



**NFT Technologies Inc.**

**Management's Discussion & Analysis**  
**For the year ended December 31, 2022**  
*(Expressed in Canadian Dollars, unless otherwise noted)*

May 11, 2023

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## **Management's Discussion & Analysis**

### **For the year ended December 31, 2022**

This management discussion and analysis ("MD&A") of the results of the operations and financial position of NFT Technologies Inc. (the "Company" or "NFT Tech") should be read in conjunction with the Company's audited financial statements and accompanying notes for the year ended December 31, 2022, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") for financial statements issued by the International Accounting Standards Board. The Company reports its financial results in Canadian dollars and all references to \$ in this MD&A refer to the Canadian dollar.

The MD&A is intended to enable readers to gain an understanding of the Company's current results and financial position. To do so, we provide information and analysis comparing the results of operations and financial position for the current period to those of the same period of the prior year and the comparable period, where applicable. We also provide analysis and commentary that we believe is required to assess the Company's future activities. Accordingly, certain sections of this report contain forward-looking statements based on current plans and expectations. These forward-looking statements are affected by the risks and uncertainties that are discussed in this document on future prospects. Readers are cautioned that actual results could vary.

#### **Management's Responsibility**

The Company's management is responsible for the preparation and presentation of the financial statements and the MD&A. This MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators. Additional information regarding the Company, including the latest Annual Information Form, is available on our website at [www.nfttech.com](http://www.nfttech.com) or through the SEDAR website at [www.sedar.com](http://www.sedar.com).

Information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates and judgements are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes such estimates and judgements have been based on careful assessments and have been properly reflected in the accompanying financial statements. Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

## **Forward Looking Statements**

This MD&A contains "forward-looking statements" within the meaning of applicable securities laws, such as statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. They are based on certain factors and assumptions, including expected growth, results of operations, business prospects and opportunities. Use of words such as "anticipate", "plan", "continue", "estimate", "expect", "intend", "propose", "may", "will", "project", "should", "could", "would", "believe", "predict", "target", "aim", "pursue", "potential" and "objective" and the negative of these terms or other similar expressions may indicate a "forward-looking" statement. These statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including those described in our publicly filed documents and in this MD&A under the heading "Risks and Uncertainties". Those risks and uncertainties include, but are not limited to, the ability to maintain profitability and manage growth, reliance on information systems and technology, reputational risk, regulatory risks, reliance on key professionals, the ability to successfully integrate acquisitions, trends in digital collectables, market compliance with current smart contract standards, general economic conditions and pandemics, natural disasters or other unanticipated events (including the novel coronavirus ("COVID-19") pandemic). Many of these risks and uncertainties can affect our actual results and could cause our actual results to differ materially from those expressed or implied in any forward-looking statement made by us or on our behalf.

In particular, but without limiting the foregoing, this MD&A contains forward-looking statements pertaining to the Company's expectations of future robust software-based infrastructure and application development in Web 3.0 and digital asset ecosystem; the Company's ability to issue new shares from time to time; the Company's plans to offer advisory services and that such services will be done in-house; plans to acquire new NFTs from consulting launches and receipt of digital assets in exchange for consulting services; intention to pursue long term engagements in preference over short term engagements; intention to maintain ongoing market research into NFTs; profile and target customer base; investor access to portfolio and qualifications of such portfolio; plans to fund early stage projects; planned projects for the collection of NFTs, management of P2E gaming guilds and launching NFTs; investment business objectives, including portfolio management and participation in P2E gaming; consulting business offerings, including identification of target markets and opportunities; management's ability to leverage established networks and identify opportunities; the rate of returns from identified opportunities; significance, extent and effect of fluctuating profit margins on token and NFT resales; future profitability of the Guild; Assumption Management's expectation of continued profit margins for the Guild; plans to retain future earnings and payment of dividends; issuance of new equity instruments or raising additional debt financing; investment requirements for new funds; need for experienced members of management; continued negative cash flows from operations; range and depth of responses to potential cyber threats; involvement in projects not directly related to NFTs or digital assets; benefit of future blockchain technology and value management's experience in connection therewith; assumptions about general business and economic conditions; the availability of equity and other financing on reasonable terms or at all, including necessary financing to meet the Company's contractual obligations; the ability of the Company to identify and execute on value enhancement opportunities such as joint ventures, potential acquisitions and other divestitures.

With respect to the forward-looking statements contained in this MD&A, Management has assessed material factors and made assumptions regarding, among other things: expectation of gross profits below reported levels in future periods; volatility in trading price; supply chain disruption; the economic impacts of the COVID-19 pandemic; NFT Tech's ability to obtain qualified staff and equipment in a timely and cost-effective manner; predictability and consistency of the legislative and regulatory regime governing taxes and cryptocurrencies; the value of cryptocurrencies potentially being subject to momentum pricing; the exposure of digital asset exchanges and other trading venues to fraud and potential failure; the impact of geopolitical events on the supply and demand for digital assets; uncertainty of the acceptance and/or widespread use of digital assets; future cash flows; future sources of funding and NFT Tech's ability to obtain external financing when required and on acceptable terms; future debt levels; the timely receipt of regulatory approvals; and the impact of industry competition.

The forward-looking statements contained herein reflect Management's current views, but the assessments and assumptions upon which they are based may prove to be incorrect. Although Management believes that its underlying assessments and assumptions are reasonable based on currently available information, given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

These statements are made as of the date of this MD&A and, except as required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Additionally, we undertake no obligation to comment on analyses, expectations or statements made by third parties in respect of us, our financial or operating results or our securities. All figures are in Canadian dollars except share and per share data unless otherwise noted.

## **Glossary**

"Annual financial statements" means the Company's financial statements for Fiscal 2022.

"Fiscal 2021" means the fiscal year ended December 31, 2021.

"Fiscal 2022" means the fiscal year ended December 31, 2022.

"Fiscal 2023" means the current fiscal year ending December 31, 2023.

"Fuku Assets" means the protocol and source code associated with the development of the Fuku Marketplace, together with all intellectual property rights associated therewith.

"Fuku Marketplace" means a digital marketplace for NFTs and digital assets.

"Guild" means the Company's blockchain-based gaming guild, known as the GOAT Guild.

"MD&A" means this Management's Discussion and Analysis for the year ended December 31, 2022.

"NFT" means non-fungible token.

"P2E" or "Play-to-earn" means the blockchain-based video games where players have the ability to earn revenue, in the form of tokens (fungible or non-fungible) while they play.

"Q1 2021" means the three months ended March 31, 2021.

"Q2 2021" means the three and six months ended June 30, 2021.

"Q3 2021" means the three and nine months ended September 30, 2021.

"Q1 2022" means the three months ended March 31, 2022.

"Q2 2022" means the three and six months ended June 30, 2022.

"Q3 2022" means the three and nine months ended September 30, 2022.

"Q4 2022" means the year ended December 31, 2022.

"Realfevr" means Fantasy Revolution, S.A. a Portuguese company.

"Run It Wild" means Run It Wild Pty Ltd., Run it Wild Pty Ltd., a company organized under the laws of Australia.

"SAFT" means a Simple Agreement for Future Tokens, or "SAFT", a form of an investment contract that was created as a way to help new cryptocurrency ventures raise money without breaking financial regulations.

## **PART I – COMPANY AND HIGHLIGHTS**

### **Company**

The Company is working in the NFT space of unique digital assets and environments to develop new technologies, invest in digital assets and meaningful engagement in the Metaverse, and advise creators and platforms in the space.

The business of the Company is focused on three main business lines: (i) technology; (ii) investing; and (iii) consulting. The technology business line is focused on emerging technologies and creating new intellectual property in the NFT space. The investing business line is focused on the acquisition and trade of NFTs, including creating and maintaining a curated portfolio of collectible NFTs, investing in or potentially acquiring emerging companies whose focus is on developing technology and launching NFTs and the generation and sale of tokens and digital assets in connection with “play to earn” blockchain games and associated gaming guilds. The consulting business line is focused on assisting clients with the launch and marketing of their own brand of NFT.

