



## **NFT Technologies Inc.**

**Condensed Interim Consolidated Financial Statements (Unaudited)**

**For the six months ended June 30, 2023 and 2022**

*(Expressed in Canadian Dollars, unless otherwise noted)*

# NFT Technologies Inc.

## CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2023 and 2022

<b>CONTENTS</b>	<b>Page</b>
<b>Management's Responsibility Statement</b>	1
<b>Notice of No Auditor's Review of Condensed Interim Consolidated Financial Statements</b>	1
<b>Financial Statements</b>	
Condensed Interim Consolidated Statements of Financial Position	2
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss	3
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity	4
Condensed Interim Consolidated Statements of Cash Flows	5
<b>Notes to the Condensed Interim Consolidated Financial Statements</b>	6 - 21

## **MANAGEMENT'S RESPONSIBILITY STATEMENT**

The management of NFT Technologies Inc. (the "Company"), is responsible for preparing the unaudited condensed interim consolidated financial statements, the notes to the unaudited condensed interim consolidated financial statements and other financial information contained in these unaudited condensed interim consolidated financial statements (the "condensed interim consolidated financial statements").

Management prepares the condensed interim consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"). The condensed interim consolidated financial statements are considered by management to present fairly the Company's financial position and results of operations.

The management, in fulfilling its responsibilities, has developed and maintains a system of internal accounting controls designed to provide reasonable assurance that management assets are safeguarded from loss or unauthorized use, and that the records are reliable for preparing the condensed interim consolidated financial statements.

Wayne Lloyd  
Interim Chief Executive Officer  
August 22, 2023

### **NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102 "Continuous Disclosure Obligations", if an auditor has not performed a review of the interim financial statements, the financial statements must be accompanied by a notice indicating that they have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated 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 interim consolidated financial statements in accordance with standards established by CPA (Chartered Professional Accountants) Canada for a review of interim financial statements by an entity's auditor.

August 22, 2023

**NFT Technologies Inc.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**As of June 30, 2023 and 2022**  
Expressed in Canadian Dollars

	Notes	June 30, \$	December 31, \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		24,276	148,271
Restricted cash		5,000	5,000
Digital collectibles	9	51,051	43,212
Prepaid expenses and deposits	6	11,763	103,277
Advances for SAFTs	7	493,926	562,800
Taxes recoverable		104,365	—
Loans receivable	8	201,200	—
<b>Total current assets</b>		<b>891,581</b>	<b>862,560</b>
<b>Non-current assets</b>			
Digital assets	10	14,606	55,838
Property and equipment	11	14,001	18,984
Goodwill	5	1,198,113	—
Investments	12	1,319,730	1,319,730
<b>Total non-current assets</b>		<b>2,546,450</b>	<b>1,394,552</b>
<b>Total assets</b>		<b>3,438,031</b>	<b>2,257,112</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables and accrued liabilities	17	1,162,158	270,748
Loans payable	8	412,860	—
<b>Total liabilities</b>		<b>1,575,018</b>	<b>270,748</b>
<b>EQUITY</b>			
Share capital	5,13	14,954,222	13,947,463
Share-based payment reserve	14	2,686,812	2,422,842
Share subscriptions receivable	14	(206,629)	(25,000)
Shares to be issued	14	15,000	—
Accumulated deficit		(15,590,259)	(14,358,941)
Accumulated other comprehensive income		3,867	—
<b>Total shareholders' equity</b>		<b>1,863,013</b>	<b>1,986,364</b>
<b>Total liabilities and shareholders' equity</b>		<b>3,438,031</b>	<b>2,257,112</b>

Going concern (Note 1)  
Commitments (Note 17)  
Subsequent event (Note 22)

Approved on behalf of the Board of Directors on August 22, 2023.

“Wayne Lloyd”  
\_\_\_\_\_  
Director

“Kelly Allin”  
\_\_\_\_\_  
Director

## NFT Technologies Inc.

### Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the Six Months Ended June 30, 2023 and 2022

Expressed in Canadian Dollars except number of shares

	Notes	June 30, \$	June 2022, \$
Revenue	20	64,385	923,340
Cost of revenue		247,915	319,205
Gross loss		(183,530)	604,135
<b>Expenses</b>			
General and administration	18	950,717	2,912,516
Sales and marketing		22,072	831,446
Research and development		—	261,958
<b>Total expenses</b>		<b>(972,789)</b>	<b>(4,005,920)</b>
<b>Operating loss</b>		<b>(1,156,319)</b>	<b>(3,401,785)</b>
<b>Other income (expenses)</b>			
Finance income		—	786
Listing costs		(17,772)	(546,786)
Unrealized gain/(loss) from revaluation of advances of SAFT	7	(68,874)	—
Expected credit loss on note receivable	8	—	—
Realized gain from revaluation of advances of SAFT	7	—	—
Gain from revaluation of digital collectibles	9	7,839	—
Unrealized loss from investments		—	(513,606)
Foreign exchange loss		—	(2,245)
Other income (expenses)		3,807	(4,730)
<b>Loss before tax</b>		<b>(1,231,319)</b>	<b>(4,468,366)</b>
Income tax recovery (expense)		—	—
<b>Net loss</b>		<b>(1,231,319)</b>	<b>(4,468,366)</b>
<b>Other comprehensive income (expense)</b>			
Gain from revaluation of digital assets	9,10	(8,364)	(138,351)
Exchange differences on translation		12,231	—
<b>Net and comprehensive loss</b>		<b>(1,227,452)</b>	<b>(4,606,717)</b>
<b>Loss per share – basic and diluted</b>	19	<b>(0.01)</b>	<b>(0.06)</b>
<b>Weighted average number of common shares outstanding – basic</b>	19	<b>99,305,087</b>	<b>78,041,852</b>

