

**TIIDAL GAMING GROUP CORP.**  
**(FORMERLY GTA FINANCECORP INC.)**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED JANUARY 31, 2023, AND 2022**  
**(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 Tiidal 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, 2022

(Expressed in Canadian Dollars – Unaudited)

	Note	January 31, 2023	October 31, 2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 18,094	\$ 16,223
Trade and other receivables	5, 14	269,081	302,229
Prepaid expenses and deposits		13,944	37,238
		301,119	355,690
Equipment	7	12,626	15,338
Right-of-use assets	8	152,198	152,113
Intangible assets	9	1,659,090	1,573,222
<b>Total assets</b>		<b>\$ 2,125,033</b>	<b>\$ 2,096,363</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and other liabilities	10, 14	\$ 1,505,019	\$ 984,740
Lease liability	8	49,031	47,546
Convertible notes	11	-	-
		1,554,050	1,032,286
Lease liability	8	91,970	95,664
Government loan payable	12	36,060	35,044
<b>Total liabilities</b>		<b>1,682,080</b>	<b>1,162,994</b>
<b>Shareholders' equity</b>			
Share capital	13	13,086,863	12,790,672
Reserves	13	3,605,169	3,454,882
Shares to be issued	13	667,880	667,880
Accumulated other comprehensive loss		(49,019)	(178,760)
Accumulated deficit		(16,867,940)	(15,801,305)
<b>Total shareholders' equity</b>		<b>442,953</b>	<b>933,369</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 2,125,033</b>	<b>\$ 2,096,363</b>

Nature of Operations and Going Concern (Note 1, 2)

Discontinued operations (Note 21)

Subsequent Events (Note 22)

**Approved and Authorized by the Board on March 30, 2023:**"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, 2023, and 2022

(Expressed in Canadian Dollars – Unaudited)

	Note	2023	2022
<b>Revenue</b>			
Betting solutions revenue		\$ 75,902	\$ 12,838
Total revenue		75,902	12,838
<b>Cost of sales</b>			
		-	-
<b>Gross profit</b>			
		75,902	12,838
<b>Operating expenses</b>			
General and administrative	15	817,277	595,125
Share-based payments	13	150,287	1,623,249
Advertising and promotion		22,913	3,889
Player fees		-	9,087
Amortization of intangible assets	9	51,468	50,430
Management fees	14	38,800	65,000
Consulting		17,377	128,752
Depreciation of equipment & ROU	7, 8	15,049	16,340
Travel		15,162	978
Player management fees		738	-
Bad debt		(1,893)	-
Total operating expenses		1,127,178	2,492,850
<b>Loss before other items</b>			
		(1,051,276)	(2,480,012)
<b>Other items</b>			
Gain on settlement of debt		-	28,123
Foreign exchange gain (loss)		(3,826)	7,312
Interest income		1,260	1,028
Finance charges		(7,693)	(10,729)
Listing expense		-	(1,277,609)
<b>Net loss from continuing operations</b>			
		(1,061,535)	(3,731,887)
<b>Net loss from discontinued operations</b>			
		(5,100)	(140,306)
<b>Other comprehensive income (loss)</b>			
Foreign currency translation adjustment		129,741	(12,592)
<b>Comprehensive loss for the year</b>			
		\$ (936,894)	\$ (3,884,785)
Weighted average number of common shares outstanding			
(Note 14)		82,216,755	70,437,091
Basic and diluted loss per share			
		\$(0.01)	\$(0.05)

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

**TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCE CORP INC.)**

Condensed Consolidated Interim Statements of Cash Flows

For the three months ended January 31, 2023, and 2022

(Expressed in Canadian Dollars – Unaudited)

	2023	2022
<b>Operating activities</b>		
Net loss	\$ (1,061,535)	\$ (3,872,193)
Adjustments for non-cash items:		
Depreciation of equipment	14,368	16,340
Amortization of intangible assets	51,469	50,430
Non-cash listing expense	-	1,228,025
Share-based payments	150,287	1,623,249
Accretion expense	1,016	1,690
Gain on settlement of debt	-	(28,123)
Unrealized foreign exchange	1,302	(6,304)
Changes in non-cash working capital items:		
Trade and other receivables	4,662	(66,038)
Prepaid expenses and deposits	23,047	(69,961)
Accounts payable and other liabilities	583,836	(420,031)
Deferred revenue	-	(6,765)
<b>Net cash used in operating activities</b>	<b>(231,548)</b>	<b>(1,549,681)</b>
<b>Net cash used in discontinued operations</b>	<b>(15)</b>	<b>-</b>
<b>Investing activities</b>		
Acquisition of equipment	-	(9,929)
Cash acquired from acquisition of GTA Financecorp	-	9,434
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(495)</b>
<b>Financing activities</b>		
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	202,960	-
Lease repayments – lease payments	(13,848)	(17,458)
Proceeds from share issuance costs reimbursement	-	11,376
Proceeds from issuance of promissory notes	-	(38,000)
<b>Net cash provided by financing activities</b>	<b>189,112</b>	<b>3,157,816</b>
Effect of foreign exchange on cash	44,322	-
<b>Net change in cash</b>	<b>1,871</b>	<b>1,607,640</b>
<b>Cash, beginning of year</b>	<b>16,223</b>	<b>22,923</b>
<b>Cash, end of year</b>	<b>\$ 18,094</b>	<b>\$ 1,630,563</b>

