Axion Ventures Inc.

Management's Discussion and Analysis

For the Quarter Ended March 31, 2025
Dated May 30, 2025

INTRODUCTION

The following management discussion and analysis ("MD&A") of the financial condition and results of the operations of Axion Ventures Inc. ("Axion Ventures" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the quarter ended March 31, 2025. This MD&A was written to comply with the requirements of National Instrument 51-102 *Continuous Disclosure Obligations* and Form 51-102F1 *Management Discussion and Analysis.*

This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company as at and for the three months ended March 31, 2025, which have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS"), applicable to preparation of interim financial statements including International Accounting Standard 34—Interim Financial Reporting and with the audited consolidated financial statements for the year ended December 31, 2024, along with related notes thereto which have been prepared in accordance with IFRS. All figures are in United States Dollars unless otherwise noted. References to C$ are to Canadian Dollars. The effective date of this MD&A is May 30, 2025.

The results for the periods presented are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at this date, unless otherwise indicated. For the purposes of preparing this MD&A, management, in conjunction with the board of directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors.

Additional information about Axion Ventures is available at https://www.sedarplus.ca/ ("SEDAR+").

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Inherent in forward-looking statements are risks, uncertainties, and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below.

Forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the business of Axion Ventures, Axion Games (as defined herein), Jumbo Jumps (as defined herein), the hydrogen project, and the Company's other portfolio companies; the impacts or potential impacts of any pandemics; the video game market; management's outlook regarding future trends; sensitivity analysis on financial instruments, which may vary from amounts disclosed; any revenue projections from our operations; adopting accounting pronouncements; and general business and economic conditions. Readers are cautioned that the forward-looking statements above do not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

NATURE OF BUSINESS AND CORPORATE DEVELOPMENTS

The Company was incorporated under the British Columbia *Business Corporations Act* on June 21, 2011, and was classified as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the TSX Venture Exchange (“TSXV” or “Exchange”). The principal business of the Company was the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (“QT”) as defined in Policy 2.4 of the TSXV. In May 2016, the Company completed its QT and has since been an investment issuer under the policies of the TSXV, focused primarily on investments in online video gaming and other information technology sectors.

The Company received approval from the TSX Venture Exchange (the “TSX-V”) to voluntarily delist its Common Shares from trading on the TSX-V effective November 29, 2023, following the requisite approval of such application from the majority of the minority shareholders of the Company at the annual general and special meetings of the shareholders held on February 16, 2023. Following the Company’s delisting from the TSX-V, the Company will continue as an unlisted reporting issuer under Canadian securities laws until such time as the Company completes a listing on the Cboe Canada or completes alternate listing plans.

The address of the Company's corporate office and principal place of business is Suite 1000 - 595 Burrard Street, Vancouver, British Columbia, V7X 1S8, Canada. However, the Company also has offices in Bangkok, Thailand, and Shanghai, People's Republic of China (“PRC”), which is where most Company personnel are located.

SIGNIFICANT EVENTS

During the quarter ended March 31, 2025, the Company closed private placements in regards to the subscription receipts received in the amount of approximately $1,512 thousand (C$2,197 thousand) and issued 4,393,284 shares from treasury.

Subsequent to March 31, 2025, the Company received a further $352 thousand of subscriptions and expects to close a private placement of approximately 962 thousand common shares in the second quarter of 2025.

On January 1, 2025, the Company appointed Mr. Greg Williamson as its Chief Executive Officer. Mr. Grant Kim continued in his role as Executive Director.

LITIGATION UPDATES — First quarter of 2025

Axion Civil Claim

As previously announced, the Company has brought an action against its former CEO and their affiliates (collectively, the “Bonner Defendants”) for the theft of significant assets of the Company (the “Axion Civil Claim”). The various inter-related actions are currently before the BC Supreme Court.

During the quarter ended March 31, 2025, the civil actions of Christopher Bagguley and Mark Henry Saft, were dismissed by the B.C. Supreme Court for lack of evidence.

For further information on the Company’s action against the Bonner Defendants, see “CONTINGENCIES”.

INVESTMENTS/ACQUISITIONS

Hydrogen Project

On October 27, 2021, the Company entered into an agreement with KUAM (Hong Kong) Investment 02 Ltd. (“KUAM 02”) to acquire a 50% interest in H2CI–KU, a Canadian federally-incorporated entity, for nominal consideration and a trailing earnout as defined in the agreement. H2CI–KU retains the exclusive perpetual commercialization rights of a proven, proprietary Canadian technology which extracts hydrogen economically and at scale.

The agreement is expected to close prior to the Company completing the exchange requirements for a listing on Cboe Canada or an alternate public listing.

To date, H2CI–KU maintains its pilot project and awaits further development.

The Company continues to develop the opportunities above in all respects and looks forward to further progress as such in 2025. (See “TRANSACTIONS BETWEEN RELATED PARTIES” and “PROPOSED TRANSACTIONS”)

Axion Games

As part of the QT completed in May 2016, the Company acquired a beneficial interest in Axion Games Limited (“Axion Games”). Axion Games, a private Cayman Islands corporation with primary operations in Shanghai, PRC, is an online video game development and publishing company. The Company's beneficial ownership of Axion Games has been 54.22% since May 2018.

Jumbo Jumps Co., Ltd. (“JJ”), formerly True Axion Interactive Co., Ltd.

