TIIDAL GAMING HOLDINGS INC. (FORMERLY TIIDAL GAMING GROUP INC.)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2021 AND 2020

(EXPRESSED IN CANADIAN DOLLARS)

HARBOURSIDE CPA

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Tiidal Gaming Holdings Inc. (formerly Tiidal Gaming Group Inc.)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Tiidal Gaming Holdings Inc. (the "Company"), which comprise the consolidated statements of financial position as at October 31, 2021 and 2020 and the consolidated statements of net loss and comprehensive loss, consolidated statements of changes cash flows, and consolidated statements of shareholders' equity (deficiency) for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Company as at October 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 2 to the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt about Tiidal Gaming Holdings Inc.'s ability to continue as a going concern.

Information other than the Consolidated Financial Statements and the Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in Management's discussion and analysis report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's discussion and analysis report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Mickey Goldstein.

HARBOURSIDE CPA LLP

Vancouver, British Columbia
February 28, 2022

Harbourside CPA, LLP
Chartered Professional Accountants

TIIDAL GAMING HOLDINGS INC. (FORMERLY TIIDAL GAMING GROUP INC.)
Consolidated Statements of Financial Position
As at October 31, 2021 and 2020
(Expressed in Canadian Dollars)

As at		October 31, 2021		October 31, 2020
ASSETS				
Current assets				
Cash	$	22,923	$	110,734
Restricted cash (Note 5)		3,257,408		-
Trade and other receivables (Note 6)		87,094		3,748
Prepaid expenses and deposits		5,246		6,865
Deferred financing charges (Note 7)		468,077		-
		3,840,748		121,347
Equipment (Note 8)		15,405		18,735
Right-of-use asset (Note 9)		223,986		-
Intangible assets (Note 10)		2,017,195		-
Total assets	$	6,097,334	$	140,082
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and other liabilities (Notes 11 & 16)	$	1,137,432	$	377,068
Subscription liability (Note 7)		3,595,612		-
Deferred revenue		6,765		17,452
Lease liability (Note 9)		51,597		-
Promissory notes payable (Notes 12 & 16)		137,000		30,000
Convertible notes (Note 13)		266,734		-
		5,195,140		424,520
Lease liability (Note 9)		177,155		-
Government loan payable (Note 14)		60,000		40,000
Total liabilities		5,432,295		464,520
Shareholders' equity (deficiency)				
Share capital (Note 15)		6,078,510		4,471,368
Reserves (Note 15)		2,129,832		1,634,653
Shares to be issued (Notes 10 & 15)		767,878		-
Accumulated other comprehensive income		71,159		1,873
Deficit		(8,382,341)		(6,432,332)
Total shareholders' equity (deficiency)		665,039		(324,438)
Total liabilities and shareholders' equity	$	6,097,334	$	140,082

Nature of Operations and Going Concern (Notes 1 and 2)
Subsequent Events (Note 24)

Approved and Authorized by the Board on February 28, 2022:

"Zachary Goldenberg" Director

The accompanying notes are an integral part of these consolidated financial statements.

TIIDAL GAMING HOLDINGS INC. (FORMERLY TIIDAL GAMING GROUP INC.)
Consolidated Statements of Net Loss and Comprehensive Loss
For the years ended October 31, 2021 and 2020
(Expressed in Canadian Dollars)

		2021		2020
Revenue				
Prize revenue	$	200,742	$	478,061
Betting solutions revenue		33,691		-
Sponsorship and other revenue		194,964		100,164
Total revenue		429,397		578,225
Cost of sales		241,451		419,287
Gross profit	$	187,946	$	158,938
Operating expenses				
Advertising and promotion	$	86,449	$	47,859
Amortization of intangible assets (Note 10)		190,238		-
Bad debt (Note 6)		-		21,379
Consulting (Note 16)		99,406		18,313
Depreciation of equipment (Notes 8 & 9)		14,471		21,980
General and administrative (Notes 16 & 17)		924,632		602,249
Management fees (Note 16)		-		35,833
Player fees		141,980		347,271
Player management fees		71,335		151,432
Share-based payments (Notes 15 & 16)		505,161		228,277
Travel		737		49,034
Total operating expenses		2,034,409		1,523,627
Loss before other items		(1,846,463)		(1,364,689)
Other items				
Foreign exchange loss		(73,774)		(19,196)
Finance charges		(29,528)		-
Impairment of intangible assets (Note 10)		-		(80,047)
Impairment of property and equipment (Note 8)		-		(3,094)
Loss on settlement of debt (Note 15)		-		(13,560)
Net loss		(1,949,765)		(1,480,586)
Other comprehensive income				
Foreign currency translation adjustment		69,046		1,545
Comprehensive loss	$	(1,880,719)	$	(1,479,041)
Weighted average number of common shares outstanding		55,880,687		45,573,816
Basic and diluted loss per share	$	(0.03)	$	(0.03)

The accompanying notes are an integral part of these consolidated financial statements.

TIIDAL GAMING HOLDINGS INC. (FORMERLY TIIDAL GAMING GROUP INC.)
Consolidated Statements of Cash Flows
For the years ended October 31, 2021 and 2020
(Expressed in Canadian Dollars)

		2021		2020
Operating activities				
Net loss	$	**(1,949,765)**	$	**(1,480,586)**
Adjustments for non-cash items:				
Depreciation of equipment		14,471		21,980
Amortization of intangible assets		190,238		-
Impairment of equipment		-		3,094
Impairment of intangible assets		-		80,047
Share-based payments		505,161		228,277
Accretion expense		29,528		-
Bad debt		-		21,379
Loss on settlement of debt		-		13,560
Unrealized Foreign exchange		69,025		19,196
Changes in non-cash working capital items:				
Trade and other receivables		(54,746)		214,745
Prepaid expenses and deposits		1,619		34,657
Accounts payable and other liabilities		774,849		108,798
Deferred revenue		(10,687)		17,452
Net cash used in operating activities		(430,307)		(717,401)
Investing activities				
Redemption of short-term investment		-		30,000
Acquisition of equipment		(6,354)		-
Acquisition of intangible assets		(39,553)		-
Net cash from (used in) investing activities		(45,907)		30,000
Financing activities				
Proceeds from issuance of common stock		-		65,000
Share issuance costs		(18,847)		(3,950)
Proceeds from exercise of warrants and options		-		125,000
Proceeds from issuance of convertible notes		280,250		-
Payment for redemption of common shares		-		(10,000)
Proceeds from issuance of promissory notes		107,000		30,000
Proceeds from government loan		20,000		40,000
Net cash provided by financing activities		388,403		246,050
Net change in cash		**(87,811)**		**(441,351)**
Effect of exchange rate changes on cash		**-**		**913**
Cash, beginning of year		**110,734**		**551,172**
Cash, end of year	$	**22,923**	$	**110,734**

Supplemental Disclosures with Respect to Cash Flows (Note 19)

The accompanying notes are an integral part of these consolidated financial statements.

TIIDAL GAMING HOLDINGS INC. (FORMERLY TIIDAL GAMING GROUP INC.)
Consolidated Statement of Shareholders' Equity (Deficiency)
For the years ended October 31, 2021 and 2020
(Expressed in Canadian Dollars)

	Note	Number of Shares	Share Capital $	Subscriptions received $	Shares to be Issued $	Reserves $	Accumulated Other Comprehensive Income $	Accumulated Deficit $	Total Shareholders' Equity (Deficiency) $
Balance, October 31, 2019		**68,848,784**	**4,238,198**	**30,000**	**-**	**1,406,376**	**328**	**(4,951,746)**	**723,156**
Private placement	15	242,023	95,000	(30,000)	-	-	-	-	65,000
Share issuance costs	15	-	(3,950)	-	-	-	-	-	(3,950)
Warrants and options exercised	15	796,125	125,000	-	-	-	-	-	125,000
Shares issued for debt settlement	15	172,727	27,120	-	-	-	-	-	27,120
Shares purchased for cancellation	15	(17,833,200)	(10,000)	-	-	-	-	-	(10,000)
Share-based payments	15	-	-	-	-	228,277	-	-	228,277
Foreign currency translation	15	-	-	-	-	-	1,545	-	1,545
Net loss		-	-	-	-	-	-	(1,480,586)	(1,480,586)
Balance, October 31, 2020		**52,226,459**	**4,471,368**	**-**	**-**	**1,634,653**	**1,873**	**(6,432,332)**	**(324,438)**
Shares issued for acquisition	15	3,821,400	1,500,000	-	667,880	-	-	-	2,167,880
Shares issued for debt settlement	15	66,212	25,990	-	-	-	-	-	25,990
Shares issued for RSUs	15	254,760	99,999	-	99,998	(199,997)	-	-	-
Share issuance costs	15	-	(18,847)	-	-	-	-	-	(18,847)
Share-based payments	15	-	-	-	-	505,161	-	-	505,161
Compensation option issuance	15	-	-	-	-	158,473	-	-	158,473
Convertible notes issuance	15	-	-	-	-	31,542	-	-	31,542
Foreign currency translation		-	-	-	-	-	69,046	-	69,046
Comprehensive income (loss)		-	-	-	-	-	-	(1,949,765)	(1,949,765)
Balance, October 31, 2021		**56,368,831**	**6,078,510**	**-**	**767,878**	**2,129,832**	**71,159**	**(8,382,097)**	**665,039**

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of Operations

Tiidal Gaming Holdings Inc. (formerly Tiidal Gaming Group Inc.) ("Tiidal" or the "Company"), was incorporated under the Business Corporations Act of Ontario on October 22, 2018. On November 9, 2021, the Company amalgamated with 2852773 Ontario Inc. ("GTA Subco"), a wholly-owned subsidiary of GTA Financecorp Inc. ("GTA") and changed its name to Tiidal Gaming Holdings Inc.

