

**TIIDAL GAMING GROUP CORP.**  
**(FORMERLY GTA FINANCECORP INC.)**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**For the three months ended January 31, 2024, and 2023**  
**(Expressed in Canadian Dollars)**

This Management's Discussion and Analysis ("MD&A") is a review of the operations and current financial position for Tiidal Gaming Group Corp. (formerly GTA Financecorp Inc.) (the "Company" or "Tiidal"). This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements and notes for the three months ended January 31, 2024, and 2023.

The Company's condensed consolidated interim financial statements and notes thereto have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and are reported in Canadian dollars unless otherwise noted.

Tiidal is classified as a "venture issuer" for the purposes of National Instrument 51-102. This MD&A was approved by the directors of the Company on March 11, 2024.

**Caution Regarding Forward Looking Statements**

---

Certain statements in this report are forward-looking statements which reflect management's expectations regarding future growth, results of operations, performance, business prospects and opportunities, the Company's ability to meet financial commitments and its ability to raise funds when required. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations, or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance, or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as at the date of this report. These assumptions, which include management's current expectations, the global economic environment, and the Company's ability to manage its operating costs, may prove to be incorrect. Several risks and uncertainties could cause actual results to differ materially from those expressed or implied by the forward-looking statements.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Actual performance, achievement or other realities could differ materially from those expressed in, or implied by, any forward-looking statements or information in this MD&A and, accordingly, investors should not place undue reliance on any such forward-looking statements or information. Further, any forward-looking statement or information speaks only as at the date on which such statement is made, and the Company does not undertake any obligation to update any forward-looking statements or information to reflect information, events, results, circumstances, realities or otherwise after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by law, including securities laws. All forward-looking statements and information contained in this MD&A and other documents of the Company are qualified by such cautionary statements. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors,

may cause actual realities to differ materially from those contained in any forward-looking statements.

In addition, forward-looking statements, and information herein, including financial information, is based on certain assumptions relating to the business and operations of the Company. Although the Company has attempted to identify important factors that could cause actual actions, events, or results to differ materially from those described in forward-looking statements and forward-looking information in this MD&A, and the documents incorporated by reference herein, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There is no assurance that such statements and information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information contained in this MD&A.

## **Business History**

The table below lists the Company's wholly owned subsidiaries as at January 31, 2024:

<b>Name of subsidiary</b>	<b>Jurisdiction Incorporated</b>	<b>Functional Currency</b>	<b>Accounting Method</b>
Tiidal Gaming Holdings Inc. (formerly Tiidal Gaming Group Inc.)	Canada	Canadian dollars	Consolidation
Lazarus Esports Inc.	Canada	Canadian dollars	Consolidation
Tiidal Gaming Canada Inc.	Canada	Canadian dollars	Consolidation
Space Esports Inc.	USA	U.S. dollars	Consolidation
GTA GW Mergeco Inc.	United States	Canadian dollars	Consolidation
Tiidal Gaming NZ Limited	New Zealand	New Zealand dollars	Consolidation until June 8, 2023

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.

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.

## **Overall Performance**

---

### Going Public and Financing Transactions

The Company completed the process of going public through the completion of the GTA RTO on November 17, 2021.

On July 12, 2021, the Company officially entered into the Definitive Agreement and on November 9, 2021, the GTA RTO transaction closed. The resulting issuer's shares trade on the Canadian Securities Exchange under the symbol "TIDL".

The Company increased its cash position in connection with going public through an RTO. On July 13, 2021, the Company closed a non-brokered financing of 3,576,364 subscription receipts at a price of \$0.50 per subscription receipt for gross proceeds of \$1,788,181 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. As part of the GTA RTO, Tiidal split its common shares on the basis of one pre-share split Tiidal common share for 1.2738 post-share split Tiidal common share. Each subscription receipt was, upon satisfaction of the escrow release conditions, automatically converted into one unit of Tiidal, 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 from the subscription receipt financing was transferred to TSX Trust Company to be released upon the satisfaction of escrow conditions, including the GTA RTO transaction.