On December 27, 2016, the Company and True Incube Co., Ltd. (“True Incube”), a subsidiary of True Corporation Public Company Limited (“True Corporation”), a large media conglomerate located in Thailand, agreed to form a joint venture to establish a video game academy and development studio in Thailand. Under the terms of a joint venture and shareholders' agreement (the “JVA”), the joint venture operates as a Thai company named, Jumbo Jumps Co., Ltd. (“JJ”), with a wholly-owned subsidiary of the Company (“Axion Interactive”) holding a 49% direct equity interest in JJ, True Incube holding a 40% equity interest in JJ, and Red Anchor (Thailand) Co., Ltd. (“Red Anchor Thailand”), a limited and affiliated company organised and existing under Thai law, holding a 11% equity interest in JJ on behalf of the Company.

Longroot

Longroot Limited (“Longroot”) was incorporated in 2018 with the primary objective of operating a regulated digital assets business with initial operations in Thailand. Through Axion Interactive, the Company indirectly held a 60% interest in Longroot with the remaining 40% held by the other founding third party partner.

In November 2020, the former CEO, his spouse, and their associates, conspired to cause the Company’s controlling interest in Longroot and its subsidiaries, to be unlawfully transferred to NextPlay. The Company believes it may still have voting control of these entities and is seeking remedy for the loss of its interests in these entities in the Axion Civil Claim. (See “CONTINGENCIES”)

OUTLOOK

The current focus of the Company is to:

- Aggressively pursue the Company's actions and to defend itself against all legal claims made against the Company;
- Seek additional financing as required, if such financing is available on terms acceptable to the Company;
- Consider potential strategic or other opportunities, including the development of energy storage solutions;
- Complete the necessary steps to complete a listing on the Cboe Canada or an alternate public listing; and
- Continue to re-build the outsourcing business with the goal of re-establishing this key business operation in the near term.

Overview — Summary of Businesses at March 31, 2025

Axion Games

Axion Games owns a studio in Shanghai, PRC, with a combined total of approximately 87 employees as of March 31, 2025. Axion Games current focus is on providing premium outsourcing services and licensing game development technology to third-party customers. In addition to outsourcing and licensing, Axion Games continues to generate significant game operation revenues from "MARS".

Jumbo Jumps

As discussed earlier (See "INVESTMENTS/ACQUISITIONS — Jumbo Jumps Co., Ltd. formerly True Axion Interactive Co., Ltd."), in December 2016, the Company and True Corporation (through their respective subsidiaries/affiliates) agreed to form a joint venture.

JJ commenced operations in March 2017 and as of March 31, 2025 had approximately 53 employees, comprised of experienced game designers, 2D & 3D artists, animators, and software engineers. Like Axion Games, TAI has focused its resources on the development of innovative online PC and mobile games, with a current specific focus on mobile games.

OVERALL PERFORMANCE

As the Company's most significant operating asset is Axion Games, with JJ considered the Company's second most significant asset, the Company's operating activities are attributable to a single reportable and operating segment focusing primarily on the development and operation of PC and mobile games. The video game operating segment has been identified on the basis of internal management reports viewed by the chief operating decision maker, being the senior executive officers of the Company. The chief operating decision maker reviews the revenue analysis by outsourcing, licensing, game operation and training, and the profit from operation of the Company as a whole when making decisions about allocating resources and assessing performance of the Company.

Revenue from MARS was $670 thousand in the three months ended March 31, 2025 (three-months March 31, 2024 — $688 thousand).

For the three months ended March 31, 2025, compared to the three months ended March 31, 2024, outsourcing revenue increased from $444 thousand to $573 thousand.

The following is a more detailed analysis of the Company's financial condition, financial performance, and cash flows.

Revenue from external customers and non-current assets are divided into the following geographical areas:

	Three months ended	
	March 31, 2025 $'000	March 31, 2024 $'000
By country/region		
Canada (Place of domicile)	-	-
China	742	716
Rest of the world	555	416
Total Revenue	**1,297**	**1,132**

	March 31, 2025 $'000	March 31, 2024 $'000
By country/region		
Canada	219	218
China	455	777
Rest of the world	25	65
Non-current assets	**699**	**1,060**

As at March 31, 2025, the Company had $5.1 million (December 31, 2024 — $4.7 million) of cash and cash equivalents and total current assets of $8.0 million (December 31, 2024 — $7.1 million). The increase in cash and cash equivalents was primarily due to the $1.3 million of private placements and subscription receipts received in the current quarter offsetting the operating cash outflows related investing activities and the loss for the quarter ended March 31, 2025.

Current liabilities as at March 31, 2025 totalled $18.7 million (December 31, 2024 — $18.6 million).

The only significant changes in shareholders' deficiency during the quarter ended March 31, 2025 were related to the completed private placement of $1.5 million, stock-based compensation of $0.1 million related to graded vesting of options granted in the quarter, less the $1.0 million comprehensive loss in the quarter, which combined to reduce the shareholders' deficiency by approximately $0.6 million.

Working capital (current assets less current liabilities) was a deficiency of $10.7 million as at March 31, 2025, compared to a working capital deficiency of $11.5 million as at December 31, 2024. The working capital deficiency improved during the period as a result of the completed private placements of $1.5 million, less the operating cash outflows related to the loss for the quarter.

During the three months ended March 31, 2025, the Company reported a net loss of $0.9 million compared to a net loss of $0.7 million during the three months ended March 31, 2024. The loss per share attributable to the shareholders of the Company was (0.34) cents per share as compared to a loss of (0.23) cents per share for the comparative period. The most significant driver of the increased loss in the quarter ended March 31, 2025, was an uptick in litigation fees in the current quarter as the various cases are now before the BC Supreme Court.

