

TIIDAL GAMING GROUP CORP.
(FORMERLY GTA FINANCECORP INC.)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JANUARY 31, 2022 AND 2021
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

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

The accompanying unaudited condensed consolidated interim financial statements of Tidal Gaming Group Corp. (formerly GTA Financecorp Inc.) have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”). These condensed consolidated interim financial statements, which are the responsibility of management, are unaudited and have not been reviewed by the Company’s auditors. The Company’s Audit Committee and Board of Directors have reviewed and approved these condensed consolidated interim financial statements. In accordance with the disclosure requirements of National Instruments 51-102 released by the Canadian Securities Administrators, the Company’s independent auditors have not performed a review of these condensed consolidated interim financial statements

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Condensed Consolidated Interim Statements of Financial Position

As at January 31, 2022 and October 31, 2021

(Expressed in Canadian Dollars - Unaudited)

	January 31, 2022	October 31, 2021
ASSETS		
Current assets		
Cash	\$ 1,630,563	\$ 22,923
Restricted cash (Note 5)	-	3,257,408
Trade and other receivables (Note 6)	208,083	87,094
Prepaid expenses and deposits	75,207	5,246
Deferred financing charges (Note 7b)	-	468,077
	<u>1,913,853</u>	<u>3,840,748</u>
Equipment (Note 8)	19,688	15,405
Right-of-use asset (Note 9)	216,356	223,986
Intangible assets (Note 10)	1,966,765	2,017,195
Total assets	\$ 4,116,662	\$ 6,097,334
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other liabilities (Notes 11 & 16)	\$ 649,784	\$ 1,137,432
Lease liability (Note 9)	66,153	51,597
Subscription liability (Note 7b)	-	3,595,612
Deferred revenue	-	6,765
Promissory notes payable (Notes 12 & 16)	-	137,000
Convertible notes (Note 13)	-	266,734
	<u>715,937</u>	<u>5,195,140</u>
Lease liability (Note 9)	154,903	177,155
Government loan payable (Note 14)	60,000	60,000
Total liabilities	930,840	5,432,295
Shareholders' equity (deficiency)		
Share capital (Note 15)	12,066,742	6,078,510
Reserves (Note 15)	2,647,167	2,129,833
Shares to be issued (Notes 7a & 15)	667,880	767,878
Accumulated other comprehensive income	58,323	70,915
Deficit	(12,254,290)	(8,382,097)
Total shareholders' equity (deficiency)	3,185,822	665,039
Total liabilities and shareholders' equity	\$ 4,116,662	\$ 6,097,334

Nature of Operations and Going Concern (Notes 1 and 2)

Subsequent Events (Note 23)

Approved and Authorized by the Board on March 31, 2022:"Thomas Hearne" Director"Zachary Goldenberg" Director*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Condensed Consolidated Interim Statements of Net Loss and Comprehensive Loss

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars - Unaudited)

	2022	2021
Revenue		
Prize revenue	\$ 80,544	\$ 92,678
Betting solutions revenue	12,838	-
Sponsorship and other revenue	32,402	75,335
Total revenue	125,784	168,013
Cost of sales	93,293	104,642
Gross profit	\$ 32,491	\$ 63,371
Operating expenses		
Advertising and promotion	\$ 39,301	\$ 3,151
Amortization of intangible assets (Note 10)	50,430	36,472
Bad debt (Note 6)	-	16,143
Consulting	128,752	1,045
Depreciation of equipment (Notes 8 & 9)	16,340	2,240
Management fees (Note 16)	65,000	-
General and administrative (Notes 16 & 17)	658,144	68,678
Player fees	70,217	21,575
Player management fees	-	25,169
Share-based payments (Notes 15 & 16)	1,623,249	203,016
Travel	1,222	133
Total operating expenses	2,652,655	377,622
Loss before other items	(2,620,164)	(314,251)
Other items		
Gain on settlement of debt (Note 15)	28,123	-
Foreign exchange loss	7,158	(4,360)
Interest income	1,028	-
Finance charges	(10,729)	-
Listing expense	(1,277,609)	-
Net loss	(3,872,193)	(318,611)
Other comprehensive income		
Foreign currency translation adjustment	(12,592)	(784)
Comprehensive loss	\$ (3,884,785)	\$ (319,395)
Weighted average number of common shares outstanding	70,437,091	54,403,807
Basic and diluted loss per share	\$ (0.05)	\$ (0.01)

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

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Condensed Consolidated Interim Statements of Cash Flows

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars – Unaudited)