On October 7, 2021, the Company closed a 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.

On November 9, 2021, upon satisfaction of the escrow release conditions, the proceeds from the subscription receipts were transferred to the Company's unrestricted bank account.

The Company issued 346,890 subscription receipts to the agents in connection with the financing and issued 457,970 compensation options to the agents upon satisfaction of the escrow conditions. Each compensation option will be exercisable for one post-share split common share or one Resulting Issuer Share (subject to any necessary adjustments), as applicable, \$0.50 for a period of 24 months following the satisfaction of the escrow release conditions.

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.

For the year ended October 31, 2022, the Company recognized the remaining \$12,966 in financing charges for the 457,970 compensation stock options issued during the year ended October 31,

2021. The Company recognized an aggregate of \$481,043 from deferred financing charges upon completion of the GTA RTO and paid an additional aggregate of \$14,134 in share issuance costs.

On September 20, 2022, the Company closed a non-brokered financing of 5,619,051 units for gross proceeds of \$561,905. 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. Insiders participated in the round in the following manner:

On October 11, 2022, the Company closed a non-brokered private placement and issued an aggregate of 1,331,550 common shares at \$0.10 per share for gross proceeds of \$133,155.

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 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.

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.

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 will assess 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. Any such options will be subject to the receipt of corporate, securities and tax laws advice, and will be subject to the receipt of all required shareholder, regulatory and Canadian Securities Exchange approvals. There can be no assurances that any such options will be implemented by the Company.

On December 15, 2023, the Company announced the 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 options and the purchase price under the offer for aggregate consideration equal to approximately \$35,325.

#### Net and Comprehensive Loss

The Company's net loss for the three months ended January 31, 2024, was \$66,857 (January 31, 2023, net loss - \$1,066,635).

The Company's comprehensive loss for the three months ended January 31, 2024, was \$66,857 (January 31, 2023, net loss - \$936,894). The decrease in loss year over year was due mainly to the closure of the Lazarus subsidiary and the sale of the Sportsflare subsidiary.

### **Going Concern**

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company's accumulated deficit was \$6,931,746 at January 31, 2024 (January 31, 2023 – \$6,864,889). These factors comprise a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

### **Selected Period Information for the Three Months Ended January 31, 2024 and 2023**

	<b>2023</b>	<b>2023</b>
Revenues	\$ -	\$ -
Cost of sales	-	-
Expenses	127,238	472,081
Net loss	(66,857)	(1,066,635)
Comprehensive loss	(66,857)	(936,984)
Net loss from discontinued operations	-	(587,183)
Basic and diluted comprehensive income (loss) per share	0.00	(0.01)
Total assets	813,927	2,125,033
Total liabilities	246,191	1,682,080

### **Results of Operations for the three month period ended January 31, 2024, and 2023**

#### *Expenses*

The Company's operating expenses for the three months ended January 31, 2024, were \$127,238, compared to \$472,081 for the three months ended January 31, 2023.

General and administrative expenses decreased to \$105,571 for the three months ended January 31, 2024, from \$245,141 in the three months ended January 31, 2023. These costs consist primarily of salaries and office expenses incurred by corporate and legal costs related to the sale of Sportsflare.

Share based payments costs decreased to \$nil for the three months ended January 31, 2024, from \$150,287 in the three months ended January 31, 2023. The decrease in share-based payments as a result of all remaining stock options being cancelled subsequent to year end.

#### *General and administrative expenses*

	<b>2024</b>	<b>2023</b>
Office and miscellaneous	\$ 23,583	\$ 4,243
Salaries and benefits	-	67,840
Professional fees	82,057	155,022
Insurance and bank	-	18,036
	\$ 105,571	\$ 245,141

For the three months ended January 31, 2024, the Company's general and administrative expenses decreased by \$139,570. The largest component of that decrease relates to reduction in staff related to administration and consulting. Office and miscellaneous expenses increased by \$19,340 for the three months ended January 31, 2024. This was mainly the due to filing fees and transfer agent fees relating to the share issuer bid process. Professional fees decreased by \$72,965 for the three months ended January 31, 2024, mainly due to the reduced professional expenses incurred for the business transactions and the previous year's costs related to the completion of the GTA RTO.