## NFT Technologies Inc.

### Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the Six Months Ended June 30, 2023 and 2022

Expressed in Canadian Dollars

	Notes	Share \$	Share-based \$	Share \$	Share to be \$	Accumulated \$	Accumulated \$	Total \$
<b>Balance – December 31, 2021</b>		9,214,902	1,313,749	(25,000)	–	(6,016,100)	–	4,487,551
Shares issued in private placements		1,495,000	–	–	–	–	–	1,495,000
Shares issued for investment		500,000	–	–	–	–	–	500,000
Shares issued for asset acquisition		1,212,122	–	–	–	–	–	1,212,122
Issuance of RSUs		–	33	–	–	–	–	33
Share issued upon conversion of RSUs		33	(33)	–	–	–	–	–
Share-based payment - PSU		–	321,316	–	–	–	–	321,316
Share issued upon conversion of PSUs		660,000	(660,000)	–	–	–	–	–
Exercise of stock options		3,837	(506)	–	–	–	–	3,331
Share-based payments - stock Options		–	1,093,894	–	–	–	–	1,093,894
Net loss for the period		–	–	–	–	(4,606,717)	–	(4,606,717)
<b>Balance – June 30, 2022</b>		<b>13,085,894</b>	<b>2,068,453</b>	<b>(25,000)</b>	<b>–</b>	<b>(10,622,817)</b>	<b>–</b>	<b>4,506,530</b>
<b>Balance – December 31, 2022</b>		13,947,463	2,422,842	(25,000)	–	(14,358,941)	–	1,986,364
Shares issued in private placements		456,964	168,581	(181,629)	15,000	–	–	458,916
Share issue costs, cash		(205)	–	–	–	–	–	(205)
Shares issued for acquisition		550,000	–	–	–	–	–	550,000
Gain from revaluation of digital assets		–	–	–	–	–	(8,364)	(8,364)
Exchange differences on translation		–	–	–	–	–	12,231	12,231
Share-based payment		–	95,390	–	–	–	–	95,390
Net loss for the period		–	–	–	–	(1,231,319)	–	(1,231,319)
<b>Balance – June 30, 2023</b>		<b>14,954,222</b>	<b>2,686,813</b>	<b>(206,629)</b>	<b>15,000</b>	<b>(15,590,260)</b>	<b>3,867</b>	<b>1,863,013</b>

**NFT Technologies Inc.****Condensed Interim Consolidated Statements of Cash Flows**

For the Six Months Ended June 30, 2023 and 2022

Expressed in Canadian Dollars

	Notes	June 30,	June 2022,
		\$	\$
<b>OPERATING ACTIVITIES</b>			
Net loss		(1,231,319)	(4,606,717)
<i>Non-cash items:</i>			
Unrealized effect of foreign currency		(2,859)	—
Depreciation		4,983	4,311
Share-based payments		95,390	1,415,243
Finance income		—	(786)
Unrealized gain/(loss) from revaluation of advances of SAFT		68,874	—
Realized gain from revaluation of advances of SAFT		—	138,351
Gain from revaluation of digital collectibles		(7,839)	—
Impairment of intangible assets		—	—
Loss on Digital Asset		41,232	—
Unrealized loss from investments		—	513,606
<i>Changes in non-cash working capital items:</i>			
Loans receivable		16,760	—
Prepaid expenses and deposits		91,514	(1,431,011)
Taxes recoverable		(2,976)	—
Trade payables and accrued liabilities		425,384	(52,446)
Loan payable		5,906	(30,575)
<b>Net cash used in operating activities</b>		<b>(494,950)</b>	<b>(4,050,024)</b>
<b>INVESTING ACTIVITIES</b>			
Subscription of loan receivable		(16,760)	—
Sale of digital assets		24,052	—
Addition of digital assets		(40,916)	(127,194)
Addition of property and equipment		(4,983)	(3,014)
Addition of intangible assets		—	(20,000)
Loan Advance		—	(480,000)
Cash paid on acquisition, net of acquired		(49,149)	—
<b>Net cash used in investing activities</b>		<b>(87,756)</b>	<b>(630,208)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from private placements		458,916	1,498,331
Share issue costs		(205)	—
<b>Net cash provided by financing activities</b>		<b>458,711</b>	<b>1,498,331</b>
Increase (decrease) in cash		(123,995)	(3,181,901)
Cash, beginning of period		148,271	3,918,120
<b>Cash, end of period</b>		<b>24,276</b>	<b>736,219</b>

#### **NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN**

NFT Technologies Inc. (the “Company”) was incorporated in the province of British Columbia on March 1, 2016. The Company changed its name from 1066666 B.C. Ltd. to NFT Technologies Inc. on March 18, 2021. The Company’s head office is located at Suite 202, 1965 West 4<sup>th</sup> Avenue, Vancouver, BC, V6J 1M8. The company is traded on the NEO Exchange under the ticker symbol NFT.NE.