	2022		2021	
Operating activities				
Net loss	\$	(3,872,193)	\$	(318,611)
Adjustments for non-cash items:				
Depreciation of equipment		16,340		2,240
Amortization of intangible assets		50,430		36,472
Non-cash listing expense		1,228,025		-
Share-based payments		1,623,249		203,016
Accretion expense		1,690		-
Gain on settlement of debt		(28,123)		-
Unrealized foreign exchange		(6,304)		(788)
Changes in non-cash working capital items:				
Trade and other receivables		(66,038)		(9,737)
Prepaid expenses and deposits		(69,961)		2,123
Accounts payable and other liabilities		(420,031)		83,012
Deferred revenue		(6,765)		(1,630)
Net cash used in operating activities		(1,549,681)		(3,903)
Investing activities				
Acquisition of equipment		(9,929)		-
Cash acquired from acquisition of GTA Financecorp		9,434		-
Acquisition of intangible assets		-		(32,161)
Net cash from (used in) investing activities		(495)		(32,161)
Financing activities				
Cash released from escrow on completion of RTO		3,257,408		-
Repurchase of Tiidal common shares		(30,000)		-
Share issuance costs		(25,510)		-
Proceeds from share issuance cost refund		11,376		-
Lease repayments		(17,458)		-
Repayment of promissory notes		(38,000)		-
Proceeds from government loan		-		20,000
Net cash provided by financing activities		3,157,816		20,000
Net change in cash		1,607,640		(16,064)
Effect of exchange rate changes on cash		-		-
Cash, beginning of year		22,923		110,734
Cash, end of year	\$	1,630,563	\$	94,670

Supplemental Disclosures with Respect to Cash Flows (Note 19)

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

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Condensed Consolidated Interim Statement of Shareholders' Equity (Deficiency)

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars – Unaudited)

						Accumulated		Total
			Shares to be			Other	Accumulated	Shareholders'
	Note	Number of	Share Capital	Issued	Reserves	Comprehensive	Deficit	Equity
		Shares	\$	\$	\$	Income	\$	(Deficiency)
								\$
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 RSUs	15	254,760	99,999	99,998	(199,997)	-	-	-
Shares issued for debt settlement	15	33,106	12,995	-	-	-	-	12,995
Share-based payments	15	-	-	-	203,016	-	-	203,016
Foreign currency translation	15	-	-	-	-	(788)	-	(788)
Net loss		-	-	-	-	-	(318,611)	(318,611)
Balance, January 31, 2021		56,335,725	6,084,362	767,878	1,637,672	1,085	(6,750,943)	1,740,054
Balance, October 31, 2021		56,368,831	6,078,510	767,878	2,129,833	70,915	(8,382,097)	665,039
Shares issued for GTA RTO	15	15,371,290	6,422,561	(99,998)	(1,118,881)	-	-	5,203,682
Share issuance costs	15	-	(495,177)	-	12,966	-	-	(482,211)
Share-based payments	15	-	-	-	1,623,249	-	-	1,623,249
Stock options exercised	15	191,070	30,277	-	-	-	-	30,277
Shares issued for debt settlement	15	112,136	30,571	-	-	-	-	30,571
Foreign currency translation		-	-	-	-	(12,592)	-	(12,592)
Comprehensive income (loss)		-	-	-	-	-	(3,872,193)	(3,872,193)
Balance, January 31, 2022		72,043,327	12,066,742	667,880	2,647,167	58,323	(12,254,290)	3,185,822

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

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars – Unaudited)

1. Nature of Operations

Tiidal Gaming Group Corp. (formerly GTA Financecorp Inc.) (the “Company or “Tiidal Corp.”) was incorporated pursuant to the provisions of the Business Corporations Act (Ontario) on August 9, 2006. On November 9, 2021, the Company changed its name from GTA Financecorp Inc. to Tiidal Gaming Group Corp. The address of the Company’s head, principal, and registered office is located at 365 Bay Street, Suite 800, Toronto, Ontario M5H 2V1. The Company’s shares were listed on the TSX Venture Exchange until February 8, 2019 at which time the shares were delisted at the request of the Company. On November 17, 2021, the Company commenced trading of its common shares on the Canadian Securities Exchange (the “CSE”) under the symbol TIDL.

On November 9, 2021, the Company completed a transaction that resulted in a reverse takeover (“GTA RTO”) of the Company by the shareholders of Tiidal Gaming Holdings Inc. (formerly Tiidal Gaming Group Inc.) (“Tiidal Inc.”). See Note 7c. The Company changed its name to “Tiidal Gaming Group Corp.” and effect a consolidation of the common shares on the basis of 11.2678 pre-consolidation common shares into one new post-consolidation common shares.

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, Lazarus Esports Inc. (“Lazarus Esports”), a Canadian leader and globally recognized competitive esports organization, incorporated under the Business Corporations Act of Ontario on May 19, 2019, and Tiidal Inc., incorporated under the Business Corporations Act of Ontario on October 22, 2018. Tiidal Inc. amalgamated with 2852773 Ontario Inc. (“GTA Subco”) prior to completion of the GTA RTO transaction on November 9, 2021.