### Summary of Quarterly Results

The following financial data was derived from the eight most recently completed financial quarters:

	January 31, 2024	October 31, 2023	July 31, 2023	April 30, 2023
Revenues	\$ -	\$ -	\$ -	\$ -
Net income (loss)	(66,857)	(220,056)	11,045,537	(952,171)
Income (Loss) per share - basic and diluted	\$0.00	\$0.00	\$0.13	(\$0.01)
Weighted average number of shares outstanding	44,603,221	84,693,987	85,713,748	83,193,208
	January 31, 2023	October 31, 2022	July 31, 2022	April 30, 2022
Revenues	\$ -	\$ -	\$ -	\$ -
Net loss	(936,894)	(1,308,489)	(1,085,175)	(1,180,865)
Loss per share - basic and diluted	(\$0.01)	(\$0.01)	(\$0.02)	(0.01)
Weighted average number of shares outstanding	82,216,755	72,799,126	72,605,792	72,043,327

### Liquidity and Capital Resources

As at January 31, 2024, the Company had working capital of \$567,736 (October 31, 2023 – working capital of (\$10,908,108), consisting primarily of cash, trade and other receivables, and prepaid expenses and deposits, offset by accounts payable and lease liability. Working capital decreased due to the Company closing on its share issuer bid that was completed on December 15, 2023.

### Cash Flows

A summary of cash flows for the three months ended January 31, 2024, and 2023 is as follows:

	2024	2023	Change
Operating activities	\$ 111,049	(35,289)	1,087,470
Discontinued operations	-	(210,123)	1,586,155
Investing activities	10,600,000	-	1,266,971
Financing activities	(10,274,265)	202,960	(3,908,238)
Effect on FX on cash	(1)	44,323	37,384
Change in cash	\$ 436,783	1,871	69,742

### *Operating Activities*

For the three months ended January 31, 2024, operating activities provided \$111,049 in cash. The increased use of cash was mainly attributable to reduced general and administrative expenses, including salaries and benefits, and office expenses.

### *Investing Activities*

For the three months ended January 31, 2024, investing activities consisted of the purchase of short-term investments.

### *Financing Activities*

For the three months ended January 31, 2024, financing activities consisted of the share purchase buy back that was completed on December 15, 2023, and the option cancellation payment of \$35,525 and the government loan repayment of \$40,000.

### **Off-Balance Sheet Arrangements**

---

The Company did not enter into any off-balance sheet arrangements as at January 31, 2024 or as at the date of this report.

### **Related Party Transactions**

---

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 year ended October 31, 2023, the Company incurred charges with officers and directors recorded at their exchange amounts as agreed upon by transacting parties as follows:

	<b>Three months ended January 31, 2024</b>	<b>Three months ended January 31, 2023</b>
Management and director fees	\$ 15,000	\$ 38,800
Salaries	-	100,457
Share-based payments	-	69,238
Payments made under the share buy back	3,498,245	-
	<b>\$ 3,513,245</b>	<b>\$ 208,495</b>

For the three months ended January 31, 2024, and 2023, key management personnel were not paid any post-employment benefits, termination benefits or any other long-term benefits.

During the three-month period ended, the Company's CEO was paid \$15,000 in consulting fees.

### **Due to/from Related Parties**

As at October 31, 2023, included in accounts payable and other liabilities is \$5,000 (October 31, 2023 – \$1,018) in amounts payable to directors and officers of the Company.

### **Proposed Transactions**

As at the date of this MD&A, the Company has no proposed transactions.