The Company's revenue increased by $166 thousand for the three months ended March 31, 2025, compared to the three months ended March 31, 2024. Outsourcing revenue increased from $444 thousand in the quarter ended March 31, 2024 to $573 in the quarter ended March 31, 2025. The increase in outsourcing revenue was related to foreign outsourcing in Axion Games. Game operation revenue decreased by $18 thousand in the first quarter of 2025 as compared to the same period in 2024 It is expected to drop off at approximately 10% per year after a surge in the COVID-19 years.

For further discussion and analysis of the Company's financial condition, financial performance, and cash flows, please see “DISCUSSION OF OPERATIONS” and “CONSOLIDATED LIQUIDITY AND CAPITAL RESOURCES” below.

DISCUSSION OF OPERATIONS

The following tables sets out revenue, profit and expenses of the Company and includes variances for the three months ended March 31:

Revenue

Revenue for the three months ended March 31, 2025 was $1,297 thousand compared to $1,132 thousand in the prior period and included the following segment details:

	Three Months Ended March 31,		
	2025 $'000	**2024 $'000**	**Variance $'000**
Game operation	670	688	(18)
Outsourcing	573	444	129
Licensing	54	-	54
	1,297	**1,132**	**165**

Game Operation Revenue. Game operation revenue decreased as previously described.

Outsourcing Revenue. Outsourcing revenue increased as previously described.

Cost of Sales / Gross Margin

Cost of sales for the three months ended March 31, 2025 increased to $698 thousand as compared to $675 thousand for the three months ended March 31, 2024, related to the increase in outsourcing activity at Axion Games.

Other Items

	For Three Months Ended March 31,		
	2025 $'000	**2024 $'000**	**Variance $'000**
Research and development expenses	(192)	(171)	(21)
Selling and distribution expenses	(88)	(106)	18
General and administrative expenses	(642)	(778)	136
Share-based compensation	(110)	-	(110)
Litigation	(352)	(167)	(185)
Other income	30	6	24
Finance income	-	71	(71)
Finance expense	(176)	(165)	(11)
Foreign currency exchange gain	13	122	(109)
	(1,517)	**(1,188)**	**(329)**

Details of significant variances are as follows:

- Litigation expenses increased by $185 thousand as the various cases are now before the BC Supreme Court. (See "CONTINGENCIES")
- Share-based compensation increased by $110 thousand as a result of the graded-vesting of options granted in the current quarter.
- Finance income decreased as the Company is providing a full provision for credit loss on its convertible note investment.

SUMMARY OF QUARTERLY RESULTS

Selected unaudited quarterly information for the Company during the last eight quarters is as follows:

Quarter ended	**Total revenue $'000**	**Gross profit $'000**	**Net income (loss) $'000**	**Income (loss) attributable to shareholders $'000**	**Earnings (loss) per share $**
March 31, 2025	1,297	599	(919)	(849)	(0.0034)
December 31, 2024	1,228	606	1,036	1,112	0.0040
September 30, 2024	1,180	549	(342)	(281)	(0.0010)
June 30, 2024	1,366	753	(3,645)	(3,546)	(0.0138)
March 31, 2024	1,132	457	(731)	(575)	(0.0023)
December 31, 2023	1,419	839	(640)	(763)	(0.0030)
September 30, 2023	1,400	806	(329)	(404)	(0.0016)
June 30, 2023	1,829	1,205	(486)	(657)	(0.0026)

Over the past eight quarters our game operations revenues have averaged $730 thousand per quarter and have ranged from a low of $671 thousand in the current quarter to a high of $812 thousand in the quarter ended June 30, 2023. The recent decline relates to the age of the MARS game. It is expected to drop off at 10% per year after a surge in the COVID-19 years.

Outsourcing revenues are earned in both our China and our Thailand subsidiaries and has averaged $609 thousand per quarter over the past eight quarters, with a low of $444 thousand in the quarter ended March 31, 2024 and a high of $1,006 thousand in the second quarter of 2023. The outsourcing revenues are highly based on the timing of the underlying contracts and the success of the companies in obtaining contracts.

Other factors that affected the net income (loss) during the past eight quarters were: fluctuations in litigation fees depending on the level of hearing activity on the Company's civil claim and the $2,880 thousand non-cash impact of the fully-vested stock options in the second quarter of 2024 and the $1,198 thousand gain on settlement of debt in the fourth quarter of 2024. The operating results are also impacted quarter to quarter by foreign exchange fluctuations.

CONSOLIDATED LIQUIDITY AND CAPITAL RESOURCES

The Company's consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has experienced significant losses, has a working capital deficiency (current assets less current liabilities) of approximately $10.7 million, and negative cash flows from operations, is in default on a certain debenture payable in the amount of $0.9 million, is a party to certain legal disputes (See "CONTINGENCIES"). These circumstances indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern, and therefore, the Company may not be able to realise its assets and discharge its liabilities in the normal course of business.

The Company's ability to continue as a going concern is dependent upon its ability to generate profits and positive cash flows from operations, obtaining additional funding from financing arrangements (See "TRANSACTIONS BETWEEN RELATED PARTIES"), and successfully resolving certain legal issues (See "CONTINGENCIES"). However, there can be no assurance that these activities will be successful or that financing will be available on terms acceptable to the Company. The consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for the consolidated financial statements, then adjustments would be necessary to the carrying values and classification of assets and liabilities, and such adjustments could be material.