The Company's head office, principal address and registered office is located at 365 Bay Street, Suite 800, Toronto, Ontario, M5H 2V1.

The Company's principal business activities are owning and operating synergistic businesses across the esports ecosystem, including its wholly-owned subsidiaries Tiidal Gaming NZ Limited ("Tiidal NZ") incorporated on November 23, 2020 under the Companies Act 1993 in New Zealand and doing business as Sportsflare, which has developed a robust odds feed and advanced betting solutions for sportsbooks and online betting companies, and Lazarus Esports Inc. ("Lazarus Esports"), a Canadian leader and globally recognized competitive esports organization.

On July 12, 2021, the Company, GTA, and GTA Subco, entered into a business combination agreement ("Definitive Agreement") whereby Tiidal and GTA Subco would amalgamate by way of a three-cornered amalgamation and the issued and outstanding securities of GTA would be exchanged for securities of Tiidal ("GTA RTO"). Tiidal would become a wholly-owned subsidiary of GTA as a result of the amalgamation. The Definitive Agreement provided that, subject to the satisfaction of certain conditions precedent, including applicable regulatory and stock exchange approvals, GTA would complete a reverse takeover of the Company and GTA would change its name to Tiidal Gaming Group Corp. or similar as the Resulting Issuer. See Note 7.

Immediately prior to the amalgamation, the Company's shares underwent a 1:1.2738 share split and all outstanding Tiidal restricted share units ("RSUs") automatically vested. Upon effect of the split, authorized capital remains unchanged. These financial statements give retroactive effect to such stock split named above and all share and per share amounts have been adjusted accordingly, unless otherwise noted.

On November 9, 2021, the Definitive Agreement closed, resulting in the formation of Tiidal Gaming Holdings Inc. (formerly Tiidal Gaming Group Inc.), a subsidiary of Tiidal Gaming Group Corp. Tiidal Gaming Group Corp. is the resulting issuer with shares trading on the Canadian Securities Exchange under the symbol "TIDL".

2. Going Concern

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Although the Company has generated revenue to date, it is currently unable to self-finance any future operations. The Company's ability to continue as a going concern and to realize assets at their carrying values is dependent upon its ability to obtain financing and generate profits and positive cash flows from operations in order to cover its operating costs.

The Company incurred a loss of $1,949,765 for the year ended October 31, 2021 ($1,480,586 – October 31, 2020), and as of that date the Company's accumulated deficit was $8,382,341 ($6,432,332 – October 31, 2020). The Company will periodically need to raise funds to continue to its operations and although it has been successful in doing so in the past, there is no assurance that it will be able to continue to do so in the future. These factors comprise a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements. These adjustments could be material.

In March 2020, the World Health Organization declared the coronavirus (COVID-19) a global pandemic. This contagious virus outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

3. Basis of Presentation

Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on February 28, 2022.

Basis of Presentation

The consolidated financial statements of the Company have been prepared on an accrual basis and on the historical cost basis except for certain financial instruments which are measured at fair value. The consolidated financial statements are presented in Canadian dollars, which is the functional currency for all entities of the consolidated group, except for the Space Esports and Tiidal NZ subsidiaries, which have the U.S. dollar and New Zealand dollar as its functional currency, respectively.

Basis of Consolidation

Subsidiaries are entities controlled by the Company where control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases. All intercompany balances, transactions, income and expenses have been eliminated on consolidation.

(Expressed in Canadian Dollars)

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. The accounts of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The table below lists the Company's wholly-owned subsidiaries:

Name of subsidiary	Jurisdiction Incorporated	Functional Currency	Accounting Method
Lazarus Esports Inc.	Canada	Canadian dollars	Consolidation
Space Esports Inc.	USA	U.S. dollars	Consolidation
Tiidal Gaming NZ Limited	New Zealand	New Zealand dollars	Consolidation

4. Significant Accounting Policies

Cash and cash equivalents

Cash and cash equivalents are designated as fair value through profit or loss ("FVTPL") and includes cash on account, cash held in trust accounts, and demand deposits which are readily convertible to known amounts of cash and are subject to insignificant changes in value. Cash equivalents are short-term, highly liquid investments with maturities of 90 days or less when acquired. The Company did not have any cash equivalents as of October 31, 2021 and 2020.

Revenue recognition

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") as issued by the International Accounting Standard Board ("IASB") on May 28, 2014 outlines a single comprehensive model to account for revenue arising from contracts with customers and replaced the majority of existing IFRS requirements on revenue recognition including IAS 18, Revenue, IAS 11, Construction Contracts and related interpretations. The core principle of the standard is to recognize revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard has prescribed a five-step model to apply the principles. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract as well as requiring more informative and relevant disclosures. IFRS 15 applies to nearly all contracts with customers, unless covered by another standard, such as leases, financial instruments and insurance contracts. In April 2016, the IASB issued amendments to IFRS 15, which provided additional guidance on the identification of performance obligations, on assessing principal versus agent considerations and on licensing revenue. The amendments also provide additional transition relief upon initial adoption of IFRS 15 and have the same effective date as the IFRS 15 standard.

The Company determines revenue recognition through the following steps: a) identification of the contract with a customer; b) identification of the performance obligations in the contract; c) determination of the transaction price; d) allocation of the transaction price for the performance obligations in the contract; and e) recognition of revenue when the Company satisfies a performance obligation.

The Company's revenue is comprised of esports winnings by players under contract with the Company, sponsorships, betting solutions revenue, and other revenue.

The Company earns esports prize winnings revenue from various esports tournaments and competitions that the Company's teams enter into. Prize winnings revenue is recognized at a point in time at the completion of each competition or league season. No revenue was recognized if there were significant uncertainties regarding the amount or recovery of the consideration due, the costs incurred or to be incurred could not be measured reliably, or there was continuing management involvement with the services.

The Company earns revenue from Software-as-a-Service ("SaaS") agreements with customers in the betting industry, on a subscription basis. Upon receiving payment from the customer, the Company will have the contractual obligation to provide the access to its proprietary intellectual property ("IP") over the course of the period stipulated in the agreement and the customer will have the ability to use the Company's IP for the stipulated period. As performance obligations are satisfied over time, revenue is recognized using a method of transfer that depicts the Company's performance or using the "as-invoiced" practical expedient, when applicable and ends only when the period in the agreement ends. The Company recognizes revenue from SaaS subscriptions ratably over the term of the subscription.

The Company earns sponsorship revenue by endorsing products. Sponsorship revenue is recognized over time as the performance obligations per the contract of the Company are satisfied and the services are provided to the customer. Payments received in excess of the revenue recognized on a contract are recorded as deferred revenue.

Amounts are billed as defined by individual contracts. Billings rendered in advance of performance under contracts are recorded as deferred revenue.

Some agreements contain revenue sharing terms whereby the Company is entitled to a percentage of revenue earned by the customer. This revenue is calculated and recognized on a monthly basis.

<u>Gross versus net revenue</u>

Third party arrangements are evaluated to determine whether the Company acts as the principal or agent under the specific terms of each arrangement. To the extent that the Company acts as the principal in an arrangement, revenues are reported on a gross basis; revenue and expenses are recognized in their respective financial statement line items. Conversely, if the Company acts as the agent, revenues are reported on a net basis; revenues are presented net of any expenses.

