminations	Total
Revenue	\$ 84,572	\$ -	\$ 9,916,640	\$ (84,572)	\$ 9,916,640
Cost of goods sold	-	-	(6,481,974)	-	(6,481,974)
Gross margin	84,572	-	3,434,666	(84,572)	3,434,666
Expenses	(1,258,291)	(4,142)	(3,496,826)	238,858	(4,520,401)
Other gains	974,524	-	-	-	974,524
Net income (loss)	(199,195)	(4,142)	(62,160)	154,286	(111,211)
Non-controlling interest	-	1,720	(30,507)	-	(28,787)
Net income (loss) attributable to parent	\$ (199,195)	\$ (2,422)	\$ (92,667)	\$ 154,286	\$ (139,998)

17. 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 June 30, 2025, the Company believes that its receivables are collectable, and management has determined credit risk to be low.

b) Interest rate risk

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

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and cash reserves. 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	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
As at June 30, 2025					
Trade payables and accrued liabilities	\$ 3,417,362	\$ 3,417,362	\$ -	\$ -	\$ -
Related party loans	246,967	246,967	-	-	-
Convertible debt	200,000	200,000	-	-	-
Loans payable	1,740,000	1,740,000	-	-	-
CEBA Loans	62,096	-	62,096	-	-
Total Contractual Obligations	\$ 5,666,425	\$ 5,604,329	\$ 62,096	\$ -	\$ -

17. Financial Risk Management (continued)

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, VSDH (USA) and PDL USA, 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 these subsidiaries results of operations and financial position.

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 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.

17. Financial Risk Management (continued)

e) Fair value risk (continued)

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

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

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

The Company may apply a further illiquidity discount to the fair value of an investment if conditions exist that could make it challenging to monetize the investment in the near term at a price indicated by the valuation models. The 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 Company's investments include publicly listed entities that are listed on a Canadian and United States stock exchange. Changes in the fair value of investments designated as FVTPL are reported in the statement of income and comprehensive income.

The Company's financial instruments consist of cash, trade receivables, loans receivable, marketable securities, certain investments, amounts due from related parties, trade payables, accrued liabilities, loans payable, other payables, convertible debt, and related party loans. The carrying value of financial instruments approximates the fair value at June 30, 2025.

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18. 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 ended June 30, 2025.

19. Revenue

Revenue

The timing of the Company's revenue recognition, in accordance with IFRS 15, are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Immersive experiences ¹	\$ -	\$ 333,425	\$ -	\$ 515,494
Health - Goods and services transferred at a point in time	4,634,790	4,100,211	8,458,532	7,477,817
Health - Goods and services transferred over time	741,728	-	1,458,108	-
	\$ 5,376,518	\$ 4,433,636	\$ 9,916,640	\$ 7,993,311

¹ XRI was deconsolidated September 27, 2024.

20. General and Administration

The following table outlines the components of general and administration expenses for the periods ended June 30, 2025, and 2024:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Insurance	\$ 26,498	\$ 28,109	\$ 54,225	\$ 56,088
Investor relations, capital markets, and regulatory	126,311	61,526	207,471	167,960
Management fees	-	-	-	12,500
Merchant processor and bank fees	203,986	196,725	357,825	359,308
Provision for sales tax ¹	50,330	-	102,537	-
Rent	54,670	47,149	122,886	120,120
Software, office, and other	173,107	211,490	325,991	404,512
	\$ 634,902	\$ 544,999	\$ 1,170,935	\$ 1,120,488

¹ IV Hydreight Inc. is subject to state sales and use taxes in the United States, the determination of which requires interpretation of complex laws and regulations that vary in scope across all 50 states. Significant judgement is required in determining the IVH's tax obligation. IVH's interpretation of state taxation law as applied to transactions and activities may not coincide with the interpretation of the state tax authorities. All state tax related filings are subject to state government audit and potential reassessment subsequent to the financial statement reporting period.

21. Interest and Other Income

The Company earns incidental interest income on excess cash balances.

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

22. Other Gains (Loss)

Other gains in the current and prior periods consists of proceeds from digital assets dispositions whereby the initial cost of the digital asset tokens was not recognized at the time of receipt due to the inability of the Company to demonstrate future economic benefits of the tokens and uncertainty of measurement basis.

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Loss on disposal of portfolio shares	\$ (41,513)	\$ -	(46,891)	\$ -
Gain on proceeds of digital assets	-	376,642	141,415	525,316
Other gains (loss)	\$ (41,513)	\$ 376,642	\$ 94,524	\$ 525,316

23. Non-controlling Interest

HTI

During the six months ended June 30, 2025, HTI issued 4,885,425 shares on conversion of vested RSUs, options exercised, and a private placement financing transaction, resulting in an increase to reserve of \$4,894,480 and \$167,095 in NCI.

As of June 30, 2025, the NCI interest in HTI is 42.64% (December 31, 2024 – 35.69%).

FUTURA

As at June 30, 2025, and December 31, 2024, Company owns 58.46% of Futura and records the balance of 41.54% in NCI.

24. Commitments and contingencies

In the ordinary course of business, from time to time, the Company is involved in various claims related to operations, rights, commercial, employment or other claims. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to these claims to be material to these financial statements.

Hydreight has contractual commitments for medical consulting services with a director of Hydreight.

HTI renewed the workspace agreement on its Las Vegas office for a twelve-month term ending June 30, 2026, at USD \$4,400 per month for a total commitment of USD \$52,800 as at June 30, 2025.

25. Subsequent Events

- a) On July 1, 2025, the Company agreed to a third loan amendment agreement with the lender to extend the loan maturity date to October 1, 2025.
- b) On July 14, 2025, Hydreight announced that it has entered into a binding letter of intent dated July 11, 2025 (the “LOI”) with Perfect Scripts LLC (“Perfect Scripts”), an arm’s length limited liability company based in Texas, in respect of a strategic partnership. Pursuant to the LOI, the parties have agreed that: (a) Hydreight will acquire an initial 5% interest in the issued and outstanding common stock in the capital of Perfect Scripts in consideration for 2,250,000 common shares in the capital of Hydreight (the “Hydreight Compensation Shares”), with each Hydreight Compensation Share issued at a deemed price equal to the greater of \$2.30 per share and the lowest price permitted by the policies of TSX Venture Exchange (the “Exchange”), (b) Hydreight and Perfect Scripts will partner to start a 503B pharmacy in the United States, (c) Hydreight will receive the lowest pricing for all products sold or made available by Perfect Scripts or its subsidiaries on the terms and conditions to be set out in a pharmacy services agreement to be entered into by the parties (the “Pharmacy Agreement”), and (d) Hydreight will be granted a right to (i) maintain its pro rata interest in the issued and outstanding common stock of Perfect Scripts, and (ii) acquire up to an aggregate 40% interest in the issued and outstanding securities of Perfect Scripts (collectively, the “Transaction”).
- c) Subsequent to the period ended June 30, 2025, Hydreight issued 721,300 common shares on the exercise of purchase warrants for cash proceeds of \$1,442,600 and issued 184,698 common shares on the exercise of compensation warrants for cash proceeds of \$286,282.
- d) Subsequent to the period ended June 30, 2025, Hydreight issued 450,000 RSUs in relation to a tranche of RSUs granted on July 18, 2023 that vested on July 18, 2025.
- e) Subsequent to the period ended June 30, 2025, Hydreight granted 10,000 RSUs to an employee that vest in one year’s time.