The Company is working in the non-fungible token (“NFT”) space of unique digital assets and environments to develop new technologies, invest in digital assets to provide exposure to investment in NFTs and the metaverse, and advise creators and platforms in the space. The Company also works to develop infrastructure, assets, real estate, and IP in the metaverse, build and generate revenue from web3 games and assets, and bring insights and benefits to the public markets. By bridging the gap between traditional capital markets and the Web3 space, NFT Tech is mainstreaming decentralized ownership, NFTs, and the metaverse.

#### **Going Concern**

During the six months ended June 30, 2023, the Company incurred a net loss of \$1,231,319 and negative cash flows from operating activities of \$494,950. As at June 30, 2023, the Company has an accumulated deficit of \$15,590,260 and working capital deficiency of \$684,437. Management is actively seeking additional sources of financing to ensure continued operations, while seeking additional revenue sources while executing on cost containment strategies to further sustain its business.

During the six months ended June 30, 2023, the Company reduced a significant amount of development costs, and expects to remain diligent on its cost-cutting initiatives to effectively reduce operating losses for fiscal 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 condensed interim consolidated 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.

#### **NOTE 2 – BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE**

##### **a) Statement of compliance**

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”). The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the years ended December 31, 2022 and 2021, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

These condensed interim consolidated financial statements were approved by the Board of Directors for issue on Aug 15, 2023.

##### **b) Basis of presentation**

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. The significant accounting policies, as disclosed, have been applied consistently to all periods presented in these condensed interim consolidated financial statements. All balances presented are expressed in Canadian dollars.

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company.

c) Basis of consolidation

The financial statements of the subsidiary are included in the condensed interim consolidated financial statements from the date that control commences until the date control ceases.

Intercompany balances and transactions, and unrealized gains arising from intercompany transactions are eliminated in preparing the condensed interim consolidated financial statements.

**NOTE 3 – USE OF JUDGEMENTS AND ESTIMATES**

In preparing these condensed interim consolidated financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the Annual Financial Statements.

Information about assumptions made in measuring fair values is included in Note 16.

**NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES**

Except as described below, the accounting policies applied in these condensed interim consolidated financial statements are the same as those applied in the Company's financial statements as at and for the year ended December 31, 2022.

The Company adopted the following accounting policies during the six months ended June 30, 2023:

**Business combinations**

The Company applies the acquisition method in accounting for business combinations by allocating the purchase price to the fair value of the assets acquired at the acquisition date, with any difference recognized as goodwill.

Judgement is used in determining whether an acquisition is a business combination or an asset acquisition. In determining the allocation of the purchase price in a business combination, estimates including market based and appraisal values are used.

The Company measures all assets acquired and liabilities assumed at their acquisition date fair values. Acquisition related costs are recognized as expenses in the periods in which the costs are incurred and the services are received (except for the costs to issue debt or equity securities which are recognized according to specific requirements). The excess of the aggregate of the consideration transferred to obtain control over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

**Goodwill**

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those CGUs.

Where goodwill has been allocated to a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

#### **Accounting pronouncements adopted**

The following new standards, amendments and interpretations have been issued are effective for the fiscal year ending December 31, 2023 and, accordingly, have been applied in preparing these condensed interim consolidated financial statements.

##### Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The adoption of these amendments did have a material impact on the Company's condensed interim consolidated financial statements.

##### IAS 12: Amendment to IAS 12, Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

In May 2021, the IASB issued targeted amendments to IAS 12 – Income Taxes to specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, companies are exempt from recognizing deferred tax when they recognize assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations transactions for which companies recognize both an asset and a liability.

The amendments clarify that the exemption does not apply and that companies are required to recognize deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted. The adoption of these amendments did have a material impact on the Company's condensed interim consolidated financial statements.

##### Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

On February 12, 2021, the IASB issued Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements). The amendments help companies provide useful accounting policy disclosures. The amendments are effective for annual periods beginning on or after January 1, 2023. The adoption of these amendments did have a material impact on the Company's condensed interim consolidated financial statements.

#### Accounting pronouncements not yet effective

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ending December 31, 2023 and, accordingly, have not been applied in preparing these condensed interim consolidated financial statements.

##### Amendments to IAS 1: Classification of Liabilities as Current or Non-current

On January 23, 2020, the IASB issued Classification of Liabilities as Current or Non-current (Amendments to IAS 1). The amendments address inconsistencies with how entities classify current and non-current liabilities. The amendments serve to address whether debt and other liabilities with an uncertain settlement date should be classified as current or non-current in the Balance Sheets.

The amendments are effective on January 1, 2024. The Company intends to adopt the amendments in its condensed interim consolidated financial statements or the annual period beginning January 1, 2024. The Company is currently assessing the impact of the amendment.

##### Amendments to IAS 1: Non-current Liabilities with Covenants

In October 2022, the IASB issued Non-current Liabilities with Covenants (Amendments to IAS 1). The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments are effective for annual periods beginning on or after January 1, 2024. The Company intends to adopt these amendments in its Condensed interim consolidated financial statements for the annual period beginning January 1, 2024. The Company is currently assessing the impact of the amendment.

In late June 2023, IFRS released two sustainability-related disclosure standards, together with related Guidance and Basis for Conclusion documents:

- IFRS Sustainability Disclosure Standard S1 – General Requirements for Disclosure of Sustainability-Related Financial Information
  - Sets out general requirements for the content and presentation of sustainability-related information, when reporting in accordance with IFRS sustainability disclosure standards, to aid primary users in their financial decision making relevant to the entity.
- IFRS Sustainability Disclosure Standard S2 – Climate-Related Disclosures
  - Focus on climate related physical and transition risks, and climate related opportunities. Only the climate risks and opportunities that impact the entity's prospects are to be reported

These Standards are to apply to for-profit and public sector entities for annual reporting periods commencing after 1 January 2024. The Company is assessing the impact of these two new sustainability - related disclosures standards.