**Supplemental Disclosures with Respect to Cash Flows (Note 17)**

*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, 2023, and 2022

	Note	Number of Shares	Share Capital \$	Shares to be Issued \$	Reserves \$	Accumulated Other Comprehensive Income (loss) \$	Accumulated Deficit \$	Total Shareholders' Equity (Deficiency) \$
<b>Balance, October 31, 2021</b>		<b>56,368,831</b>	<b>6,078,510</b>	<b>767,878</b>	<b>2,129,832</b>	<b>70,915</b>	<b>(8,382,097)</b>	<b>665,038</b>
Shares issued for GTA RTO	13	3,279,996	1,257,466	-	3,421	-	-	1,260,887
Share issuance costs	13	346,886	(495,177)	-	12,966	-	-	(482,211)
Stock options exercised	13	191,070	30,571	-	-	-	-	30,571
Shares issued for debt settlement	13	312,136	127,945	-	-	-	-	127,945
Repurchase of Tiidal shares	13	(191,070)	(30,000)	-	-	-	-	(30,000)
Share issued on exercise of RSU	13	4,203,540	1,649,967	(99,998)	(1,549,969)	-	-	-
Shares issued for convertible debt	13	687,607	271,195	-	8,320	-	-	279,515
Shares issued for cash	13	6,844,331	3,176,265	-	419,348	-	-	3,595,613
Share-based payments	13	-	-	-	1,623,249	-	-	1,623,249
Foreign currency translation	13	-	-	-	-	(12,592)	-	(12,592)
Net loss		-	-	-	-	-	(3,872,193)	(3,872,193)
<b>Balance, January 31, 2022</b>		<b>72,043,327</b>	<b>12,066,742</b>	<b>667,880</b>	<b>2,647,167</b>	<b>58,323</b>	<b>(12,254,290)</b>	<b>3,185,822</b>
<b>Balance, October 31, 2022</b>		<b>80,231,301</b>	<b>12,790,672</b>	<b>667,880</b>	<b>3,454,882</b>	<b>(178,760)</b>	<b>(15,801,305)</b>	<b>933,369</b>
Share-based payments	13	-	-	-	150,287	-	-	150,287
Shares issued for cash	13	2,029,600	202,960	-	-	-	-	296,191
Shares issued for debt settlement	13	932,307	93,231	-	-	-	-	-
Foreign currency translation		-	-	-	-	129,741	-	145,332
Net loss		-	-	-	-	-	(1,066,635)	(1,082,226)
<b>Balance, January 31, 2023</b>		<b>83,193,208</b>	<b>13,086,863</b>	<b>667,880</b>	<b>3,605,169</b>	<b>(49,019)</b>	<b>(16,867,940)</b>	<b>442,953</b>

*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, 2023, and 2022

(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 April 11, 2022, the Company commenced trading of its common shares on the OTCQB Venture Market (“the OTCQB”) under the symbol TIIDF.

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 6c. 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. The Company completed the sale of the assets of Lazarus Esports to TGS Esports Inc. on November 7, 2022. The financial results for Lazarus Esports are reflected in discontinued operations. Tiidal Inc., was 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 consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Although the Company has generated revenue to date, it is currently unable to self-finance any future operations. The Company’s ability to continue as a going concern and to realize assets at their carrying values is dependent upon its ability to obtain financing and generate profits and positive cash flows from operations in order to cover its operating costs.

The Company incurred a loss of \$1,066,635 for the three months January 31, 2023 (three months ended January 31, 2022 – \$3,872,193), and as of that date the Company’s accumulated deficit was \$16,867,940 (January 31, 2022 – \$12,254,290). The Company will periodically need to raise funds to continue its operations and although it has been successful in doing so in the past, there is no assurance that it will be able to continue to do so in the future. These factors comprise a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. These consolidated financial statements do not give effect to any adjustments required to realize its assets and

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

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2023, and 2022

(Expressed in Canadian Dollars – Unaudited)

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### **2. Going Concern (continued)**

discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements. These adjustments could be material.

On March 13, 2023 the Company announced the sale of the Sportsflare division to Entain Holdings (UK) Limited, for consideration of \$13.25 million in cash. The Purchase Price will be retained by the Issuer in a holding account for 180 days following the closing, during which period Tiidal may access the funds to satisfy any working capital adjustment or claims brought by Entain and may access up to 20% of the funds to pay reasonable costs related to the Transaction. See “Subsequent Events” Note 22.