### **Technology**

The NFT space is a new and growing space which includes the collection and sales of individual tokens and digital assets, the platforms through which they are sold and traded and the evolving worlds of the Metaverse. With any new industry may come emerging technologies that furthers its growth. At NFT Tech, we intend to invest in and develop new technologies that we believe fit into and enhance the future of NFTs across the digital asset, cryptocurrency and blockchain technology sector. Current anticipated pipeline projects include technologies that improve the user experience of acquiring and organizing NFTs, more efficiently manage gaming guilds, and to ease and enhance the process of launching NFTs for specific industries. We believe that with our expertise, position in the industry and understanding of the NFT market, we can deploy capital and resources to build and launch technology that helps move the industry forward.

### **Investing**

Through our investing business line, our team aims to: (i) manage a diverse portfolio of specially curated NFTs; (ii) support platforms and creators in the digital asset ecosystem; and (iii) actively participate in the P2E gaming ecosystem. As part of our investment strategy, we have founded a blockchain-based gaming guild, known as the GOAT Guild (the "Guild") to engage in P2E blockchain games and engage in the secondary NFT resale market associated with such games.

### **Consulting**

We offer advisory services in the NFT sector to analyze potential customer's brand, audience and platforms and to help the customer determine what type of NFT may work best for them. Any work required to develop and mint the customer's digital assets, NFTs or tokens, such as coding, video editing and other creative work, is done in-house. After the NFT is created, the Company organizes and executes the launch in collaboration with the creator to maximize attention and traction.

The Company's strategy in connection with launching advisory services is to work with clients on a percentage-based compensatory scheme. Through its project-launching advisory services, the Company intends to: (a) acquire new NFTs from individual launches for its NFT portfolio; (b) increase market awareness of its services through high-profile launches; and (c) increase opportunity for partnership marketing. We may offer consulting services in exchange for cash, digital assets, tokens from a TGE or other assets and/or stakes in the projects on which we consult on.

### **Date and Subject of Report**

The following is Management's Discussion and Analysis of the results of operations and financial position of NFT Tech as at and for the year ended December 31, 2022 and to the date of this MD&A.

This MD&A should be read in conjunction with the audited financial statements for the year ended December 31, 2022.

The Company reports its financial results in Canadian dollars and all references to \$ in this MD&A refer to the Canadian dollar. All financial information in this MD&A is derived from the Company's financial statements for the years ended December 31, 2022 and 2021 are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

## **Highlights for the Year Ended December 31, 2022**

In 2022, the crypto and blockchain industry faced several challenges. NFT Tech, while deeply affected by some of these global events, demonstrates resilience and adaptability in these volatile times. The challenges included:

- Bitcoin's significant drop in value from an all-time high of \$69,000 in November 2021 to \$15,000 in 2022, triggering widespread market apprehension.
- A dramatic decrease in the NFT market activity, with a reduction in traded volume exceeding 95%.
- Major setbacks for large scale projects like Luna and Three Arrows Capital, emphasizing the need for increased due diligence and risk management.
- Financial difficulties encountered by formerly high flying companies like FTX, Alameda, and their affiliates and the subsequent collapse of their exchange business.

Despite these challenges in 2022, our ability to navigate this difficult terrain has left us optimistic moving into 2023. We are particularly positive due to our strategic acquisition of Run It Wild and the appointment of our new CEO, Adam De Cata.

Previously, our strategy involved making numerous investments across Play to Earn gaming (P2E), NFTs, and other Web3 projects, a broad approach that spread our resources across the major industry verticals. However, in response to the shifting landscape and lessons learned from the past year, we have transitioned to a more focused, product-driven approach where we are targeting the highest value partners in a clear vision around intellectual property.

This strategic shift allows us to concentrate our resources and efforts on developing innovative products and solutions that unlock the full potential of web3 utility.

### **Unlocking Intellectual Property in Web3**

One of the most exciting developments in our industry is the opportunity to unlock and leverage intellectual property in the web3 space across various sectors, including gaming and collectibles. This is more than just a trend—it is a fundamental shift in how value is created and exchanged in the digital economy. By combining innovative technologies with the power of blockchain, we can create immersive, engaging experiences that offer unparalleled value to publishers, brands and consumers alike.

Our acquisition of Run It Wild, a leading Web3 development company, enhances our capabilities in this area. They have been pioneers in creating Web3 products and experiences, and their expertise will significantly contribute to our ability to leverage intellectual property in new and exciting ways.

2023 will bring incredible opportunities to become an important partner to large IP holders, brands, and web3 native users to grow the ecosystem and drive revenue.

### **New Leadership and Direction**

Our new CEO, Adam De Cata, is at the forefront of this shift. As the founder of Run It Wild and former Head of Partnerships at Decentraland, Adam has a wealth of experience in the blockchain, NFT, and brand and IP space. He's worked with iconic brands such as Batman, Harry Potter, and Superman, and onboarded iconic brands like Sotheby's into pioneering digital experiences. His expertise and vision will drive our growth in the rapidly evolving digital economy.

In conclusion, although 2022 presented its share of challenges, it also offered valuable lessons that will strengthen our resilience and adaptability. The acquisition of Run It Wild and the leadership of Adam De Cata have put us in an excellent position to exploit the growth opportunities in 2023. We are excited about the road ahead and remain committed to unlocking the full potential of Web3, creating meaningful projects, and delivering value to our clients and fanbases worldwide.

The significant highlights during the reporting period are as follows:

- On January 11, 2022, the Company entered into a share exchange agreement with Mario Nawfal for the purchase and sale of 173,710 shares in Realfevr (the “Realfevr Shares”) from Mario Nawfal, former Chief Executive Officer of the Company. The transaction closed on January 13, 2022, at which time the Company issued 833,333 common shares in the capital of the Company (“Consideration Shares”) in consideration for the Realfevr Shares. The Consideration Shares were entered into escrow and the Company received an undertaking from Mr. Nawfal for the delivery of the Realfevr Shares upon completion of Realfevr's corporate reorganization.
- During the year ended December 31, 2022, the Company entered into a non-binding letter of intent (the “Sherwa LOI”) with Sherwa Online Services Inc. (“Sherwa”) and certain of the founding shareholder of Sherwa (the “Sherwa Shareholders”), setting forth the terms and conditions of the proposed acquisition by the Company of all of the issued and outstanding shares of Sherwa (the “Sherwa Shares”) in consideration for 2,000,000 common shares of the Company. The Company advanced \$1,017,000 to Sherwa. These funds are interest bearing and will be charged at 1.0% per annum, and were secured by a founding shareholder's guarantee and pledge of 5,000,000 Sherwa Shares, representing approximately 39.03% of the total Sherwa Shares. An impairment test was conducted on the note receivable based on the expected credit loss approach under IFRS 9. Due to the uncertainty surrounding its recoverability due to Sherwa's liquidity crunch and inadequate assets, the Company decided to record a full impairment of \$1,021,728 which resulted in carrying value of \$0 as at December 31, 2022.
- The Company entered an asset purchase agreement (the "Fuku Purchase Agreement") on March 17, 2022, pursuant to which the Company acquired from the vendor thereunder, all of such vendor's right, title and interest to the Fuku Assets. The total purchase price for the Fuku Assets was agreed between the Company and vendor as 1,212,122 common shares of the Company at \$1.00 per common share. In addition, the Company incurred \$20,000 in transactions costs which were added to the asset value.

The Company incurred \$350,620 of research and development costs which were expensed and were included in research and development in the statement of loss. Intangible assets are subject to an annual impairment test on Fuku Assets in accordance with IAS 36. The result of this analysis was the recoverable amount was less than the carrying value, therefore impairment was necessary. The impairment was \$1,232,122 (based on the income approach) for the year, which resulted in a carrying value of \$nil as of December 31, 2022.