**NOTE 5 – ACQUISITION**

On February, 24, 2023, the Company completed its acquisition of Run it Wild Pty Ltd. (“RIW”), a company organized under the laws of Australia, an award-winning multidisciplinary Web3 development company. The company and RIW 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.

Upon closing of the Acquisition, the Company issued 10,000,000 common shares and a cash payment of \$50,000 to the shareholders of RIW. The transaction was accounted for as a business combination and has been accounted for by applying the acquisition method. Transaction costs of \$12,727 were expensed with respect to the above acquisition. The goodwill resulting from the allocation of the purchase price to the total fair value of net assets represents revenue growth potential and expected synergies for the Company. The Company recorded \$64,385 of revenue and \$1,231,319 of net loss in the condensed interim consolidated statements of loss and comprehensive loss during the period ended June 30, 2023 post acquisition. Goodwill recognized on acquisition, is expected to be non-deductible for income tax purposes.

As allowed by IFRS 3, the fair values for purchase price allocation as a result of business combination with RIW have been determined provisionally based on limited information. Hence, the initial accounting for the business combination is incomplete and will be adjusted during the ensuing financial year based on more accurate and complete information and analysis during the measurement period.

On the date of acquisition, the Company provisionally recognized goodwill of \$1,198,113. The fair value of the total purchase consideration on the closing date was compared with the total fair value of the assets and liabilities acquired. The resulting provisional purchase price allocation was allocated to goodwill as follows:

<b>Purchase consideration:</b>	\$
Shares issued:	
10,000,000 shares @ 0.055 per share	550,000
Cash	50,000
<b>Total purchase consideration</b>	<b>600,000</b>
<b>Assets</b>	
Cash and cash equivalents	851
Taxes recoverable	101,389
Loan receivable	184,440
<b>Total assets acquired</b>	<b>286,680</b>
<b>Liabilities</b>	
Trade payables	466,026
Loans payable	418,767
<b>Total liabilities acquired</b>	<b>884,793</b>
<b>Net liabilities assumed</b>	<b>(598,113)</b>
<b>Goodwill on acquisition</b>	<b>1,198,113</b>

\*Accordingly, the Company issued 10,000,000 common shares. These shares were fair valued based on the market price of \$0.055 on the closing date of the transaction.

See also Note 22 Subsequent events.

## NFT Technologies Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended June 30, 2023 and 2022

Expressed in Canadian Dollars except otherwise noted

#### NOTE 6 – PREPAID EXPENSES AND DEPOSITS

	June 30, 2023	December 31, 2022
	\$	\$
Insurance	258	86,894
General and administration	11,505	16,383
	<b>11,763</b>	<b>103,277</b>

#### NOTE 7 – ADVANCES FOR SAFTs

	\$
<b>Balance – December 31, 2022</b>	562,800
Fair value adjustment	(68,874)
<b>Balance – June 30, 2023</b>	<b>493,926</b>

The Company determines the fair value of the advances for SAFTs using the Monte Carlo simulation valuation techniques. The Company used the following assumptions:

Expected annual volatility	44% to 162%
Expected life (in years)	0.18 to 0.98
Expected dividend yield	0%
Risk-free interest rate	5.00%
Expected forfeiture rate	0%

#### NOTE 8 – LOANS RECEIVABLE AND PAYABLE

##### Loans receivable

These loans are unsecured, interest free and are due on demand, hence classified under current assets.

##### Loans payable

These loans are unsecured, interest free and are due on demand, hence classified under current liabilities.

#### NOTE 9 – DIGITAL COLLECTIBLES

	NFTs	Gaming Guild NFTs	Total
	\$	\$	\$
<b>Balance – December 31, 2022</b>	47,733	3,318	51,051
Purchases	247,915	–	247,915
Cost of revenue	(247,915)	–	(247,915)
<b>Balance – June 30, 2023</b>	<b>47,733</b>	<b>3,318</b>	<b>51,051</b>

These digital collectibles are acquired for the purpose of promoting and having access to features of sponsored projects. The Gaming Guild NFTs comprise the digital collectibles used for providing the members of the guild (the scholars) with the assets needed to play in the earn-to-play platforms. This is in the normal course of business and for revenue generating

**NFT Technologies Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Six Months Ended June 30, 2023 and 2022**  
Expressed in Canadian Dollars except otherwise noted

purposes. There are 3 dedicated hardware wallets used for holding these assets in cold storage. Most notably, the assets held consist of: 14 ArtBlocks, 3 Beanz, 1 Metacard, 1 Sandbox, 180 Axie Infinity (Axies), and 26 Pegaxy (Pegaxies).

**NOTE 10 - DIGITAL ASSETS**

	\$
<b>Balance – December 31, 2022</b>	<b>55,838</b>
Purchases	–
Sale	–
Payment for purchases of digital collective and payment of office costs	(32,868)
Gain on revaluation	(8,364)
<b>Balance – June 30, 2023</b>	<b>14,606</b>

Digital assets consist of liquid tokens, gaming, SAFT tokens, and Gaming Guild tokens. While the Gaming Guild digital collectibles are non-fungible assets, Gaming Guild tokens are fungible tokens, used as the currency of the ecosystem (for buying and selling assets, but also as the method of payment for the play-to-earn games). They are initially recorded at cost and the revaluation method is used to measure the digital assets subsequently. Under the revaluation method, increases in fair value are recorded in other comprehensive income, while decreases are recorded in the statement of loss.