### **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 30, 2023.

#### **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, 2023, and 2022

(Expressed in Canadian Dollars – Unaudited)

### 3. Basis of Presentation (continued)

<b>Name of subsidiary</b>	<b>Jurisdiction Incorporated</b>	<b>Functional Currency</b>	<b>Accounting Method</b>
Tiidal Gaming Holdings Inc. (formerly Tiidal Gaming Group Inc.)	Canada	Canadian dollars	Consolidation
Lazarus Esports Inc.	Canada	Canadian dollars	Consolidation
Tiidal Gaming Canada Inc.	Canada	Canadian dollars	Consolidation
Space Esports Inc.	United States	U.S. dollars	Consolidation
Tiidal Gaming US Corp.	United States	Canadian dollars	Consolidation
GTA GW Mergeco Inc.	United States	Canadian dollars	Consolidation
Tiidal Gaming NZ Limited	New Zealand	New Zealand dollars	Consolidation

### 4. Significant Accounting Policies

#### Cash and cash equivalents

Cash is 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. The Company did not have any cash equivalents as of January 31, 2023, and January 31, 2022

#### Revenue recognition

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

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

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

The Company earns revenue from Software-as-a-Service (“SaaS”) agreements with customers in the betting industry, on a subscription basis. Upon receiving payment from the customer, the Company will have the contractual obligation to provide the access to its proprietary intellectual property (“IP”) over the course of the period stipulated in the agreement and the customer will have the ability to use the Company’s IP for the stipulated period.

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

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2023, and 2022

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### 4. Significant Accounting Policies (continued)

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 a gross basis is evidenced by the Company's ability having a level of discretion in establishing pricing.

#### **Cost of sales**

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

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

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2023, and 2022

(Expressed in Canadian Dollars – Unaudited)

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### **4. Significant Accounting Policies (continued)**

#### **Foreign currency**

The condensed consolidated interim financial statements are presented in Canadian dollars. The functional currency of Tiidal Gaming Holdings Inc. (formerly Tiidal Gaming Group Inc.), Lazarus Esports Inc., Tiidal Gaming Canada Inc., Tiidal Gaming US Corp. 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 income (loss) included in the consolidated 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 net 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 (loss) 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 accounted for as share-based payments.

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

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

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2023, and 2022

(Expressed in Canadian Dollars – Unaudited)

### **4. Significant Accounting Policies (continued)**

#### **Share-based payments**

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

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

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

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

#### **Income taxes and deferred income taxes**

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expect tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income 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 deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

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

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2023, and 2022

(Expressed in Canadian Dollars – Unaudited)

### 4. Significant Accounting Policies (continued)

#### 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

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

#### Intangible assets

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

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

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## 4. Significant Accounting Policies (continued)

### 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 two cash generating units. 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 assets 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.

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

<b>Asset or liability</b>	<b>Classification</b>
Cash	FVTPL
Restricted cash	FVTPL
Trade and other receivables	Amortized cost
Accounts payable and other liabilities	Amortized cost
Subscription liability	FVTPL
Promissory notes payable	Amortized cost
Government loan payable	Amortized cost
Convertible notes	Amortized cost

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### 4. Significant Accounting Policies (continued)

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

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

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### 4. Significant Accounting Policies (continued)

#### Business model assessment

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

#### Contractual cash flow assessment

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

#### *Impairment*

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

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

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

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

#### *Derecognition of financial assets*

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



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### 4. Significant Accounting Policies (continued)

#### *Financial liabilities*

##### *Recognition and initial measurement*

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

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

##### *Classification and subsequent measurement*

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

##### *Derecognition of financial liabilities*

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

#### **Provisions**

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

#### **Loss per share**

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similarly to basic loss per share except that the weighted average number of shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The average number of shares is calculated by assuming that outstanding conversions were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting period.

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### 4. Significant Accounting Policies (continued)

For the three months ended January 31, 2023 and 2022, 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.

#### Leases (continued)

##### 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.

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### **4. Significant Accounting Policies (continued)**

#### ***Discontinued Operations***

Discontinued operations are reported when a component of the Company, representing a separate major line of business or area of operations with clearly distinguishable cash flows, has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. In accordance with IFRS 5, “Non-current Assets Held for Sale and Discontinued Operations” (“IFRS 5”), discontinued operations are reported as a separate element of net income or loss on the consolidated statement of operations and comprehensive loss for both the current and comparative periods. When a disposal group is classified as held for sale, assets and liabilities are aggregated and presented as separate line items, respectively, on the consolidated statement of financial position. Comparative periods are not restated on the consolidated statement of financial position. Assets held for sale are not depreciated and are measured at the lower of carrying value and fair value less costs to sell.

#### **New accounting pronouncements issued but not yet effective**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded. 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.

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### **4. Significant Accounting Policies (continued)**

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***

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such difference will affect the tax provisions in the period in which such determination is made.

