



FANDOM SPORTS MEDIA CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS

Three months ended April 30, 2021



## 1.1 Date of Report: June 29, 2021

The following management discussion and analysis (“MD&A”) of the financial position and results of operations for FANDOM SPORTS Media Corp. (the “Company” or “FANDOM SPORTS”) should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto for the three months ended April 30, 2021. Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis are quoted in Canadian Dollars

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 common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

### *Forward-Looking Statements*

All statements made in this MD&A, other than statements of historical fact, are forward-looking statements. The Company’s actual results may differ significantly from those anticipated in the forward-looking statements and readers are cautioned not to place undue reliance on these forward-looking statements. Except as required by law, the Company undertakes no obligation to release the results of any revisions to forward-looking statements that may be made to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of unanticipated events. Forward-looking statements include, but are not limited to, statements with respect to future price levels, success of technology development, success of marketing and product adoption, development time-lines, currency fluctuations, requirements for additional capital, unanticipated expenses, trademark or patent disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation.

In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to the integration of acquisitions; future price levels; accidents, labor disputes and other risks of the technology industry; delays in obtaining approvals or financing.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.



## 1.2 Overall Performance

### Description of the Business

FANDOM SPORTS is a publicly listed company incorporated in Canada on May 12, 2006 under the British Columbia Corporations Act. The Company is listed on the Canadian Securities Exchange under the trading symbol “FDM” and on the OTCBQ under the trading symbol “FDMSF”.

FANDOM SPORTS is an Esports entertainment company that aggregates, curates and produces unique data driven fan-focused content. “FANDOM SPORTS exists to allow sports fans to unleash their primal sports passions; to express their adoration for their favorite games and team, as well as their deep scorn for their opponents. We facilitate challenging the world and your friends to predictions and engaging with content, while rewarding die-hard fans for their vehemence. Together we celebrate the victories of champions and share the scorn of the losses of your rivals; always delivering and creating the most provocative and entertaining Esports content.”

The Company’s ability to continue as a going concern, to fund its technology developments and acquisitions and to ensure adequate working capital is dependent upon achieving profitable operations or upon obtaining sufficient additional financing. These factors may cast significant doubt on the Company’s ability to continue as a going concern. See section 1.6 below.

The address of the Company’s head office and principal place of business Suite 830 – 1100 Melville Street, Vancouver BC V6E 3A4 and the registered and records office is located at 2200 - 885 West Georgia Street, suite #900, Vancouver, B.C., Canada, V6C 3E8.

Further information about the Company and its operations is available on FANDOM SPORTS website at [fandomsports.com](http://fandomsports.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

### Principle Products

#### FANDOM SPORTS Technology

Fandom Esports is a module-based architecture using a proprietary technology platform. According to the target users and/or market requirements the platform is able to generate a customizable mobile enabled application. Since the platform consists of multiple modules, it is capable to include only the particular functionalities required by a very specific target audience, such as different authentication partners, different payment gateways, games, news feeds, etc. Even more, the platform is able to spin off the custom applications for specific events, competition organizers, channel partners, etc. The customer’s privacy and security is a paramount concern of our operations, therefore the Fandom Platform exists in our proprietary private cloud. The cloud nodes are located in the strategic locations throughout the world while maintaining the full near real-time synchronization and the implementation of the “any cast” technology automatically routes users to the node closest to their location. The deep integration with the DataBioniX™ platform allows for real-time data organization and extraction of the meaningful insights, including but not limited to, in-game statistics, teams related forecasts, gamers past and predicted performances, etc. In essence, DataBioniX™ platform will allow for a 360° view of any aspect of the ingested data.

#### Fandom Esports Platform

The Company’s Fandom Esports Platform is the ultimate mobile friendly application for unfiltered raw Esports predictions and data interactions. We allow passionate Esports fans to unleash their primal Esports passions, make predictions and earn rewards. Together we celebrate the victories of champions and scorn the losses of your rivals; always delivering and creating the most provocative and entertaining sports



content. Fandom Sports is a web application which instantly operates on an Android and iOS mobile device targeting “Superfans” who aspire to show the world they know Esports better than the experts and their friends - giving them a chance to Play, Predict, and Get Rewarded.