The Company's primary sources of capital available for financing its acquisitions and day-to-day operations are existing working capital, funds generated from the operations of its subsidiaries, equity from the capital markets, and loans and advances from various parties.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to prudently manage its financial position, cash generated from operations, funds from capital market financings, and loans and advances in such a manner so as to ensure it will have sufficient liquidity to pay its obligations when due.

	March 31, 2025 $'000	December 31, 2024 $'000	Variance $'000
Current Assets			
Cash and cash equivalents	5,086	4,685	401
Trade and other receivables	733	546	187
Investments	2,161	1,864	297
	7,980	7,095	885

Current Liabilities			
Trade and other payables	5,307	5,244	(63)
Loans and advances payable	10,159	10,023	(136)
Subscriptions payable	139	313	174
Deferred revenue	1,892	1,753	(139)
Debentures payable	909	909	-
Lease liabilities — current	310	305	(5)
	18,716	18,547	(169)
Working Capital (Deficiency)	**(10,736)**	**(11,452)**	**716**

The working capital deficiency improved primarily as a result of the closed private placements in the quarter, less the operating cash outflows related to the loss for the quarter. The Company's ability to continue as a going concern is dependent upon its ability to generate profits and positive cash flows from operations from the launch of its PC and mobile games, to obtain additional funding from financing arrangements, if available on terms acceptable to the Company.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

TRANSACTIONS BETWEEN RELATED PARTIES

The Company had the following transaction with related parties:

	Quarter ended March 31,	
	2025	**2024**
	$'000	**$'000**
Revenues (expenses):		
Outsourcing revenue — True Corporation (i)	10	11
Share-based compensation expense — senior officer	(110)	-
Interest expense — True Incube Co., Ltd. (i)	(1)	(1)
Interest expense — a shareholder of Axion Games Limited	(35)	(32)
Interest expense — a director of the Company (i)	(4)	-
Various services — True Corporation (i)	(3)	(3)
	(143)	**(25)**
Aggregate remuneration of key management personnel:		
Wages and salaries	162	100
Share-based payment expense	110	-
	272	**100**

Key management personnel comprises the directors and the officers of the Company.

	March 31, 2025 $'000	December 31, 2024 $'000
Advances receivable		
True Corporation (i)	-	3
Loans and advances payable		
KUAM (Hong Kong) Investment 01 Ltd. ("KUAM") — advances (ii)	482	482
True Incube Co., Ltd. (i)	58	58
A director of the Company	250	250
Axion Investment Holdings Ltd. (i)	1,752	1,624
	2,542	**2,414**
Other payables		
Salaries, wages and expenses owing to related parties	880	803
Accrued interest owing to related parties	68	155
Subscription payable, to a director of the Company	139	200
Epic Games, Inc. (i)	322	322
True Internet Corporation (i)	90	92
	1,499	**1,572**

(i) An individual or a company that is a shareholder of a subsidiary or a company related to a shareholder of a subsidiary.
(ii) A company controlled by a director of the Company.

PROPOSED TRANSACTIONS

During the quarter, the Company signed a Memorandum of Understanding regarding the potential acquisition of an interest in an entity in the business of research, development, and manufacture of technologies related to the renewable energy sector. The acquisition would take the form of a significant investment in the target entity and there is no assurance that the acquisition or that the required financing will proceed.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Amendments to IFRS 9 and IFRS 7—Amendments to the Classification and Measurement of Financial Instruments

In May 2024, the IASB issued classification and measurement and disclosure amendments to IFRS 9 and IFRS 7. These amendments updated classification and measurement requirements in IFRS 9—Financial Instruments and related disclosure requirements in IFRS 7—Financial Instruments: Disclosures. These amendments clarify the date of recognition and derecognition of certain financial assets and liabilities, and amend the requirements related to settling certain financial liabilities using an electronic payment system. Other changes include a clarification of the requirements when assessing the contractual cash flow characteristics of financial assets in determining whether they meet the 'solely payments of principal and interest' criterion and new disclosures for certain instruments for which cash flows are linked to environmental, social, and governance features and other contingent features. The IASB added disclosure requirements for financial instruments with contingent features not related directly to basic lending risks and costs, and amended disclosures required for equity instruments designated at fair value through other comprehensive income. These amendments are effective for reporting periods beginning on or after January 1, 2026, with early adoption permitted. The Company has not yet assessed the impact that these amendments will have on its consolidated financial statements.

IFRS 18—Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure in Financial Statements, which replaces IAS 1, Presentation of Financial Statements. While maintaining many of the principles of IAS 1, IFRS 18 introduces changes to the structure of the income statement by requiring the presentation of three main categories of revenues and expenses in respect of operating, investing, and financing activities as well as certain defined totals and subtotals within the statement. To communicate management's assessment of an aspect of an entity's financial performance, management may reference certain elements or measures of profit or loss in its public communications reported outside of its financial statements. These measures, defined as management-defined performance measures, may not be specifically defined by IFRS, therefore, IFRS 18 requires entities to provide detailed disclosure of such measures in its financial statements. IFRS 18 also provides enhanced principles of aggregation and disaggregation that apply to the primary financial statements and explanatory notes. IFRS 18 will not affect the recognition and measurement of financial statement items or items classified as other comprehensive income. This standard is effective for reporting periods beginning on or after January 1, 2027, applied retrospectively, and with early adoption permitted. The Company has not yet assessed the impact that this new standard will have on its consolidated financial statements.

