TIIDAL GAMING GROUP CORP.

(FORMERLY GTA FINANCECORP INC.)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED OCTOBER 31, 2023, AND 2022

(EXPRESSED IN CANADIAN DOLLARS)

To the Shareholders of Tiidal Gaming Group Corp.:

Opinion

We have audited the consolidated financial statements of Tiidal Gaming Group Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at October 31, 2023 and October 31, 2022, and the consolidated statements of net income (loss) and other comprehensive income (loss), shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at October 31, 2023 and October 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a loss from continuing operations during the year ended October 31, 2023 and, as of that date, had an accumulated deficit. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

MNP LLP
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Other Information

Management is responsible for the other information. The other information comprises Management’s Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Blair Michael Mabee.

MNP LLP

Mississauga, Ontario — Chartered Professional Accountants

February 8, 2024 — Licensed Public Accountants

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

Consolidated Statements of Financial Position

As at October 31, 2023 and October 31, 2022

(Expressed in Canadian Dollars)

	Note		October 31, 2023		October 31, 2022
ASSETS					
Current assets					
Cash		$	79,265	$	16,223
Trade and other receivables	6, 15		436,936		302,229
Prepaid expenses and deposits			11,667		37,238
Short-term investments	5		10,600,000		-
			11,127,868		355,690
Equipment	8		-		15,338
Right-of-use-assets	9		-		152,113
Intangible assets	10		-		1,573,222
Total assets		$	11,127,868	$	2,096,363
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and other liabilities	11	$	219,760	$	984,740
Lease liabilities			-		47,546
			219,760		1,032,286
Lease liability			-		95,664
Government loan payable	13		39,250		35,044
Total liabilities			259,010		1,162,994
Shareholders' equity					
Share capital	14		13,572,500		12,790,672
Reserves	14		4,166,666		3,454,882
Shares to be issued	14		-		667,880
Accumulated other comprehensive loss			(5,419)		(178,760)
Accumulated deficit			(6,864,889)		(15,801,305)
Total shareholders' equity			10,868,858		933,369
Total liabilities and shareholders' equity		$	11,127,868	$	2,096,363

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

Discontinued Operations (Note 22)

Subsequent Events (Note 24)

Approved and Authorized by the Board on February 8, 2024:

"Carlo Rigillo" ___ Director *"Fraser Hartley"* ___ Director

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

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCECORP INC.)
Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)
For the years ended October 31, 2023, and 2022
(Expressed in Canadian Dollars)

		Years ended October 31,			
	Note		**2023**		**2022**
Operating expenses					
General and administrative	15, 16	$	742,978	$	1,166,580
Advertising and promotion			25,797		133,826
Consulting			18,115		182,708
Management fees	15		175,933		177,200
Bad debt (recovery)	6		(725)		9,619
Depreciation of equipment	8		362		5,572
Share-based payments	14, 15		578,725		2,268,154
Amortization			812		3,610
Total operating expenses			1,541,997		3,947,269
Loss before other items			(1,541,997)		(3,947,269)
Other items					
Gain on settlement of debt			-		28,123
Foreign exchange gain			28,783		4,135
Income from government assistance			-		32,942
Gain on write-off of accounts payable			-		16,632
Impairment of property and equipment			-		(6,972)
Loss on disposal of equipment			(2,087)		-
Interest income	5		219,294		1,010
Finance charges (recovery)			(9,367)		(13,297)
Listing expense	7b		-		(1,278,386)
Net loss from continuing operations		**$**	**(1,305,374)**	**$**	(5,163,064)
Net income from discontinued operations	22		**10,241,790**		(2,255,882)
Net income (loss)			**8,936,416**		(7,418,964)
Other comprehensive income					
Foreign currency translation adjustment			**173,341**		(249,919)
Comprehensive income (loss) for the year			**9,109,757**		(7,668,883)
Weighted average number of common shares outstanding	17		**84,693,987**		72,799,126
Basic and diluted earning (loss) per share from continuing operations	17	$	**(0.02)**	$	(0.07)
Basic and diluted earning (loss) per share from discontinued operations	17	$	**0.12**	$	(0.03)
Basic and diluted earning (loss) per share	17	$	**0.10**	$	(0.10)

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

TIIDAL GAMING GROUP CORP. (FORMERLY GTA FINANCE CORP INC.)
Consolidated Statements of Cash Flows
For the years ended October 31, 2023, and 2022
(Expressed in Canadian Dollars)