2. Going Concern

These condensed consolidated interim 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 \$3,872,193 for the three months ended January 31, 2022 (three months ended January 31, 2021 – \$318,611), and as of that date the Company’s accumulated deficit was \$12,254,290 (October 31, 2021 – \$8,382,097). 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 condensed consolidated interim 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 condensed consolidated interim financial statements. These adjustments could be material.

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

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 condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of the condensed consolidated interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRC").

The condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors of the Company on March 31, 2022.

Basis of Presentation

The condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim 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.

The condensed consolidated interim 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:

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

Name of subsidiary	Jurisdiction Incorporated	Functional Currency	Accounting Method
Tiidal Gaming Holdings Inc. (formerly Tiidal Gaming Group Inc.)	Canada	Canadian dollars	Consolidation
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
GTA GW Mergeco Inc.	United States	Canadian 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 January 31, 2022, and October 31, 2021.

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.

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

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.

Gross versus net revenue

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.

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

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.), Lazarus Esports Inc., and GTA GW Mergeco 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

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

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.

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

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.

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

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 amount, 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.

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

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.

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

- 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.

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

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

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

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 three months ended January 31, 2022 and 2021, 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

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

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

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

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.

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

Listing expense

The listing expense has been calculated using an estimated common share value of Tiidal Inc. of \$0.3834 as at November 9, 2021. The fair value of the common shares was estimated based on the price of \$0.50 per unit in the subscription receipt financing in connection with the GTA RTO and estimating the value of the warrants issued from the subscription receipt financing to have a fair value of \$0.1166 per one-half warrant using the Black-Scholes option pricing model. The options were valued using the following assumptions: estimated volatility of 150%, risk free interest rate of 0.47%, expected life of 2 years, exercise price ranging from \$0.75, and share price of \$0.3834.

(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

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

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.

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

Accounting Standards and Amendments

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and determined that there are no standards that are relevant to the Company.

5. Restricted Cash

Restricted cash of \$nil (October 31, 2021 – \$3,257,408) consisted of subscription receipts proceeds received and were held in escrow for a subscription receipt financing pursuant to the GTA RTO transaction (Notes 1 and 7).

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 with GTA. If the escrow release conditions were not satisfied before the escrow release deadline, the subscription receipt holder would have been 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.

6. Trade and Other Receivables

Trade and other receivables consist of the following:

	January 31, 2022	October 31, 2021
Trade receivables	\$ 29,734	\$ 13,710
GST/HST receivable	175,680	70,715
Advances to an officer (Note 16)	2,669	2,669
	\$ 208,083	\$ 87,094

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

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

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).

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

Consideration	
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 consideration	\$ 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) Subscription Receipt Financing

An agreement entered in on July 12, 2021 between the Company, Tiidal Inc., and GTA Subco for the proposed GTA RTO (Notes 1, 7c) was subject to the completion of the following by Tiidal Inc.:

- A best-efforts private placement of up to 11,500,000 Tiidal Inc. subscription receipts at a price of \$0.50 per subscription receipt for gross proceeds of up to \$5,500,000;
 - On July 13, 2021, Tiidal Inc. closed a non-brokered financing of 3,576,361 subscription receipts at a price of \$0.50 per subscription receipt for gross proceeds of \$1,788,181 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 Inc. will split its common shares on the basis of one pre-share split Tiidal Inc. common share for 1.2738 post-share split Tiidal Inc. common share. Each subscription receipt will, upon

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

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 GTA RTO transaction (Note 5).
 - Tiidal Inc. issued 346,890 subscription receipts to the agents in connection with the financing and issued 457,970 compensation stock options to the agents upon satisfaction of the escrow conditions. Each compensation stock 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.
 - As at October 31, 2021, \$136,159 in finance fees and \$28,600 in HST were paid directly from the gross proceeds to agents in the private placement and \$173,445 in financing charges were paid through 346,890 subscriptions in lieu of cash. During the three months ended January 31, 2022, the Company paid \$14,134 in finance fees.
 - Tiidal Inc. granted 457,970 compensation stock options with a fair value of \$171,439 valued using the Black-Scholes option pricing model.
 - On October 7, 2021, Tiidal Inc. 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. In connection with the subscription receipt financing, a finder's fee was paid through the issuance of 346,890 shares for an aggregate fair value of \$173,445 and paid an aggregate of \$321,868 in cash.
- The automatic conversion of all issued and outstanding Tiidal Inc. convertible notes into new Tiidal Inc. common shares and Tiidal Inc. warrants (on a post-Tiidal Inc. share split basis) pursuant to the terms set out on the convertible note certificates; and
 - The automatic vesting of all issued and outstanding Tiidal Inc. RSUs into new Tiidal Inc. common shares pursuant to the terms set out in their respective RSU agreements;

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

c) GTA Financecorp Inc. Reverse Takeover

The GTA RTO was completed pursuant to the terms of a business combination agreement dated July 12, 2021 (the “Definitive Agreement”), among the Company, Tiidal Inc., and GTA Subco.