Esports fan engagement and associated betting segments will provide guidance and direction in the buildout of a unique fan offering that blends Esports predictions through social interaction with fantasy Esports wagering. The Company continues to explore methods to monetize global Esports debates as well as potential fantasy gaming and Esports betting with a partnership-based business model.

The Company’s Fandom Esports network is active in our proprietary private cloud and provides multilingual support. Quickly achieving these milestones provides a foundation for the Company’s strategy of both a localized and global launch of Fandom’s regulated betting and unregulated prediction business models.

### 1.3 Selected Annual Information

n/a – annual requirement

### 1.4 Results of Operations

Revenue:

The Company is in the development stage and does not generate revenues. To date the Company has not earned any significant revenues.

*For the three months ended April 30, 2021:*

General and Administrative Expenses:

General and Administrative expenses increased by \$860,743 to \$1,313,189 during the three months ended April 30, 2021 (2020: \$452,446). During the three months ended April 30, 2021, the Company continued its strategic focus on Esports. Significant expenses incurred during the three months ended April 30, 2021 compared to 2020:

- Consulting and management fees increased \$204,505 to \$297,705 (2020: \$93,200) following a management change in 2020 and a focused drive on the development of the Company’s e-sports platform.
- Development costs were \$214,500 (2020: \$Nil). Since mid-2020, new management has been redesigning and testing the esports platform while engaging a new developer for the product work.
- Marketing and promotion increased by \$187,981 to \$188,928 (2020: \$947) as a result of development and launch of marketing programs targeting esports enthusiasts.
- The Company recognized \$579,600 in stock-based compensation during the three months ended April 30, 2021 (2020: \$333,500) driven by the fair value of stock options granted during the period.

There are no trends, commitments, events or uncertainties presently known to management that are reasonably expected to have a material effect on the Company’s business, financial condition or results of operation other than uncertainty as to the speculative nature of the business, the uncertainty of social media and marketing trends, and the uncertainty of fundraising activities.

### 1.5 Summary of Quarterly Results



Three months ended	Total revenues	Net loss (\$)	Loss per share (\$)
April 30, 2021	Nil	1,313,189	0.02
January 31, 2021	Nil	1,209,321	0.02
October 31, 2020	Nil	335,553	0.01
July 31, 2020	Nil	1,053,476	0.03
April 30, 2020	Nil	452,446	0.03
January 31, 2020	Nil	535,667	0.04
October 31, 2019	Nil	336,697	0.02
July 31, 2019	Nil	530,912	0.04

During Q1 ended April 30, 2021, the Company continued the development, launch, and testing of its esports platform.

During Q4 and Q3 of the fiscal year ended January 31, 2021, the Company continued with its strategic focus on Esports and Esports wagering as it obtained a wagering licence, developed the online platform and created strategic partnerships in the Esports space. During Q2 of Fiscal 2021, the Company saw \$612,150 in share-based compensation in addition to the regular operation costs. During Q1 of fiscal 2021, the Company restructured to align with its strategic focus on Esports.

During the fiscal year ended January 31, 2020, the Company developed the original Fandom Esports Platform and built a Blockchain protocol-based entertainment platform solution for commercial development. Major fluctuations are due to key short-term strategic consultants, development and technology implementation and associated programs.

## 1.6 Liquidity

At April 30, 2021, the Company had working capital of \$5,534,391 compared to working capital of \$687,722 as at January 31, 2021. Working capital at January 31, 2021 consisted of: cash \$5,523,753 (January 31, 2021: \$735,324), taxes recoverable \$97,432 (January 31, 2021: \$39,061), prepaid expenses \$9,401 (January 31, 2021: \$18,271) accounts payable and accrued liabilities \$96,195 (January 31, 2021: \$104,934).