- On July 7, 2022, the Company and Run it Wild Pty Ltd., a company organized under the laws of Australia (“Run it Wild”), entered into a definitive agreement for the acquisition of Run it Wild, a multidisciplinary blockchain, metaverse and NFT development studio. The Company appointed Adam De Cata as Chief Executive Officer of the Company. The transaction was completed in the first quarter of the fiscal 2023.

With the completion of Run it Wild acquisition, the Company anticipates expanding its advisory services to partner with top tier brands to develop, mint and launch their digital assets, NFTs or tokens. The acquisition of Run it Wild meets the Company's strategic plan to generate significant revenue from consulting services by increasing market awareness through building strong partnerships with high profile customers in the next 12 months.

Since the announcement, the Company experienced fast increase in its advisory project pipeline following the establishment of partnerships with Australian Open, Elvis Presley Enterprises, Sony Sports, and an exclusive multi-year deal with Word Table Tennis.

- On October 13, 2022, the Company announced it will begin monetization of its Play-2-Earn (P2E) dashboard Cashdash. [Cashdash](#) is a P2E dashboard that helps gamers discover new games, allows them to track earnings in real time, and compares those earnings to other games and other players. The Company believes Cashdash has the potential to bring significant value to every P2E gamer in the industry.
- On November 28, 2022, the Company announced continued sport innovation and the next phase of the AO ArtBall, a token-gated NFT experience for [Tennis Australia](#). The project, launched for AO22, continues to innovate and push the boundaries of Web3 technology by granting ArtBall NFT holders access to live sport and entertainment events across both the real and virtual worlds, as well as AO23 Ground Passes and exclusive behind-the-scenes experiences



Other notable events during the reporting period are as follows:

- On April 22, 2022, the Company issued 333,333 common shares to the former CEO upon vesting of 333,333 restricted share units.
- On May 13, 2022, the Company filed its non-offering (final) long form prospectus with the British Columbia Securities Commission.
- On May 25, 2022, the Company listed its common shares on the NEO Exchange under the symbol “NFT”.
- On May 25, 2022, the Company issued 1,100,000 common shares at \$0.60 per common shares upon vesting of 1,100,000 PSUs as the milestone was achieved.
- On May 26, 2022, the Company issued 16,666 common shares for proceeds of \$3,331. Upon exercise, \$506 related to the fair value of the stock options was reclassified from reserve to share capital.
- On June 3, 2022, the Company listed its common shares for trading in Europe. The trading symbol for the common shares on the Frankfurt Stock Exchange (FSE) is “8LO” as the WKN identification number is A3DM5Z.
- On July 22, 2022, the Company listed its common shares for trading on the OTC Markets under the trading symbol “NFTFF”.
- On August 2, 2022, the Company expanded its access to common shares for international investors through the Depository Trust Company (“DTC”) in the United States.
- On December 21, 2022, issued 1,666,666 common shares for gross proceeds of \$125,000 consideration under consulting agreement at a price of \$0.08 per Unit.
- During the year ended December 31, 2022, the Company completed four private placements and issued in total 8,294,999 shares for gross proceeds of \$2,515,002 of which \$275,768 was related to the fair value of 6,699,999 warrants issued and reclassified to warrant reserve.
- During the year ended December 31, 2022, the Company granted a total of 3,760,000 stock options with a range of exercise price between \$0.30 and \$1.00 per common shares to the employees of the Company and consultants. These options expire between February 18, 2027 and September 15, 2027.

### **Events Subsequent to December 31, 2022**

- On February 23, 2023, announce a non-brokered private placement (“Private Placement”) of up to 20,000,000 units of the Company (“Units”) at the price of \$0.05 per Unit (the “Issue Price”) for gross proceeds of up to \$1,000,000. On March 31, 2023, the Company closed the first tranche of the previously announced Private Placement raising gross proceeds of \$350,000 through the issuance of 7,000,000 units at a price of \$0.05 per unit (“Tranche One Financing”). Each unit consists of one common share (each a “Common Share”) of the Company and one-half of one purchase warrant (each whole warrant, a “Warrant”). Each whole Warrant is exercisable into one Common Share at the price of \$0.10 per share (the “Warrant Share Price”) for a period of six months following the closing of the Private Placement.
- On February, 24, 2023, the Company completed its acquisition of Run It Wild (the “Transaction”), an award-winning multidisciplinary Web3 development company. Since the [announcement](#) of Transaction, the company and Run It Wild have been working together to continue expanding their Web3 development capabilities for leading brands and IP holders around the world seeking to create unparalleled user experiences. On closing of the Transaction, the Company issued 10,000,000 common shares and a cash payment of C\$50,000 in exchange for acquiring all of the issued and outstanding shares of Run it Wild.
- In addition, the Company closed a non-brokered private placement (the “Private Placement”) for a total of 1,170,299 units (each a “Unit”) at the price of \$0.15 per Unit for gross proceeds of \$175,545. Each Unit is comprised of one common share (the “Unit Shares”) and one warrant (a “Warrant”) to purchase a common share (the “Warrant Shares”). The Warrants are governed by the terms and conditions of a warrant indenture entered into between the Company and Odyssey Trust Company, as warrant agent. The Common Shares issued pursuant to the Private Placement are subject to a statutory hold period ending four months and a day from the date of issuance in accordance with applicable securities law.

## **PART II – REVIEW OF FINANCIAL RESULTS**

### **Overall Performance**

Following the announcement of entering into a definitive agreement for the acquisition of Run it Wild and the appointment of Run it Wild's Adam De Cata as the new CEO, the Company has decided to focus its future business strategy and growth on consulting services. The Company continues expanding its business operations in the first half of fiscal 2023 by concentrating its product developments and marketing efforts on establishing partnerships with top-tier brands. As a result, the Company experienced significant increase in its advisory project pipeline with band names such as Australian Open, Elvis Presley Enterprises, Sony Sports, and an exclusive multi-year deal with Word Table Tennis. The acquisition of Run it Wild is in alignment with the Company's strategy to maximize value through mainstreaming NFTs and the metaverse.

During the year ended December 31, 2022, the operating costs increased compared to prior year. However, the management is constantly taking initiatives to preserve cash by cutting operating expenses given the challenging conditions of capital markets and crypto markets while continues utilizing its ability to leverage strong relationships and established networks to raise additional capitals to support long-term business strategic plans.

Below is a table which provides some selected information to provide an overall performance of the Company:

Year ended December 31,	2022	2021
	\$	\$
Revenue	94,879	—
Net loss	(8,342,841)	(6,016,100)
Loss per share – basic and diluted	(0.11)	(0.18)
Current assets	862,560	4,029,860
Total assets	2,257,112	4,733,257
Current liabilities	270,748	245,706
Working capital surplus	591,812	3,784,154

Except as disclosed herein, there are no known trends, commitments, events or uncertainties that are presently known to management which would be reasonably expected to have a material effect on the Company's business, financial condition, or results of operations.

Refer to *PART V – ACCOUNTING POLICIES, ESTIMATES, AND INTERNAL CONTROLS* to review the Company's revenue recognition policy.

#### **Token and NFT resale**

SAFTs, as legally binding contracts set rights and obligations of counterparties to a sell/buy transaction, performance obligation is a transfer of digital asset from the party which wishes to sell to the party who wishes to buy such digital asset. Transaction price is the agreed upon price at the time of transaction, which is allocated to a single performance obligation in its entirety and recognized at a point in time as performance obligation is fulfilled.

#### **Play-to-earn gaming**

The Company engages "game scholars", individuals who play games on behalf of the Company, with the goal to earn game-based digital assets. The players use the Company's game assets, digital assets, to play games and receive a fee in return for their service. The rights and obligations are set out by a legally binding agreement, performance obligation is completion of game-based tasks for a reward which is automatically deposited to the Company-owned wallet. The transaction price is determined based on a market price of digital asset(s) received and recognized at a point in time when delivery occurs.

#### **Auction fee sharing**

The Company earns a portion of auction fee for each NFT sale completed, the rights and obligations are governed by a smart contract mechanism on the auction's blockchain. The performance obligation is a sale of NFT. The transaction price is the fee amount on each completed transaction and is allocated to one performance obligation in its entirety, which is recognized at a point in time when NFT sale is completed.