	2023	2022
Operating activities		
Net loss from continuing operations	$ **(1,305,374)**	$ (5,163,064)
Adjustments for non-cash items:		
Depreciation of equipment	**362**	55,572
Amortization of intangible asset	**812**	3,610
Non-cash listing expense	**-**	1,228,025
Share-based payments	**578,725**	2,268,154
Impairment of equipment	**-**	6,972
Government assistance income	**-**	(32,924)
Accretion expense	**4,206**	9,248
Gain on settlement of debt	**-**	(28,123)
Gain on settlement of accounts payable	**-**	(16,632)
Unrealized foreign exchange	**44,576**	(167)
Changes in non-cash working capital items:		
Trade and other receivables	**(186,637)**	(205,808)
Prepaid expenses and deposits	**18,442**	(13,922)
Accounts payable and other liabilities	**(280,106)**	(266,622)
Deferred revenue	**-**	(6,765)
Net cash used in operating activities	**(1,124,994)**	(2,212,464)
Net cash used in discontinued operations	**(1,607,311)**	(1,724,030)
Investing activities		
Cash acquired from acquisition of GTA Financecorp	**-**	9,434
Purchase of short-term investment	**(10,600,000)**	-
Proceeds from sale of subsidiary	**11,871,686**	-
Loss on disposal of property and equipment	**2,087**	-
Acquisition of property and equipment	**-**	(2,632)
Net cash from investing activities	**1,273,773**	6,802
Net cash used in investing activities in discontinued operations	**(6,960)**	(16,106)
Financing activities		
Cash released from escrow on completion of RTO	**-**	3,257,408
Repurchase of Tiidal common shares	**-**	(30,000)
Share issuance costs	**(49,184)**	(36,213)
Proceeds from share issuance	**202,960**	897,443
Proceeds from share issuance costs reimbursement	**-**	11,376
Proceeds from issuance of promissory notes	**-**	(38,000)
Net cash provided by financing activities	**153,776**	4,062,014
Net cash provided by (used in) financing activities in discontinued operations	**1,373,215**	(87,075)
Effect of foreign exchange on cash	**1,543**	(35,841)
Net change in cash	**63,042**	(6,700)
Cash, beginning of year	**16,223**	22,923
Cash, end of year	$ **79,265**	$ 16,223

Supplemental Disclosures with Respect to Cash Flows (Note 18)

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

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

Consolidated Statement of Shareholders' Equity (Deficiency)

For the years ended October 31, 2023, and 2022

(Expressed in Canadian Dollars)

	Note	Number of Shares	Share Capital $	Shares to be Issued $	Reserves $	Accumulated Other Comprehensive Loss $	Accumulated Deficit $	Total Shareholders' Equity $
Balance, October 31, 2021		**56,368,831**	**6,078,510**	**767,878**	**2,129,832**	**71,159**	**(8,382,341)**	**665,038**
Shares issued for GTA RTO	14	3,279,996	1,257,466	-	3,421	-	-	1,260,887
Share issuance costs	14	346,886	(505,881)	-	25,691	-	-	(480,190)
Share-based payments	14	-	-	-	2,268,154	-	-	2,268,154
Stock options exercised	14	191,070	68,785	-	(38,214)	-	-	30,571
Shares issued for debt settlement	14	312,136	181,817	-	-	-	-	181,817
Shares issued for warrants exercised	14	1,237,373	420,707	-	(222,727)	-	-	197,980
Repurchase of Tiidal shares	14	(191,070)	(30,000)	-	-			(30,000)
Shares issued on exercise or RSU	14	4,203,540	1,649,967	(99,998)	(1,549,969)			-
Shares issued for convertible debt	14	687,607	271,195	-	-			271,195
Shares issued for cash	14	13,794,932	3,398,106	-	838,694			4,236,800
Foreign currency translation		-	-	-	-	(249,919)	-	(249,919)
Net loss		-	-	-	-	-	(7,418,964)	(7,418,964)
Balance, October 31, 2022		**80,231,301**	**12,790,672**	**667,880**	**3,454,882**	**(178,760)**	**(15,801,305)**	**933,369**
Balance, October 31, 2022		**80,231,301**	**12,790,672**	**667,880**	**3,454,882**	**(178,760)**	**(15,801,305)**	**933,369**
Share-based payments	14	-	-	-	578,725	-	-	578,725
Shares issued for cash	14	2,961,907	296,191	-	-	-	-	296,191
RSU grant to CEO	14, 15	2,500,000	200,000	-	(200,000)	-	-	-
Sportsflare Milestone shares	14	1,910,700	334,821	(334,821)	-	-	-	-
Share issuance costs	14	-	(49,184)	-	-	-	-	(49,184)
Reclassify Revenue Milestone shares	14	-	-	(333,059)	333,059	-	-	-
Foreign currency translation		-	-	-	-	173,341	-	173,341
Net income		-	-	-	-	-	8,936,416	8,936,416
Balance, October 31, 2023		**87,603,908**	**13,572,500**	**-**	**4,166,666**	**(5,419)**	**(6,864,889)**	**10,868,858**

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

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 April 26, 2023, the trading of the Company’s common shares was relegated from the OTCQB to OTC Pink.

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

The Company’s principal business activities were owning and operating synergistic businesses across the esports ecosystem, including its former wholly-owned subsidiary, Tiidal Gaming NZ Limited (“Tiidal NZ”), incorporated on November 23, 2020 under the Companies Act 1993 in New Zealand and doing business as Sportsflare, which has developed a robust odds feed and advanced betting solutions for sportsbooks and online betting companies, and its subsidiary 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. On June 9, 2023, the Company completed the sale of its Sportsflare division (Tiidal NZ) to Entain Holdings (UK) Limited (“Entain"). The financial results of Tiidal NZ are reflected in discontinued operations. As of June 9, 2023, the Company does not have any remaining active operations.

On October 30, 2023, the Company announced that its Board of Directors has concluded its previously announced strategic review process and has determined it is in the best interest of the Company to return capital to its shareholders by way of substantial issuer bid (the “**Offer**”) to be completed no earlier than December 7, 2023. On December 15, 2023, the Company completed the Offer and purchased for cancellation 83,256,650 common shares at a price of $0.1225 per share for aggregate purchase price of $10,198,940. The shares purchased under the Offer represented approximately 95% of the total issued and outstanding shares.