Determination of principal or agent classification is based on an evaluation of whether the nature of the Company's promise is a performance obligation to provide specific goods or services to the customer (principal), or simply arrange for those goods and services to be provided to the customer by a third party (agent). The most significant factors to consider include whether the Company controls the good or service immediately before it is transferred to the customer, is primarily responsible for fulfilling the promise to provide the specified good or service, has inventory risk before transferring the specified good or service, and has discretion in establishing prices for the specified good or service.

The Company evaluates whether it is acting as principal or agent. The Company reports prize winnings revenue on a gross basis as the Company controls the participation of players under contract in tournaments and leagues. Recording revenue on gross basis is evidenced by the Company's ability having a level of discretion in establishing pricing.

Cost of sales

Cost of sales consists of the share of tournament or league prize winnings paid to the players and coaches as per the contracts between the Company and the players and coaches. Cost of sales also includes sales commission paid on sponsorship revenue.

Foreign currency

The consolidated financial statements are presented in Canadian dollars. The functional currency of Tiidal Gaming Holdings Inc. (formerly Tiidal Gaming Group Inc.) and Lazarus Esports Inc. is the Canadian dollar, the functional currency of Space Esports Inc. is the United States dollar, and the functional currency of Tiidal NZ is the New Zealand dollar.

Assets and liabilities of subsidiaries having a functional currency other than the Canadian dollar are translated at the rate of exchange at the reporting period date. Revenues and expenses are translated at average rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transaction are used. The resulting foreign currency translation adjustments are recognized in the accumulated other comprehensive loss included in the consolidated combined statements of changes in shareholders' equity (deficiency). Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the reporting period date. Gains and losses on translation of monetary items are recognized in the consolidated statement of loss and comprehensive loss.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the translation reserve.

Share capital

The proceeds from the exercise of stock options, warrants and escrow shares are recorded as share capital in the amount for which the option, warrant or escrow share enabled the holder to purchase a share in the Company.

Depending on the terms and condition of each financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are accounted for using the residual method, following an allocation of the unit price to the fair value of the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transaction costs are accounting for a share-based payments.

Commissions paid to agents and other share issue costs are charged directly to share capital.

Share-based payments

Equity-settled share-based payments to employees are measured at the fair value of the instruments at the grant date and recognized in expense over the vesting periods. Equity-settled share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined that the fair value of the goods or services received cannot be reliably measured. Non-employee share-based payments are recognized in expense at the date the goods or services are received. The corresponding amount is recorded to reserves. Upon the exercise of stock options, consideration received on the exercise is allocated to share capital and the related amount previously recognized for the issuance of the option remains in reserves.

The fair value of options is determined using the Black-Scholes Option Pricing Model on the date of the grant, based on certain assumptions.

The fair value of equity settled RSUs is measured at the grant date based on the fair value of the Company's common shares on that date, each tranche is recognized using the graded vesting method over the period during which the RSUs vest. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of RSUs that are expected to vest.

All RSUs are recognized in the consolidated statements of net loss and comprehensive loss as an expense over the vesting period with a corresponding increase in equity reserves in the consolidated statement of financial position.

Income taxes and deferred income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities and any adjustment to tax payable in respect of previous years. The tax rates and tax laws used are those that are enacted or substantively enacted by the end of the reporting date.

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the asset is realized or liability is settled. Deferred tax assets are recognized for deductible temporary differences, unused tax losses and other income tax deductions to the extent that it is probable that there will be taxable income against which those deductible temporary differences, unused tax losses and other income tax deductions can be utilized. The extent to which deductible temporary differences, unused tax losses and other income tax deductions are expected to be realized is reassessed at the end of each reporting period.

The change in the net deferred income tax asset or liability is included in income except for deferred income tax relating to equity items which is recognized directly in equity. The income tax effects of differences in the periods when revenue and expenses are recognized, in accordance with the Company's accounting practices, and the periods they are recognized for income tax purposes are reflected as deferred income tax assets or liabilities.

Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity and are intended to be settled on a net basis.

The determination of current and deferred taxes requires interpretations of tax legislation, estimates of expected timing of reversal of deferred tax assets and liabilities, and estimates of future earnings.

Trade receivables

Trade receivables, net of allowances, are stated at the amount the Company expects to collect. Trade receivables are recognized initially at fair value less expected credit losses based on management's review of year end receivables, and do not bear any interest. A provision for expected credit losses is generally made when there is objective evidence that the Company will not be able to collect the amounts due according to original payment terms or when there are indications of collection issues related to specific customers. The amount of the impairment loss on a financial asset measured at amortized cost is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss, and are applied against trade receivables through a loss allowance account.

Equipment

Equipment is recorded at cost less accumulated depreciation and impairment losses. The Company provides for depreciation using the following methods at rates designed to depreciate the cost of the equipment over the period of expected useful life. A half year of depreciation is recorded in the year of acquisition. No depreciation is recorded in the year of disposal. The estimated useful lives of assets are reviewed by management and adjusted if necessary. The annual depreciation rates and methods are as follows:

Asset	Rate	Basis
Computer equipment	55%	Declining balance
Furniture and equipment	20%	Declining balance

Cost includes expenditures that are directly attributable to the acquisition of the asset or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to the consolidated statements of loss and comprehensive loss during the period in which they are incurred.

Gains and losses on disposals of equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in the consolidated statements of loss and comprehensive loss. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to profit or loss during the period they are incurred.

Depreciation methods, useful lives and residual values are reviewed annually and adjusted, if required. These assets are subject to impairment testing as described below.

Intangible assets

Intangible assets with finite lives that are acquired separately are measured on initial recognition at cost, which comprises its purchase price plus any directly attributable costs of preparing the asset for its intended use. Following initial recognition, such intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets are amortized using the straight-line method over their estimated useful lives. A half year of amortization is recorded in the year of acquisition. The estimated useful life of brands, trademarks, and websites is five years. The estimated useful life of intellectual property is ten years. Amortization expense is included in the consolidated statements of loss and comprehensive loss.

The useful lives of the intangible assets are reviewed annually, with the effect of any change in estimate being accounted for on a prospective basis. These assets are subject to impairment testing as described below.

Impairment testing of intangible assets and equipment

For purposes of assessing impairment under IFRS, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating unit). The Company only has one cash generating unit. All long-lived assets and finite life intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable a mount, which is the higher of fair value less costs to sell or value-in-use. To determine the value-in-use, management estimates expected future cash flows from the cash-generating unit and determines a suitable pre-tax discount rate in order to calculate the present value of those cash flows.
Discount factors have been determined for the cash-generating unit and reflect its risk profile as assessed by management.

Impairment losses for the cash-generating unit reduce first the carrying amount of any goodwill allocated to that cash-generating unit, with any remaining impairment loss charged pro rata to the other assets in the cash-generating unit. In allocating an impairment loss, the Company does not reduce the carrying amount of an asset below the highest of its fair value less costs of disposal or its value in use and zero. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment charge is reversed if the assets' recoverable amount exceeds its carrying amount only to the extent of the new carrying amount does not exceed the carrying value of the asset had it not originally been impaired.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company's financial assets and liabilities are classified as follows:

Asset or liability	**Classification**
Cash	FVTPL
Restricted cash	FVTPL
Trade and other receivables	Amortized cost
Accounts payable and other liabilities	Amortized cost
Subscription liability	FVTPL
Lease liability	Amortized cost
Promissory notes payable	Amortized cost
Government loan payable	Amortized cost
Convertible notes	Amortized cost

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of trade and other receivables.

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.

- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets measured at fair value through profit or loss consists of cash.

- Designated at fair value through profit or loss – On initial recognition, The Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

The Company measures all equity investments at fair value. Changes in fair value are recorded in profit or loss.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Company recognizes a provision for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions. The Company applies the simplified approach for trade receivables. Using the simplified possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statements of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Provisions

Provisions represent liabilities of the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Where material, provisions are measured at the present value of the expected expenditures to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similarly to basic loss per share except that the weighted average number of shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The average number of shares is calculated by assuming that outstanding conversions were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting period. For the years ended October 31, 2021 and 2020, potentially dilutive common shares issuable upon the exercise of conversion option related to warrants, options, and convertible notes were not included in the computation of loss per share because their effect was anti-dilutive.

Leases

The Company adopted IFRS 16, *Leases* ("IFRS 16") as of October 22, 2018 which replaced IAS 17, *Leases*. IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. IFRS 16 specifies how leases will be recognized, measured, presented and disclosed and it provides a single lessee model, requiring lessees to recognize right-of-use assets and lease liabilities for all major leases.