## **Commitments**

---

As at January 31, 2024, and the date of this MD&A, the Company did not have any commitments.

## **Accounting Standards, Amendments, and Interpretations not yet Effective**

---

### *Accounting standards issued but not yet effective*

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective.

Management anticipates that all the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's condensed consolidated interim financial statements.

## **Financial and Other Instruments**

---

### **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 assets or liability that are not based on observable market data (unobservable inputs) (Level 3).

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

Cash, restricted cash and subscription liability are recorded at fair value using level 2 inputs. Cash includes demand deposits with financial institutions and cash equivalents consist of short-term, highly liquid investments purchased with original maturities of three months or less. As at January 31, 2024 and 2023, the Company did not have any cash equivalents.

### **Risk Management**

#### **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 is held with major financial institutions and thus the exposure to credit risk on cash is considered insignificant. Management actively monitors the Company's exposure to credit risk under its financial instruments, including with respect to trade and other receivables.



## 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 next twelve months can be summarized as follows:

	January 31, 2024		October 31, 2023	
Accounts payable and accrued liabilities	\$	246,191	\$	219,760
	\$	<b>246,191</b>	\$	<b>219,760</b>

## Foreign currency risk

Foreign currency risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign currency exchange rates. The Company's currency risk historically has arisen from accounts payables denominated in US dollars that are held in entities with a Canadian dollar functional currency.

The Company is not currently exposed to foreign currency risk on fluctuations related to cash, accounts receivable, and accounts payable and accrued liabilities that are denominated in US dollars.

## Interest rate risk

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

## Other MD&A Requirements

### *Outstanding Share Data*

The following table summarizes the number of common shares outstanding and reserved for issuance, as at the current MD&A date and as at January 31, 2024:

	October 31, 2023	March 11, 2024
Common shares outstanding		
Opening balance	87,603,908	
Shares repurchased via Share Issuer Bid	(83,256,650)	-
Outstanding common shares	4,347,258	-
Shares issued for debt	-	800,000
Additional common shares reserved for potential future issue re:		
Share purchase warrants	9,925,508	9,925,508
Fully diluted total	14,272,766	15,072,766

As at January 31, 2024, the stock option activity is as follows:

	<b>Number</b>	<b>Weighted Average Exercise Price</b>
Outstanding, October 31, 2022	13,824,476	\$0.26
Expired	(1,463,919)	(\$0.33)
Forfeited	(7,108,787)	(\$0.27)
<b>Outstanding, October 31, 2023</b>	<b>5,251,771</b>	<b>\$0.22</b>
Cancelled	<b>(5,251,771)</b>	<b>(\$0.22)</b>
<b>Outstanding, January 31, 2024</b>	<b>-</b>	<b>-</b>

At January 31, 2024, there are no stock options outstanding as previously issued options were cancelled on December 15, 2023.

At January 31, 2024 the following warrants were outstanding, entitling the holders thereof the right to purchase one common share for each warrant held as follows:

<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Number Vested</b>
5,597,051	\$0.15	Sept 20, 2025	5,597,051
1,366,550	\$0.15	Oct 12, 2025	1,366,550
2,961,907	\$0.15	Nov 30, 2025	2,961,907
9,925,508			9,925,508

### **Subsequent Events**

On February 16, 2024, the Company announced that it has issued an aggregate of 800,000 common shares at a deemed price of \$0.05 per Share as full and final payment of debt in the aggregate amount of \$40,000 for certain unpaid remuneration for services performed by the Company's Chief Executive Officer and a consultant of the Company.

### **Risks and Uncertainties**

The Company believes that the following risks and uncertainties may materially affect its success:

#### **Limited Operating History**

The Company is relatively new with limited operating history and operates in the emerging industry of Esports. The business has been operating since 2010 and has yet to generate consistent profits from its activities. The Company is subject to all of the business risks and uncertainties associated with any new business enterprise.

#### **Substantial Capital Requirements and Liquidity**

Substantial additional funds to maintain business operations and for the acquisition of new business or assets will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities. To meet such funding requirements, the Company will be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all.