The most notable digital assets held as at June 30, 2023 are:

- Liquid tokens: ETH, WETH, USDC, USDT, BUSD and BNB
- Gaming Guild tokens: AXS, SLP, and RON
- Other tokens: A.O.T, H3R03S, GENI and ENV

**NOTE 11 – PROPERTY AND EQUIPMENT**

Cost:	Computer	Furniture and fixtures	Total
	\$	\$	\$
<b>December 31, 2022</b>	<b>27,411</b>	<b>2,417</b>	<b>29,828</b>
Additions	–	–	–
<b>Balance – June 30, 2023</b>	<b>27,411</b>	<b>2,417</b>	<b>29,828</b>
Accumulated Depreciation:	Computer	Furniture and fixtures	Total
	\$	\$	\$
<b>December 31, 2022</b>	<b>10,218</b>	<b>625</b>	<b>10,844</b>
Additions	4,404	579	4,983
<b>Balance – June 30, 2023</b>	<b>14,622</b>	<b>1,204</b>	<b>15,827</b>
Net Book Value	Computer	Furniture and fixtures	Total
	\$	\$	\$
December 31, 2022	17,193	1,792	18,984
<b>Balance – June 30, 2023</b>	<b>12,789</b>	<b>1,213</b>	<b>14,001</b>

**NOTE 12 – INVESTMENTS**

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 had 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. As at December 31, 2022, the Company used the then 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. During the six months ended June 30, 2023, there was no significant change in the fair value of these investments.

**NOTE 13 – SHARE CAPITAL**

Authorized: Unlimited number of voting common shares

	Number of Shares	Amount
Issued and outstanding:	#	\$
<b>Balance – December 31, 2022</b>	<b>87,248,360</b>	<b>13,947,463</b>
Private placement (i)	10,370,299	574,293
Shares issued for acquisition (ii)	10,000,000	550,000
Share issuance cost	–	(205)
<b>Balance – June 30, 2023</b>	<b>107,618,659</b>	<b>15,071,551</b>

(i) The Company completed the below private placements during the six months ended June 30, 2023 as follows:

- During February 2023, the Company issued 1,170,299 units through private placement. Each unit was issued at a price of \$0.15 per unit for gross proceeds of \$175,545. Each unit comprises one common share and one common share purchase warrant. The warrant is exercisable at a fixed price of \$0.30 per share for a period of two years from the date of issuance. The proceeds from issuance of units were allocated between shares and warrants based on proportionate fair values. The proportionate fair value of shares was determined to be \$144,104 based on the share price as of the issuance date. The proportionate fair value of warrants was estimated to be \$31,441 using Black Scholes valuation model. Refer Note 14A for the valuation assumptions.
- During March 2023, the Company issued 7,000,000 units through private placement. Each unit was issued at a price of \$0.05 per unit for gross proceeds of \$350,000. Each unit comprises one common share and one-half of one common share purchase warrant. The warrant is exercisable at a fixed price of \$0.10 per share for a period of six months from the date of issuance. The proceeds from issuance of units were allocated between shares and warrants based on proportionate fair values. The proportionate fair value of shares was determined to be \$330,189 based on the share price as of the issuance date. The proportionate fair value of warrants was estimated to be \$19,811 using Black Scholes valuation model. Refer Note 14A for the valuation assumptions.
- Subscriptions amounting to \$181,629 are receivable against the gross proceeds from the two tranches. 100,000 shares from the February placement valued at \$15,000, will be issued at a future date and have been recorded as shares to be issued.
- The issuance cost on the February and March issuances amounted to \$205, which was paid in cash and adjusted against share capital in the consolidated statements of changes in shareholders’ equity.
- During June 2023, the Company issued 2,300,000 units through private placement. Each unit was issued at a price of \$0.05 per unit for gross proceeds of \$115,000.

(ii) On February 23, 2023, the Company issued 10,000,000 common shares for acquisition of RIW. Refer Note 5 above.

## NFT Technologies Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

#### For the Six Months Ended June 30, 2023 and 2022

Expressed in Canadian Dollars except otherwise noted

#### NOTE 14 – SHARE-BASED PAYMENT RESERVE

On January 14, 2022, the Company established a long-term performance incentive plan (the “Plan”) which awards selected directors, officers, employees, and consultants the right to purchase a number of common shares. The Plan is intended to help the Company secure and retain the services and provide incentives for increased efforts for the success of the Company. The Board of Directors grants share awards from time to time based on its assessment of the appropriateness of doing so in light of the long-term strategic objectives of the Company, its current stage of development, the need to retain or attract particular key personnel, the number of share awards already outstanding and overall market conditions. Prior to the establishment of the Plan, issuance of stock options was performed on an ad-hoc basis and each grant was approved by the Board of Directors.