FINANCIAL INSTRUMENTS, OTHER INSTRUMENTS AND RISK EXPOSURE

Fair value information

As at March 31, 2025, the Company's financial instruments were comprised of cash and cash equivalents, trade and other receivables, advances receivable, investments, convertible note receivable, trade and other payables, loans and advances payable, and debentures payable. The carrying values of these financial instruments approximate their fair values because of their current nature unless otherwise noted.

Financial instruments measured at fair value

The investment in shares of a private company is measured at fair value on a non-recurring basis and classified in its entirety based on the lowest level of input that is significant to the fair value measurement. There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value our financial assets and liabilities are described below:

- Level 1 inputs are unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. The Company has no Level 1 investments at March 31, 2025.
- Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability. The Company has no Level 2 investments at March 31, 2025.
- Level 3 inputs are unobservable (supported by little or no market activity). At March 31, 2025 and at December 31, 2024, the Company's equity securities in a non-public company is in Level 3 of the fair value hierarchy because they trade infrequently and have little price transparency.

Financial instruments and related risks

The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's exposures to financial risks and how the Company manages those risks are set out below.

Liquidity risk

Liquidity risk relates to the risk that the Company will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company is exposed to liquidity risk in respect of settlement of trade and other payables, and in respect of its cash flow management. The Company's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The Company manages its liquidity needs by carefully monitoring forecast cash inflows and outflows due in the day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows if available borrowing facilities are expected to be sufficient over the lookout period.

The Company maintains cash and short-term bank deposits to meet its liquidity requirements for 30-day periods at a minimum. Funding for longer-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell longer-term financial assets. The liquidity policies have been followed by the Company since prior years and are considered to have been effective in managing liquidity risks.

Analysed below are the Company's remaining contractual maturities for its non-derivative financial liabilities. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Company can be required to pay. At March 31, 2025, the following amounts were all due within a year or on demand ($’000):

Trade payables	1,283
Accrued salaries and benefits	2,009
Accrued expenses	2,012
Other payables	415
Subscriptions payable	139
Debentures payable	909
Loans and advances payable	10,159
	16,926

At March 31, 2025, a debenture payable in the amount of $3,480 thousand is due in 1–2 years.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular, its cash resources and other liquid assets that readily generate cash.

The Company’s financial statements for the year ended March 31, 2025, contains disclosure of the going concern uncertainty risk facing the Company.

Currency risk

Currency risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign exchange rates. Exchange rate fluctuations may affect the costs that the Company incurs in its operations. Foreign currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The parent company operates in Canada and has a C$ functional currency but has significant loans and advances receivable and payable, which are denominated in US$. A 5% strengthening in the U.S. dollar as compared to the Canadian dollar would result in a gain of $466 thousand based on the net monetary assets denominated in U.S. dollars at March 31, 2025. A 5% weakening would have the opposite impact.

The Company's subsidiary, Axion Games, mainly operates in the PRC, and the majority of the transactions are settled in RMB (Chinese Yuan Renminbi). As at March 31, 2025, the Company did not have significant foreign currency risk from its operations. As at March 31, 2025, the Company's beneficial ownership of Axion Games was 54.22%. A non-China based entity in the Axion Games structure holds a significant balance of cash in Japanese yen. A 5% strengthening in the U.S. dollar as compared to the Japanese yen would result in a loss of $44 thousand based on the net monetary assets denominated in Japanese yen at March 31, 2025. A 5% weakening would have the opposite impact.

The Company's subsidiary, JJ, mainly operates in Bangkok, Thailand and the majority of the transactions are settled in THB (Thai Baht). As at March 31, 2025, the Company did not have significant foreign currency risk from its operations. As at March 31, 2025, the Company and its affiliates beneficially owned 60% of JJ.

The carrying amounts of the Group's foreign currency (as in relation to the functional currency of the relevant group entities) denominated monetary assets and liabilities at the end of the reporting period is as follows:

	Assets (Liabilities)	
	March 31, 2025 $'000	**December 31, 2024 $'000**
Parent company — U.S. dollar denominated loans/advances receivable	15,121	15,064
Parent company — U.S. dollar denominated loans/advances payable	(5,803)	(5,694)
Axion Games — Japanese yen denominated cash balance	916	1,060
Net monetary assets receivable	**10,234**	**10,430**

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Company. The financial instruments that potentially subject the Company to credit risk comprise cash and cash equivalents, trade receivables and investments, the carrying value of which represents the Company's maximum exposure to credit risk.

The Company limits its exposure to credit loss by placing its cash, cash equivalents, and short-term investments with a Schedule I chartered bank in Canada and with high credit quality financial institutions in China and Thailand. The Company assesses the credit quality of the customer, considering its financial position, experience, and other factors. The Company has receivables from customers, and the general credit terms are from 60 days, and these amounts are generally not collateralised. The Company's trade and other receivables are actively monitored to avoid significant concentrations of credit risk.