### **Dependence on Industry and Player Popularity**

The esports industry is in the early stages of its development. Although the esports industry has experienced rapid growth, consumer preferences may shift and there is no assurance that this growth will continue in the future. The Company's has taken steps to diversify its business and mitigate these risks to an extent and continues to seek out new opportunities in the esports and gaming industries. However, due to the rapidly evolving nature of technology and online gaming, the esports industry may experience volatile and declining popularity as new options for online gaming and esports become available, or consumer preferences shift to other forms of entertainment, and as a consequence, the Company's business and results of operations may be materially negatively affected. The Company's financial results may also depend on the popularity of the players, influencers and other on-screen talent that will provide services to the Company. Such individuals can impact online viewership and television ratings, which in turn could affect the long-term value of the media rights and sponsorship opportunities available to the Company. There can be no assurance that the Company's players, influencers and other on-screen talent will develop or maintain continued popularity.

### **Competition and Changes in Technology**

The Company must compete with other esports organizations, in varying respects and degrees. For example, the Company will be in competition with other esports teams streamers, and other forms of digital entertainment as well as established and start-up B2B data companies. As a result of the large number of options available and global nature of the online gaming industry, the Company faces strong competition for esports competitors and fans. Given the nature of esports, there can be no assurance that the Company will be able to compete effectively, including with companies that may have greater resources than the Company has and as a consequence, the Company's business and results of operations may be materially, negatively affected.

Current and potential competitors have established or may establish cooperative relationships amongst themselves or with third parties to compete more effectively. Existing and potential competitors may also develop enhancements to, or future generations of, competitive products and services that will have better performance features than the Company's products and services. As a result of the early stage of the industry in which the Company operates, it expects to face additional competition from new entrants. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

### **Reliance on Management and Dependence on Key Personnel**

The success of the Company will be largely dependent upon on the performance of the directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers, or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

### **The online gaming industry is heavily regulated**

While the Company does not presently require licenses for its technology offerings in the betting sector based on current operations as a business-to-business data offering that does not directly interact with end-customers, the regulation around betting is evolving rapidly and that may change in the future. The Company and its officers, directors, major shareholders, key employees and business partners will generally be subject to the laws and regulations relating to online gaming of

the jurisdictions in which the Company may conduct business, as well as the general laws and regulations that apply to all e-commerce businesses, such as those related to privacy and personal information, tax and consumer protection. These laws and regulations vary from one jurisdiction to another and future legislative and regulatory action, court decisions or other governmental action, which may be affected by, among other things, political pressures, attitudes and climates, as well as personal biases, may have a material impact on the Company's operations and financial results. In particular, some jurisdictions have introduced regulations attempting to restrict or prohibit online gaming, while others have taken the position that online gaming should be licensed and regulated and have adopted or are in the process of considering legislation to enable that to happen. Even where a jurisdiction purports to license and regulate online gaming, the licensing and regulatory regimes can vary considerably in terms of their business-friendliness and at times may be intended to provide incumbent operators with advantages over new licensees. As such, some "liberalized" regulatory regimes are considerably more commercially attractive than others.

Regulatory regimes imposed upon gaming providers vary by jurisdiction. Typically, however, most regulatory regimes include the following elements:

- a requirement for gaming license applicants to make detailed and extensive disclosures as to their beneficial ownership, their source of funds, the probity and integrity of certain persons associated with the applicant, the applicant's management competence and structure and business plans, the applicant's proposed geographical territories of operation and the applicant's ability to operate a gaming business in a socially responsible manner in compliance with regulation;
- Interviews and assessments by the relevant gaming authority intended to inform a regulatory determination of the suitability of applicants for gaming licenses;
- Ongoing reporting and disclosure obligations, both on a periodic and ad hoc basis in response to material issues affecting the business;
- The testing and certification of software and systems, generally designed to confirm such things as the fairness of the gaming products offered by the business, their genuine randomness and ability accurately to generate settlement instructions and recover from outages;
- The need to account for applicable gaming duties and other taxes and levies, such as fees or contributions to bodies that organize the sports on which bets are offered, as well as contributions to the prevention and treatment of problem gaming; and
- Social responsibility obligations.