Below is summary of share-based payment reserve as at June 30, 2023:

#### A. Share purchase warrants

Movements in the number of warrants outstanding and their related weighted average exercise prices are as follows:

	Notes	Number of Warrants	Weighted Average Exercise Price
		#	\$
<b>Balance – December 31, 2022</b>		<b>9,161,753</b>	<b>0.29</b>
Issued		15,883,099	0.14
<b>Balance – June 30, 2023</b>		<b>25,044,852</b>	<b>0.14</b>

Warrants outstanding as at June 30, 2023 were as follows:

	Expiry Date	Outstanding Warrants	Exercise Price
		#	\$
	October 5, 2023	39,800	0.60
	October 5, 2023	116,954	1.50
	August 20, 2024	2,000,000	0.20
	September 26, 2024	1,500,000	0.30
	September 30, 2024	3,500,000	0.10
	October 8, 2024	105,000	0.60
	October 14, 2024	200,000	0.01
	October 11, 2024	5,199,999	0.60
	December 16, 2024	1,800,000	0.10
	December 22, 2024	6,412,800	0.10
	December 30, 2024	3,000,000	0.10
	February 23, 2025	1,170,299	0.30
		<b>25,044,852</b>	<b>0.14</b>

## NFT Technologies Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

#### For the Six Months Ended June 30, 2023 and 2022

Expressed in Canadian Dollars except otherwise noted

Warrants outstanding as at December 31, 2022 were as follows:

Weighted average remaining contractual life of outstanding warrants is 2.52 years as at June 30, 2023 (1.66 years as at December 31, 2022). The Company fair valued the warrants using the Black-Scholes option pricing model with the following weighted average assumptions:

Stock price	\$0.050 to \$0.055
Expected life (in years)	1.5 to 2
Expected annual volatility	110%
Expected dividend yield	0%
Risk-free interest rate	3.76% to 4.20%
Expected forfeiture rate	0%

#### B. Stock Options

- On January 4, 2023, the Company granted 250,000 stock options at an exercise price of \$0.15 per common shares to a consultant. The options expire on January 4, 2028 and vest over five years.
- On March 13, 2023, the Company granted 100,000 stock options at an exercise price of \$0.15 per common shares to a consultant. The options expire on March 13, 2026 and vest over three years.
- On June 08, 2023, the Company granted an aggregate 1,000,000 stock options at an exercise price of \$0.05 per common shares to the board of directors. The options expire on June 08, 2026 and vest over three years
- On June 09, 2023, the Company granted 1,000,000 stock options at an exercise price of \$0.05 per common shares to a consultant. The options expire on June 09, 2026 and vest over three years

	Warrants	Stock options	Total
	\$	\$	\$
<b>Balance – December 31, 2022</b>	<b>739,048</b>	<b>1,683,794</b>	<b>2,422,842</b>
Issued	168,581	95,390	263,971
<b>Balance – June 30, 2023</b>	<b>907,629</b>	<b>1,779,184</b>	<b>2,686,813</b>

Movements in the number of stock options outstanding and their related weighted average exercise prices are as follows:

	Number of Options	Weighted Average Exercise Price
	#	\$
<b>Balance – December 31, 2022</b>	<b>5,382,000</b>	<b>0.37</b>
Granted	2,350,000	0.27
<b>Balance – June 30, 2023</b>	<b>7,732,000</b>	<b>0.27</b>

## NFT Technologies Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

#### For the Six Months Ended June 30, 2023 and 2022

Expressed in Canadian Dollars except otherwise noted

The Company fair valued the options using the Black-Scholes option pricing model with the following weighted average assumptions. The Company made a judgment on the expected annual volatility used in the Black-Scholes calculation due to the early stage of development of the industry and wide swings in values of digital assets and NFTs that the Company works with.

Stock price	\$0.05 to \$0.11
Expected life (in years)	3 to 5
Expected annual volatility	110%
Expected dividend yield	0%
Risk-free interest rate	2.90% to 3.28%
Expected forfeiture rate	0%

During the six months ended June 30, 2023, the Company recorded share-based compensation expense of \$168,581. The weighted average grant date fair value of stock options for the six months ended June 30, 2023 is \$0.27 (December 31, 2022 - \$0.37) per option.

Stock options outstanding and exercisable as at June 30, 2023 are as follows:

Range of Exercise Prices	Number of Options Outstanding	Weighted Average Contractual Life	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Exercise Price
\$	#	Years	\$	#	\$
0.15	350,000	4.82	0.15	—	0.15
0.20	2,028,000	3.31	0.20	1,352,000	0.20
0.30	500,000	4.42	0.30	166,666	0.30
0.35	280,000	4.46	0.35	—	0.35
0.40	1,430,000	4.25	0.40	476,665	0.40
0.60	994,000	3.65	0.60	954,001	0.60
1.00	150,000	3.93	1.00	150,000	1.00
0.05	2,000,000	4.95	0.05	—	0.05
	<b>7,732,000</b>	<b>4.14</b>	<b>0.27</b>	<b>3,099,332</b>	<b>0.40</b>

Stock options outstanding and exercisable as at December 31, 2022 are as follows:

Range of Exercise Prices	Number of Options Outstanding	Weighted Average Contractual Life	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Exercise Price
\$	#	Years	\$	#	\$
0.20	2,028,000	3.55	0.20	1,377,000	0.20
0.30	500,000	4.67	0.30	—	0.30
0.35	280,000	4.71	0.35	—	0.35
0.40	1,430,000	4.50	0.40	476,665	0.40
0.60	994,000	5.92	0.60	704,000	0.60
1.00	150,000	4.18	1.00	—	1.00
	<b>5,382,000</b>	<b>4.42</b>	<b>0.37</b>	<b>2,557,665</b>	<b>0.35</b>