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. The Company's ability to continue as a going concern is dependent upon its ability to identify an appropriate business for acquisition or investment to generate profits and positive cash flows from operations in order to cover its operating costs. There is no assurance that the business will be profitable.

The Company's accumulated deficit was $6,864,889 at October 31, 2023 (October 31, 2022 – $15,801,305) and its cash flow used in operations was $1,124,994 (October 31, 2022 - $2,212,464). These factors comprise a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and amounts different from those reflected in the accompanying consolidated financial statements. These adjustments could be material.

The sale of Tiidal NZ constituted the sale of substantially all of the assets and operating activities of the Company. The board of directors of the Company assessed the available options to return capital received pursuant to the sale of Tiidal NZ to its shareholders following the expiry of the 180-day holding period. The Company will continue to be dependent on external equity financing to fund its activities. Management reviews its capital management approach on an ongoing basis and believe this approach is reasonable.

3. Basis of Presentation

Statement of Compliance

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

The consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on February 8, 2024.

Basis of Presentation

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

3. Basis of Presentation (continued)

Basis of Consolidation

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

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

Name of subsidiary	Jurisdiction Incorporated	Functional Currency	Accounting Method
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 NZ Limited	New Zealand	New Zealand dollars	Consolidation until June 8, 2023

4. Significant Accounting Policies

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.

4. Significant Accounting Policies (continued)

Revenue recognition (continued)

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

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

As performance obligations are satisfied over time, revenue is recognized using a method of transfer that depicts the Company's performance or using the "as-invoiced" practical expedient, when applicable and ends only when the period in the agreement ends. The Company recognizes revenue from SaaS subscriptions ratably over the term of the subscription.

The Company earns sponsorship revenue by endorsing products. Sponsorship revenue is recognized over time as the performance obligations per the contract of the Company are satisfied and the services are provided to the customer. Payments received in excess of the revenue recognized on a contract are recorded as deferred revenue. Amounts are billed as defined by individual contracts. Billings rendered in advance of performance under contracts are recorded as deferred revenue. Some agreements contain revenue sharing terms whereby the Company is entitled to a percentage of revenue earned by the customer. This revenue is calculated and recognized on a monthly basis.

<u>Gross versus net revenue</u>

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

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

4. Significant Accounting Policies (continued)

Gross versus net revenue (continued)

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.

Foreign currency

The consolidated financial statements are presented in Canadian dollars. The functional currency of Tiidal Gaming Holdings Inc. (formerly Tiidal Gaming Group Inc.), Lazarus Esports Inc. and Tiidal Gaming Canada 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. 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 income (loss) and comprehensive income (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.

4. Significant Accounting Policies (continued)

Share Capital (continued)

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.

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 expected 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.

4. Significant Accounting Policies (continued)

Income taxes and deferred income taxes (continued)

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.

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.

4. Significant Accounting Policies (continued)

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 income (loss) and comprehensive income (loss).

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

Impairment testing of intangible assets and equipment

For purposes of assessing impairment under IFRS, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating unit). The Company had 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 a mount, which is the higher of fair value less costs to sell or value-in-use. To determine the value-in-use, management estimates expected future cash flows from the cash-generating unit and determines a suitable pre-tax discount rate in order to calculate the present value of those cash flows. Discount factors have been determined for the cash-generating unit and reflect its risk profile as assessed by management.

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

4. Significant Accounting Policies (continued)

Financial instruments

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

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

Asset or liability	Classification
Cash	FVTPL
Short-term investments	FVTPL
Trade and other receivables	Amortized cost
Accounts payable and other liabilities	Amortized cost
Government loan payable	Amortized cost

Financial assets

Recognition and initial measurement

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

Financial assets are classified as follows:

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

4. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets are classified as follows: (continued)

- 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 short-term investments.

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

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

Business model assessment

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

4. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

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.

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.

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.

4. Significant Accounting Policies (continued)

Financial liabilities (continued)

Income (loss) per share (continued)

For the years ended October 31, 2023, and 2022, potentially dilutive common shares issuable upon the exercise of conversion option related to warrants and options were not included in the computation of income (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.

<u>Short-term leases and leases of low-value assets</u>

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.

4. Significant Accounting Policies (continued)

Discontinued operations/disposal group held for sale

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 statements of net income (loss) and comprehensive income (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.

4. Significant Accounting Policies (continued)

(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 an 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.

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

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.

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.

(Expressed in Canadian Dollars)

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. Short-term Investments

On June 13, 2023, the Company transferred a total of $10,600,000 into guaranteed investment certificates ("GICs") bearing interest at an annualized rate of 5.30%. The GICs mature on December 10, 2023. For the year ended October 31, 2023, the Company recorded interest receivable of $217,024 (October 31, 2022 – $nil).

6. Trade and Other Receivables

Trade and other receivables consist of the following:

		October 31, 2023		**October 31, 2022**
Trade receivables	$	-	$	58,054
Other receivables		4,446		-
Expected credit losses		-		(9,619)
GST/HST receivable		215,466		251,242
Interest receivable (Note 5)		217,024		-
Advances to an officer (Note 15)		-		2,552
	$	436,936	$	302,229

During the year ended October 31, 2023, the Company recorded a recovery of bad debt expense of $725 (October 31, 2022 - $9,619) on trade receivables and recorded a provision for expected credit losses.