The Company assesses, at the inception of contract, whether it contains a lease. A contract is classified as a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any indirect costs incurred.

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Company's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payment arising from a change in an index or rate, or changes in assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Short-term leases and leases of low-value assets

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

New accounting pronouncements issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has determined that there are no new standards that are relevant to the Company.

Critical Accounting Estimates and Judgments

The preparation of these consolidated financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses.

These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimates are revised. Significant areas requiring the Company to make estimates include the estimated useful life of equipment and intangible assets, income taxes, the discount rate used for convertible notes, provision for expected credit losses, the incremental borrowing rate for the right of-use-asset and lease liability, and the fair value of share-based payments. Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include the determination that the acquisition of the intellectual property of Sportsflare NZ Limited ("Sportsflare NZ") was an asset acquisition rather than a business combination as well as the related contingent consideration for the acquisition, the amount of contingent liabilities, identifying indicators of impairment and testing of equipment and intangible assets, the determination of the functional currency of the Company and its subsidiaries, revenue recognition and recognition of revenue on a gross versus net basis, and the assessment of the Company's ability to continue as a going concern.

These estimates and judgments are further discussed below:

(i) Use of critical accounting estimates and assumptions

Estimated useful lives of equipment and intangible assets

Estimates of the useful lives of property and equipment and intangible assets are based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed annually and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of the relevant assets may be based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property and equipment would increase the recorded expenses and decrease the non-current assets.

Income taxes

At the end of each reporting period, the Company assesses whether the realization of deferred tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the exercise of judgment on the part of management with respect to, among other things, benefits that could be realized from available income tax strategies and future taxable income, as well as other positive and negative factors. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income and benefits from available income tax strategies are lowered, or if changes in current income tax regulations are enacted that impose restrictions on the timing or extent of The Company’s ability to utilize deferred tax benefits.

The Company’s effective income tax rate can vary significantly quarter-to-quarter for various reasons, including the mix and volume of business in lower income tax jurisdictions and in jurisdictions for which no deferred income tax assets have been recognized because management believed it was not probable that future taxable profit would be available against which income tax losses and deductible temporary differences could be utilized. The Company’s effective income tax rate can also vary due to the impact of foreign exchange fluctuations.

Discount rate used for convertible debt

The determination of the carrying value of the convertible debt on initial issuance is subject to management’s estimates in determining an appropriate discount rate based on similar instruments with no conversion features.

Provision for expected credit losses ('ECLs")

The Company performs impairment testing annually for accounts receivable in accordance with IFRS 9. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognizing ECLs which is intended to reflect the increase in credit risks of a financial instrument based on 1) 12-month expected credit losses or 2) lifetime expected credit losses. The Company measures provision for ECLs at an amount equal to lifetime ECLs.

Right of-use-asset and lease liability

The right-of-use asset and lease liability is measured by discounting the future lease payments at incremental borrowing rate. The incremental borrowing rate is an estimated rate the Company would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Company also estimated there is a 90% probability that it will use its lease renewal term option.

Share-based payments

The fair value of share-based payments is calculated using the Black-Scholes option pricing model. The main assumptions used in the model include the estimated fair value of the common shares, estimated life of the option, the expected volatility of the Company's share price (using historical volatility of similar publicly-traded companies as a reference), the expected dividends, the expected forfeiture rate, and the risk-free rate of interest. The resulting value calculated is not necessarily the value that the holder of the option could receive in an arm's-length transaction given that there is no market for the options and they are not transferable. The Company has a significant number of options and warrants outstanding and expects to continue to make option and warrant grants.

(ii) Judgments

Business combinations vs asset acquisition

The Company made critical judgments to determine the accounting treatment of the acquisition of the assets of Sportsflare NZ as an asset acquisition. The benefit of the Company acquiring Sportsflare NZ was the acquisition of its intellectual property. Management concluded that the IFRS 3 concentration test was met as substantially all of the fair value of the gross assets acquired was concentrated in a single identifiable asset or group of similar identifiable assets and as such, the assets of Sportsflare NZ did not meet the definition of a business as defined by IFRS. Accordingly, the transaction was accounted for as an acquisition of assets and the fair value of the consideration paid was allocated to the fair value of the assets acquired.

Contingent Consideration

The Company made critical estimates to determine the probability of hitting certain milestones pursuant to the Sportsflare NZ acquisition that if met, would result in the issuance of additional share consideration. At the date of entering into the Definitive Agreement, management estimated that the probability of meeting all of the milestones was 50%. Management also exercised judgment when determining the appropriate discount rate to use when calculating the fair value of the contingent shares.

Provisions and contingent liabilities

In the ordinary course of business, the Company and its subsidiaries may become involved in various legal and regulatory actions. The Company establishes legal provisions when it becomes probable that the Company will incur a loss and the amount can be reliably estimated. Although it is possible that liabilities may be incurred in instances for which no accruals have been made, the Company has no reason to believe that the ultimate outcome of these matters would have a material impact on its consolidated financial position.

Indicators of impairment and testing of equipment and intangible assets

Management applies significant judgment in its assessment and evaluation of asset or cash generating units at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's equipment and intangible assets. External sources of information considered are changes in the Company's economic, legal and regulatory environment, which it does not control, but affect the recoverability of its assets. Internal sources of information the Company considers include the manner in which equipment and intangible assets are being used or are expected to be used and indications of economic performance of the assets. Changes in any of the assumptions or estimates used in determining the fair values could impact the impairment analysis.

Determination of functional currency

The functional currency for the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of the functional currency involves certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment. The Company has determined that the functional currency of the parent company and Lazarus Esports Inc. is the Canadian dollar. The functional currency of its subsidiary, Space Esports Inc., has been determined to be the United States dollar.

Revenue recognition

The revenue standard sets out a five-step model for the recognition of revenue when control of goods is transferred to, or a service is performed for, the customer. The five steps are to identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to each performance obligation and recognize revenue as each performance obligation is satisfied. Management exercises judgment when taking into consideration the relevant facts and circumstances when applying each step of the model to contracts with customers.

Recognition of revenue on a gross versus net basis

The Company follows the guidance provided in IFRS 15, Revenue from Contracts with Customers, for determining whether the Company is the principal or an agent in arrangements with customers that involve another party that contributes to providing a specified service to a customer. In these instances, the Company determines whether it has promised to provide the specified service itself (as principal) or to arrange for the specified service to be provided by another party (as an agent). This determination depends on the facts and circumstances of each arrangement and, in some instances, involves significant judgment.

Assessment of going concern

These consolidated financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions.

5. Restricted Cash

Restricted cash consists of $3,257,408 subscription receipts proceeds received and held in escrow for a subscription receipt financing pursuant to the GTA RTO transaction (Notes 1 and 7). As at October 31, 2021 there is a total of $3,257,408 (2020 - $nil) in restricted cash.

The Company entered into a Subscription Receipt Agreement with Beacon Securities Limited and TSX Trust Company and $3,257,408 in proceeds (after deducting $164,759 of financing costs) from the subscription receipt financing were transferred to TSX Trust to be released upon the satisfaction of escrow release conditions, including the reverse-take-over ("RTO") with GTA. Should the escrow release conditions not be satisfied before the escrow release deadline, the subscription receipt holder will be entitled to receive the aggregate subscription price for their subscription receipts plus their pro rata portion of accrued interest earned on the escrow proceeds from the closing date of the subscription receipts to the escrow release deadline.

On November 9, 2021, the escrow release conditions were satisfied and the funds held in escrow were transferred to the Company's unrestricted bank account.

(Expressed in Canadian Dollars)

6. Trade and Other Receivables

Trade and other receivables consist of the following:

		October 31, 2021		October 31, 2020
Trade receivables	$	13,710	$	1,079
GST/HST receivable		70,715		-
Advances to an officer (Note 16)		2,669		2,669
	$	87,094	$	3,748

During the year ended October 31, 2021 the Company recorded a bad debt expense of $nil ($21,379 – 2020) on trade receivables assessed as uncollectible.

7. Acquisitions

a) Sportsflare NZ Asset Acquisition

On December 14, 2020, the Company entered into an Asset Purchase Agreement with a private New Zealand corporation, Sportsflare NZ, to purchase certain assets, including intellectual property relating to an esports betting platform. This acquisition was completed on December 14, 2020.