The following discussion and analysis of the Company's financial condition and results of operations for the year ended December 31, 2022 and 2021 should be read in conjunction with the Annual 2022 Financial Statements.

*The year ended December 31, 2022, compared to the year ended December 31, 2021*

Year ended December 31,	2022	2021	Change	Change
	\$	\$	\$	%
Revenue	94,879	—	94,879	100%
Cost of revenue	173,357	—	173,357	100%
<b>Gross loss</b>	<b>(78,478)</b>	<b>—</b>	<b>(78,478)</b>	<b>-100%</b>
<b>Expenses</b>				
General and administration	4,510,823	2,076,362	2,434,461	117%
Sales and marketing	1,191,700	1,031,177	160,523	16%
Research and development	372,361	2,143,634	(1,771,273)	-83%
<b>Total expenses</b>	<b>(6,074,884)</b>	<b>(5,251,173)</b>	<b>(823,711)</b>	<b>16%</b>
<b>Operating loss</b>	<b>(6,153,362)</b>	<b>(5,251,173)</b>	<b>(902,189)</b>	<b>17%</b>
<b>Other income (expenses)</b>				
Finance income	4,728	—	4,728	100%
Listing costs	(580,992)	(144,644)	(436,348)	302%
Realized loss from revaluation of advances of SAFT	(569,157)	—	(569,157)	-100%
Expected credit loss on note receivable	(1,021,728)	—	(1,021,728)	-100%
Gain (loss) from revaluation of digital assets	690,728	(6,608)	697,336	-10553%
Impairment of intangible assets	(1,232,122)	—	(1,232,122)	-100%
Unrealized gain (loss) from investments	573,154	(584,831)	1,157,985	-198%
Foreign exchange gain (loss)	(57,527)	(28,844)	(28,683)	99%
Other income	3,437	—	3,437	100%
<b>Loss before tax</b>	<b>(8,342,841)</b>	<b>(6,016,100)</b>	<b>(2,326,741)</b>	<b>39%</b>
Income tax recovery (expense)	—	—	—	0%
<b>Net loss</b>	<b>(8,342,841)</b>	<b>(6,016,100)</b>	<b>(2,326,741)</b>	<b>39%</b>

Breakdown of operating expenses is as follows:

Year ended December 31	2022	2021	Change	Change
	\$	\$	\$	%
<b>Research and development:</b>				
Marketplace and digital asset development	372,361	2,143,634	(1,771,273)	-83%
<b>Total research and development</b>	<b>372,361</b>	<b>2,143,634</b>	<b>(1,771,273)</b>	<b>-83%</b>
<b>General and administration:</b>				
Professional and consulting fees	1,574,613	643,599	931,014	145%
Share-based payments	1,493,865	850,569	643,296	76%
Salaries, wages and benefits	1,040,508	538,893	501,615	93%
Office costs	388,124	41,365	346,759	838%
Depreciation	8,908	1,936	6,972	360%
Business development	4,805	—	4,805	100%
<b>Total general and administration</b>	<b>4,510,823</b>	<b>2,076,362</b>	<b>2,434,461</b>	<b>117%</b>
<b>Sales and marketing:</b>				
Product design and other marketing expense	389,087	—	389,087	100%
Advertising	381,503	935,709	(554,206)	-59%
Investor and marketing communication	303,951	63,085	240,866	382%
Travel	77,330	32,383	44,947	139%
Website hosting	39,829	—	39,829	100%
<b>Total sales and marketing</b>	<b>1,191,700</b>	<b>1,031,177</b>	<b>160,523</b>	<b>16%</b>

The Company generated a revenue of \$94,879 during the year ended December 31, 2022 (\$nil during the year ended December 31, 2021) while cost of revenue was \$173,357 during the year ended December 31, 2022 (\$nil during the year ended December 31, 2021). Cost of sales is primarily composed of the cost of digital assets pursuant to SAFT arrangements and gas fees incurred in swap transactions upon sale, commissions paid to game scholars, and payments to artists and other fees incurred to promote the artwork.

The Company reported general and administrative expenses were \$4,510,823 during the year ended December 31, 2022 (\$2,076,362 during the year ended December 31, 2021). The increase in expenses was primarily the result of expansion of operating business activities across every business unit. The Company incurred significant costs in salaries and wages, professional and consulting fees in pursuit of new business opportunities and effort to list the Company's common shares with the NEO Exchange. Share-based payments of \$1,493,865 reported during the year ended December 31, 2022 (\$850,569 during the year ended December 31, 2021) included in general and administrative expenses are non-cash costs.

The Company reported consulting and advisory service expenses were \$1,574,613 during the year ended December 31, 2022 (\$643,599 during the year ended December 31, 2021). The increase was primarily the result of costs associated due to increased reporting requirements due to the Company being listed. These included (a) work outsourced to external consultants, (b) recruitment costs, (c) legal fees in relation to review of agreements and disclosures and general corporate matters, (d) regulatory and filing fees, (e) tax and audit fees, and (f) investor relations, and other advisory services.

The Company reported research and development costs of \$372,361 during the year ended December 31, 2022 (\$2,143,634 during the year ended December 31, 2021). The decrease is largely due to the management's conclusion that the Company is no longer in its development phase of lifecycle. The Company's research and development costs in year ended December 31, 2022 are mostly attributable to the development of the Fuku Marketplace.

The Company reported sales and marketing expenses of \$1,191,700 during the year ended December 31, 2022 (\$1,031,177 during the year ended December 31, 2021). The increase was primarily due to increased marketing campaigns of NFT Tech as a brand, building its brand image and other complimentary marketing efforts to raise its brand awareness.

The Company reported other expenses of \$2,189,479 during the year ended December 31, 2022 (\$764,927 during the year ended December 31, 2021). The increase was primarily the related to \$1,021,728 and \$1,232,122 impairment of the note receivable and intangible assets, respectively, loss from revaluation of advances of SAFT of \$569,157 and listing costs of \$ 580,992 while being offset by unrealized gain in investments of \$573,154.

### **Summary of Quarterly Information**

Three months ended	Dec-22	Sep-22	Jun-22	Mar-22	Dec-21	Sep-21	Jun-21	Mar-21
	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue	—	890	62,247	31,742	—	—	—	—
Net loss	(2,271,968)	(1,464,156)	(1,813,232)	(2,793,485)	(3,182,562)	(2,284,624)	(485,914)	(63,000)
Basic and diluted loss per share	(0.03)	(0.02)	(0.02)	(0.04)	(0.04)	(0.05)	(0.04)	(63,000)

Overall, the management implemented multiple cost cutting initiatives to preserve cash given the challenging conditions of capital markets and crypto markets while continues utilizing its ability to leverage strong relationships and established networks to raise additional capitals to support long-term business strategic plans. This is noticed in the decrease in net loss during Q1 to Q3 2022 when compared to their previous quarters, however, during three month ended December 31, 2022, due to additional non-cash impairment charges increased the net loss.

## **Outlook**

With the upcoming completion of Run it Wild acquisition and Adam's leadership, the Company's strategy for the next 12 months is to increase its focus on the media and brand development business by partnering with new clients and brands to become the gateway for them to navigate creative monetization strategies in Web3. As the date hereof, the Company has successfully built its project pipeline with band names such as Australian Open, Elvis Presley Enterprises, Sony Sports, and an exclusive multi-year deal with Word Table Tennis.

Since the acquisition of Run it Wild is one of the most important steps NFT Tech will be taking toward mainstreaming NFTs and the metaverse, one of the Company's key priorities for first half of fiscal 2023 will be to complete the post-merger integration of Run it Wild and to implement critical infrastructure to support business operations. This will represent an important step to scale the Company's products and services to more customers. The Company plans to further develop partnerships with top-tier brands and IP holders across Sport, Entertainment, and the Creator Economy to effectively deliver the lead strategy and deploy client projects, continue to enhance its business and product developments to offer top notch client services by creating customized design and innovative solutions to meet customers' demands. Over the course of anticipating the move, the Company has built out key assets in client outreach and content development to support future growth.