On November 9, 2021, the GTA RTO transaction closed in which 95.43% of the shares of the combined entity of the Company are held by the former shareholders of Tiidal Inc. The subscription receipts and convertible notes converted into common shares and warrants of Tiidal Inc. which were then exchanged for common shares and warrants of the Company. As a result, the former shareholders of Tiidal Inc. acquired control of the Company, thereby constituting a reverse takeover of the Company. This is considered a purchase of the Company’s net assets by the shareholders of Tiidal Inc.

The GTA RTO is accounted for in accordance with guidance provided in IFRS 2 Share-Based Payments (“IFRS 2”) and IFRS 3 Business Combinations (“IFRS 3”).

For accounting purposes, the acquisition is considered to be outside the scope of IFRS 3 since Tiidal Corp., prior to the acquisition did not constitute a business. The GTA RTO is accounted for in accordance with IFRS 2 whereby Tiidal Inc. is deemed to have issued common shares and stock options in exchange for net assets of Tiidal Corp. (GTA) together with its listing status at the fair value of the consideration received by Tiidal Inc. The accounting transaction resulted in the following:

- The consolidated financial statements of the combined entities are issued under the legal parent, Tiidal Corp., but are considered a continuation of the financial statements of the legal subsidiary, Tiidal Inc.
- Since Tiidal Inc. is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.

Since the share and share-based consideration allocated to the former shareholders of Tiidal Corp. on closing the GTA RTO is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or service received in return for the allocation of the common shares and stock options, the value in excess of the net identifiable assets or liabilities of Tiidal Corp. acquired on closing was expensed in the consolidated statement of comprehensive loss as listing expense.

The listing expense in the amount of \$1,277,609 is comprised of the fair value of the common shares and stock options of the Company retained by former shareholders of Tiidal Corp. (GTA), as well as other direct expenses of the GTA RTO.

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

A breakdown of the listing expense is as follows:

Consideration	Number	Total
Fair value of shares retained by former GTA Finance Corp. shareholders	3,279,996	\$ 1,257,466
Fair value of stock options assumed	247,431	3,421
Prior cash advanced from the Company and Tiidal Inc.		(99,000)
Total consideration		\$ 1,161,887
Fair value of net working capital deficiency assumed:		
Cash		\$ (9,434)
Accounts payable and accrued liabilities		48,263
Net working capital deficiency		\$ 38,829
Transaction costs related to GTA RTO		76,893
Listing expense		\$ 1,277,609

In addition, the Company incurred \$199,386 in legal expenses for the RTO that were expensed during the year ended October 31, 2021.

In accordance with IFRS 2, the fair value of the share issuance was determined to be 0.3834 (post-split), based on the estimated fair value at the acquisition date. The fair value of 247,431 GTA stock options assumed was determined to be \$0.01 per share using the Black-Scholes option pricing model with the following assumptions: estimated volatility of 150%, risk free interest rate of 0.38% to 0.68%, expected life of 0.15 years to 3.73 years, exercise price ranging from \$0.28 to \$33.80, and share price of \$0.02.

Pursuant to the GTA RTO, the following occurred:

- The Company completed a consolidation of its common shares immediately prior to the completion of the amalgamation (as defined below), of its then issued and outstanding 36,958,499 common shares on the basis of one new Company common share for every 11.2678 existing Tiidal Corp. (GTA) common shares.
- The Company's subsidiary, GTA Subco, amalgamated with Tiidal Inc., and changed its name from to Tiidal Gaming Holdings Inc.
- The Company acquired all of the issued and outstanding common shares of Tiidal Inc. from the former shareholders of Tiidal Inc. in exchange for an aggregate of 68,460,125 of the Company's common shares. The Company then changed its name from GTA Financecorp Inc. to Tiidal Gaming Group Corp.

Immediately prior to the amalgamation, Tiidal Inc.'s shares underwent a 1:1.2738 share split and all outstanding Tiidal Inc. restricted share units ("RSUs") automatically vested. Upon effect of the split, authorized capital remains unchanged. These financial statements give retroactive effect to

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

such stock split named above and all share and per share amounts have been adjusted accordingly, unless otherwise noted.

8. Equipment

		Computer equipment		Furniture and equipment		Total
Cost						
Opening, 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
Additions		6,827		-		6,827
Foreign exchange adjustment		(340)		(410)		(750)
Ending, January 31, 2022	\$	54,390	\$	9,695	\$	64,085
Accumulated depreciation						
Opening, October 31, 2020	\$	30,759	\$	2,160	\$	32,919
Depreciation		8,810		874		9,684
Ending, October 31, 2020		39,569		3,034		42,603
Depreciation		1,593		201		1,794
Ending, January 31, 2022	\$	41,162	\$	3,235	\$	44,397
Net book value						
October 31, 2021	\$	8,334	\$	7,071	\$	15,405
January 31, 2022	\$	13,228	\$	6,460	\$	19,688

9. Right-of-use asset/Lease liability

On September 22, 2021, the Company's subsidiary Tiidal NZ, 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 monthly. 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.