## NFT Technologies Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

#### For the Six Months Ended June 30, 2023 and 2022

Expressed in Canadian Dollars except otherwise noted

#### NOTE 15 – RELATED PARTY TRANSACTIONS AND BALANCES

##### 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:

	June 30, 2023	June 30, 2022
	\$	\$
Management fees	143,917	124,475
Share-based payments	88,300	187,110
Director fees	–	4,442
<b>Total compensation</b>	<b>232,217</b>	<b>316,027</b>

The management and director fees owed to key management personnel:

As at:	June 30, 2023	December 31, 2022
	\$	\$
Executive Chairman	243,297	78,000
Former CEO	–	6,300
Director	–	–
<b>Total management fees payable included in trade payables and accrued liabilities balance</b>	<b>243,297</b>	<b>84,300</b>

##### Other related party transactions

	June 30, 2023	June 30, 2022
	\$	\$
Development, marketing costs and consulting fees paid to a legal entity controlled by former CEO	–	199,438
Share-based payments to the father of former CEO	–	41,954
Consulting fee charged by the entity controlled by the former CEO	–	4,725
	–	<b>246,117</b>

## NFT Technologies Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

#### For the Six Months Ended June 30, 2023 and 2022

Expressed in Canadian Dollars except otherwise noted

## NOTE 16 – FINANCIAL INSTRUMENTS AND DIGITAL ASSETS

### Fair values

When measuring the fair value of a financial asset, a financial liability and a digital asset, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs in the valuation techniques as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The following table illustrates the classification of the Company's financial instruments and digital assets within the fair value hierarchy as at June 30, 2023 and December 31, 2022 respectively.

As of June 30, 2023	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Digital assets	–	14,606	–	14,606
Investments	–	–	1,319,730	1,319,730
Advances for SAFTs	–	–	493,926	493,926
	–	14,606	1,813,656	1,828,262
As of December 31, 2022	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Digital assets	–	55,838	–	55,838
Investments	–	–	1,319,730	1,319,730
Advances for SAFTs	–	–	562,800	562,800
	–	55,838	1,882,530	1,938,368

### Digital assets and risk management

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 1 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.

Digital assets prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation and deflation, and the global political and economic conditions. The profitability of the Company is directly related to the current and future market price of digital assets; in addition, the Company is not able to liquidate its holdings of digital assets at its desired price if required. A decline in the market prices for digital assets could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its sales of digital assets.

Digital assets have a limited history and the fair value historically has been very volatile. Historical performance is not indicative of their future performance.

As at June 30, 2023, had the market price of the Company's holdings of digital assets increased or decreased by 10% with all other variables held constant, the corresponding asset value increase or decrease respectively would amount to approximately \$18,283 (as at December 31, 2022- \$19,384).

### Investments and risk management

Investments are made up of investments in Realfevr. The Company considers it Level 3, as the fair value techniques used the lowest level of input which was unobservable. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Change in assumptions could significantly affect the estimates. Refer to note 12 for additional details.

Investment valuations are affected by various factors including financial position, results from operations and foreseeable future cash flows from operations of investees. Investees have limited history of operations and there is no certainty that their strategic objectives and goals will be achieved, and there is no guarantee that shareholders' value will increase or be sustained even if these strategic objectives and goals are achieved. Management recognizes and monitors performance of investees and makes appropriate adjustments to the assumptions and valuation model, if necessary. The investments valuations are susceptible to high volatilities and actual fair values may significantly differ from management's estimates.

Refer to note 4 of the financial statements for the year ended December 31, 2022, under financial instruments for the summary of the classification of the Company's financial instruments under IFRS 9.

### Capital and Risk 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 period. It focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. The finance department identifies and evaluates financial risks in close cooperation with management. The identified risks are managed by implementing processes and controls that

### 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.

### 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 at June 30, 2023 and December 31, 2022:

June 30, 2023	Total carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	More than 5 years
	\$	\$	\$	\$	\$
Trade payables and accrued liabilities	1,162,158	1,162,158	1,162,158	—	—
Loans payable	412,860	412,860	412,860	—	—
<b>Total</b>	<b>1,575,018</b>	<b>1,575,018</b>	<b>1,575,018</b>	<b>—</b>	<b>—</b>
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>

**NFT Technologies Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the Six Months Ended June 30, 2023 and 2022**  
Expressed in Canadian Dollars except otherwise noted

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 actively seeking new financing opportunities in accordance with 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 as at June 30, 2023 and December 31, 2022 in Canadian dollar terms:

	June 30, 2023	December 31, 2022
	\$	\$
Cash	4,051	18,040
Trade payables and accrued liabilities	(1,111,418)	(36,509)
Taxes recoverable	104,365	—
Loans receivable	181,200	—
Loans payable	(412,860)	—
<b>Net monetary assets</b>	<b>(1,234,662)</b>	<b>(18,469)</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 \$22,000 during the six months ended June 30, 2023 (June 30, 2022: \$3,000).

Assuming all other variables remain constant, a fluctuation of +/- 5.0% in the exchange rate between CAD and AUD would impact the net loss by approximately \$39,000 during the six months ended March 31, 2023 (June 30, 2022: \$nil).

In addition, the Company is exposed to Euro and CAD currency fluctuations through its investment Euro in Realfevr. As of June 30, 2023, the Company is exposed by \$1,319,730 (December 31, 2022: \$1,319,730).