The Company will also remain diligent on its cost-cutting initiatives to effectively reduce operating losses while adjusting to the quickly evolving blockchain technology landscape. One of the key priorities in first half of fiscal 2023 will be to accelerate the monetization of its P2E dashboard Cashdash through the previously announced acquisition of Sherwa. The launch of Cashdash will enable players to find, play and choose between multiple P2E games from which the Company will generate revenue from the initial listing fees of games and receive a fee in return for its service.

The Company remains committed to the creation of shareholder value. The directors and management have a wide entrepreneurial network which provides a range of future opportunities. The company has already listed its common shares with Neo Exchange Inc., the Frankfurt Stock Exchange, and the OTC Markets. The Company has also expanded access to its common shares for international investors through eligibility for electronic clearing and settlement through the Depository Trust Company ("DTC") in the United States. The Company will continue investing in projects and activities that attract investor interest and offer significant growth potential.

The foregoing projected outlook constitutes forward-looking information and is intended to provide information about management's current expectations for the Company's fiscal 2023. Although considered reasonable as of the date hereof, such outlook and the underlying assumptions may prove to be inaccurate. Accordingly, actual results could differ materially from the Company's expectations as set forth herein. See "*Forward-Looking Statements*".

In preparing the above outlook, the Company assumed, among other things, that the operators of the P2E games underlying the Guild's activities will meet expected development milestones and player-base forecasts for the applicable period. This section includes forward-looking statements. See "*Forward-Looking Statements*".

The Company's continuing operations as intended are dependent upon its ability to attain profitable operations and generate funds therefrom and raise equity capital or obtain the necessary financing sufficient to meet current and future obligations.

## **PART III – FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES**

### **Liquidity**

The Company's objective when managing its liquidity and capital structure is to generate sufficient cash to fund the Company's operating and growth requirements.

The following table provides an overview of the Company's liquidity status of the Company:

<b>As at December 31</b>	<b>2022</b>	<b>2021</b>
	\$	\$
Cash and cash equivalents	148,271	3,918,120
Current assets	862,560	4,029,860
Current liabilities	270,748	245,706
Working capital surplus	591,812	3,784,154

### **Going Concern**

During the year ended December 31, 2022, the Company incurred a net loss of \$8,342,841 and negative cash flows from operating activities of \$5,132,168. As at December 31, 2022, the Company has an accumulated deficit of \$14,358,941. The Company generates revenue and is incurring costs to develop its business. Management carefully monitors cash outflows and seek additional sources of financing to ensure continued operations.

During the year ended December 31, 2022, the Company reduced significant amount of development costs, and expects to remain diligent on its cost-cutting initiatives to effectively reduce operating losses for 2023. The Company's continuing operations as intended are dependent upon its ability to attain profitable operations and generate funds therefrom and raise equity capital or obtain the necessary financing sufficient to meet current and future obligations.

These financial statements do not include any adjustments to the classification and amounts of assets and liabilities that may be required should the Company be unable to continue as a going concern. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Although the Company has been successful at raising funds in the past through the issuance of securities and obtaining loans, it is uncertain whether it will be successful in doing so in the future or at terms that are acceptable to the Company.

### **Capital Resources**

The Company generates revenue and is incurring costs to develop its business. Management carefully monitors cash outflows and seek additional sources of financing to ensure continued operations. The Company's continuing operations as intended are dependent upon its ability to attain profitable operations and generate funds therefrom and raise equity capital or obtain the necessary financing sufficient to meet current and future obligations.

In addition, the Company has alternative options to improve its capital resources, such as:

- Financing its operations through the issuance of debt;
- Entering into strategic partnerships to access diverse markets and categories; and
- Divesting non-core or redundant assets.

### **Dividends**

The Company currently intends to retain any future earnings to fund the development and growth of its business and does not currently anticipate paying dividends on the Common Shares. Any determination to pay dividends in the future will be at the discretion of the Board and will depend on many factors, including, among others, restrictions in any credit arrangements the Company may enter in the future, the Company's financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law and other factors that the Board may deem relevant.

## **Cash Flow Information**

The following table provides an overview of the Company's cash flows for the year ended December 31, 2022 and 2021.

<b>Year ended December 31</b>	<b>2022</b>	<b>2021</b>
	\$	\$
Net cash provided by (used in):		
Operating activities	(5,132,168)	(4,018,502)
Investing activities	(1,148,349)	(675,656)
Financing activities	2,510,668	8,612,277
(Decrease) increase in cash	<b>(3,769,849)</b>	<b>3,918,119</b>

### **Operating Activities**

The Company used \$5,132,168 of cash in operating activities during the year ended December 31, 2022, compared to \$4,018,502 used in the year ended December 31, 2021. The Company used more cash in operations due to its development activities, acquisition of SAFTs, larger spend on compensation due to increased headcount, expenditures on marketing and listing efforts.

### **Investing Activities**

The Company used \$1,148,349 of cash in investing activities during the year ended December 31, 2022, compared to \$675,656 in the year ended December 31, 2021. The Company loaned \$1,017,000 to Sherwa during the year ended December 31, 2022, purchased \$4,382 of equipment, spent \$20,000 on transaction costs related to acquisition of intangible assets, purchased \$381,407 of digital assets which was offset by proceeds from the sale of \$274,440 of digital assets.

### **Financing Activities**

The Company generated \$2,510,668 through financing activities during the year ended December 31, 2022, compared to \$8,612,227 during the year ended December 31, 2021. Net cash provided by financial activities was related to cash received from share subscriptions in the amount of \$2,515,002, which were received in connection with the Company's non-brokered private placement, compared to \$8,724,760 received in the comparative period. The Company received the proceeds of \$3,331 from exercise of stock options.

## **Financial Position**

The following table sets forth selected information regarding the Company's financial position:

<b>As at December 31,</b>	<b>2022</b>	<b>2021</b>
	\$	\$
Cash and cash equivalents	148,271	3,918,120
Restricted cash	5,000	5,000
Digital collectibles	43,212	—
Prepaid expenses and deposits	103,277	106,740
Advances for SAFTs	562,800	—
Note receivable	—	—
Digital assets	55,838	433,326
Property and equipment	18,984	23,495
Intangible assets	—	—
Investments	1,319,730	246,576
Trade payables and accrued liabilities	270,748	215,131
Advances payable	—	30,575
Shareholders' equity	1,986,364	4,487,551

The following discussion addresses the above noted factors regarding the Company's financial position:

### **Cash and cash equivalents**

As of December 31, 2022, the Company had cash of \$148,271 compared to \$3,918,120 as of December 31, 2021. The changes in cash are discussed above in the summary of cash flow activities. See above “Cash Flow Information”

**Restricted cash**

The Company held \$5,000 in the Guaranteed Investment Certificate (GIC) which is used as a security for corporate credit cards.

**Prepaid expenses and deposits**

The balance is made up of prepayments for insurance, marketing and investor relation services and a deposit payment for payroll services.

**Note receivable**

On March 18, 2022, the Company entered into a non-binding letter of intent the Sherwa LOI with Sherwa and the Sherwa Shareholders, setting forth the terms and conditions of the proposed acquisition by the Company of all of the issued and outstanding Sherwa Shares in consideration for 2,000,000 common shares of the Company. Concurrently, the Company agreed to extend funding to Sherwa for working capital needs until the close of the proposed acquisition.

During the year ended December 31, 2022, the Company advanced \$1,017,000 to Sherwa by way of a promissory note issued by Sherwa to the Company in the amount of \$1,017,000 bearing interest at 1.0% per annum, and secured by a founding shareholder's guarantee and pledge of 5,000,000 Sherwa Shares, representing approximately 39.03% of the total Sherwa Shares. An impairment test was conducted on the note receivable based on the expected credit loss approach under IFRS 9. The result of this was a full impairment of \$1,021,728 which resulted in carrying value of \$0 as at December 31, 2022.