Tiidal NZ also entered into several twelve-month lease-to-own agreements for office equipment commencing during the three months ended January 31, 2022. Under these leases, the Company is required to pay an aggregate amount of \$27,792 NZD plus applicable GST. At the commencement date of these leases, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 12%, which is the Company's estimated incremental borrowing rate.

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

Right-of-use asset			Office Equipment		Total
Opening, October 31, 2020	\$	-	\$	-	\$ -
Additions		228,752		-	228,752
Depreciation		(4,766)		-	(4,766)
Ending, October 31, 2021	\$	223,986	\$	-	\$ 223,986
Addition		-		19,169	19,169
Depreciation		(13,966)		(565)	(14,531)
Foreign exchange adjustment		(12,287)		19	(12,268)
Ending, January 31, 2022	\$	197,733	\$	18,623	\$ 216,356

Lease liability			Office Equipment		Total
Opening, October 31, 2020	\$	-	\$	-	\$ -
Additions		228,752		-	228,752
Ending, October 31, 2021	\$	228,752	\$	-	\$ 228,752
Additions		-		21,881	21,881
Accretion		8,717		731	9,448
Payments		(36,067)		(2,958)	(39,025)
Ending, January 31, 2022	\$	201,402	\$	19,654	\$ 221,056

Current	\$	46,499	\$	19,654	\$ 66,153
Non-current	\$	154,903	\$	-	\$ 154,903

10. Intangible Assets

			Sportsflare intellectual property and related assets		Total
Cost					
Ending balance October 31, 2020	\$	-	\$	-	\$ -
Additions				2,207,433	2,207,433
Ending balance October 31, 2021 and January 31, 2022	\$		\$	2,207,433	\$ 2,207,433
Accumulated amortization					
Ending balance October 31, 2020	\$	-	\$	-	\$ -
Amortization				190,238	190,238
Ending balance October 31, 2021	\$		\$	190,238	\$ 190,238
Amortization				50,430	50,430
Ending balance January 31, 2022	\$		\$	240,668	\$ 240,668
Net book value October 31, 2021	\$		\$	2,017,195	\$ 2,017,195
Net book value January 31, 2022	\$		\$	1,966,765	\$ 1,966,765

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

11. Accounts Payable and Other Liabilities

	January 31, 2022		October 31, 2021	
Accounts payable (Note 16)	\$	384,548	\$	510,754
Accrued liabilities		159,895		596,591
Payroll liabilities		102,596		27,367
GST/HST payable		2,745		2,720
	\$	649,784	\$	1,137,432

12. Promissory Notes Payable

On March 30, 2021, Tiidal Inc. entered into a promissory note agreement with Tiidal Corp. and received \$50,000. The promissory note does not bear interest and becomes payable on demand at the earlier of the completion of an GTA RTO transaction with Tiidal Corp. and the termination of the Definitive Agreement relating to the GTA RTO transaction.

On August 30, 2021, Tiidal Inc. entered into an additional promissory note with Tiidal Corp. and received \$30,000. The promissory note is unsecured, does not bear interest, and matures on the earlier of the completion of the GTA RTO and the termination of the Definitive Agreement.

On November 9, 2021, the GTA RTO transaction was completed, resulting in the promissory notes between Tiidal Inc. and Tiidal Corp. 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 the director of Tiidal Inc. 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. As of January 31, 2022, these promissory notes have been 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. As of January 31, 2022, this promissory note has been 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. As of January 31, 2022, this promissory note has been repaid.

On October 12, 2021, the Company received a total of \$6,000 in promissory note proceeds from two companies controlled by the director of Tiidal Inc. 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. As of January 31, 2022, these promissory notes have been repaid.

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

On October 14, 2021, the Company received \$2,000 in promissory note proceeds from a company controlled by the director of Tiidal Inc. 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. As of January 31, 2022, this promissory note has been repaid.

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

As at January 31, 2022, there are no promissory notes payable outstanding (October 31, 2021 – \$137,000).

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 Tiidal Inc. 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.

On November 9, 2021, the GTA RTO transaction was completed, resulting in the automatic conversion of the convertible notes into 687,607 shares and 343,800 warrants of Tiidal Inc.

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
Accretion		796
Conversion		(267,530)
Balance, January 31, 2022	\$	-

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

14. Government Loan Payable

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.

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.

As at January 31, 2022, the Company has an outstanding balance of \$60,000 (October 31, 2021 - \$60,000).

15. Share Capital

Authorized

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

On January 31, 2022, the Company had 72,043,327 shares outstanding.