7. Acquisitions

a) 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, 7b) 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.
- 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 7b).
- 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 year ended October 31, 2023, the Company paid $nil (2022 - $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.

7. Acquisitions (continued)

b) GTA Financecorp Inc. Reverse Takeover

- 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.

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

On November 9, 2021, the GTA RTO transaction closed in which 95.43% of the shares of the combined entity of the Company are held by the former shareholders of Tiidal Inc. The subscription receipts and convertible notes converted into common shares and warrants of Tiidal Inc. which were then exchanged for common shares and warrants of the Company. As a result, the former shareholders of Tiidal Inc. acquired control of the Company, thereby constituting a reverse takeover of the Company. This is considered a purchase of the Company's net assets by the shareholders of Tiidal Inc.The GTA RTO is accounted for in accordance with guidance provided in IFRS 2 Share-Based Payments ("IFRS 2") and IFRS 3 Business Combinations ("IFRS 3").

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

- The consolidated financial statements of the combined entities are issued under the legal parent, Tiidal Corp., but are considered a continuation of the financial statements of the legal subsidiary, Tiidal Inc.

(Expressed in Canadian Dollars)

7. Acquisitions (continued)

b) GTA Financecorp Inc. Reverse Takeover (continued)

- 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.

A breakdown of the listing expense is as follows:

Consideration	Number		Total
Fair value of shares retained by former GTA Finance Corp. shareholders	3,279,996	$	1,257,466
Fair value of stock options assumed	247,431		3,421
Prior cash advanced from the Company and Tiidal Inc.			(99,000)
Total consideration		**$**	**1,161,887**
Fair value of net working capital deficiency assumed:			
Cash		$	(9,434)
Accounts payable and accrued liabilities			48,263
Net working capital deficiency		**$**	**38,829**
Transaction costs related to GTA RTO			77,670
Listing expense		**$**	**1,278,386**

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.

(Expressed in Canadian Dollars)

7. Acquisitions (continued)

b) GTA Financecorp Inc. Reverse Takeover (continued)

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.

8. Equipment

		Computer equipment		**Furniture and equipment**		**Total**
Cost						
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
Ending, October 31, 2022	**$**	**63,833**	**$**	**9,342**	**$**	**73,175**
Write-off		(2,632)		-		(2,632)
Assets held for sale (note 22)		(61,201)		(9,342)		(70,543)
Ending, October 31, 2023	**$**	**-**		**-**	**$**	**-**

(Expressed in Canadian Dollars)

8. Equipment (continued)

Accumulated depreciation						
Opening, October 31, 2021	$	39,569	$	3,034	$	42,603
Depreciation		14,239		995		15,234
Ending, October 31, 2022		**53,808**		**4,029**		**57,837**
Depreciation		354		-		354
Foreign exchange		8		-		8
Write-off		(545)		-		(545)
Assets held for sale (note 22)		(53,625)		(4,029)		(57,654)
Ending, October 31, 2023	**$**	**-**	**$**	**-**	**$**	**-**
Net book value						
October 31, 2022	**$**	**10,025**	**$**	**5,313**	**$**	**15,338**
October 31, 2023	**$**	**-**	**$**	**-**	**$**	**-**

9. 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 year ended October 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. The right-of-use asset and lease liability were derecognized upon the loss of control of Tiidal NZ when sold to Entain on June 9, 2023.

(Expressed in Canadian Dollars)

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

Right-of-use asset		**Office Space**		**Office Equipment**		**Total**
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)
Ending October 31, 2022		**129,493**		**22,620**		**152,113**
Asset held for sale (note 22)		(129,493)		(22,620)		(152,113)
Ending, October 31, 2023	**$**	**-**	**$**	**-**	**$**	**-**

Lease liability		**Office Space**		**Office Equipment**		**Total**
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)
Ending, October 31, 2022	**$**	**137,533**	**$**	**5,677**	**$**	**143,210**
Liabilities associated with assets held for sale (note 22)		(137,533)		(5,677)		(143,210)
Ending, October 31, 2023	**$**	**-**	**$**	**-**	**$**	**-**
Current	**$**	**-**	**$**	**-**	**$**	**-**
Non-current	**$**	**-**	**$**	**-**	**$**	**-**

(Expressed in Canadian Dollars)

10. Intangible Assets

		Sportsflare intellectual property and related assets		Total
Cost				
Ending balance October 31, 2021	$	2,207,433	$	2,207,433
Foreign exchange adjustment		(241,099)		(241,099)
Ending balance October 31, 2022	**$**	**1,966,334**	**$**	**1,966,334**
Reclassified to asset held for sale (note 22)		(1,966,334)		(1,966,334)
Ending balance October 31, 2023	**$**	**-**	**$**	**-**
Accumulated amortization				
Ending balance October 31, 2021	$	190,238	$	190,238
Amortization		202,874		202,874
Ending balance October 31, 2022	**$**	**393,112**	**$**	**393,112**
Reclassified to assets held for sale (note 22)	**$**	(393,112)	**$**	(393,112)
Ending balance October 31, 2023				
Net book value October 31, 2022	**$**	**1,573,222**	**$**	**1,573,222**
Net book value October 31, 2023	**$**	**-**	**$**	**-**

11. Accounts Payable and Other Liabilities

		October 31, 2023		October 31, 2022
Accounts payable (Note 15)	$	126,551	$	420,049
Accrued liabilities		93,209		345,598
Payroll liabilities		-		208,915
GST/HST payable		-		10,178
	$	219,760	$	984,740

12. 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.