Any gaming license may be revoked, suspended or conditioned at any time, and the industry has recently experienced significantly more enforcement actions, particularly in Great Britain, where the Gambling Commission has issued fines against numerous operators for regulatory failings. The loss of a gaming license in one jurisdiction could trigger the loss of a gaming license or affect the Company's eligibility for such a license in another jurisdiction, and any of such losses, or potential for such loss, could cause the Company to cease offering some or all of its product offerings in the impacted jurisdictions. The Company may be unable to obtain or maintain all necessary registrations, licenses, permits or approvals, and could incur fines or experience delays related to the licensing process, which could adversely affect its operations. The determination of suitability process may be expensive and time-consuming. The Company's delay or failure to obtain gaming licenses in any jurisdiction may prevent it from distributing its product offerings, increasing its customer base and/or generating revenues in that jurisdiction. A gaming regulatory body may

refuse to issue or renew a gaming license if the Company, or one of its directors, officers, employees, major shareholders or business partners: (i) are considered to be a detriment to the integrity or lawful conduct or management of gaming, (ii) no longer meet a licensing or registration requirement, (iii) have breached or are in breach of a condition of licensure or registration or an operational agreement with a regulatory authority, (iv) have made a material misrepresentation, omission or misstatement in an application for licensure or registration or in reply to an inquiry by a person conducting an audit, investigation or inspection for a gaming regulatory authority, (v) have been refused a similar gaming license in another jurisdiction, (vi) have held a similar gaming license in that province, state or another jurisdiction which has been suspended, revoked or cancelled, or (vii) has been convicted of an offence, inside or outside of a particular jurisdiction that calls into question the honesty or integrity of the Company or any of its directors, officers, employees or associates.

### **Cybersecurity risks**

The Company's operations involve the storage and transmission of customer data, including personally identifiable information, and security incidents could result in unauthorized access to, the loss of, or unauthorized disclosure of such information. To mitigate cybersecurity risks, the Company has built a technical team headed by Christopher Herrmann, which has designed and maintains the Company's technology platform from a security perspective. The Company does not currently have cybersecurity insurance. Although the Company has security systems in place and what it deems sufficient security around its system to prevent unauthorized access, it must ensure that it continually enhances security and fraud protection within its platform, and if the Company is unable to do so it may become subject to liability for privacy breaches or consequences that result from any unanticipated incident. As a result of advances in computer capabilities, new discoveries in the field of cryptography or other developments, a compromise or breach of the Company's security precautions may occur. The techniques used to obtain unauthorized, improper or illegal access to the Company's systems, data or customers' data and to sabotage its system are constantly evolving and may be difficult to detect quickly. An information breach in the Company's system and loss of confidential information such as credit card numbers and related information, or interruption in the operation of the Company's applications, could have a longer and more significant impact on the Company's business operations than any hardware failure. A compromise in the Company's security system could severely harm its business by the loss of its customers' confidence in it and thus the loss of their business. The Company may be required to spend significant funds and other resources to protect against the threat of security breaches or to alleviate problems caused by these breaches. However, protection may not be available at a reasonable price, or at all. Any failure to adequately comply with necessary protective measures could result in fees, penalties and/or litigation. Concerns regarding the security of e-commerce and the privacy of customers may also inhibit the growth of the Internet as a means of conducting commercial transactions, which may result in a reduction in revenues and increase operating expenses preventing the Company from achieving profitability.

### **Conflicts of Interest**

Certain directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, because of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The British Columbia Business Corporations Act ("BCBCA") provides that if a director has a material interest in a contract or proposed contract or agreement that is material to the Company, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

**Litigation**

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