Stock Split

In connection the the GTA RTO, Tiidal Inc. consolidated its shares on the basis of 1.2738 new Tiidal Inc. shares for ever old Tiidal Inc. share, subject to adjustment in accordance with the terms of the Definitive Agreement (Note 1). All references to shares and per share amounts have been retrospectively restated to reflect the stock split, unless otherwise indicated.

a) Issued

The Company issued common shares as described below for the three months ended January 31, 2022:

On November 9, 2021, upon completion of the GTA RTO, the Company had the following transactions:

- The Company converted subscription receipts that were issued for gross proceeds of \$3,422,166 into an aggregate of 6,844,331 common shares. The Company incurred \$136,158 in financing charges paid directly from the gross proceeds. An additional 346,890

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

common shares with a fair value of \$309,604 were issued for financing charges in lieu of cash.

- The Company paid \$30,000 to a shareholder dissenting to the GTA RTO transaction to cancel 191,070 common shares held by the dissenting shareholder.
- The Company issued 687,607 common shares upon the conversion of outstanding convertible notes with a fair value of \$270,961.
- The Company issued an aggregate of 4,203,540 common shares pursuant to the RSUs issued and vested upon completion of the GTA RTO. These common shares have an aggregate fair value of \$4,203,540.

The Company issued 200,000 common shares to settle \$100,000 in accounts payable. The estimated fair value of the common shares issued was \$97,668. The gain on settlement of \$2,332 was recognized in the statement of net loss and comprehensive loss.

On January 7, 2022, an aggregate of 191,070 stock options of the Company with an exercise price of \$0.16 per warrant were exercised in exchange for the settlement of \$30,571 in accounts payable.

On January 31, 2022, the Company issued 112,136 common shares with a fair value of \$30,277 to settle \$56,068 in debt. The Company recognized a gain of \$25,791 on the debt settlement.

For the three months ended January 31, 2022, the Company incurred \$495,177 in share issuance costs consisting of legal, financing, and other fees for the subscription receipt financing and conversion to common shares and warrants.

The Company issued common shares as described below for the three months ended January 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.

On December 14, 2020 254,760 common shares with a fair value of \$99,999 were issued relating to RSUs that had vested.

b) Stock options

The Company's Stock Option Plan was approved by shareholders at the annual and special meeting held on September 26, 2008. The Stock Option Plan provides that the Board may from time to time,

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

in its discretion, grant to directors, officers, employees and consultants of the Issuer, or any subsidiary of the Company, the option to purchase the common shares.

Additionally, under the Stock Option Plan, the number of the common shares reserved for any one person may not exceed 5% of the outstanding common shares. The Board determines the price per common share and the number of common shares that may be allotted to each director, officer, employee and consultant and all other terms and conditions of the options, subject to the rules of the Exchange. The exercise price per common share set by the Board is subject to minimum pricing restrictions set by the Exchange.

Stock Options may be exercisable for up to five years from the date of grant, but the Board has the discretion to grant options that are exercisable for a shorter period. Options under the Stock Option Plan are non-assignable. If prior to the exercise of an option, the holder ceases to be a director, officer, employee or consultant, the option shall be limited to the number of common shares purchasable by them immediately prior to the time of their cessation of office or employment and they shall have no right to purchase any other common shares. Stock Options must be exercised within 90 days of termination of employment or cessation of position with the Company, although if the cessation of office, directorship, consulting arrangement or employment was by reason of death or disability, the option must be exercised within one year, subject to the expiry date

For the three months ended January 31, 2022, the following activity occurred:

- On November 9, 2021, the Company granted an aggregate of 955,350 stock options to certain officers and employees of the Company. The stock options can be exercised at \$0.39 per stock option and expire November 9, 2026. These stock options vest evenly over the next 24 months.

At closing of the GTA RTO on November 9, 2021, the Company had an aggregate of 247,431 stock options outstanding. 532 out of these stock options expired on November 9, 2021. The remaining stock options have an expiry date ranging from August 30, 2022 to June 8, 2025.

- On November 17, 2021, the Company granted an aggregate of 1,500,000 stock options to certain officers and employees of the Company. The stock options can be exercised at \$0.50 per stock option and expire on November 17, 2026. The vesting terms of these stock options are as follows:
 - Ten percent (10%) of the stock options shall vest upon the Company generating an aggregate of \$1,000,000 in total revenue between November 1, 2021, and the expiry date (the “Earning Period”);
 - Fifteen percent (15%) of the stock options shall vest upon the Company generating an aggregate of \$2,500,000 in total revenue during the Earning Period.
 - Twenty-five percent (25%) of the stock options shall vest upon the Company generating an aggregate of \$5,000,000 in total revenue during the Earning Period; and

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

- Fifty percent (50%) of the stock options shall vest upon the Company generating an aggregate of \$10,000,000 in total revenue during the Earning period.

The estimate made for determining the vesting schedule of these stock options is based on the January 31, 2022 total revenue extrapolated for one full year and a 15% growth rate per year.