(Expressed in Canadian Dollars)

12. Convertible Notes (continued)

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

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

		Total
Balance, October 31, 2021	**$**	**266,734**
Accretion		796
Conversion		(267,530)
Balance, October 31, 2022 and October 31, 2023	**$**	**-**

13. 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 October 31, 2023, the Company has an outstanding CEBA loan balance of $39,250 (October 31, 2022 - $35,044) and recognized $nil (2022 - $32,924) in income from government assistance. For the year ended October 31, 2023, the Company has recognized $4,206 of interest accretion (October 31, 2022 - $3,453).

14. Share Capital

Authorized

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

On October 31, 2023, the Company had 87,603,908 shares outstanding.

On October 30, 2023, the Company announced a return of capital to its shareholders by way of substantial issuer bid to be completed no earlier than December 7, 2023 (note 24).

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 7c). 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 year ended October 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.

On June 9, 2023, the Company issued 1,910,700 common shares to the vendors of the assets of Sportsflare pursuant to the satisfaction of the Market Validation Milestone (see Note 7a) per the asset purchase agreement dated December 14, 2020, as amended September 24, 2021. $334,821 was reclassified from shares to be issued to share capital.

On June 9, 2023, the Company, in conjunction with the closing of the sale of Tiidal NZ, granted 2,500,000 restricted share units to the Company’s CEO, which immediately vested into 2,500,000 common shares of the Company. $200,000 was recorded in share-based payments and in share capital.

For the year ended October 31, 2023, the Company incurred $49,184 in share issuance costs for the subscription receipt financing and conversion to common shares and warrants.

14. Share Capital (continued)

a) Issued (continued)

The Company issued common shares as described below for the year ended October 31, 2022:

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

- The Company converted subscription receipts (see Note 7a) that were previously issued for gross proceeds of $3,422,166 into units consisting of an aggregate of 6,844,331 common shares and 3,422,165 share purchase warrants. Subscription receipts with a fair value of $309,604 that were previously issued for financing charges in lieu of cash were converted into units which consisted of an aggregate of 346,890 common shares and 173,444 share purchase warrants. Each unit consists of one common share and one-half of a share purchase warrant. Each full warrant allows the holder to purchase an additional common share at an exercise price of $0.75 and expires on November 9, 2023.
- The Company recorded $2,756,918 to share capital and $838,694 to reserves.
- The Company incurred $136,158 in financing charges paid directly from the gross proceeds.
- The Company issued 687,607 common shares and 343,800 share purchase warrants with an exercise price of $0.75 expiring on November 9, 2023, upon the conversion of outstanding convertible notes with a fair value of $270,961 into units consisting of one common share and one-half of a share purchase warrant. Each full warrant allows the holder to purchase an additional common share at an exercise price of $0.75 and expires on November 9, 2023.
- 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 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 consolidated statement of net income (loss) and comprehensive income (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.

14. Share Capital (continued)

a) Issued (continued)

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.

On June 1, 2022, the Company issued an aggregate of 500,000 common shares of the Company from the exercise of warrants of the Company with an exercise price of $0.16 per warrant. $51,750 was received in cash and $28,250 was paid through the settlement of accounts payable.

On June 7, 2022, the Company issued an aggregate of 125,000 common shares from the exercise of warrants of the Company with an exercise price of $0.16 per warrant for gross proceeds of $20,000.

On July 7, 2022, the Company issued an aggregate of 612,373 common shares from the exercise of warrants of the Company with an exercise price of $0.16 per warrant. $64,080 was received in cash and $33,900 was paid through the settlement of accounts payable.

On September 20, 2022, the Company closed a non-brokered private placement and issued an aggregate of 5,619,061 commons shares at $0.10 per share for gross proceeds of $561,905.

On October 11, 2022, the Company closed a non-brokered private placement and issued an aggregate of 1,311,550 common shares at $0.10 per share for gross proceeds of $133,155.

For the year ended October 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.

14. Share Capital (continued)

b) Stock options (continued)

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 year ended October 31, 2023, the following activity occurred:

- On February 5, 2023, 125,000 options granted that had been granted to employees of Lazarus were cancelled.
- On June 9, 2023, 1,522,500 unvested revenue milestone options granted to employees of Tiidal NZ were forfeited in accordance with the sale of Tiidal NZ to Entain that closed.

For the year ended October 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:
  - 277,000 of total stock options vest in twelve monthly instalments.
  - 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.

- 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.

14. Share Capital (continued)

b) Stock options (continued)

- 500,000 of the total stock options expire on November 17, 2026. One-third of the stock options shall vest on November 17, 2022, and the remaining stock options shall vest in twenty-four monthly instalments thereafter.
- 1,000,000 of the total stock options expire on November 17, 2026. The stock options shall vest in twelve equal monthly instalments.
- 1,500,000 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 of total stock options expire on January 4, 202. The stock options shall vest in twenty-five equal monthly instalments beginning on January 4, 2022.

- On March 1, 2022, the Company granted an aggregate of 185,000 stock options to certain employees of the Company. The stock options can be exercised at $0.30 per stock option and expire on March 1, 2027. 125,000 options vest evenly over three years from the grant date and 60,000 options vest 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 (“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 $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 October 31, 2022, total revenue extrapolated for one full year and a 15% growth rate per year.