#### ***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.

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### **4. Significant Accounting Policies (continued)**

#### ***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.

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### **4. Significant Accounting Policies (continued)**

#### ***Indicators of impairment and testing of equipment and intangible assets***

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

#### ***Determination of functional currency***

The functional currency for the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of the functional currency involves certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment. The Company has determined that the functional currency of the parent company, Tiidal Gaming Holdings Inc. (formerly Tiidal Gaming Group Inc.), Lazarus Esports Inc., Tiidal Gaming Canada Inc., Tiidal Gaming US Corp. and GTA GW Mergeco Inc. is the Canadian dollar. The functional currency of its subsidiary, Space Esports Inc., has been determined to be the United States dollar. The functional currency of its subsidiary, Tiidal Gaming NZ Limited, is the New Zealand 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.

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### 4. Significant Accounting Policies (continued)

#### *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 considers all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions.

### 5. Trade and Other Receivables

Trade and other receivables consist of the following:

	January 31, 2023	October 31, 2022
Trade receivables	\$ 84,543	\$ 58,054
Expected credit losses	(7,725)	(9,619)
GST/HST receivable	192,263	251,242
Advances to an officer (Note 14)	-	2,552
	\$ 269,081	\$ 302,229

During the three months ended January 31, 2023, the Company recorded a recovery of bad debt expense of \$1,893 (January 31, 2022 - \$nil) on trade receivables and recorded a provision for expected credit losses.

### 6. Acquisitions

#### a) Sportsflare NZ Asset Acquisition

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

Consideration for the acquisition is up to an aggregate of 7,642,800 common shares of the Company with a fair value of \$0.39 per common share and the assumption of certain liabilities with a fair value of \$20,369. A total of 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:

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### 6. Acquisitions (continued)

- 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).

#### a) Sportsflare NZ Asset Acquisition (continued)

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

<b>Consideration</b>		
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
<b>Total consideration</b>	<b>\$</b>	<b>2,187,064</b>
Net assets acquired	\$	2,187,064
Fair value of liabilities assumed		20,369
<b>Total capitalized to intangible assets</b>	<b>\$</b>	<b>2,207,433</b>

#### 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 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.



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### **6. Acquisitions (continued)**

#### **b) Subscription Receipt Financing (continued)**

- 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, \$3,257,408 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, 2023, the Company paid \$nil (January 31, 2021 - \$14,134) in finance fees.
- Tiidal Inc. granted 457,970 compensation stock options which are exercisable within two-and-a-half years from the date of grant at an exercise price of \$0.50 per share. The options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, discount rate of 0.47%, expected volatility of 150% and an expected life of 2.5 years. The value attributed to these options was \$171,439.
- 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.

#### **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.

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### **6. Acquisitions (continued)**

#### **c) GTA Financecorp Inc. Reverse Takeover (continued)**

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 net loss and comprehensive loss as listing expense.

The listing expense in the amount of \$1,278,386 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.

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### 6. Acquisitions (continued)

#### c) GTA Financecorp Inc. Reverse Takeover (continued)

A breakdown of the listing expense is as follows:

<b>Consideration</b>	<b>Number</b>	<b>Total</b>
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)
<b>Total consideration</b>		<b>\$ 1,161,887</b>
<b>Fair value of net working capital deficiency assumed:</b>		
Cash		\$ (9,434)
Accounts payable and accrued liabilities		48,263
<b>Net working capital deficiency</b>		<b>\$ 38,829</b>
Transaction costs related to GTA RTO		77,670
<b>Listing expense</b>		<b>\$ 1,278,386</b>

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

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**7. Equipment**

		<b>Computer equipment</b>		<b>Furniture and equipment</b>		<b>Total</b>
<b>Cost</b>						
Opening, October 31, 2021	\$	47,903	\$	10,105	\$	58,008
Additions		16,767		1,971		18,738
Write-off		(3,750)		(3,222)		(6,972)
Foreign exchange adjustment		2,913		488		3,401
<b>Ending, October 31, 2022</b>	<b>\$</b>	<b>63,833</b>	<b>\$</b>	<b>9,342</b>	<b>\$</b>	<b>73,175</b>
Additions		-		-		-
Disposals		(44,153)		(3,839)		(47,992)
Foreign exchange adjustment		(1,540)		(5,503)		(7,043)
<b>Ending, January 31, 2023</b>	<b>\$</b>	<b>18,140</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>18,140</b>
<b>Accumulated depreciation</b>						
Opening, October 31, 2021	\$	39,569	\$	3,034	\$	42,603
Depreciation		14,239		995		15,234
<b>Ending, October 31, 2022</b>		<b>53,808</b>		<b>4,029</b>		<b>57,837</b>
Depreciation		8,725		-		8,725
Disposals		(42,780)		(4,029)		(46,809)
Foreign exchange		(14,239)		-		(14,239)
<b>Ending, January 31, 2023</b>	<b>\$</b>	<b>5,514</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>5,514</b>
<b>Net book value</b>						
<b>October 31, 2022</b>	<b>\$</b>	<b>10,025</b>	<b>\$</b>	<b>5,313</b>	<b>\$</b>	<b>15,338</b>
<b>January 31, 2023</b>	<b>\$</b>	<b>12,626</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>12,626</b>

**8. Right-of-use assets/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, 2023. Under these leases, the Company is required to pay an aggregate amount of \$32,111 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.