Consideration for the acquisition is up to an aggregate of 7,642,800 common shares of the Company with a fair value of $0.39 per common share and the assumption of certain liabilities with a fair value of $20,369. 3,821,400 of the common shares are subject to certain milestone conditions "Milestone Shares" which were amended on September 24, 2021.
The Common Shares are to be issued in tranches as follows:

- 3,821,400 common shares shall be issued on the closing date of the agreement (issued);
- 1,910,700 common shares of Tiidal shall be issued to Sportsflare NZ on the successful integration of one of the market validating customers on or before December 31, 2022 ("Market Validation Milestone Shares")(unissued); and
- 1,910,700 common shares shall be issued upon Tiidal NZ achieving USD$100,000 in monthly recurring revenue from at least ten customers or deployments of Tiidal NZ on or before December 31, 2022 (unissued).

Under IFRS 3, the acquisition does not constitute a business combination as there were no processes or outputs acquired and was accounted for as an asset acquisition recognized in intangible assets (Note 10).

(Expressed in Canadian Dollars)

The following table summarizes the fair value of consideration paid on the acquisition date and the net assets acquired:

Fair value of 3,821,400 common shares issued	$	1,500,000
Fair value of 3,821,400 contingent Market Validation Milestone Shares		667,880
Acquisition costs – legal fees		19,184
Total purchase price	**$**	**2,187,064**
Net assets acquired	$	2,187,064
Fair value of liabilities assumed		20,369
Total capitalized to intangible assets	**$**	**2,207,433**

b) GTA Financecorp Inc. Reverse Takeover (closing subsequent to year end) and Subscription Receipt Financing

An agreement entered in on July 12, 2021 between the Company, GTA, and GTA SubCo for the proposed RTO (Notes 1, 24) was subject to the completion of the following by Tiidal:

- A best-efforts private placement of up to 11,500,000 Tiidal subscription receipts at a price of $0.50 per subscription receipt for gross proceeds of up to $5,500,000;
    - On July 13, 2021, the Company closed a non-brokered financing of 3,576,364 subscription receipts at a price of $0.50 per subscription receipt for gross proceeds of $1,788,182 and a brokered financing of 2,971,000 subscription receipts at a price of $0.50 per subscription receipt for gross proceeds of $1,485,500. Tiidal will split its common shares on the basis of one pre-share split Tiidal common share for 1.2738 post-share split Tiidal common share. Each subscription receipt will, upon satisfaction of the escrow release conditions, be automatically converted into one unit of the Company, with each unit being comprised of one post-share split common share and one-half of one post-share split warrant. Each warrant will entitle the holder to purchase one post-share split common share for a period of 24 months following the conversion date at a price of $0.75.
    - On July 13, 2021, $3,108,921 was transferred to TSX Trust Company to be released upon the satisfaction of escrow conditions, including the RTO transaction. See Note 5.
    - The Company issued 346,890 subscription receipts to the agents in connection with the financing and issued 457,970 compensation options to the agents upon satisfaction of the escrow conditions. Each compensation option will be exercisable for one post-share split common share or one Resulting Issuer Share (subject to any necessary adjustments), as applicable, $0.50 for a period of 24 months following the satisfaction of the escrow release conditions.
    - $136,159 in financing charges and $28,600 in HST were paid directly from the gross proceeds to agents in the private placement. $173,445 in financing charges were paid through 346,890 subscriptions in lieu of cash.

  - The Company granted 457,970 compensation options with a fair value of $171,439 valued using the Black-Scholes option price model. $158,473 was recorded as deferred financing charges relating to the compensation option's vesting during the year.

  - On October 7, 2021, the Company closed the second tranche of a non-brokered financing of 296,970 subscription receipts at a price of $0.50 per subscription receipt for gross proceeds of $148,485. The subscription receipts have the same terms and escrow conditions as the first tranche which closed on July 13, 2021 as noted above. $148,485 in gross proceeds from the second tranche of the subscription financing were transferred to TSX Trust to be released upon the satisfaction of escrow release conditions.

  - Total deferred financing charges as at October 31, 2021 were $468,077.

- The automatic conversion of all issued and outstanding Tiidal convertible notes into new Tiidal common shares and Tiidal warrants (on a post-Tiidal share split basis) pursuant to the terms set out on the convertible note certificates; and

- The automatic vesting of all issued and outstanding Tiidal RSUs into new Tiidal common shares pursuant to the terms set out in their respective RSU agreements;

On November 9, 2021, the RTO transaction closed and the subscription receipts and convertible debt converted into common shares of Tiidal Gaming Group Corp.

(Expressed in Canadian Dollars)

8. Equipment

		Computer equipment		Furniture and equipment		Total
Cost						
Opening, October 31, 2019	$	52,321	$	9,048	$	61,369
Impairment		(6,667)		(3,086)		(9,753)
Foreign exchange adjustment		-		38		38
Ending, October 31, 2020	$	45,654	$	6,000	$	51,654
Additions		2,249		4,210		6,459
Foreign exchange adjustment		-		(105)		(105)
Ending, October 31, 2021	**$**	**47,903**	**$**	**10,105**	**$**	**58,008**
Accumulated depreciation						
Opening, October 31, 2019	$	16,221	$	1,377	$	17,598
Depreciation		19,854		2,126		21,980
Impairment		(5,316)		(1,343)		(6,659)
Ending, October 31, 2020		30,759		2,160		32,919
Depreciation		8,810		874		9,684
Ending, October 31, 2021	**$**	**39,569**	**$**	**3,034**	**$**	**42,603**
Net book value						
October 31, 2020	$	14,895	$	3,840	$	18,735
October 31, 2021	$	8,334	$	7,071	$	15,405

(Expressed in Canadian Dollars)

9. Right-of-use asset/Lease liability

On September 22, 2021, the Company's subsidiary Tiidal Gaming NZ Limited, entered into a twenty-four month lease agreement for new office space in Wellington, New Zealand commencing October 1, 2021. Under the lease, the Company is required to pay an annual rent of $70,867 NZD plus applicable GST on a monthly basis. The lease agreement includes an extension option for an additional twenty-four months. At the commencement date of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date (including the extension option of twenty-four months). The lease payments are discounted using an interest rate of 12%, which is the Company's estimated incremental borrowing rate in Canada.

Right-of-use asset		**Total**
Opening, October 31, 2020	$	-
Additions		228,752
Depreciation		(4,766)
Ending, October 31, 2021	**$**	**223,986**

Lease liability		**Total**
Opening, October 31, 2020	$	-
Additions		228,752
Ending, October 31, 2021	**$**	**228,752**

Current	**$**	**51,597**
Non-current	**$**	**177,155**

(Expressed in Canadian Dollars)

10. Intangible Assets

		Space Esports brand and related assets		Sportsflare intellectual property and related assets		Total
Cost						
Ending balance October 31, 2019	$	98,227		-		98,227
Impairment		(100,059)		-		(100,059)
Foreign exchange adjustment		1,832		-		1,832
Ending balance October 31, 2020	$	**-**	$	**-**	$	**-**
Additions		-		2,207,433		2,207,433
Ending balance October 31, 2021	$	**-**	$	**2,207,433**	$	**2,207,433**
Accumulated amortization						
Ending balance October 31, 2019	$	19,679	$	-	$	19,679
Impairment		(20,012)		-		(20,012)
Foreign exchange adjustment		333		-		333
Ending balance October 31, 2020	$	**-**	$	**-**	$	**-**
Amortization		-		190,238		190,238
Ending balance October 31, 2021	$	**-**	$	**190,238**	$	**190,238**
Net book value October 31, 2020	$	-	$	-	$	-
Net book value October 31, 2021	$	**-**	$	**2,017,195**	$	**2,017,195**

11. Accounts Payable and Other Liabilities

		October 31, 2021		October 31, 2020
Accounts payable (Note 16)	$	510,754	$	123,264
Accrued liabilities		596,591		248,544
Payroll liabilities		27,367		704
GST/HST payable		2,720		4,556
	$	1,137,432	$	377,068

12. Promissory Notes Payable

On March 31, 2020, the Company entered into four loan transactions in the form of promissory notes, totalling $48,034. The promissory notes do not bear interest and mature at the earlier of five days after participating in a reverse takeover transaction, five days after a transaction resulting in change of control, five days after receiving the 2019 GST/HST refund from the Canada Revenue Agency, and December 31, 2020. The Company can prepay the principal at any time prior to maturity.

The Company received the 2019 GST/HST refund on June 15, 2020, but holders of $30,000 in promissory notes waived their rights to requiring repayment five days after and as a result become due on demand. The Company repaid $18,034 to the holder of the other promissory note during the year ended October 31, 2020. During the year ended October 31, 2021, the Company repaid the remaining $30,000 in principal for the outstanding promissory notes.