(Expressed in Canadian Dollars)

14. Share Capital (continued)

b) Stock options (continued)

- On October 1, 2022, the Company granted an aggregate of 1,600,000 stock options to certain employees of the Company, which are exercisable within four years from the date of grant at an exercise price of $0.10 per stock option. The options vest in 24 equal monthly instalments. 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 3.39%, expected volatility of 150% and an expected life of four years. The value attributed to these stock options was $117,591.

For the years ended October 31, 2023, and 2022, the stock option activity is as follows:

	Number	Weighted Average Exercise Price
Outstanding, October 31, 2021	5,234,720	$0.19
Granted	8,887,778	$0.30
Exercised	(191,070)	($0.16)
Expired	(1,952)	($29.70)
Forfeited	(105,000)	($0.29)
Outstanding, October 31, 2022	**13,824,476**	**$0.26**
Expired	(1,463,919)	($0.33)
Forfeited	(7,108,787)	($0.27)
Outstanding, October 31, 2023	**5,251,771**	**$0.22**

At October 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:

Number Outstanding	Exercise Price	Expiry Date	Number Exercisable
457,971	$0.50	November 9, 2023	457,971
636,900	$0.39	November 9, 2026	636,900
1,950,000	$0.30	January 4, 2027	1,500,000
636,900	$0.16	April 1, 2029	636,900
1,470,000	$0.10	December 31, 2023	1,470,000
100,000	$0.10	October 1, 2026	100,000
5,251,771			**4,801,771**

(Expressed in Canadian Dollars)

14. Share Capital (continued)

b) Stock options (continued)

As at October 31, 2023, the weighted average life of stock options outstanding was 2.31 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 year ended October 31, 2023, $387,225 (October 31, 2022 - $2,268,154) was recorded as share-based payments for stock options and $nil (October 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 7b) and related subscription receipt financing (Note 7a).

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.

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

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

(Expressed in Canadian Dollars)

14. Share Capital (continued)

c) Warrants

For the years ended October 31, 2023 and 2022, the warrant activity is as follows:

	Number	Weighted Average Exercise Price
Outstanding, October 31, 2021	3,598,483	$0.16
Granted	10,953,010	$0.33
Exercised	(1,237,373)	$0.16
Outstanding, October 31, 2022	**13,314,120**	**$0.33**
Granted	2,961,907	$0.15
Expired	(2,361,110)	$0.16
Cancelled	(50,000)	$0.15
Outstanding, October 31, 2023	**13,864,917**	**$0.32**

At October 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
3,939,409	$0.75	November 9, 2023	3,939,409
5,597,051	$0.15	September 20, 2025	5,597,051
1,366,550	$0.15	October 12, 2025	1,366,550
2,961,907	$0.15	November 30, 2025	2,961,907
13,864,917			**13,864,917**

As at October 31, 2023, the weighted average life of warrants outstanding was 1.41 years (October 31, 2022 – 0.82 years).

The estimated fair value of warrants granted is determined using the Black-Scholes option pricing model and is recorded as a charge in the consolidated statements of loss and comprehensive loss over the vesting period of the warrants, with a corresponding increase to reserves. For the year ended October 31, 2023, $nil (October 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.

(Expressed in Canadian Dollars)

14. Share Capital (continued)

d) Restricted Share Units ("RSU")

On November 9, 2021, the remaining 764,280 RSUs vested of the original 1,273,000 RSUs granted on November 23, 2020. The Company issued an additional 3,184,500 RSUs with a fair value of $1,249,975. An aggregate of 4,203,540 of all RSUs were exercised upon the completion of the GTA RTO. See Note 7b. As at October 31, 2023, there were no RSUs issued and outstanding (October 31, 2022 – nil).

On June 9, 2023, the Company, in conjunction with the closing of the sale of Tiidal NZ, granted 2,500,000 at $0.08 per restricted share units to the Company's CEO, which immediately vested into 2,500,000 common shares of the Company. See Note 14a and Note 15.

15. 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 years ended October 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:

		Year ended October 31, 2023		**Year ended October 31, 2022**
Management and director fees and salaries	$	175,933	$	167,200
Salaries included in general and administrative expenses in the Statements of Net Income (Loss) and Comprehensive Income (Loss)		374,593		603,509
Share-based payments		204,052		1,641,737
Restricted share units		200,000		-
	$	**954,579**	**$**	**2,412,446**

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

For the years ended October 31, 2023, and 2022, key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits.

As at October 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 October 31, 2023, included in accounts payable and other liabilities is $1,018 (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.

(Expressed in Canadian Dollars)

16. General and Administrative Expenses

General and administrative expenses consisted of the following:

		October 31, 2023		October 31, 2022
Office and miscellaneous	$	54,188	$	178,728
Salaries and benefits		291,174		521,822
Professional fees		355,627		455,302
Insurance and bank		41,989		10,728
	$	**742,978**	**$**	**1,166,580**

17. Income (Loss) Per Share

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

Weighted average number of shares – basic:		**October 31, 2023**		**October 31, 2022**
Issued common shares as at beginning of the period		80,231,301		56,368,831
Effect of common shares during the period		4,462,686		16,430,295
		84,693,987		72,799,126
Net income (loss) from continued operations	$	(1,305,374)	$	(5,163,064)
Net income (loss) from discontinued operations	$	10,241,790	$	(2,255,882)
Net income (loss) for the year	$	8,936,416	$	(7,418,946)
Net income (loss) per share – basic and diluted from continued operations	**$**	**(0.02)**	**$**	**(0.07)**
Net income (loss) per share – basic and diluted from discontinued operations	**$**	**0.12**	**$**	**(0.03)**
Net income (loss) per share basic and diluted	**$**	**0.10**	**$**	**(0.10)**

The basic income (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding during the period. The diluted income (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 were no dilutive stock options or share purchase warrants during the year ended October 31, 2023.