- On January 4, 2022, the Company granted an aggregate of 4,400,000 stock options to certain officers, directors, employees, and consultants of the Company. The stock options can be exercised at \$0.30 per stock option.
 - 1,500,000 of the total stock options expire on November 17, 2026. One-third of the stock options shall vest on November 17, 2022, and the remaining stock options shall vest in twenty-four monthly instalments thereafter.
 - 1,500,000 of the total stock options expire on January 4, 2027. One-half of the stock options shall vest on January 4, 2022 (“Grant Date”). The remaining half of the stock options shall vest equally on the first, second, and third anniversary of the Grant Date.
 - 1,400,000 stock options expire on January 4, 2027. The stock options shall vest in 25 equal monthly instalments beginning on January 4, 2022.

For the three months ended January 31, 2022, the stock option activity is as follows:

	Number	Weighted Average Exercise Price
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
Granted	7,102,779	\$0.37
Exercised	(191,070)	(\$0.16)
Expired	(532)	(\$33.80)
Outstanding, January 31, 2022	12,145,897	\$0.30

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

At January 31, 2022, the following stock options were outstanding and exercisable, entitling the holders thereof the right to purchase one common share for each stock option held as follows:

Number Outstanding	Exercise Price	Expiry Date	Number Exercisable
1,420	\$28.17	August 30, 2022	1,420
1,419	\$28.17	April 18, 2023	1,419
457,970	\$0.50	November 9, 2023	457,970
127,380	\$0.39	May 29, 2025	127,380
244,058	\$0.28	June 8, 2025	244,058
127,380	\$0.39	July 2, 2025	127,380
955,350	\$0.39	November 9, 2026	79,613
1,500,000	\$0.50	November 17, 2026	-
1,500,000	\$0.30	November 17, 2026	-
2,900,000	\$0.30	January 4, 2027	806,000
127,380	\$0.16	January 8, 2029	127,380
127,380	\$0.16	January 24, 2029	127,380
2,356,530	\$0.16	February 1, 2029	2,356,530
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	\$0.39	April 2, 2029	764,280
12,145,897			6,176,160

As at January 31, 2022, the weighted average life of stock options outstanding was 5.46 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. For the three months ended January 31, 2022, \$322,336 (three months ended January 31, 2021 - \$nil) was recorded as share-based payments for stock options and \$12,966 (three months ended January 31, 2021 - \$nil) was recorded as 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.

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(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:

	January 31, 2022	October 31, 2021
Share price	\$0.18	\$0.50
Exercise price	\$5.95	\$0.50
Expected volatility	150%	150%
Expected stock option life	4.13 years	2.33 years
Expected dividend yield	-	-
Expected forfeiture rate	-	-
Risk-free interest rate	1.10%	0.47%

c) Warrants

For the three months ended January 31, 2022, the stock option activity is as follows:

	Number	Weighted Average Exercise Price
Outstanding, October 31, 2020 and 2021	3,598,483	\$0.16
Granted	3,939,409	\$0.75
Outstanding, January 31, 2022	7,537,892	\$0.47

At January 31, 2022, the following warrants were outstanding and exercisable, entitling the holders thereof the right to purchase one common share for each warrant held as follows:

Number Outstanding	Exercise Price	Expiry Date	Number Exercisable
3,598,483	\$0.16	April 1, 2023	3,598,483
3,939,409	\$0.75	November 9, 2023	3,939,409
7,537,892			7,537,892

As at January 31, 2022, the weighted average life of warrants outstanding was 1.48 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. For the three months ended January 31, 2022, \$nil (three months ended January 31, 2021 – \$nil) 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 9, 2021, the remaining 764,280 RSUs vested of the original 1,273,000 RSUs granted on November 23, 2020. The Company issued an additional 3,184,500 RSUs with a fair value of \$1,249,975. An aggregate of 4,203,540 of all RSUs were exercised upon the completion of the

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

GTA RTO. As at January 31, 2022, there were no RSUs issued and outstanding (October 31, 2021 – 1,273,800).

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.

For the three months ended January 31, 2022 and 2021, the Company incurred charges with officers and directors recorded at their exchange amounts as agreed upon by transacting parties as follows:

	For the three months ended January 31, 2022	For the three months ended January 31, 2021
Management fees	\$ 65,000	\$ -
Salaries included in general and administrative expenses in the Statement of Net Loss	199,747	-
Share-based payments	278,125	-
	\$ 542,872	\$ -

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

For the three months ended January 31, 2022 and 2021, key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits.

b) Other transactions

For the three months ended January 31, 2022, the Company incurred \$50,301 (three months ended January 31, 2021: \$5,600) 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.

c) Related party balances

As at January 31, 2022, included in trade and other receivables is \$2,607 (October 31, 2021 - \$nil) owing to the Company from an officer of the Company.

As at January 31, 2022, included in accounts payable and other liabilities is \$nil (October 31, 2021 – \$7,393) in amounts payable to an officer of the Company. The amount is unsecured, non-interest bearing and due on demand.

As at January 31, 2022, included in accounts payable and other liabilities is \$56,788 (October 31, 2021 – \$168,204) in amounts payable to a company controlled by an officer of the Company. The amount is unsecured, non-interest bearing and due on demand.