On March 30, 2021, the Company entered into a promissory note agreement with GTA and received $50,000. The promissory note does not bear interest and becomes payable on demand at the earlier of the completion of an RTO transaction with GTA and the termination of the Definitive Agreement relating to the RTO transaction. Subsequent to year end, on November 9, 2021, the RTO transaction was completed, resulting in the promissory note being recognized as an intercompany loan at that date.

On August 30, 2021, the Company entered into an additional promissory note with GTA and received $30,000. The promissory note is unsecured, does not bear interest, and matures on the earlier of the completion of the RTO and the termination of the Definitive Agreement. Subsequent to year end, on November 9, 2021, the RTO transaction was completed, resulting in the promissory note being recognized as an intercompany loan at that date.

On September 24, 2021 the Company received $20,000 in promissory note proceeds from two companies controlled by directors of the Company. The amount is unsecured, does not bear interest and matures at the earlier of five days after completing a reverse takeover transaction or transaction resulting in a change of control and October 31, 2021. Subsequent to year end, the promissory notes were repaid.

On September 29, 2021 the Company received $6,000 in promissory note proceeds. The amount is unsecured, does not bear interest and matures at the earlier of five days after completing a reverse takeover transaction or transaction resulting in a change of control and October 31, 2021. Subsequent to year end, the promissory note was repaid.

On October 1, 2021, the Company received $4,000 in promissory note proceeds. The amount is unsecured, does not bear interest, and matures at the earlier of five days after completing a reverse takeover transaction or transaction resulting in a change of control and October 31, 2021. Subsequent to year end, the promissory note was repaid.

On October 12, 2021, the Company received a total of $6,000 in promissory note proceeds from two companies controlled by directors of the Company. The amounts do not bear interest and matures at the earlier of five days after completing a reverse takeover transaction or transaction resulting in a change of control and October 31, 2021. Subsequent to year end, the promissory note was repaid.

On October 14, 2021, the Company received a total of $2,000 in promissory note proceeds from a company controlled by a director of the Company. The amount does not bear interest and matures at the earlier of five days after completing a reverse takeover transaction or transaction resulting in a change of control and October 31, 2021. Subsequent to year end, the promissory note was repaid.

On October 28, 2021, the Company entered into an additional promissory note with GTA and received $19,000. The loan is unsecured, does not bear interest, and matures on the earlier of the completion of the RTO and the termination of the Definitive Agreement. Subsequent to year end, on November 9, 2021, the RTO transaction was completed, resulting in the promissory note being recognized as an intercompany loan at that date.

(Expressed in Canadian Dollars)

As at October 31, 2021, the principal of promissory notes in the amount of $137,000 (2020 - $30,000) remains outstanding.

13. Convertible Notes

On March 31, 2021, the Company closed an unsecured convertible notes financing for gross proceeds of $280,250. The convertible notes bear interest at 7% per annum and are automatically converted into securities of the Company upon the completion of an equity financing in connection to a reverse takeover transaction or initial public offering and the completion of any release conditions connected to such financing. The notes will be converted into the same securities sold and issued with said equity financing at a conversion price equal to 85% of the price per the equity financing. The convertible notes mature one year from the date of issuance. The price of the equity financing was fixed at $0.50 per unit prior to the closing of the convertible notes, and as result, there was no derivative liability associated with the convertible notes.

Subsequent to year end, on November 9, 2021, the RTO transaction was completed, resulting in the automatic conversion of the convertible notes into 687,607 shares and 343,800 warrants of the Company.

A continuity of the Company's convertible notes is as follows:

		Total
Balance, October 31, 2020	$	-
Issued during the year		280,250
Conversion feature		(31,542)
Accretion		18,026
Balance, October 31, 2021	**$**	**266,734**

14. Government Loan Payable

During the year ended October 31, 2020, the Company entered into a Canada Emergency Business Account "CEBA" loan with the Government of Canada which provides up to $40,000 in interest free loans to eligible businesses until December 31, 2022. If the Government of Canada is repaid by December 31, 2022, 25%, being $10,000, will be forgiven. If the balance is not paid prior to December 31, 2022, the remaining balance will be converted to a three-year term loan at 5% annual interest, paid monthly. The full balance must be repaid no later than December 31, 2025.

During the year ended October 31, 2021, the Company received an additional $20,000 interest free CEBA loan with the Government of Canada. If the Government of Canada is repaid by December 31, 2022, 50%, being $10,000, will be forgiven. If the balance is not paid prior to December 31, 2022, the remaining balance will be converted to a three-year term loan at 5% annual interest, paid monthly. The full balance must be repaid no later than December 31, 2025.

15. Share Capital

Authorized

The Company is authorized to issue an unlimited number of common shares.

On October 31, 2021, the Company had 56,368,831 shares outstanding.

a) Issued

The Company issued common shares as described below during the year ended October 31, 2021:

On November 17, 2020, the Company issued 33,106 common shares with a fair value of $12,995 to settle debt in the amount of $12,995.

On December 14, 2020, the Company issued 3,821,400 common shares pursuant to the asset acquisition per Note 7.

As at October 31, 2021, 509,520 RSUs had vested, and of which, 254,760 common shares with a fair value of $99,999 were issued on December 14, 2020 and 254,760 common shares valued at $99,998 remain to be issued.

On February 17, 2021, the Company issued 33,106 common shares with a fair value of $12,995 to settle debt in the amount of $12,995.

During the year ended October 31, 2021, the Company incurred $18,847 in share issuance costs related to legal fees.

The Company issued common shares as described below during the year ended October 31, 2020:

On November 18, 2019, the Company issued 203,808 common shares pursuant to a private placement at approximately $0.39 per common share for gross proceeds of $80,000 including 76,428 common shares issued in relation to the $30,000 subscriptions received in advance. The Company paid cash finders' fees of $2,900 in conjunction with the private placement which have been recorded as share issuance costs.

On January 7, 2020, the Company issued 38,214 common shares pursuant to a private placement at approximately $0.39 per common share for gross proceeds of $15,000. The Company paid cash finders' fees of $1,050 in conjunction with the private placement which have been recorded as share issuance costs.

On February 13, 2020, the Company issued 477,675 common shares pursuant to warrants exercised for approximately $0.16 per common share for gross proceeds of $75,000.

On February 18, 2020, the Company issued 318,450 common shares pursuant to options exercised for approximately $0.16 per common share for gross proceeds of $50,000.

On May 4, 2020, the Company entered into a settlement agreement related to $13,560 of accounts payable with a third-party consultant satisfied by the issuance of 172,727 shares with a fair value of approximately $0.16 per share for total value of shares issued of $27,120, resulting in a loss on debt settlement of $13,560.

On July 26, 2020, the Company repurchased and cancelled 17,833,200 common shares pursuant to the settlement of the director that was terminated. The Company repurchased those shares for $10,000.

b) Stock options

The Company has a stock option plan (the "Stock Option Plan") where the Board of Directors can grant stock options to directors, officers, employees and consultants of the Company as performance incentives. The maximum number of common shares issuable under the Stock Option Plan is limited to 10% of the issued and outstanding common shares of the Company. There are also limitations on the number of common shares issuable to insiders. At the time of granting a stock option, the Board of Directors must approve: (i) the exercise price, being not less than the market value of the common shares; (ii) the vesting provisions; and (iii) the expiry date, generally being no more than ten years after the grant date.

During the year ended October 31, 2021, the following activity occurred:

a) 636,900 options were forfeited on July 15, 2021 and 477,675 were forfeited on July 25, 2021 as a result of the termination of two employees of the Company. $33,673 of share-based payments was reversed as a result of the forfeiture of unvested options.
b) 457,970 compensation options were issued to agents pursuant to a private placement. These options vest on the date on which the release conditions in Note 7 are completed and expire two years from this date. As at October 31, 2021, $158,473 in share-based payments was recognized as deferred financing charges.