**Digital assets**

The balance decrease was due to digital wallet withdrawal during the period. The Company converted digital assets to fiat currencies to provide support to business operations. Generally, the increase of balance is attributable to appreciation of digital assets, funding of digital wallets through acquisition of stable coins with cash, digital asset drops pursuant to the SAFT arrangement vesting schedules and the decrease is attributable to depreciation of digital asset holdings, digital assets being used as payments for services, conversion of digital assets to fiat currencies, i.e., a digital wallet withdrawal.

**Property and equipment**

During the year ended December 31, 2022, the Company acquired new items of property and equipment of \$3,753 which was offset by depreciation of \$8,424 recorded in the year ended December 31, 2022.

**Intangible assets**

The Company entered the Fuku Purchase Agreement on March 17, 2022, pursuant to which the Company acquired from the vendor thereunder, all of such vendor's right, title and interest to the Fuku Assets. The total purchase price for the Fuku Assets was agreed between the Company and vendor as 1,212,122 common shares of the Company at \$1.00 per common share. The management concluded that this acquisition does not constitute a business combination, therefore an asset acquisition accounting was applied accordingly. The Company incurred \$20,000 of transaction costs which were capitalized. Given the recent high volatility of crypto markets, the Company decides to defer the launch of Fuku tokens and will be able to assess the recoverable amount once an active market for Fuku tokens is established.

Pursuant to the Fuku Purchase Agreement, the vendor of the Fuku Assets has agreed and will contribute, for twelve months following the closing of such transaction, transitional managerial support for the Fuku Marketplace and strategic consulting services to the Company for running the Fuku Marketplace.

Fuku Assets are subject to an annual impairment test and the result of this analysis showed the asset was impaired as a result the impairment recorded was \$1,232,122 for the year ended December 31, 2022, which resulted in a carrying value of \$nil as of December 31, 2022.

**Investments**

On August 11, 2021, the Company acquired \$31,262 in units of UN Fund I, a series of Evan Singh Luthra Funds, LP (the "Fund"), which has been formed under the laws of the State of Delaware for the primary purpose of purchasing, on a private placement's basis, the series of Unocoin Technologies, PTE. Ltd., a Singapore Private Limited Company. Fund GP, LLC, is a limited liability company also organized under the laws of the State of Delaware. Investment advisor is AngelList Advisor, LLC.

On October 15, 2021, the Company entered into a binding letter of intent with the former CEO of the Company for the purchase of his holdings in Fantasy Revolution, S.A. a Portuguese company ("Realfevr"). The Company was to issue 833,333 common shares in exchange for 173,710 common shares of Realfevr. The parties entered into the share exchange agreement in relation to this transaction on January 11, 2022, at which time the 833,333 common shares were issued and the Company received the undertaking from the former CEO for the delivery for the Realfevr common shares upon completion of Realfevr's corporate reorganization. The Company used the recent capital raise of Realfevr to determine its fair market value. As a result, a write up of \$819,730 was performed on the original purchase price of \$500,000.

On November 22, 2021, the Company acquired \$208,711 in membership units of SHIMA 11NCH SPV LLC, a Delaware limited liability company ("SHIMA") which was fair valued at \$215,314 as at December 31, 2021.

As of December 31, 2022, the management decided to revalue the carrying value of investment in Fund and SHIMA to zero due to uncertainty on the recoverability of these investments arising mainly due to the global economic challenges relating to crypto markets and lack of marketability.



**Trade payables and accrued liabilities**

This balance includes liabilities incurred in a regular course of business. The balance arises due to the timing difference of recognition and settlement.

**Advances payable**

The Company refunded individuals monies that were advanced for private placement in the year ended December 31, 2021 as no common shares were issued. No balances outstanding as of December 31, 2022.

**Shareholders' equity**

Shareholders' equity largely decreased due to the increase of comprehensive net loss of \$8,342,841, offset by gross proceeds of \$2,515,002 from a non-brokered private placement and issuance of common shares for investment (\$500,000), intangible assets (\$1,212,122), services (\$125,000), performance share units (\$660,000) and increase in share-based payment reserves (\$1,109,093).

**Contractual Obligations**

The following table summarizes the Company's contractual obligations, including payments due for each of the next five years and thereafter

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	1 – 3 years	3 – 5 years	After 5 years
	\$	\$	\$	\$	\$
Fuku contributions (1)	169,662	169,662	—	—	—
<b>Total Contractual Obligations</b>	<b>169,662</b>	<b>169,662</b>	<b>—</b>	<b>—</b>	<b>—</b>

Notes:

- (1) The total contribution is offset by any amounts to developers for the launch of Fuku Marketplace, a decentralized digital marketplace, consisting of the client facing store front, instance-routing vault registry and registry vault wrapper. For the year ended December 31, 2022, the total payments to developers of Fuku Marketplace is \$230,338. The net contractual obligation balance is \$169,662 as of the date hereof. The vendor is to deliver the Fuku tokens for the Fuku contributions made by the Company at a future date.

**Completed Agreements**

The Company entered the Fuku Purchase Agreement on March 17, 2022, pursuant to which the Company acquired from the vendor thereunder, the Fuku Assets. The total purchase price for the Fuku Assets was agreed between the Company and vendor as \$727,273. The Company satisfied such purchase price through the issuance of Common Shares.

On March 18, 2022, the Company entered into a non-binding letter of intent the Sherwa LOI with Sherwa and the Sherwa Shareholders, setting forth the terms and conditions of the proposed acquisition by the Company of all of the issued and outstanding Sherwa Shares in consideration for 2,000,000 common shares of the Company.

On March 24, 2022, the Company advanced \$120,000 to Sherwa, evidenced by a promissory note issued by Sherwa to the Company in the amount of \$120,000, bearing interest at 1.0% per annum, and secured by a founding shareholder's guarantee and pledge of 5,000,000 Sherwa Shares, representing approximately 39.03% of the total Sherwa Shares.

On June 16, 2022, the Company and current shareholders of Sherwa entered into a binding letter of intent to acquire all Sherwa Shares. The letter of intent is subject to several conditions to completion, including entering into a definitive agreement. On closing of the transaction, NFT Tech is expected to issue 2,500,000 common shares, issued pro rata to the shareholders of Sherwa. In addition, NFT Tech will assume Sherwa's outstanding related party loans and expects to settle such loans on closing.

During the year ended December 31, 2023, the Company and Run it Wild, entered into a definitive agreement (and further amended version) for the acquisition of Run it Wild. Based on the proposed transaction, NFT Tech will issue 10,000,000 common shares of the Company and a cash payment of \$50,000 in exchange for acquiring all of the issued and outstanding shares of Run it Wild. The Company appointed Adam De Cata as Chief Executive Officer of the Company. Adam replaced Mario Nawfal, who now serves as a strategic advisor to NFT Tech.

**Transactions with Related Parties**

See "Part V – Accounting Policies, Estimates and Internal Controls – Related party transactions".

**Outstanding Share Data**

As of the date hereof, the Company has 105,318,659 common shares. In addition, the Company has 13,832,052 common share purchase warrants and 5,732,000 options to purchase common shares.

## **Off-Balance Sheet Arrangements**

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial position of the Company including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

## **PART IV – RISKS**

The Company is subject to many risks which are outlined in the Company's preliminary long form non-offering prospectus under the section entitled "Risk Factors", which is available on SEDAR at [www.sedar.com](http://www.sedar.com). In addition, please see "*Part V – Accounting Policies, Estimates, and Internal Controls – Capital Management – Financial Instruments and Financial risk management*" for the analysis of financial risk factors.

## **PART V – ACCOUNTING POLICIES, ESTIMATES, AND INTERNAL CONTROLS**

### **Significant Accounting Policies**

The Company has prepared the accompanying financial statements in accordance with International Financial Reporting Standards ("IFRS"). Significant accounting policies are described in Note 4 of the Company's financial statements as at and for the year ended December 31, 2022.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

### **Accounting Estimates and Judgments**

In the application of the Company's accounting policies, management is required to make judgments, estimates, and assumptions that affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses for the periods presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

### **Judgments**

Judgment is used in situations when there is a choice and/or assessment required by management. The following are critical judgments apart from those involving estimations that management has made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognized in the financial statements.