The Company has financed its operations to date primarily through the issuance of common shares and debt. At April 30, 2021, the Company did have sufficient working capital for its short-term corporate obligations but generation of additional capital will be required for future operations until further funding or sufficient revenue can be generated from the Company's FD Technology and mobile applications. As the Company cannot predict the time at which revenue will exceed expenses, the Company continues to seek capital through various means including the issuance of equity and/or debt. (See Note 1 of the financial statements for the three months ended April 30, 2021).

In management's view, given the nature of the Company's operations, which consist of the development of the FD Technology and the mobile applications, the most relevant financial information relates primarily to current liquidity, solvency and planned development expenditures. The Company's financial success will be dependent upon the extent to which it can complete equity financing which may take longer than expected and the amount of future revenue, if any, is difficult to determine. The value of the core products is largely dependent upon many factors beyond the Company's control, including live sports and esports entertainment and media trends and marketing trends and investors' appetite for investments into small cap companies.

## 1.7 Capital Resources



As at April 30, 2021, the Company had cash and cash equivalents of \$5,523,753 (January 31, 2021 \$735,324) to settle liabilities of \$96,195 (January 31, 2021 \$104,934). The Company expects to fund its liabilities, development, and operational activities over the next fiscal year with cash received from the issuance of equity securities, primarily through private placements, or from cash received from the exercise of warrants or stock options.

### 1.8 Off Balance Sheet Arrangements

At April 30, 2021, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

### 1.9 Related party transactions

Related parties include the Board of Directors, officers and enterprises that are controlled by these individuals. Remuneration of key management of the Company was as follows.

Year ended:	April 30, 2021	April 30, 2020
David Vinokurov <sup>(i)</sup>	\$ 30,000	-
Philip Chen <sup>(ii)</sup>	15,000	-
Penilla Klomp	11,000	-
Christian Gravel	22,500	-
Stan Yazhensky	22,500	-
Henri Holm <sup>(iii)</sup>	-	43,200
	<b>\$ 101,000</b>	<b>\$ 43,200</b>

- (i) On May 5, 2020, the Company entered into an agreement with Mr. Vinokurov's firm Sniper Capital Corporation whereby the Company shall pay Sniper Capital \$10,000 per month in exchange for management and consulting services to the Company. The agreement may be terminated by the Company by providing three months written notice (after May 5, 2021 by providing four months written notice) or by Sniper by providing one month's written notice.
- (ii) The Company entered into an agreement with Philip Chen whereby the Company shall pay Mr. Chen \$5,000 per month in exchange for the services of the Company's Chairman of the Board. The agreement may be terminated by the Company by providing three months written notice, or by Mr. Chen by providing three months written notice.
- (iii) On July 11, 2017, the Company and Mr. Holm entered into an Executive Agreement for Mr. Holm's services in the capacity of President and Chief Executive Officer at a monthly rate of \$12,000 which increased to \$14,400 per month as of August 1<sup>st</sup>, 2018. Termination of Mr. Holm's contract would require six-month's notice by the Company or three-month's notice by Mr. Holm, and termination pay will be no less than \$72,000. As at April 30, 2020, the former CEO's consultancy agreement had been terminated. A total of \$86,400 was settled through the issuance of shares and warrants on April 20, 2020 and the remaining fees outstanding to Mr. Holm (\$41,233) were paid during the period.

During the three months ended April 30, 2021, the Company incurred share-based compensation costs (from the grant of stock option) totalling \$Nil (2020: \$208,774) to key management of the Company.



As at April 30, 2021, \$1,518 (January 31, 2021, \$16,431) was due to directors and senior management or companies controlled by directors and senior management and was included in accounts payable and accrued liabilities.

### **1.10 First Quarter**

The first quarter was driven by the Company's Esports focus.