(Expressed in Canadian Dollars)

18. Supplemental Disclosures with Respect to Cash Flows

		2023		**2022**
Cash paid for interest	$	-	$	-
Fair value of shares issued for debt		-		181,817
Fair value of shares issued for convertible notes		-		271,195

19. Segmented Reporting

Segmented information by operating segment is as follows for the years ended October 31, 2023, and 2022:

2023		**Digital Entertainment**		**Betting Solutions**		**Total**
Revenues	$	2	$	120,565	$	120,567
Comprehensive income (loss)		(10,614)		10,252,404		10,241,790
Non-current Assets		-		-		-
Total Assets		-		-		-
Total Liabilities		-		-		-
2022		**Digital Entertainment**		**Betting Solutions**		**Total**
Revenues	$	297,209	$	60,650	$	357,859
Comprehensive income (loss)		(313,189)		(1,942,693)		(2,255,882)
Non-current Assets		34,932		1,705,741		1,740,673
Total Assets		358,646		1,737,717		2,096,363
Total Liabilities		(684,756)		(478,238)		(1,162,994)

20. Capital Management

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

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements as at October 31, 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).

20. Capital management (continued)

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 year ended October 31, 2023.

21. Financial Instruments and Risk Management

Fair values

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

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

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

Cash, and short-terms investments are recorded at fair value using level 1 inputs.

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.

The Company's cash and short-term investment are 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 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 October 31, 2023, the Company had recorded an expected credit loss of $nil (October 31, 2022 - $9,619).

21. Financial Instruments and Risk Management - continued

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:

		October 31, 2023		**October 31, 2022**
Accounts payable and other liabilities	$	219,760	$	984,740
	$	**219,760**	**$**	**984,740**

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.

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable, and accounts payable and other 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 (October 31, 2022 - $3,000) respectively, in net income (loss).

Interest rate risk

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

(Expressed in Canadian Dollars)

22. Discontinued Operations

On December 1, 2022, the Company discontinued the operations and disposed of the remaining assets of Lazarus Esports Inc. ("Lazarus Esports"). As a result, Lazarus Esports 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").

Consolidated statements of income (loss) and comprehensive income (loss) from discontinued operations of Lazarus Esports for the years ended October 31, 2023, and 2022 are comprised of the following:

Lazarus Esports	**October 31, 2023**	October 31, 2022
	$	$
Total revenue	**2**	297,209
Cost of goods sold	**-**	196,270
Gross Profit	**2**	100,939
Expenses		
Advertising	**67**	50,786
General and administration	**8,796**	118,703
Player fees	**-**	213,514
Player management	**-**	32,185
Interest/accretion	**-**	-
Finance charges	**1,766**	-
Exchange gain/loss	**(13)**	(1,060)
Total expenses	**10,616**	414,128
Net loss from discontinued operations	**(10,614)**	(313,189)

Cash flows from discontinued operations of Lazarus for the years ended October 31, 2023, and 2022 are comprised of the following:

Lazarus Esports	**October 31, 2023**	October 31, 2022
	$	$
Cash flow provided by discontinued operations		
Income (loss) from discontinued operations	**(10,614)**	(313,189)
Changes in non-cash working capital:		
Accounts receivable	**31,536**	51,111
Prepaid expenses	**682**	(682)
Trade and other payables	**(56,689)**	42,863
Total cash used by discontinued operations	**(35,085)**	(219,897)
Change in net cash used in discontinued operations	**(35,085)**	(219,897)

(Expressed in Canadian Dollars)

22. Discontinued Operations (continued)

On March 13, 2023, the Company announced that it and its wholly owned subsidiary, Tiidal Inc., have entered into a share sale and purchase agreement with Entain Holdings (UK) Limited ("Entain"), pursuant to which Tiidal Inc. will sell all of the shares of the Company's operating subsidiary, Tiidal NZ, to Entain ("Tiidal NZ Sale"). Tiidal Inc. agreed to sell all of the issued and outstanding shares of Tiidal NZ to Entain for gross proceeds of $13,250,000 in cash ("Purchase Price"), subject to standard transaction adjustments. Pursuant to the Tiidal NZ Sale, the Purchase Price will be retained by Tiidal in a holding account for 180 days (the "Holding Period"). During the Holding 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 Tiidal NZ Sale. The sale of Tiidal NZ closed on June 9, 2023.

The Company classified the operations as held for sale in accordance with International Financial Reporting Standards relating to non-current assets held for sale and discontinued operations ("IFRS 5") for the year ended October 31, 2023, and 2022.