### **Going concern**

Determining if the Company has the ability to continue as a going concern is dependent on its ability to secure debt and equity financing, and to achieve profitable operations. Certain judgements were made when determining if and when the Company will secure debt and equity financing and achieve profitable operations.

### **Indicators of impairment**

The Company assesses the impairment of its assets in accordance with International Accounting Standards ("IAS") 36. Management of the Company applies judgment throughout the fiscal year in assessing whether any events, facts, or circumstances are potential indicators of impairment.

### **Classifications of digital assets and digital collectibles**

The accounting treatment of the digital assets and digital collectibles requires judgement to be classified as either inventory, intangible assets or investments.

### **Estimates**

Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate or assumption is made. Critical accounting estimates are also those that could potentially have a material impact on the Company's financial results where a different estimate or assumption is used. The significant areas of estimation uncertainty are:

**Valuation of digital currencies (digital assets and collectibles)**

Digital assets are considered to be identifiable non-monetary assets without physical substance and are treated as intangible assets not subject to amortization under the scope of IAS 38 Intangible Assets. Digital assets are measured at fair value using the quoted price on <https://www.coingecko.com/>. The Company also confirms quoted price on <https://coinmarketcap.com/> to ensure accuracy. Any price difference is considered immaterial. Management considers this fair value to be Level 2 input under IFRS 13 Fair Value Measurement fair value hierarchy as these are quoted prices on active markets that the Company can access on the measurement date.

**Carrying value of note receivable**

The Company's estimate of allowance on note receivable is based on an Expected Credit Loss ("ECL") approach that employs an analysis of historical data, economic indicators and experience of delinquency and default to estimate the amount that may default as a result of past or future events, with certain adjustments for other relevant circumstances influencing the recoverability of these notes receivable.

Default rates, loss rates and the expected timing of future recoveries are periodically benchmarked against actual outcomes to ensure that they remain appropriate. Future customer behaviour may be affected by several factors, including changes in interest and unemployment rates and program design changes. Impairment of loans is assessed based on whether there has been a significant increase in credit risk since origination and incorporation of forward-looking information in the measurement of expected credit losses.

**Impairment of intangible assets**

The Company evaluates each asset or cash generating asset every reporting period to determine whether there are any indications of impairment. If any such indication exists, which is often judgmental, a formal estimate of recoverable amount is performed, and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use. The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as revenue growth rate, market share, and required return on venture investments. When required, the determination of fair value and value in use requires management to make estimates and assumptions about expected revenue from service contracts, growth rate of revenue generating asset, and costs of disposal. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in the statement of comprehensive income.

**Investments**

The fair value of investments that are not traded in an active market is determined using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see Note 11.

The directors have determined that they do not control any of the Company's investments, primarily as in all cases the Company's interest in the equity of these companies are less than 5% and the Company is not exposed, and has no right, to variable returns from these companies.

**Useful life of property and equipment**

Property and equipment consist of computers, furniture and fixtures which have an estimated useful life of 3 and 5 years respectively are depreciated on a straight - line basis. The estimated useful lives and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

**Shares issued for services and investments**

The Company estimated the fair value of shares issued for services and investments by reference to the share value observed in private placement equity financings that were completed around the time of provision of services and acquisition of investments.

**Share-based payments**

The Company uses the Black-Scholes option pricing model to determine the fair value of performance share units (PSU), broker warrants, and stock options. In estimating the fair value, management is required to make certain assumptions and estimates such as the fair value of the underlying share, the expected life of the units, shares, warrants or stock options, volatility of the Company's future share price, risk-free rate, future dividend yields, and estimated forfeitures. Changes in assumptions used to estimate fair value could result in different outcomes.

**Revenue recognition**

The Company recognizes revenue from minting and resale of non-fungible tokens (NFTs), play-to-earn gaming and commission earned on an auction site. As consideration for these services, the Company receives digital collectible or assets from the mining pools in which it participates. Revenue is recognized when the Company receives payouts from the mining pools in which it participates.

Determination of separate elements under the terms of the contract and completion of performance obligation may be subject to significant judgment exercised by management.

**Related Party Transactions**

The Company compensates its key management personnel, which includes the Company's executive officers and directors. The compensation payments, including share-based payments, are in the normal course of business.

**Key management personnel compensation**

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company defines key management personnel as being the directors and key officers.

The compensation awarded to key management personnel is as follows:

Year ended December 31,	2022	2021
	\$	\$
Management fees	417,844	483,028
Share-based payments	390,164	233,341
Director fees	19,700	—
<b>Total compensation</b>	<b>827,708</b>	<b>716,369</b>

The management and director fees owed to key management personnel:

As at December 31,	2022	2021
	\$	\$
Executive Chairman	163,044	112,584
Former CEO	—	22,073
Former CFOs	—	2,662
Former Finance Manager	—	4,776
<b>Total management fees payable included in trade payables and accrued liabilities balance</b>	<b>163,044</b>	<b>142,095</b>

**Other related party transactions**

Other related party transactions during the year:

Year ended December 31,	2022	2021
	\$	\$
Development and marketing costs paid to a legal entity controlled by former CEO	—	890,289
Other consulting fees charged by the entity controlled by former CFO	—	140,000
Share-based payments to the father of former CEO due to vesting of stock options	—	2,713
	<b>—</b>	<b>1,033,002</b>

**Other related party balances**

Balances from other related party transactions:

As at December 31,	2022	2021
	\$	\$
Prepaid development costs charged by the legal entity controlled by former CEO (included in prepaid expenses balance)	—	99,390
Other balance owed to Executive Chairman (included in trade payables and accrued liabilities balance)	—	584

## **Accounting Policies**

The Company adopted the following accounting standards during the year ended December 31, 2022:

### **Advances of Simple Agreement for Future Tokens (SAFTs)**

The Company has classified digital assets as long-term where the digital assets acquired via SAFT which have terms where the digital assets are to be released over time. SAFT is a contractual investment agreement that involves the agreement of the authorized investors to finance the crypto developers' projects in exchange for crypto tokens at a future date. The SAFT contract is deemed a financial asset which is measured at fair value using an options pricing model with fair value changes recorded within statement of loss.

### **Digital collectibles**

Digital collectibles consist of NFTs and gaming guild NFTs. Digital collectibles meet the definition of IAS 2 Inventory as these NFTs are held for sale in the ordinary course of business. They are recorded at lower cost or net realizable value. Net realizable value is the estimated selling price of digital collectibles during the normal course of business less estimated selling expenses.

### **Investments**

The investments are made by way of membership units or common stock of the entity.

Securities, including shares, options, and warrants which are traded on a recognized securities exchange and for which no sales restrictions apply are recorded at fair values based on quoted closing prices at the statement of financial position date or the closing price on the last day the security traded if there were no trades at the statement of financial position date.

Securities in privately held companies (other than options and warrants) are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the Company's management estimates the fair value of investments using a valuation technique.

With respect to valuation, the financial information of private companies in which the Company has investments may not always be available, or such information may be limited and/or unreliable. Use of the valuation approach may involve uncertainties and determinations based on the Company's judgment and any value estimated from these may not be realized or realizable. In addition, the Company will take into account general market conditions when valuing the privately held investments in its portfolio. In the absence of occurrence of any of these events or any significant change in general market conditions indicates generally that the fair value of the investment has not materially changed.

The investments are considered financial assets which are measured at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of loss.

### **Intangible assets**

Intangible assets with finite useful lives are recorded at cost less accumulated amortization and accumulated impairment losses. They are amortized on a straight-line basis over their estimated useful lives.

Intangible assets with indefinite useful lives are measured at cost, less any accumulated impairment and are not amortized.