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**8. Right-of-use assets/Lease liability (continued)**

<b>Right-of-use asset</b>	<b>Office Space</b>		<b>Office Equipment</b>		<b>Total</b>
Opening, October 31, 2021	\$	223,986	\$	-	\$ 223,986
Additions		-		29,994	29,994
Depreciation		(40,822)		(3,487)	(44,309)
Foreign exchange adjustment		(24,173)		(3,887)	(28,060)
Disposition and adjustments		(29,498)		-	(29,498)
<b>Ending, October 31, 2022</b>	<b>\$</b>	<b>129,493</b>	<b>\$</b>	<b>22,620</b>	<b>\$ 152,113</b>
Addition		-		-	-
Depreciation		(11,861)		(1,449)	(13,310)
Foreign exchange adjustment		11,392		2,003	13,395
Dispositions and adjustments		-		-	-
<b>Ending, January 31, 2023</b>	<b>\$</b>	<b>129,024</b>	<b>\$</b>	<b>23,174</b>	<b>\$ 152,198</b>

  

<b>Lease liability</b>	<b>Office Space</b>		<b>Office Equipment</b>		<b>Total</b>
Opening, October 31, 2021	\$	228,752	\$	-	\$ 228,752
Additions		-		29,994	29,994
Accretion		17,339		1,755	19,094
Payments		(62,280)		(24,891)	(87,171)
Foreign exchange adjustment		(16,780)		(1,181)	(17,961)
Adjustment		(29,498)		-	(29,498)
<b>Ending, October 31, 2022</b>	<b>\$</b>	<b>137,533</b>	<b>\$</b>	<b>5,677</b>	<b>\$ 143,210</b>
Additions		-		-	-
Accretion		4,302		97	4,399
Payments		(14,992)		(3,255)	(18,247)
Foreign exchange adjustment		12,138		(499)	11,639
Adjustment		-		-	-
<b>Ending, January 31, 2023</b>	<b>\$</b>	<b>138,981</b>	<b>\$</b>	<b>2,020</b>	<b>\$ 141,001</b>

  

<b>Current</b>	<b>\$</b>	<b>47,011</b>	<b>\$</b>	<b>2,020</b>	<b>\$ 49,031</b>
<b>Non-current</b>	<b>\$</b>	<b>91,970</b>	<b>\$</b>	<b>-</b>	<b>\$ 91,970</b>

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**9. Intangible Assets**

		<b>Sportsflare intellectual property and related assets</b>		<b>Total</b>
<b>Cost</b>				
Ending balance October 31, 2021	\$	2,207,433	\$	2,207,433
Foreign exchange adjustment		(241,099)		(241,099)
<b>Ending balance October 31, 2022</b>	<b>\$</b>	<b>1,966,334</b>	<b>\$</b>	<b>1,966,334</b>
Foreign exchange adjustment		137,337		137,337
<b>Ending balance January 31, 2023</b>	<b>\$</b>	<b>2,103,671</b>	<b>\$</b>	<b>2,103,671</b>
<b>Accumulated amortization</b>				
Ending balance October 31, 2021	\$	190,238	\$	190,238
Amortization		202,874		202,874
<b>Ending balance October 31, 2022</b>	<b>\$</b>	<b>393,112</b>	<b>\$</b>	<b>393,112</b>
Amortization		51,469		51,469
<b>Ending balance January 31, 2023</b>	<b>\$</b>	<b>444,581</b>	<b>\$</b>	<b>444,581</b>
<b>Net book value October 31, 2022</b>	<b>\$</b>	<b>1,573,222</b>	<b>\$</b>	<b>1,573,222</b>
<b>Net book value January 31, 2023</b>	<b>\$</b>	<b>1,659,090</b>	<b>\$</b>	<b>1,659,090</b>

**10. Accounts Payable and Other Liabilities**

		<b>January 31, 2023</b>		<b>October 31, 2022</b>	
Accounts payable (Note 14)	\$	654,004	\$	420,049	
Accrued liabilities		466,168		345,598	
Payroll liabilities		374,670		208,915	
GST/HST payable		10,177		10,178	
	<b>\$</b>	<b>1,505,019</b>	<b>\$</b>	<b>984,740</b>	

**11. 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.

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### 11. Convertible Notes - continued

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

	<b>Total</b>
Balance, October 31, 2020	\$ -
Issued during the year	280,250
Conversion feature	(31,542)
Accretion	18,026
<b>Balance, October 31, 2021</b>	<b>\$ 266,734</b>
Accretion	796
Conversion	(267,530)
<b>Balance, October 31, 2022</b>	<b>\$ -</b>

### 12. Government Loan Payable

In May 2020, Tiidal Inc. entered into a Canada Emergency Business Account (“CEBA”) loan with the Government of Canada which provided \$40,000 in interest free loans to Tiidal Inc. until December 31, 2022. The CEBA loan terms included if the Government of Canada is repaid by December 31, 2022, 25%, being \$10,000 of the CEBA loan will be forgiven. If the CEBA loan balance is not paid prior to December 31, 2022, the remaining balance would 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.