CONTINGENCIES

(a) NextPlay Debt Claim

On September 21, 2021, as amended on May 23, 2023, NextPlay Technologies, Inc., formerly known as Monaker Group, Inc. (“NextPlay”) together with the former CEO, the spouse of the former CEO, Cern One Limited, and Red Anchor Trading Corp., filed a notice of civil claim (the “NextPlay Debt Claim”) in the Supreme Court of British Columbia (the “BC Supreme Court”) against the Company and certain of its subsidiaries for the payment of certain specified outstanding loans in the amount of $7.7 million, plus interest and costs. NextPlay claims to have acquired these purported loans from the Company’s former CEO, his spouse, Cern One Limited, and Red Anchor Trading Corp.

The Company has accounted for certain amounts claimed by NextPlay as liabilities of the Company as at December 31, 2024, but as a result of the Axion Civil Claim (see below), the Company believes that the amount owing to the parties to the NextPlay Debt Claim will be less than the amounts recorded.

The trial for the NextPlay Debt Claim is being held concurrently with the trial for the Axion Civil Claim and the Hirakawa Claim. This consolidated trial commenced on February 10, 2025 and has not concluded.

(b) Bagguley and Saft Claim

On October 7, 2021, Christopher Bagguley and Mark Henry Saft filed a notice of civil claim (the “Bagguley Claim”) in the BC Supreme Court against the Company for damages for wrongful dismissal.

Subsequent to December 31, 2024, the BC Supreme Court dismissed this civil claim against both plaintiffs, Mr Bagguley and Mr Saft, in its entirety. This dismissal is final.

(c) Axion Civil Claim

On January 15, 2021, the Company filed a Breach of Fiduciary Duty Claim (“Axion Civil Claim”) in the BC Supreme Court against its former CEO and his spouse (together the “Bonner Defendants”) and against NextPlay, and certain associates (together the “Monaker Defendants”), (together, the “Defendants”) for an evolving conspiracy to deprive the Company of certain of its assets and certain of its subsidiaries.

The Axion Civil Claim asserts, among other things, that the former CEO and his spouse, with the assistance of their associates, caused the unlawful transfer of the Company’s assets, including its digital marketing and in-game advertising software and intellectual property to HotPlay (Thailand) Co., Ltd., a company ultimately controlled by the former CEO and his spouse. In 2020, the former CEO and his spouse entered into a further agreement to transfer the Company’s assets to NextPlay, including the in-game advertising software, in return for shares of NextPlay. In furtherance of their evolving conspiracy, the former CEO, his spouse, and their associates, also conspired to cause the Company’s controlling interest in Longroot Limited and its subsidiaries to be unlawfully transferred to NextPlay.

On June 18, 2021, the Company filed a Summary Trial Application seeking, inter alia, a constructive trust over two assets the Company alleges were wrongfully transferred to NextPlay and, in the alternative, an injunction to preserve those assets pending trial.

The hearing of the Summary Trial Application commenced on February 28, 2022 and adjourned on March 8, 2022. Prior to the hearing of the Summary Trial Application, the Company narrowed the issues to be determined and is now seeking a constructive trust over only one of the assets. Following hearings during the week of July 11, 2022, the Summary Trial was adjourned.

On November 9, 2022, the BC Supreme Court ordered that all shares, owned by any of the Bonner Defendants, of Longroot Limited, Longroot Holding (Thailand) Co., Ltd., and Longroot (Thailand) Co., Ltd., be placed into escrow or in trust in Vancouver, B.C., Canada pending the outcome of the Axion Civil Claim or upon further direction of the BC Supreme Court. Such escrow or trust deposit is to occur as soon as practical but not to exceed 30 days from the date of the order. The BC Supreme Court further ordered that the Bonner

Defendants provide certain unredacted documents, related to a transaction publicly announced by NextPlay on October 20, 2022 by November 14, 2022 and that upon receipt, the Company is to keep those documents confidential. Further, the Bonner Defendants and NextPlay were ordered not to close the transactions contemplated in those documents pending the determination of the Company's November 3, 2022 extant Notice of Application for contempt, unless otherwise agreed in writing by the Company and the Bonner Defendants or upon further direction of the BC Supreme Court. The former CEO, his spouse, NextPlay, and Longroot, Inc. (the "Contemnors"), or various combinations of these parties, did not comply with these orders and on February 9, 2023 and March 3, 2023, were found in contempt of the August 24, 2022 and November 9, 2022 Orders of Justice Walker and the March 2021 Consent Order.

On March 30, 2023, Justice Walker ordered the Bonner Defendants to comply with the pledging event and place the shares of Longroot Limited, Longroot Holding (Thailand) Co., Ltd., and Longroot (Thailand) Co., Ltd. (the "Longroot Shares") in escrow with an escrow agent in Vancouver, Canada. If the Bonner Defendants failed to deliver the shares to escrow, then the Bonner Defendants were required to deliver a bond or letter of credit, in an amount agreed by the parties. In the event, that the parties failed to reach an agreement on the amount of the bond or letter of credit by April 24, 2023, then the amount would be set by Justice Walker when the parties returned to court on April 27, 2023. Such bond or letter of credit was to be posted within 10 days of the amount being agreed upon or determined. The sanctions hearings for Contempt 1 (Notice of Application filed on November 3, 2022) and Contempt 2 (Notice of Application filed on November 21, 2022) were held on April 25, April 26, and May 8, 2023. The Bonner Defendants were also to produce a sworn affidavit by April 21, 2023, verifying that all documents ordered to be produced under the March 29, 2023, Orders of Justice Walker had been produced, list any that have not been produced, and the steps being taken to produce said documents.