**NOTE 17 – COMMITMENTS**

On November 5, 2021, the Company entered into an advisory services agreement (the "ECMB Agreement") with ECMB Capital Partners Inc. ("ECMB"), pursuant to which the Company agreed to pay to ECMB, in exchange for investor relation services provided by ECMB during the term: (i) a corporate finance fee in amounts equal to one percent (1%) of the gross proceeds of the placement of equity or debt received by the Company as a result of introductions made by or transactions managed by ECMB; (ii) a strategic transaction fee in amounts equal to six percent (6%) of the gross proceeds received by the Company in connection to any strategic transaction initiated by ECMB, including, but not limited to, mergers, acquisitions, and strategic agreements; and (iii) an option (the "ECMB Option") to purchase up to 51,000 common shares in the Company following any public offering by the Company ("Potential Offering"). The exercise price of the ECMB Option shall be the lesser of either the published common share offering price under a Potential Offering or \$0.60. The ECMB Option is payable to ECMB within thirty (30) days of any public offering, exercisable for a period of a two-year, and shall be issued in thirds (17,000 units per issuance) with six (6) month periods between issuances. The term of the ECMB Agreement is for twelve months, with an automatic renewal for an additional twelve months.

On March 18, 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 shareholders 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.

## NFT Technologies Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

#### For the Six Months Ended June 30, 2023 and 2022

Expressed in Canadian Dollars except otherwise noted

The Company has the following commitments as a result of the Fuku Assets acquisition:

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>

- (1) The total contribution, following the closing of transaction, was \$400,000, which 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. As at June 30, 2023, the total payments to developers of Fuku Marketplace is \$261,495. 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.

#### NOTE 18 – GENERAL AND ADMINISTRATION EXPENSES

	Note	June 30, 2023	June 30, 2022
		\$	\$
Salaries, wages and benefits		225,430	285,183
Professional and consulting fees		426,622	291,897
Office costs		281,239	58,177
Share Issue cost	13 (b)	12,443	937,394
Depreciation		4,983	2,090
<b>Total expenses</b>		<b>950,717</b>	<b>1,574,741</b>

#### NOTE 17 – TRADE PAYABLE AND ACCRUED LIABILITIES

	June 30, 2023	December 31, 2022
	\$	\$
Trade payables	1,147,117	270,748
Accrued liabilities	15,042	–
	<b>1,162,158</b>	<b>270,748</b>

#### NOTE 18 – CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprised of issued share capital, shareholder contribution, warrant and option reserve, deficit and accumulated other comprehensive income. The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management is consistent with the six months ended June 30, 2023.

## NFT Technologies Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended June 30, 2023 and 2022

Expressed in Canadian Dollars except otherwise noted

#### NOTE 19 – LOSS PER SHARE

Basic loss per share is computed by dividing the net loss for the year by the weighted average number of shares outstanding. Diluted loss per share is calculated in a similar manner, except that the weighted average number of shares outstanding is increased to include potentially issuable shares from the assumed exercise of share purchase options and warrants, if dilutive. The diluted loss per share calculation excludes any potential conversion of options, warrants, and convertible debt that would increase earnings per share or decrease loss per share.

	June 30, 2023	June 30, 2022
	#	#
Weighted average share	99,305,087	78,041,852
	\$	\$
Net loss	(1,231,319)	(4,468,366)
Basic and diluted loss per share	(0.01)	(0.06)

#### NOTE 20 – SEGMENT REPORTING

The Company operates in one operating segment. For the purpose of segment reporting, the Company's Executive Chairman is the Chief Operating Decision Maker. The determination of the Company's operating segment is based on its organization structure and how the information is reported to the Executive Chairman on a regular basis.

The Company's non-current assets by country are as follows:

	June 30, 2023	December 31, 2022
	\$	\$
Portugal	1,319,730	1,319,730
Australia	1,198,113	–
USA	14,606	55,838
Canada	14,001	18,984
<b>Total non-current assets</b>	<b>2,546,450</b>	<b>1,394,552</b>

#### NOTE 21 – SUPPLEMENTAL CASH FLOW INFORMATION

	Note	June 30, 2023	June 30, 2022
		\$	\$
Cash paid for taxes		–	–
Cash paid for interest		–	–
Cash received for interest		–	–
Share issued for acquisition	5	550,000	–
Share issued for investment		–	500,000
Share issued for intangible assets		–	1,212,122

#### NOTE 22 – SUBSEQUENT EVENTS

The Company announced that it will be divesting its ownership stake in Run it Wild, a Web3 development studio and the concurrent departure of its current CEO, Adam De Cata. The acquisition of Run it Wild (the "Acquisition") was initially announced on July 7, 2022 and completed on February 16, 2023 pursuant to a share purchase agreement. In connection

## **NFT Technologies Inc.**

### **Notes to the Condensed Interim Consolidated Financial Statements**

#### **For the Six Months Ended June 30, 2023 and 2022**

Expressed in Canadian Dollars except otherwise noted

---

with the Acquisition, NFT Tech issued 10,000,000 common shares to Mr. De Cata in exchange for all the issued and outstanding shares of Run it Wild. The divestment process will see shares of NFT Tech returned to the Company and the shares of Run it Wild returned to CEO Adam De Cata. This strategic move stems from diverging opinions in management regarding the direction of NFT Tech, and better positions NFT Tech to pivot its emphasis in the evolving dynamics of the creative digital landscape with an emphasis on generative AI technologies.

On July 18, 2023, the Company closed the second tranche of the non-brokered private placement announced on February 24, 2023, consisting of 8,512,800 units in this tranche at a price of \$0.05 per unit for gross proceeds of \$425,640. In total the Company issued 15,512,800 units for total gross proceeds of \$775,640.