In January 2021, Tiidal Inc. received an additional \$20,000 interest free CEBA loan from the Government of Canada. The CEBA loan terms included 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.

The Government of Canada has announced that the December 31, 2022, forgiveness repayment date has been extended by one year to December 31, 2023 for eligible CEBA loan holders in good standing. The CEBA loan terms were also amended such that the CEBA loans are interest free until December 31, 2023 and any remaining balance would bear interest at 5% per annum starting on January 1, 2024.

As at January 31, 2023, the Company has an outstanding CEBA loan balance of \$36,060 (October 31, 2022 - \$35,044) and recognized \$nil (2022 - \$Nil) in income from government assistance.

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### **13. Share Capital**

#### **Authorized**

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

On January 31, 2023, the Company had 83,193,208 shares outstanding.

#### **Stock Split**

In connection with the GTA RTO, Tiidal Inc. consolidated its shares on the basis of 1.2738 new Tiidal Inc. shares for every 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, 2023:

On December 1, 2022, the Company closed a non-brokered private placement financing of 2,029,600 units at a price of \$0.10 per unit for gross proceeds of \$202,960. Each unit is comprised of one common share and one common share purchase warrant, with each warrant being exercisable to acquire one common share of the Company at a price of \$0.15 per common share for a period of 36 months following the closing date. The Company issued 932,307 common shares to settle \$93,231 in accounts payable.

For the three months ended January 31, 2023, the Company incurred \$nil in share issuance costs 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, 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 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.



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### **13. Share Capital - continued**

- 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.

#### **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, 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, 2023, the following activity occurred:

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### 13. Share Capital - continued

- On December 1, 2022, 125,000 options granted to employees of Lazarus were effectively cancelled on the date the operations ceased.

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
  - 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.

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**13. Share Capital - continued**

- 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.
- 277,000 of total stock options vest in twelve monthly installments.
- 1,223,000 of total stock options vest one-third on November 17, 2022, and the remaining stock options shall vest in twenty-four monthly instalments thereafter.

For the three months ended January 31, 2023, and 2022, the stock option activity is as follows:

	<b>Number</b>	<b>Weighted Average Exercise Price</b>
Outstanding, October 31, 2021	5,234,720	\$0.19
Granted	7,102,779	\$0.37
Exercised	(191,070)	(\$0.16)
Forfeited	(532)	(\$33.80)
<b>Outstanding, January 31, 2022</b>	<b>12,145,897</b>	<b>\$0.30</b>
<b>Outstanding, October 31, 2022</b>	<b>13,824,477</b>	<b>\$0.30</b>
Cancelled	(125,000)	(\$0.30)
<b>Outstanding, January 31, 2023</b>	<b>13,699,477</b>	<b>\$0.26</b>

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**13. Share Capital - continued****b) Stock options (continued)**

At January 31, 2023, 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:

<b>Number Outstanding</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Number Exercisable</b>
1,419	\$28.17	April 18, 2023	1,419
457,971	\$0.50	November 9, 2023	457,971
127,380	\$0.39	May 29, 2025	127,380
244,057	\$0.28	June 8, 2025	244,057
127,380	\$0.39	July 2, 2025	127,380
955,350	\$0.39	November 9, 2026	557,288
1,462,500	\$0.50	November 17, 2026	-
1,462,500	\$0.30	November 17, 2026	568,750
2,900,000	\$0.30	January 4, 2027	1,728,000
60,000	\$0.30	March 1, 2027	-
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	\$0.16	April 2, 2029	764,280
1,570,000	\$0.10	October 1, 2026	196,250
<b>13,699,477</b>			<b>8,339,415</b>

As at January 31, 2023, the weighted average life of stock options outstanding was 4.38 years (October 31, 2022 – 4.62 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, 2023, \$150,287 (three months ended January 31, 2022 - \$322,336) was recorded as share-based payments for stock options and \$nil (three months ended January 31, 2022 - \$12,966) was recorded as deferred financing charges relating to compensation options, which was reclassified to share issuance costs on November 9, 2021 upon the completion of the GTA RTO (Note 6c) and related subscription receipt financing (Note 6b).

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.