During the year ended October 31, 2020, the Company granted the following stock options:

a) 636,900 options were granted on March 30, 2020 with an exercise price of approximately $0.16 and expiry date of March 30, 2025. One third of these options vest immediately, the next third vests on the first anniversary, and the final third vests on the second anniversary.

b) 477,675 options were granted on April 14, 2020 with an exercise price of approximately $0.16 and expiry date of April 14, 2025. One third of these options vest immediately and the remainder of shares vests evenly over 24 months.

c) 127,380 options were granted on May 29, 2020 with an exercise price of approximately $0.39 and expiry date of May 29, 2025. These options vested evenly over 12 months.

d) 127,380 options were granted on July 2, 2020 with an exercise price of approximately $0.39 and expiry date of July 2, 2025. These options vested evenly over 12 months.

e) In July 2020, the Company entered into two separate consulting agreements each with a term of 36 months. As consideration, the Company shall grant the following remuneration to each consultant based on the following key performance indicators:

Upon:

(i) closing of the Sportsflare asset acquisition transaction (see Note 7a);

(ii) the Company successfully raising aggregate gross proceeds of $2,000,000 through an equity financing; and

(iii) the Consultants joining the Company's board of directors or board of advisors, the Consultants shall be issued:

- an aggregate of 955,350 stock options of the Company at an exercise price of approximately $0.39 which shall vest in equal monthly instalments over twenty-four months from the grant date; and
- an aggregate of 3,184,500 restricted share units which shall vest into common shares of the Company for no additional consideration upon a transaction which causes the Company to become a reporting issuer or a transaction that constitutes a reverse take-over of the Company

(iv) Subsequently Sportsflare integrate with a market validating customer, the Consultant shall be issued:

- 1,273,800 restricted share units which shall vest into common shares of the Company for no additional consideration upon a transaction which causes the Company to become a reporting issuer or a transaction that constitutes a reverse take-over of the Company

(v) Subsequently Sportsflare successfully achieves USD$100,000 in monthly recurring revenue from at least ten customers or deployments of Sportsflare product on or before December 31, 2021:

- 1,273,800 restricted share units which shall vest into common shares of the Company for no additional consideration upon a transaction which causes the Company to become a reporting issuer or a transaction that constitutes a reverse take-over of the Company

(Expressed in Canadian Dollars)

During the years ended October 31, 2021 and 2020, the stock option activity is as follows:

	Number	Weighted Average Exercise Price
Outstanding, October 31, 2019	6,165,192	$0.16
Granted	1,369,335	$0.20
Exercised	(318,450)	($0.16)
Forfeited	(1,324,752)	($0.15)
Outstanding, October 31, 2020	5,891,325	$0.16
Granted	457,970	$0.50
Forfeited	(1,114,575)	($0.16)
Outstanding, October 31, 2021	5,234,720	$0.19
Exercisable, October 31, 2021	4,776,750	$0.17

At October 31, 2021, the following stock options were outstanding and exercisable, entitling the holders thereof the right to purchase one common share for each option held as follows:

Number Outstanding	Exercise Price	Expiry Date	Number Exercisable
127,380	$0.39	May 29, 2025	127,380
127,380	$0.39	July 2, 2025	127,380
127,380	$0.16	January 8, 2029	127,380
127,380	$0.16	January 24, 2029	127,380
2,547,600	$0.16	February 1, 2029	2,547,600
31,845	$0.16	March 21, 2029	31,845
159,225	$0.16	March 29, 2029	159,225
764,280	$0.16	April 1, 2029	764,280
764,280	$0.16	April 2, 2029	764,280
457,970	$0.50	*	-
5,234,720			4,776,750

* These options vest on the date on which the release conditions in Note 7 are completed and expire November 9, 2023.

As at October 31, 2021, the weighted average life of options outstanding was 6.57 years.

The estimated fair value of stock options granted is determined using the Black-Scholes option pricing model and is recorded as a charge in the consolidated statement of loss and comprehensive loss over the vesting period of the stock options, with a corresponding increase to reserves. During the year ended October 31, 2021, $12,863 (2020 - $186,930) was recorded as share-based payments for stock options and $158,473 (2020 - $nil) was recorded as deferred financing charges.

Stock options are granted at a price equal to or above the fair value of the common shares. The consideration received on the exercise of stock options is added to share capital at the time of exercise.

(Expressed in Canadian Dollars)

The fair value of the stock options granted was determined using the Black-Scholes option pricing model with the following weighted-average assumptions:

	October 31, 2021	October 31, 2020
Share price	$0.50	$0.20
Exercise price	$0.50	$0.26
Expected volatility	150%	150%
Expected option life	2.33 years	5.00 years
Expected dividend yield	-	-
Expected forfeiture rate	-	-
Risk-free interest rate	0.47%	0.55%

c) Warrants

The following is a summary of changes in warrants for the years ended October 31, 2021 and 2020:

	Number	Weighted Average Exercise Price
Outstanding and exercisable, October 31, 2019	4,076,159	$0.16
Exercised	(477,675)	($0.16)
Outstanding and exercisable, October 31, 2020 and October 31, 2021	3,598,484	$0.16

At October 31, 2021, the following warrants were outstanding and exercisable, entitling the holders thereof the right to purchase one common share for each option held as follows:

Number Outstanding	Exercise Price	Expiry Date	Number Exercisable
3,598,484	$0.16	April 1, 2023	3,598,484

As at October 31, 2021, the weighted average life of warrants outstanding was 1.42 years.

The estimated fair value of warrants granted is determined using the Black-Scholes option pricing model and is recorded as a charge in the consolidated statements of loss and comprehensive loss over the vesting period of the warrants, with a corresponding increase to reserves. During the year ended October 31, 2021, $nil (2020 – $41,237) was recorded as share-based payments for warrants. Warrants are issued at a price equal to or above the fair value of the common shares. The consideration received on the exercise of warrants is added to share capital at the time of exercise.

d) Restricted Share Units ("RSU")

On November 23, 2020, the Company granted 1,273,000 RSUs with a fair value of $492,298. Share-based payments relating to RSUs vesting during the year using fair value of the common shares of the Company on the date of grant. The RSUs vest as follows:

- 254,760 vest on the date the RSU holder is engaged as an advisor to the Corporation ("Engagement Date") (Vested and issued)

(Expressed in Canadian Dollars)

- 254,760 vest on the date that is six months from the Engagement Date or upon a liquidity event (Vested, but not yet issued)
- 254,760 vest on the date that is twelve months from the Engagement Date or upon a liquidity event (Unvested)
- 254,760 vest on the date that is eighteen months from the Engagement Date or upon a liquidity event (Unvested)
- 254,760 vest on the date that is twenty-four months from the Engagement Date or upon a liquidity event (Unvested)

The RSUs issued during the year are valued based on the fair value of the Company's common shares on the date of issue, the fair value at the date of issuance was $0.39 per share.

16. Related Party Transactions

a) Key management compensation

Key management consists of the officers and directors who have authority and are responsible for overseeing, planning, directing and controlling the activities of the Company.

During the years ended October 31, 2021 and 2020, the Company incurred charges with officers and directors recorded at their exchange amounts as agreed upon by transacting parties as follows:

		October 31, 2021		October 31, 2020
Management fees	$	-	$	35,833
Salaries included in general and administrative expenses in the statement of net loss		67,417		40,000
Fees included in cost of sales		5,000		-
Share-based payments		-		52,687
	$	72,417	$	128,520

Share-based payments are the fair value of options granted to key management personnel as at the grant date.

During the years ended October 31, 2021 and 2020, key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits.

b) Other transactions

During the year ended October 31, 2021, the Company incurred $132,831 (2020: $39,110) in accounting fees to a Company owned by the Chief Financial Officer. Accounting fees are included in general and administrative expenses in the statement of net loss and comprehensive loss.

(Expressed in Canadian Dollars)

c) Related party balances

As at October 31, 2021, included in trade and other receivables is $nil (2020 - $2,669) owing to the Company from an officer of the Company.

As at October 31, 2021, included in accounts payable and other liabilities is $7,393 (2020 – $nil) in amounts payable to an officer of the Company. The amount is unsecured, non-interest bearing and due on demand.

As at October 31, 2021, included in accounts payable and other liabilities is $168,204 (2020 – $22,218) in amounts payable to a company owned by one of the directors of the Company. The amount is unsecured, non-interest bearing and due on demand.

As at October 31, 2021, included in promissory notes payable (Note 12) is $28,000 (2020 - $20,000) in amounts payable to companies controlled by directors of the Company. The amount is unsecured, non-interest bearing and due on demand.

17. General and Administrative Expenses

General and administrative expenses consisted of the following:

		October 31, 2021		**October 31, 2020**
Bank charges and interest	$	7,820	$	10,694
Insurance		21,890		21,114
Office and miscellaneous		126,859		105,817
Salaries and benefits		306,535		221,880
Professional fees		461,382		234,932
Utilities		146		7,812
	$	924,632	$	602,249

18. Loss Per Share

The calculation of basic and diluted loss per share was based on the following data:

	2021	2020
Weighted average number of shares – basic:		
Issued common shares as at November 1, 2020 and 2019	52,226,459	54,049,917
Effect of common shares during the year	3,654,228	(8,476,101)
	55,880,687	45,573,816
Net loss	$1,949,765	1,480,586
Net income (loss) per share – basic and diluted	($0.03)	($0.03)

(Expressed in Canadian Dollars)

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive.