On May 16, 2023, Justice Walker ordered the Contemnors to post a bond or a letter of credit in the amount of $3.4 million, with $1.0 million of the amount to be posted by June 1, 2023, a further $1.0 million to be posted by June 30, 2023, and a further $1.4 million to be posted by July 28, 2023. The Company was awarded special costs with regards to this application.

The Company also filed an application in August 2022 seeking an Anti-Suit Injunction preventing the Defendants from proceeding with overlapping claims in other jurisdictions. This application focuses on the Thai Arbitration proceedings and the U.S. Proceedings (see below). The Company's application for the Anti-Suit Injunction was previously set to proceed on May 8, 2023, but was adjourned generally due to scheduling conflicts.

On June 8, 2023, Justice Walker found that the Contemnors' conduct throughout is indicative of their disregard for the authority of the Court and ordered that they post C$250 thousand with the court by July 10, 2023 (see below).

On June 27, 2023, the trial for the remaining portions of the Axion Civil Claim was rescheduled to commence on January 13, 2025, from January 15, 2024, for 80 days.

On July 21, 2023, the Company filed an application with the BC Supreme Court for further findings of contempt against the Contemnors for failing to comply with the May 16, 2023 and June 8, 2023 Orders of Justice Walker and among other items an application for special costs to be awarded. The application was heard during August 14–18 and September 25–26, 2023. On November 2, 2023, the Supreme Court of British Columbia found the Contemnors to be in contempt of the sanction orders of May 16 and June 8, 2023, and that the July 21, 2023 application by the Company should move to the sanctions phase.

On November 2, 2023, the BC Supreme Court found the Bonner Defendants to be in contempt of the sanction orders dated May 16, 2023 and June 8, 2023, as the Bonner Defendants failed to post a bond or a letter of credit in the amount of $3.4 million by July 28, 2023 and failed to post a bond, as security for good behaviour, in the amount of C$250 thousand by July 10, 2023.

On January 11, 2024, regarding the November 2, 2023, finding of contempt of the June 8, 2023, sanction order by the Bonner Defendants, the BC Supreme Court ordered that the Company's transfer agent cancel all common shares of the Company owned beneficially by NextPlay, except the 36,086,287 common shares of the Company, which had its ownership by NextPlay extinguished but not cancelled pending the result of the separate Hirakawa Claim (see below). Further, that if the plaintiff in the Hirakawa Claim is successful then the shares, in whole or in part, will be transferred to him and if he is not successful then the transfer agent will cancel the remaining shares of the Company beneficially owned by NextPlay. As part of the sanctions, the Company agreed to pay the full C$250 thousand into the court and any successful application to reduce the amount of the security will be refunded to the Company. In April 2025, the Court ordered that the C$250 thousand security would be returned to the Company in full. To date, the transfer agent for the Company has successfully cancelled 26,053,490 of the shares owned beneficially by NextPlay, leaving the 36,086,287 shares related to the Hirakawa Claim uncancelled as directed and all remaining shares of the Company owned beneficially by NextPlay are still to be recovered and cancelled by the transfer agent. Costs were left to be determined at a further appearance.

On February 8, 2024, regarding the November 2, 2023, finding of contempt of the May 16, 2023 sanction order by the Contemnors, the BC Supreme Court ordered that the Contemnors' response pleadings in this action be struck, the Contemnors have leave to intervene in the Defendants' extant spoilation application, and the Contemnors who are plaintiffs in the NextPlay Debt Claim must seek leave to bring interlocutory applications in the NextPlay Debt Claim.

The trial for the Axion Civil Claim commenced on February 10, 2025, concurrently with the trial for the NextPlay Debt Claim and the Hirakawa Claim. The Axion Civil Claim is currently being defended by four defendants, namely Cern One Limited, Red Anchor Trading Corp., HotPlay Enterprise Limited, and HotPlay (Thailand) Co., Ltd. The other named defendants in the Axion Civil Claim are barred from putting forth any defence as a result of their defences being struck. The trial has not concluded.

(d) U.S. Civil Action

On July 6, 2022, NextPlay served a Civil Complaint in the United States District Court for the Western District of Washington against the Company and certain named directors and officers of the Company. The Company believes that the suit is largely a duplication of the actions filed by the former CEO and his associates in Canada, including allegations that the Company had committed fraud on the court during the Bonner Petition hearings, and intends to seek dismissal or to vigorously defend itself should the action proceed. On February 3, 2023, Justice Ross declared that the Company had committed no such fraud on the court.

On August 29, 2022, the Company filed a Notice of Application with the BC Supreme Court to restrain NextPlay, its agents, and any person acting under its instructions or control, from proceeding with or in any way taking any steps to pursue its civil action in the United States District Court for the Western District of Washington (the "Anti-Suit Injunction").

On October 25, 2022, the parties agreed to a stay of proceedings pending the outcome of related legal claims between the parties before the BC Supreme Court.

The Fraud on the Court Application was heard from January 30 to February 3, 2023, in front of Justice Ross. On February 3, 2023, Justice Ross found that there was no fraud on the court committed by the Company during the Bonner Petition hearings, contrary to allegations made by the Bonner Defendants and NextPlay in both the BC Supreme Court and in the U.S. Proceedings. In his reasons, Justice Ross noted that counsel for both the Bonner Defendants and NextPlay conceded during oral submissions that they could not establish their allegations of fraud on the court, despite such allegations from their clients in multiple jurisdictions. The application also sought relief on the basis of abuse of process. That portion of the relief was referred back to Justice Walker for determination, with that determination still pending.