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

Tiidal NZ	**October 31, 2023**	October 31, 2022
	$	$
Total revenue	**120,565**	60,650
Cost of goods sold	**-**	-
Gross Profit	**120,565**	60,650
Expenses		
Advertising	**7,704**	41,672
General and administration	**1,284,769**	1,642,624
Amortization	**50,656**	199,264
Depreciation	**14,687**	53,971
Travel	**15,337**	34,641
Consulting	**-**	4,114
Finance charges	**42,130**	23,555
Exchange gain/loss	**5,696**	3,502
Total expenses	**1,420,979**	2,003,343
Net loss before gain on sale and foreign currency translation adjustment	**(1,300,414)**	(1,942,693)
Gain on sale of Tiidal NZ	**11,656,124**	-
Foreign currency translation adjustment	**(103,306)**	-
Net income (loss) from discontinued operations	**10,252,404**	(1,942,693)

Cash flows from discontinued operations for the year ended October 31, 2023, and 2022 are comprised of the following:

(Expressed in Canadian Dollars)

22. Discontinued Operations (continued)

Tiidal NZ	**October 31, 2023** **$**	October 31, 2022 $
Cash flow provided by discontinued operations		
Income (loss) from discontinued operations	**10,252,404**	(1,942,693)
Depreciation	**13,760**	53,971
Amortization on intangibles	**50,471**	199,264
Accretion expense	**32,479**	24,785
Foreign exchange	**(6,682)**	-
Cash for deferred revenue	**6,094**	-
Gain on sale	**(11,656,124)**	-
Foreign currency translation	**(103,773)**	-
Changes in non-cash working capital:		
Accounts receivable	**(8,513)**	(6,768)
Prepaid expenses	**6,857**	(17,715)
Trade and other payables	**(159,199)**	185,023
Change in net cash used in discontinued operations	**(1,572,226)**	(1,504,133)
Cash flow used in investing activities		
Acquisition of property and equipment	**(6,960)**	(16,106)
Cash flow used in investing activities from discontinued operations	**(6,960)**	(16,106)
Cash flow provided by financing activities		
Lease payments	**(25,961)**	(87,075)
Cash from interco transactions	**986**	-
Proceeds from loan payable	**1,398,190**	-
Net cash provided by financing activities in discontinued operations	**1,373,215**	(87,075)

A reconciliation of the gain on the sale of Tiidal NZ to Entain is as follows:

Gross proceeds	$ 13,250,000
Working capital adjustments	(1,002,518)
Foreign exchange loss	(60,357)
Net proceeds received	$ 12,187,125
Less: net carrying value of Tiidal NZ assets held for sale as at June 8, 2023	(215,662)
Less: final working capital adjustment	(118,797)
Less: legal fees	(196,542)
Gain on sale of Tiidal NZ	**$ 11,656,124**

(Expressed in Canadian Dollars)

23. Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2022 – 26.5%) to the effective tax rate is as follows:

		2023		2022
Net loss from continuing operations	$	(1,305,374)	$	(5,163,064)
Expected income tax (recovery) expense		(345,920)		(1,368,212)
Effect of RTO transaction		-		(1,365,570)
Share-based payments and other non-deductible expenses		153,800		660,300
Listing expense		-		325,430
Share issuance cost booked directly to equity		(13,030)		(187,220)
Tiidal NZ sale		1,573,000		-
Difference in tax rates		-		(28,060)
Change in tax benefits not recognized		(1,367,850)		1,963,332
Total income tax (recovery)	$	-	$	-

The following table summarizes the components of deferred tax:

		2023		2022
Deferred tax assets				
Operating tax losses carried forward	$	5,500	$	6,610
		5,500		6,610
Deferred tax liabilities				
CEBA loan	$	(5,500)	$	(6,610)
		(5,500)		(6,610)
Net deferred tax liability	$	-	$	-

Deferred tax assets and liabilities have been offset where they relate to income tax levied by the same taxation authority and the Company has the legal right to offset.

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assts have not been recognized in respect of the following deductible temporary differences:

		2023		2022
Equipment	$	121,270	$	116,190
Intangible assets		627,140		594,660
Share issuance costs		668,060		400,650
Operating tax losses carried forward		6,831,270		5,889,536
Operating tax losses carried forward - USA		32,390		15,882
	$	8,280,130	$	7,056,918

(Expressed in Canadian Dollars)

23. Income Taxes - continued

The Canadian operating tax loss carry forwards expire as noted in the table below. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's Canadian operating tax losses expire as follows:

2027	$ 180
2028	58,930
2029	86,330
2030	76,060
2031	260,600
2032	623,530
2033	838,410
2034	753,650
2035	636,460
2036	584,450
2037	395,630
2038	424,980
2039	317,860
2040	88,720
2041	88,810
2042	853,560
2043	743,110
	$ 6,831,270

24. Subsequent Events

On November 2, 2023, the Company announced that, further to its previously communicated release on October 30, 2023, it has launched its substantial issuer bid, pursuant to which the Company will offer to purchase for cancellation all of its issued and outstanding common shares, being 87,603,908 for aggregate cash consideration of up to $10,731,479 or $0.1225 per share.

On December 15, 2023, the Company announced that it has taken up and purchased for cancellation an aggregate of 83,256,650 common shares of the Company at a price of $0.1225 per share pursuant to it substantial issuer bid. The shares purchased under the Offer represented approximately 95% of the total issued and outstanding number of shares.

On December 15, 2023, the Company announced cancellation of 1,570,000 options of the Company that had an exercise price of $0.10 per Share for consideration of $0.0225 per in-the-money-option, representing the difference between the exercise price of the in-the-money options and the purchase price under the offer for aggregate consideration equal to approximately $35,325.