There are no shares held in escrow as of October 31, 2021 or 2020.

19. Supplemental Disclosures with Respect to Cash Flows

	2021	2020
Cash paid during the year for interest	$ -	$ -
Income taxes paid	-	-
Fair value of shares issued for acquisition of IP	1,500,000	-
Fair value of shares issued for debt	25,990	27,120

20. Segmented Reporting

During the year ended October 31, 2020, the Company operated one reportable segment of digital entertainment with all of the Company's non-current assets in Canada, and the United States.

During the year ended October 31, 2021, the Company incorporated a wholly owned subsidiary in New Zealand which operates in the Betting Solutions segment. All non-current assets for the Betting Solutions segment are located in New Zealand. As such, the Company has determined that it has two reportable segments as at October 31, 2021 and the year then ended.

Segmented information by operating segment is as follows for the year ended October 31, 2021:

	Digital Entertainment	Betting Solutions	Total
Revenues	$ 395,706	$ 33,691	$ 429,397
Comprehensive Loss	(1,317,419)	(563,300)	(1,880,719)
Non-current Assets	48,453	2,208,133	2,256,586
Total Assets	3,882,828	2,214,506	6,097,334
Total Liabilities	5,109,648	322,647	5,432,295

21. Capital Management

The Company considers its capital structure to consist of shareholders' equity, promissory notes payable, and government loan payable. The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support the acquisition and development of its business. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

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 issues or by undertaking other activities as deemed appropriate under the specific circumstances. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements as at October 31, 2021.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company's ability to raise future capital is subject to uncertainty and the inability to raise such capital may have an adverse impact over the Company's ability to continue as a going concern (Note 2).

The Company is dependent on external equity financing to fund its activities. In order to carry out the planned operations and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended October 31, 2021.

22. Financial Instruments and Risk Management

Fair values

Hierarchical levels, defined by IFRS 7 and directly related to the amount of subjectivity associated with Inputs to fair valuation of these financial assets and liabilities, are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair values of the cash, restricted cash, trade and other receivables, accounts payable and other liabilities, subscription liability, promissory notes payable, and convertible notes approximate their carrying values due to the relatively short-term nature of these financial instruments.

(Expressed in Canadian Dollars)

The following table sets for the Company's financial assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy:

		Level 1		**Level 2**		**Level 3**
Cash	$	22,923	$	-	$	-
Restricted cash		3,257,408		-		-
Trade and other receivables		-		87,094		-
Accounts payable and other liabilities		-		(1,137,432)		-
Subscription liability		-		(3,595,612)		-
Promissory notes payable		-		(137,000)		-
Lease liability		-		(228,752)		-
Government loan payable		-		(60,000)		-
Convertible notes		-		(266,734)		-
Total	$	3,280,331	$	(5,338,436)	$	-

Cash is comprised of:

		October 31, 2021		**October 31, 2020**
Cash held in bank account	$	22,923	$	110,679
Cash held in PayPal account		-		55
Total	$	22,923	$	110,734

Cash includes demand deposits with financial institutions and cash equivalents consist of short-term, highly liquid investments purchased with original maturities of three months or less. As at October 31, 2021 and 2020, the Company did not have any cash equivalents.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's maximum exposure to credit risk for its trade receivables is equal to the carrying amount of those items.

100% of the Company's cash is held with a major Canadian financial institution and thus the exposure to credit risk on cash is considered insignificant. The Company's restricted cash held in escrow is held by TSX Trust Company, was released from escrow subsequent to October 31, 2021, and had insignificant credit risk. Management actively monitors the Company's exposure to credit risk under its financial instruments, including with respect to trade and other receivables.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements. The Company coordinates this planning and budgeting process with its financing activities through its capital management process.

The Company holds sufficient cash and cash equivalents and working capital, maintained through stringent cash flow management, to ensure sufficient liquidity is maintained. Maturity analysis of liabilities which are due in next twelve months can be summarized as follows:

		2021		**2020**
Accounts payable and other liabilities	$	1,137,432	$	377,068
Convertible notes		266,734		-
Lease liability (current)		51,597		-
Promissory notes payable		137,000		30,000
	$	1,592,763	$	407,068

Foreign currency risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. A large portion of the Company's transactions occur in a foreign currency (primarily in US dollars and NZ dollars) and, therefore, the Company is exposed to foreign currency risk at the end of the reporting period through its U.S. and NZ denominated cash, trade receivables, accounts payable and lease liability. As at October 31, 2021, the Company has net financial liabilities of approximately $31,000 denominated in US dollars and approximately $280,000 denominated in NZ dollars. Therefore, a 10% depreciation or appreciation of the U.S. dollar or NZ dollar against the Canadian dollar would have resulted in an approximate $3,800 decrease or increase or $28,000 decrease or increase, respectively, in total loss and comprehensive loss.

Interest rate risk

The Company does not have any significant exposure as at October 31, 2021 to interest rate risk through its financial instruments.

(Expressed in Canadian Dollars)

23. Income Taxes

A reconciliation of current income taxes at statutory rates with the reported taxes is as follows:

		2021		2020
Net loss before income taxes	$	1,949,765	$	1,480,586
Statutory income tax rate		27.00%		26.50%
Expected income tax recovery		526,000		392,000
Change in statutory, foreign tax, foreign exchange rates, and other		(46,000)		3,000
Permanent differences		(112,000)		(84,000)
Share issuance costs		6,000		-
Change in unrecognized deductible temporary differences		(374,000)		(311,000)
Total income tax expense	$	-	$	-

The significant components of the Company's future income tax assets that have not been included on the consolidated statement of financial position are as follows:

		2021		2020
Deferred tax assets (liabilities)				
Share issuance costs	$	26,000	$	32,000
Property and equipment		1,000		
Non-capital losses available for future periods		1,529,000		1,150,000
		1,556,000		1,182,000
Unrecognized future income tax assets		(1,556,000)		(1,182,000)
Net future income tax assets	$	-	$	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

		2021	Expiry Date Range		2020	Expiry Date Range
Temporary Differences						
Share issuance costs	$	98,000	2042 – 2045	$	120,000	2041 – 2044
Property and equipment		2,000	No expiry date			
Non-capital loses available for future periods						
Canada		5,024,000	2030 – 2041		4,069,000	2030 – 2040
USA		248,000	2039 – 2041		259,000	2039 – 2040
New Zealand		371,000	No expiry date			
		5,643,000			4,328,000	

Tax attributes are subject to review, and potential adjustment, by tax authorities.

24. Subsequent Events

a) On November 9, 2021, the reverse takeover transaction with GTA and GTA Subco as described in Note 7b was completed by way of a three-cornered amalgamation among GTA, Tiidal Gaming Group Inc. and GTA Subco. The Company amalgamated with GTA Subco to form Tiidal Gaming Holdings Inc. and its parent changed its name from GTA Financecorp Inc. to Tiidal Gaming Group Corp. ("Resulting Issuer").

   The escrow release conditions were satisfied, and the funds held in escrow were transferred to the Company's unrestricted bank account. Each subscription receipt was converted into one unit of the Company, with each unit being comprised of one post-share split common share and one-half post-share split warrant. These shares and warrants were then converted into shares and warrants of the Resulting Issuer.

   The Company automatically converted all of issued and outstanding Tiidal convertible notes common shares and warrants of the Company. These shares and warrants were then converted into shares and warrants of the Resulting Issuer.

   GTA effected a consolidation of the common shares of GTA on a one post-Consolidation Common Share (a "Resulting Issuer Share") for every 11.2678 pre-Consolidation Common Shares basis. All outstanding stock options of GTA, on a post-Consolidation basis, remain in effect on substantially the same terms. Shareholder approval for certain of these matters where required was obtained at an annual and special meeting of the Company's shareholders held on September 15, 2021.

   In connection with the RTO, shareholders of Tiidal received one Resulting Issuer Share for every share of Tiidal held. In addition, all existing warrants and options of Tiidal were exchanged for similar securities of the Resulting Issuer following completion of the RTO on a one-for-one basis (post-Consolidation) on substantially similar terms and conditions.

b) On November 26, 2021, the Company agreed to pay $30,000 to a shareholder dissenting to the RTO transaction to cancel 191,070 common shares held by the dissenting shareholder.