#### *First Quarter Highlights*

- On April 27, 2021, the Company announced that it has completed the set-up of the company data centre and its first two remote nodes. This includes initiation of the application and back-end servers' clusters, networking and security equipment as part of the private cloud strategy.
- On April 15, 2021, the Company announced that it has appointed Andra Enescu to the company's board of directors.
- On March 16, 2021, the Company announced that the Fandom Sports e-sports prediction platform is now live on-line.
- On March 4, 2021, the Company announced that it has ordered servers and support equipment for deployment as part of the company data centre and private cloud strategy.
- On February 25, 2021, the Company announced that it has entered into an agreement with Yalla Esports based in Dubai, United Arab Emirates, for marketing services for the promotion of the company's launch of its e-sports fan prediction platform for fan engagement.
- On February 2, 2021, the Company announced that it has entered into a letter of intent for an affiliate partnership for the company's regulated wagering platform. Fandom's peer-to-peer (P2P) wagering platform is being built upon proprietary data feeds from leading e-sports game publishers.

Fandom Sports currently has a Curacao Internet gaming licence for the right of use for offshore games of chance and wagering. Under the terms of the licence, Fandom is able to market, promote and offer its games of chance to all jurisdictions other than those explicitly forbidden under the terms of its licence, namely: United States, United Kingdom, France, Spain, Australia, Netherlands and certain other Dutch affiliated jurisdictions.

### **1.11 Proposed Transactions**

There are no proposed transactions that will materially affect the performance of the Company.

### **1.12 Critical Accounting Estimates**

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

### **1.13 Adoption of New Accounting Policies**

Other than those disclosed in the financial statements for the year ended January 31, 2021 and April 30, 2021, the Company has not adopted any new accounting policies.



New standards not yet adopted

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee (“IFRIC”) but are not yet effective (as at April 30, 2021) and, accordingly, have not been applied in preparing these financial statements. The Company has not yet assessed the potential impact of these standards on its financial reporting.

#### **1.14 Financial Instruments and Other Risks**

##### Financial Instruments

As at April 30, 2021, the Company's financial instruments consist of cash which is carried at fair value and receivable, and accounts payable which approximate fair value because of the short term nature of these instruments.

##### Fair Value

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 Inputs other than quoted prices that are observable for the assets or liabilities either directly or indirectly, and

Level 3 Inputs that are not based on observable market data

Cash is carried at fair value using a Level 1 fair value measurement. The carrying value of receivables and accounts payable approximate their fair value because of the short-term nature of these instruments.

##### Risks

##### Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and amounts receivable. Cash deposits and term deposits are maintained with a financial institution of reputable credit and are redeemable on demand. Amounts receivable consists primarily of GST returns due from Revenue Canada. The Company's opinion is that credit risk is minimal.

##### 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's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. Readers' attention is drawn to Note 1 of the financial statements regarding going concern issue of the Company and section 1.6 of this MD&A.

##### Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, marketing prices and/or stock market movements (price risk). Interest rate risk Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash and cash equivalents bear interest at market rates. Other current financial assets and liabilities are not exposed to interest rate risk because of their short-term nature or being non-interest bearing.





## Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The foreign currency risk for the Company is low.

## Other Risks

### Fandom's limited operating history

The Company has no operating history, and no history of earnings or profits. It currently has no customers or means of cash flow from operations. As such, the Company's business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stage of development. As the Company is in an early stage and is only introducing its service to the public, it is very difficult to evaluate the viability of the Company's business. The Company has no experience in addressing the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly companies in new and rapidly evolving markets such as the Company's target markets. There can be no assurance that the Company will be successful in addressing these risks and the failure to do so in any one area could have a material adverse effect on the Company's business, prospects, financial condition and results of operations. There is no assurance that the Company's business will be a success.

### Financing

In the short term, the continued operation of the Company will be dependent upon its ability to procure additional financing. The Company must obtain such financing through a combination of equity and debt financing and there can be no assurance that the Company can raise the required capital it needs to build and expand the Company's business. Without this additional financing, the Company may be unable to advance the Company's business model, and the Company will likely fail. There can be no certainty that the Company can obtain these funds, in which case any investment in the Company may be lost. The raising of equity funding will also result in dilution of the equity position held by the Company's shareholders.