The estimated useful life and amortization method are reviewed at the end of each reporting year, with the effect of any changes in estimate being accounted for on a prospective basis.

### **Note receivable**

Long-term receivable is recognized when the right to receive the amount is established and the amount can be measured reliably in accordance with the terms of the contract. These receivables are derecognized on repayment, or when written off, or substantially all of the risks and rewards of ownership are transferred. Per IFRS 9.5.5.3 at each reporting date, the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

**Impairment of non-financial assets**

The Company assesses the recoverable amount of non-financial assets, at each reporting period, for indicators of impairment. If any indication exists the Company estimates the recoverable amount for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount which is the higher of fair value less costs of disposal and its value in use. In assessing value in use, the estimate future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs of disposal, recent market transactions are considered or an appropriate valuation model is used. An impairment loss is recognized in the statement of loss if the carrying amount of an asset or CGU exceeds its recoverable amount.

A previously recognized impairment loss is reversed when there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited to its recoverable amount and cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of loss.

**Revenue**

The Company's revenue is derived from the following business segments:

- Minting and resale of non-fungible tokens (NFTs)
- Play-to-earn gaming
- Commission earned on an auction site

The Company recognizes revenue in accordance with IFRS 15, Revenue from contracts with customers, which follows the following five-step contract-based analysis of transactions to determine if, when and how much revenue can be recognized:

1. Identify the contract with a customer;
2. Identify the performance obligation(s) in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation(s) in the contract; and
5. Recognize revenue when or as the Company satisfies the performance obligation(s).

Revenue is recognized when a performance obligation is satisfied and the customer obtains control of promised goods and services. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for these goods and services.

**Digital assets and NFT resale**

The legally binding contracts are regulated by platforms and smart contract mechanisms that set rights and obligations of counterparties to a sell/buy transaction, performance obligation is a transfer of digital assets from the party which wishes to sell to the party who wishes to buy such digital assets. Transaction price is the agreed upon price at the time of transaction, which is allocated to a single performance obligation in its entirety and recognized at a point in time as performance obligation is fulfilled.

**Play-to-earn gaming**

The Company engages "game scholars," individuals who play games on behalf of the Company, with the goal to earn game-based digital assets. The players use the Company's game assets, digital assets, to play games and receive a fee in return for their service. The rights and obligations are set out by a legally binding agreement, performance obligation is completion of game-based tasks for a reward which is automatically deposited to the Company-owned wallet. The transaction price is determined based on a market price of digital asset(s) received and recognized at a point in time when delivery occurs.

**Auction fee sharing**

The Company earns a portion of auction fee for each NFT sale completed, the rights and obligations are governed by a smart contract mechanism on the auction's blockchain. The performance obligation is a sale of NFT. The transaction price is the fee amount on each completed transaction and is allocated to one performance obligation in its entirety, which is recognized at a point in time when NFT sale is completed.

**Leases**

The Company recognizes a right-of-use asset and a lease obligation at the lease commencement date. The right of-use asset is initially measured at cost, which comprises the initial amount of the lease obligation adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease obligation.

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

Lease payments included in the measurement of the lease obligation comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise prices under a purchase price option that the Company is reasonably certain to exercise,
- Payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease obligation is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease obligation is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease obligations for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Capital Management**

The Company's objective and policies for managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes changes based on economic conditions, risks that impact the operations and future significant capital investment opportunities. In order to maintain or adjust its capital structure, the Company may issue new equity instruments or raise additional debt financing.

The Company is exposed to a variety of financial risks by virtue of its activities: market risk, interest rate risk, liquidity risk and foreign currency risk. The Board of Directors has overall responsibility for the determination of the Company's capital and risk management objectives and policies while retaining ultimate responsibility for them. The Company's overall capital and risk management program has not changed throughout the year. It focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by the finance department under policies approved by the Board of Directors. The finance department identifies and evaluates financial risks in close cooperation with management.

**Financial Instruments and Financial Risk Management**

The Company's financial assets include cash and cash equivalents, Restricted cash, advances for SAFTs, note receivable, and investments. The Company's financial liabilities include trade payables and accrued liabilities and advances payable.

**Digital asset risk**

Digital asset risk is the risk that the fair value of digital assets will fluctuate because of the changes in the price of digital assets. The price of cryptocurrencies such as ETH, stable and other coins or tokens, and NFTs fluctuate significantly.

### Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Credit risk for the Company is primarily associated with the Company's bank balances.

The Company mitigates credit risk associated with its bank balance by only holding cash and cash equivalents with large, reputable financial institutions.

### Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk.

### Interest rate risk

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

### Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to any significant price risks with respect to its financial instruments.

### 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 generally relies on external financing or key management to provide sufficient liquidity to meet budgeted operating requirements. The following tables set forth details of the payment profile of financial liabilities based on their undiscounted cash flows:

As of December 31, 2022	Total carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	More than 5 years
		\$	\$	\$	\$
Trade payables and accrued liabilities	270,748	270,748	270,748	—	—
<b>Total</b>	<b>270,748</b>	<b>270,748</b>	<b>270,748</b>	<b>—</b>	<b>—</b>

As of December 31, 2021	Total carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	More than 5 years
		\$	\$	\$	\$
Trade payables and accrued liabilities	215,131	215,131	215,131	—	—
Advances payable	30,575	30,575	30,575	—	—
<b>Total</b>	<b>245,706</b>	<b>245,706</b>	<b>245,706</b>	<b>—</b>	<b>—</b>

Taking into consideration the Company's current cash position, volatile equity markets, global uncertainty in the capital markets and increasing cost pressures, the Company is continuing to review its needs to seek financing opportunities in accordance to its capital risk management strategy.

### Foreign currency risk

Foreign currency risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company maintains financial instruments and enters into transactions denominated in foreign currencies, principally in USD, which exposes the Company to fluctuating balances and cash flows due to various in foreign exchange rates.

The table below indicates the foreign currencies to which the Company has significant exposure in Canadian dollar terms:

As at December 31,	2022	2021
	\$	\$
Cash	18,040	419,931
Trade payables and accrued liabilities	(36,509)	(57,985)
<b>Net monetary assets</b>	<b>(18,469)</b>	<b>361,946</b>

Assuming all other variables remain constant, a fluctuation of +/- 5.0% in the exchange rate between CAD and USD would impact the net loss by approximately \$1,000 in the year ended December 31, 2022.

In addition, the Company is exposed to Euro and CAD currency fluctuations through its investment Euro in Realfevr. As of December 31, 2022, the Company is exposed by \$1,319,730 (2021: nil).



**Market Risk for Securities**

The Company is a reporting issuer whose common shares are listed for trading on a stock exchange. There can be no assurance that an active trading market for the Company's common shares will be sustained in the future. The market price for the Company's common shares could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the Company's securities. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

**Global Economic Risk**

Economic slowdown and downturn of global capital markets would make raising of capital through equity or debt financing more difficult. The Company will be dependent upon capital markets to raise additional financing in the future. The Company is subject to liquidity risks in meeting developmental and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to the Company and its management. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized resulting in an adverse impact on the Company's operations and the price of the Company's common shares.

**Share Price Volatility Risk**

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly cryptocurrency companies, like the Company, have experienced wide fluctuations that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that these price fluctuations and volatility will not continue to occur.

**Management's Report on Disclosure Controls and Procedures and Internal Control over Financial Reporting**

Management is responsible for establishing and maintaining adequate disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, for the Company. The DC&P provide reasonable assurance that material information relating to the Company is made known to the Chief Executive Officer and the Chief Financial Officer of the Company. The ICFR have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

No changes were made in the Company's design of internal controls over financial reporting during year ended December 31, 2022, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting. The Company is still in early days of establishing a system of internal controls.

Due to inherent limitations in all controls systems, a control system can provide only reasonable, not absolute assurance, that the objective of the control system is met and may not prevent or detect misstatements or instances of fraud. Management's estimates may be incorrect, or assumptions about future events may be incorrect, resulting in varying results. Additionally, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people or by Management override.