(e) Japanese Investors Civil Actions

On April 1, 2021, certain Japanese investors filed Notices of Civil Claim against John Todd Bonner, Nithinan "Jess" Boonyawattanapisut, Cern One Limited, and the Company. The claims are referred to as the "Yamanaka Claim" and the "Hirakawa Claim". The Company has not filed any response to these Notices of

Civil Claim as the claims made are against the other defendants. It is the Company's belief that the Company was only named to facilitate any ultimate award involving its issued common shares.

On April 9, 2021, each of the plaintiffs in the Yamanaka Claim and the Hirakawa Claim applied for Mareva injunctions to prevent the defendants, Bonner, Jess, Red Anchor, and Cern One, among others, from dealing with the disputed shares or voting them at the Axion Ventures AGM. These applications were heard together on April 13 and 14, 2021. On April 14, 2021, The Honourable Mr. Justice Davies granted the Mareva injunctions sought in the Yamanaka Claim and Hirakawa Claim (the "Investor Mareva Injunctions"). On April 23, 2021, Bonner, Jess, Cern One, and Red Anchor (the "Appellants") filed a Notice of Application for Leave to Appeal the Investor Mareva Injunction granted in the Hirakawa Claim.

The Honourable Mr. Justice Voith (In Chambers) granted leave to appeal on August 9, 2021 and allowed NextPlay to join as an Appellant.

On July 11, 2022, the appeal was dismissed without prejudice to the rights of the Appellants to bring an application to vary or discharge the original April 14, 2021 order in the BC Supreme Court. No such application has been filed to date.

Yamanaka Claim

The Yamanaka Claim was to obtain 3,470,626 common shares of the Company alleged to be owing to the Yamanaka plaintiffs, plus punitive damages and costs.

On December 15, 2023, the BC Supreme Court ordered that the Company execute the necessary steps to cancel 3,587,126 common shares of the Company in the name of Cern One Limited and then to re-issue the 3,587,126 common shares to the Yamanaka plaintiffs. Between January 30, 2024 and March 26, 2024, the Company was able to obtain and cancel sufficient shares and on March 27, 2024, the Company issued the required 3,587,126 common shares to the various Yamanaka plaintiffs. Subsequent to this issuance, the Yamanaka Claim was concluded.

Hirakawa Claim

The Hirakawa Claim was for 40,713,307 shares of the Company or $9.3 million owing to Hirakawa, plus punitive damages and costs.

The Hirakawa Claim remains in progress and its trial is being held concurrently with that of the NextPlay Debt Claim and the Axion Civil Claim. The plaintiff in the Hirakawa Claim has assigned his cause of action against the four above-named defendants to the Company.

OTHER MD&A REQUIREMENTS — DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

Axion Ventures' authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. There are no preferred shares issued and outstanding. Details of the issued common shares are as follows:

	Number	S'000
December 31, 2023	255,893,504	39,645
Issued for convertible notes receivable	24,600,000	182
Shares recovered and cancelled pursuant to court orders	(26,053,490)	-
Shares reissued pursuant to court orders	3,587,126	-
Shares issued on private placements	8,429,392	3,024
Shares issued to settle notes payable	12,167,101	4,447
Net shares to be recovered and cancelled pursuant to court order	(31,086,287)	-
December 31, 2024	247,537,346	47,298
Shares issued on private placement	4,393,284	1,486
March 31, 2025 and May 30, 2025	**251,930,630**	**48,784**

Stock Options

At December 31, 2024, there were 12,500,000 options outstanding, all of which are fully vested. During the quarter ended March 31, 2025, a total of 1,500,000 options at C$0.35 per share expired unexercised and 3,000,000 options at C$0.50 per share were granted.

Warrants

There are currently no issued and outstanding warrants.

Subscription receipts payable

At December 31, 2024, the Company had not yet closed the private placements related to $313 thousand (C$450,000) of share subscription agreements for 900,000 common shares. The $313 thousand was reported as a liability at December 31, 2024, pending the closing of the private placement.

During the quarter ended March 31, 2025, the Company closed a private placement of 4,393,284 common shares related to the C$250 thousand of the subscriptions payable at December 31, 2024 and a further C$1,909 thousand of new subscriptions received after December 31, 2024.

Subsequent to March 31, 2025, the Company received a further $352 thousand of share subscriptions and expects to close a private placement of approximately 962 thousand common shares in the second quarter of 2025.

DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the interim condensed consolidated financial statements for the quarter ended March 31, 2025 and this accompanying MD&A (together, the "Quarterly Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Quarterly Filings on SEDAR+ at https://www.sedarplus.ca/.

RISK FACTORS

A detailed discussion of the Company's risks can be found within the Company’s Management Discussion and Analysis for the year ended December 31, 2024, dated and filed on SEDAR+ on April 30, 2025.

Investors should carefully consider when making an investment decision concerning the common shares of the Company. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company, or that the Company currently deems immaterial may also impair the operations of the Company. If any such risks occur, the financial condition, liquidity, and results of operations of the Company could be materially adversely affected, and the ability of the Company to implement its growth plans could be adversely affected. An investment in the Company is speculative.

An investment in the Company will be subject to certain material risks and investors should not invest in securities of the Company unless they can afford to lose their entire investment.

ADDITIONAL INFORMATION & APPROVAL

Additional information relating to the Company is on SEDAR+ at https://www.sedarplus.ca/.

The Board has approved the disclosure contained in this MD&A as of May 30, 2025.