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### 13. Share Capital (continued)

#### b) Stock options (continued)

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

	January 31, 2023	October 31, 2022
Share price	\$0.085 – \$0.25	\$0.085 - \$0.25
Exercise price	\$0.10 - \$0.50	\$0.10 - \$0.50
Expected volatility	150%	150%
Expected weighted average stock option life	4.00 – 5.00 years	4.00 – 5.00 years
Expected dividend yield	-	-
Expected forfeiture rate	-	-
Risk-free interest rate	1.26% - 3.39%	1.26% - 3.39%

#### b) Warrants

For the three months ended January 31, 2023 and 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
<b>Outstanding, January 31, 2022</b>	<b>7,537,892</b>	<b>\$0.47</b>
<b>Outstanding, October 31, 2022</b>	<b>13,314,120</b>	<b>\$0.33</b>
Granted	2,961,907	\$0.15
Exercised	-	-
<b>Outstanding, January 31, 2023</b>	<b>16,276,027</b>	<b>\$0.30</b>

At January 31, 2023, 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
2,361,110	\$0.16	April 1, 2023	2,361,110
3,939,409	\$0.75	November 9, 2023	3,939,409
5,647,051	\$0.15	September 20, 2025	5,647,051
1,366,550	\$0.15	October 12, 2025	1,366,550
2,961,907	\$0.15	November 30, 2025	2,961,907
<b>16,276,027</b>			<b>16,276,027</b>

As at January 31, 2023, the weighted average life of warrants outstanding was 1.87 years (October 31, 2022 – 0.82 years).

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### 13. Share Capital - continued

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, 2023, \$nil (three months ended January 31, 2022 – \$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.

#### c) 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 GTA RTO. See Note 6c. As at January 31, 2023, there were no RSUs issued and outstanding (January 31, 2022 – nil).

### 14. 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, 2023, and 2022, the Company incurred charges with officers and directors recorded at their exchange amounts as agreed upon by transacting parties as follows:

	<b>Three months ended January 31, 2023</b>	<b>Three months ended January 31, 2022</b>
Management and director fees	\$ 38,800	\$ 65,000
Salaries included in general and administrative expenses in the Statements of Net Loss and Comprehensive Loss	100,457	199,747
Share-based payments	69,238	278,125
	<b>\$ 208,495</b>	<b>\$ 542,872</b>

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, 2023, and 2022, key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits.

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**14. Related Party Transactions (continued)****b) Related party balances**

As at January 31, 2023, included in trade and other receivables is \$nil (October 31, 2022 - \$2,552) owing to the Company from an officer of the Company.

As at January 31, 2023, included in accounts payable and other liabilities is \$124,042 (October 31, 2022 – \$101,717) in amounts payable to directors and officers of the Company. The amount is unsecured, non-interest bearing and due on demand.

**15. General and Administrative Expenses**

General and administrative expenses consisted of the following:

	<b>Three months ended January 31, 2023</b>	<b>Three months ended January 31, 2022</b>
Office and miscellaneous	\$ 102,171	\$ 69,032
Salaries and benefits	507,463	377,389
Bank charges and interest	533	2,138
Professional fees	189,607	140,517
Insurance	17,503	6,049
	<b>\$ 817,277</b>	<b>\$ 595,125</b>

**16. Loss Per Share**

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

	<b>Three months ended January 31, 2023</b>	<b>Three months ended January 31, 2022</b>
<b>Weighted average number of shares – basic:</b>		
Issued common shares as at beginning of the period	80,231,301	56,368,831
Effect of common shares during the period	1,985,454	14,068,260
	82,216,755	70,437,091
<b>Net loss</b>	(\$1,066,635)	(\$3,872,193)
<b>Net loss per share – basic and diluted</b>	<b>(\$0.01)</b>	<b>(\$0.05)</b>

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**16. Loss Per Share - continued**

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, 2023, and October 31, 2022.

**17. Supplemental Disclosures with Respect to Cash Flows**

	<b>Three months ended January 31, 2023</b>	<b>Three months ended January 31, 2022</b>
Cash paid for interest	\$ -	\$ 8,717
Fair value of shares issued for debt	93,231	30,277
Fair value of shares issued for convertible notes	-	30,571
Fair value of shares issued for acquisition of IP	-	267,530

**18. Segmented Reporting**

Segmented information by operating segment is as follows for the three months ended January 31, 2023, and 2022:

2023	<b>Digital Entertainment</b>	<b>Betting Solutions</b>	<b>Total</b>
Revenues	\$ -	\$ 75,902	\$ 75,902
Comprehensive Loss	(398,986)	(537,908)	(936,894)
Non-current Assets	33,758	1,790,156	1,823,914
Total Assets	240,766	1,884,267	2,125,033
Total Liabilities	794,322	887,758	1,682,080

2022	<b>Digital Entertainment</b>	<b>Betting Solutions</b>	<b>Total</b>
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

**19. 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.



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### **19. Capital Management - continued**

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, 2023.