### Operational Risks

The Company will be affected by a number of operational risks against which it may not be adequately insured or for which insurance is not available, including: catastrophic accidents; fires; changes in the regulatory environment; impact of non-compliance with laws and regulations; labor disputes; natural phenomena such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's premises, personal injury or death, environmental damage, resulting in adverse impacts on the Company's operations, costs, monetary losses, potential legal liability and future cash flows, earnings and financial condition. Also, the Company may be subject to or affected by liability or sustain loss for certain risks and hazards against which it cannot insure or which it may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

### Unforeseen Competition

There can be no assurance that significant competition will not enter the market and offer any number of similar services to those provided by the Company. Such competition could have a significant adverse effect on the growth potential of the Company's business by effectively dividing the existing market for such products and services.

### Trends

The Company's success depends on the continuation of sports entertainment and media consumption popularity on mobile devices and the ability of products to add new users, sell brand sponsorship and



generate revenue. Future revenues will be largely dependent on the company's ability to generate revenue from third parties advertising within the Company's products. Changes in media trends which affect user adoption and marketing habits may significantly affect the Company's ability to collect revenue in the future. If third party marketers decide that the Company's products are experimental or unproven, or if third party policies limit our ability to deliver or target advertising on mobile devices, or if adverse legal developments arise relating to advertising, including legislative and regulatory developments and developments in litigation, or if our products are unable to sustain or increase the value of our ads or marketers' ability to analyze and measure the value of our ads, or if trends for advertising on mobile devices or on personal computers changes, our advertising revenue could be adversely affected.

#### Dependence on Personnel

The Company's future success depends substantially on the continued services of its executive officers and its key development personnel. If one or more of its executive officers or key development personnel were unable to unwilling to continue in their present positions, the Company might not be able to replace them easily or at all. In addition, if any of its executive officers or key employees joins a competitor or forms a competing company, the Company may lose know-how, key professionals and staff members.

#### Management of Growth

The Company may experience a period of significant growth that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train motivate and manage the workforce. The Company's current and planned personnel, systems, procedures, and controls may be inadequate to support its future operations.

#### Data Security Risks

The Company will utilize servers with significant amounts of data stored thereon. Should the Company be responsible for the loss of any or all of the data stored by it, the liability could materially undermine the financial stability of the Company. Also, much of the data stored at the Company's premises or within the aforementioned servers will be confidential. Anyone who is able to circumvent the Company's security measures could misappropriate proprietary information or cause interruptions in its operations.

#### Trading of the Company's Shares

There can be no assurance of the future price of the Company shares. Further, there can be no assurance that there will be sufficient liquidity so as to permit investors to buy or sell the Company's shares at any time, in quantities desired. As noted above, the Company's continued operation will be dependent upon its ability to procure additional financing.

#### Dividends

The Company has not paid dividends to shareholders in the past and does not anticipate paying dividends in the foreseeable future. The Company expects to retain its earnings to finance growth, and where appropriate, to pay down debt.

#### Officer and Director Conflicts

Because directors and officers of the Company and/or the Company's subsidiary are or may become directors or officers of other reporting companies or have significant shareholdings in other technology companies, the directors and officers of the Company may have a conflict of interest in conducting their duties. There can be no assurance such conflicts of interests will be resolved to the benefit of the Company.



### **1.15 Other MD&A Requirements**

Share capital

#### *Issued*

The Company has 76,905,134 shares issued and outstanding as at April 30, 2021 and 81,938,467 as at the date of this report.

#### *Share Purchase Options*

The Company has 7,361,668 stock options outstanding at April 30, 2021 and 7,361,668 as at the date of this report.

#### *Warrants*

The Company had 36,005,057 share purchase warrants outstanding at April 30, 2021 and 36,005,057 as at the date of this report.

### **1.16 Subsequent events**

On May 20, 2021, the Company settled debt of \$1,375,000 by issuing 4,583,333 shares at a deemed value of \$0.30 per share.

On May 25, 2021, the Company settled debt of \$135,000 by issuing 450,000 shares at a deemed value of \$0.30 per share.