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

As at January 31, 2022, included in accounts payable and other liabilities is \$7,097 (October 31, 2021 – \$nil) in amounts payable to a company controlled by a director of the Company. The amount is unsecured, non-interest bearing and due on demand.

As at January 31, 2022, included in promissory notes payable (Note 12) is \$nil (October 31, 2021 - \$28,000) 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:

	For the three months ended January 31, 2022	For the three months ended January 31, 2021
Office and miscellaneous	\$ 69,032	\$ 21,309
Salaries and benefits	440,408	8,318
Bank charges and interest	2,138	1,586
Professional fees	140,517	31,833
Insurance	6,049	5,632
	\$ 658,144	\$ 68,678

18. Loss Per Share

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

	For the three months ended January 31, 2022	For the three months ended January 31, 2021
Weighted average number of shares – basic:		
Issued common shares as at November 1, 2021 and 2020	56,368,831	52,226,459
Effect of common shares during the year	14,068,260	2,177,348
	70,437,091	54,403,807
Net loss	\$3,872,193	\$318,611
Net loss per share – basic and diluted	\$0.05	\$0.01

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 January 31, 2022 and October 31, 2021.

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

19. Supplemental Disclosures with Respect to Cash Flows

	For the three months ended January 31, 2022	For the three months ended January 31, 2021
Cash paid for interest	\$ 8,717	\$ -
Fair value of shares issued for debt	30,277	25,990
Fair value of shares issued for stock options exercised	30,571	-
Fair value of shares issued for convertible notes	267,530	-
Fair value of shares issued for acquisition of IP	-	1,500,000
Income taxes paid	-	-

20. Segmented Reporting

Segmented information by operating segment is as follows for the three months ended January 31, 2022:

	Digital Entertainment	Betting Solutions	Total
Revenues	\$ 112,946	\$ 12,838	\$ 125,784
Comprehensive Loss	(3,522,294)	(362,491)	(3,884,785)
Non-current Assets	46,203	2,156,606	2,202,809
Total Assets	1,929,184	2,187,478	4,116,662
Total Liabilities	671,148	259,692	930,840

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 January 31, 2022.

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

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

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 for the three months ended January 31, 2022.

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.

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	\$ 1,630,563	\$ -	\$ -
Trade and other receivables	-	208,083	-
Accounts payable and other liabilities	-	(649,784)	-
Lease liability	-	(221,056)	-
Government loan payable	-	(60,000)	-
Total	\$ 1,630,563	\$ (722,757)	\$ -

Cash is comprised of:

	January 31, 2022	October 31, 2021
Cash held in bank account	\$ 1,625,829	\$ 22,923
Cash held in Stripe account	4,477	-
Cash held in PayPal account	257	-
Total	\$ 1,630,563	\$ 22,923

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

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 January 31, 2022 and October 31, 2021, 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% (October 31, 2021 – 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. 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:

	January 31, 2022	October 31, 2021
Accounts payable and other liabilities	\$ 649,784	\$ 1,137,432
Convertible notes	-	266,734
Lease liability (current)	88,556	51,597
Promissory notes payable	-	137,000
	\$ 738,340	\$ 1,592,763

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 January 31, 2022, the Company has net financial assets of approximately \$12,755 denominated in US dollars and net financial liabilities of approximately \$19,470 denominated in NZ dollars. Therefore, a 10% appreciation or depreciation of the U.S. dollar or NZ dollar against the Canadian dollar would have resulted in an approximate \$1,623 decrease or increase or \$1,628 decrease or increase, respectively, in total loss and comprehensive loss.

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2022 and 2021

(Expressed in Canadian Dollars)

Interest rate risk

The Company does not have any significant exposure as at January 31, 2022 and October 31, 2021 to interest rate risk through its financial instruments.

23. Subsequent Events

On March 1, 2022, the Company granted the following stock options:

- a) An aggregate of 125,000 stock options to certain employees of the Company. The stock options can be exercised at \$0.30 per stock option and expire March 1, 2027. These stock options vest evenly over the next 36 months.
- b) An aggregate of 60,000 stock options to certain employees of the Company. The stock options can be exercised at \$0.30 per stock option and expire on March 1, 2027. The vesting terms of these stock options are as follows:
 - Ten percent (10%) of the stock options shall vest upon the Company generating an aggregate of \$1,000,000 in total revenue between November 1, 2021, and the expiry date (the “Earning Period”);
 - Fifteen percent (15%) of the stock options shall vest upon the Company generating an aggregate of \$2,500,000 in total revenue during the Earning Period.
 - Twenty-five percent (25%) of the stock options shall vest upon the Company generating an aggregate of \$5,000,000 in total revenue during the Earning Period; and
 - Fifty percent (50%) of the stock options shall vest upon the Company generating an aggregate of \$10,000,000 in total revenue during the Earning period.