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

The Company is dependent on external equity financing to fund its activities. In order to carry out the planned operations and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management for the three months ended January 31, 2023.

#### **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).

### **20. Financial Instruments and Risk Management**

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.

Cash, restricted cash and subscription liability are recorded at fair value using level 2 inputs. 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, 2023 and 2022, the Company did not have any cash equivalents.

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### 20. Financial Instruments and Risk Management - continued

#### 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.

#### Credit risk (continued)

The Company's cash is held with major financial institutions 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.

The Company believes that the trade receivables balance is fully collectable. As of January 31, 2023, \$84,543 in trade receivables remained outstanding (October 31, 2022 - \$58,272). The Company applies the simplified approach to provide for expected credit losses as prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The loss allowance is based on the Company's historical collection and loss experience and incorporates forward-looking factors, where appropriate. At January 31, 2023, the Company had recorded an expected credit loss of \$7,725 (October 31, 2022 - \$9,619).

#### 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.

Maturity analysis of liabilities which are due in the next twelve months can be summarized as follows:

	<b>January 31, 2023</b>	<b>October 31, 2022</b>
Accounts payable and other liabilities	\$ 1,505,019	\$ 984,740
Lease liability (current)	49,031	47,546
	<b>\$ 1,554,050</b>	<b>\$ 1,032,286</b>

#### Foreign currency risk

Foreign currency risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign currency exchange rates. The Company's currency risk primarily arises from financial instruments denominated in US dollars that are held in entities with a Canadian dollar functional currency. Conversely for the Tiidal NZ subsidiary who has a NZ dollar functional currency, currency risk primarily arises from financial instruments denominated in Canadian dollars that are held in Tiidal NZ.

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**20. Financial Instruments and Risk Management - continued**

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable, and accounts payable and accrued liabilities that are denominated in US dollars. Therefore, a 10% appreciation or depreciation of the U.S. dollar against the Canadian dollar would have resulted in an approximate \$3,000 respectively, in net income (loss).

**Interest rate risk**

The Company does not have any significant exposure as at January 31, 2023 and October 31, 2022 to interest rate risk through its financial instruments.

**21. Discontinued Operations**

On December 1, 2022, the Company discontinued the operations and disposed of the remaining assets of the Lazarus Esports Inc. As a result, the Lazarus Esports Inc. business was classified as discontinued operations in accordance with International Financial Reporting Standards relating to non-current assets held for sale and discontinued operations (“IFRS 5”) for the three months ended January 31, 2023 and 2022.

Consolidated statements of operations and comprehensive income (loss) from discontinued operations for the three months ended January 31, 2023 and 2022 are comprised of the following:

	<b>January 31, 2023</b>	January 31, 2022
	\$	\$
<b>Total revenue</b>	-	112,946
Cost of goods sold	-	93,293
<b>Gross Profit</b>	-	19,653
<b>Expenses</b>		
Advertising	<b>207</b>	35,412
General and administration	<b>3,650</b>	63,019
Player fees	-	61,130
Interest/accretion	<b>1,289</b>	-
Exchange gain/loss	<b>(46)</b>	398
Total expenses	<b>5,100</b>	159,959
<b>Net loss from discontinued operations</b>	<b>(5,100)</b>	(140,306)

Cash flows from discontinued operations for the three months ended January 31, 2023 and 2022 are comprised of the following:

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**21. Discontinued Operations - continued**

	<b>January 31, 2023</b>	January 31, 2022
<b>Cash flow provided by discontinued operations</b>		
Income (loss) from discontinued operations	<b>\$(5,100)</b>	\$(140,306)
Changes in non-cash working capital:		
Accounts receivable	<b>13,147</b>	51,597
Prepaid expenses	<b>683</b>	-
Trade and other payables	<b>(8,745)</b>	88,709
Total cash used by discontinued operations	<b>(15)</b>	-
<b>Change in net cash from discontinued operations</b>	<b>(15)</b>	-

**22. Subsequent Events**

On March 13, 2023, the Company announced that it and its wholly-owned subsidiary, Tiidal Gaming Holdings Inc. (“Tiidal Holdings”), have entered into a share sale and purchase agreement (the “Purchase Agreement”) with Entain Holdings (UK) Limited (“Entain”), pursuant to which Tiidal Holdings will sell all of the shares of the Company’s operating subsidiary, Tiidal Gaming NZ Limited (“Sportsflare”), to Entain (the “Transaction”). Pursuant to the terms of the Purchase Agreement, Tiidal Holdings has agreed to sell all of the issued and outstanding shares of Sportsflare to Entain for consideration of \$13,250,000 in cash (the “Purchase Price”), subject to standard transaction adjustments. The Purchase Price will be retained by Tiidal in a holding account for 180 days following the closing, during which period Tiidal may access the funds to satisfy any working capital adjustment or claims brought by Entain and may access up to 20% of the funds to pay reasonable costs related to the Transaction.