

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR GAMEON ENTERTAINMENT  
TECHNOLOGIES INC.  
(FORMERLY V2 GAMES INC.)**

**Three months ended March 31, 2021 and 2020**

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This management's discussion and analysis ("MD&A") of the performance, financial condition, and results of operations of GameOn Entertainment Technologies Inc. ("GameOn Entertainment", "GameOn" or the "Company"), should be read in conjunction with the Company's condensed consolidated interim unaudited financial statements and the related notes thereto for the three months ended March 31, 2021 and 2020 as well as the condensed consolidated annual audited financial statements and the related notes thereto for the years ended December 31, 2020 and 2019 (the "Financial Statements"), copies of which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

The Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

Unless otherwise indicated, the information contained in this MD&A is as of May 31, 2021.

Unless otherwise indicated, references to "\$" or "dollars" are to Canadian dollars and references to "US\$" are to United States dollars.

## Forward Looking Information

This MD&A includes certain "forward-looking information" within the meaning of applicable Canadian securities legislation. All information, other than information regarding historical facts, included in this MD&A that addresses activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's and its equity investees' businesses, operations, plans and other such matters is forward-looking information.

When used in this MD&A, the words "estimate", "plan", "anticipate", "expect", "intend", "believe", "will", "should", "could", "may" and similar expressions are intended to identify forward-looking information. This information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information.

The forward-looking information may include statements regarding:

- timelines;
- strategic plans;
- the business and operations of the Company;
- the Company's business objectives and discussion of trends affecting the business of the Company;
- the funds available to the Company and the principal purposes of those funds;
- anticipated revenues and cash flows from operations and funding requirements of the Company;
- capital, operating and general expenditures;
- expectations regarding the ability to raise capital;
- anticipated revenues to be realized by the Company from future contracts;
- treatment under governmental regulatory regimes and expectations with respect to regulatory approvals; and
- other forward-looking information including, but not limited to, information concerning the intentions, plans and future actions of the Company.

Forward looking information is based on reasonable assumptions, estimates, analysis, and opinions of management made considering its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such information is made available. Forward looking information is inherently subject to known and unknown risks and uncertainties and other factors that may cause the actual results, level of activity, performance, or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, or intended, including the factors and risks described or referred to elsewhere herein, as well as unanticipated and/or unusual events. Many of such

factors are beyond the Company's ability to predict or control. Risks and uncertainties that may affect forward-looking information herein include, but are not limited to, those which relate to:

- the Company's limited operating history as a revenue-generating company;
- the Company's current lack of profitability;
- the need to obtain additional financing and uncertainty as to the availability and terms of future financing;
- the ability to acquire funds necessary for general working capital and continuing operations;
- reliance on sale of equity or investments to access funds required;
- the possibility that opportunities will arise that require more cash than the Company has or can reasonably obtain;
- uncertainties associated with business opportunities that may be presented to, or pursued by the Company;
- parameters and assumptions underlying future investments and acquisitions;
- risks associated with investments in small and mid-capitalization companies;
- the Company's operations and profitability may be adversely affected by competition from other similar entities;
- uncertainties related to early stage of technology and product development; uncertainties related to regulatory regimes and laws;
- dependence on key personnel;
- fluctuations in the currency markets and stock market volatility;
- going concern considerations;
- conflicts of interest;
- competition for, among other things, capital, acquisitions, equipment, and skilled personnel;
- operating or technical difficulties in connection with business activities;
- the possibility of cost overruns or unanticipated expenses; and
- the other factors discussed under "*Risks and Uncertainties*".

Should one or more of these risks or uncertainties materialize, or should the assumptions set out in the section titled "*Risks and Uncertainties*" underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this MD&A, and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by law.

## Introduction to the business

GameOn is a gaming company providing consumers, broadcasters, sports books, venues and brand partners with interactive, social experiences around sports, television and live events. GameOn drove engagement and revenue through its suite of proprietary mobile and TV technologies, changing the way fans compete, watch, and win through free and frictionless prediction games. GameOn is also focusing on royalty investments in high-value gaming projects featuring globally recognized intellectual properties.

The Company was formerly incorporated as “V2 Games Inc.” and changed names to “GameOn Entertainment Technologies Inc.” in January 2021. The consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiary V2 Games USA Inc.

The Company’s registered office and principal address is at Suite 1080, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

## Overall Performance

The following key transactions were recorded in the audited consolidated financial statements of the Company for the year ended December 31, 2020:

- On April 16, 2020, the Company sold 50% of their note receivable from Just Games Entertainment Inc. (“Just Games”) and two small other investments to FansUnite Entertainment Inc. (“Fansunite”) in exchange for shares of FansUnite.
- On October 9, 2020, the Company re-acquired the previously sold 50% of the Just Games loan receivable in exchange for return of 501,484 FansUnite shares held by the Company, as well as forgiveness of outstanding debts held by FansUnite and due to Victory Square Technologies Inc. (“VST”), GameOn’s Parent Company. In exchange for the debt forgiveness, VST received 2,351,790 shares of Fansunite from the Company.
- On December 1, 2020, the Company acquired assets from GameOn App Inc. (“GameOn App”) in exchange for issuance of GameOn Entertainment shares, assumption of debt, issuance of a convertible note of USD \$92,000 to the CEO of GameOn App, and contingent consideration to certain officers, directors, employees, and consultants of GameOn’s parent company.
- On December 10, 2020, the Company entered into a further amending agreement with Just Games, modifying the terms of the loan receivable to be paid in three installments of \$25,000, \$250,000, and \$1,422,912 on December 31, 2020, January 31, 2021, and March 31, 2021.
- On December 31, 2020, the Company settled outstanding deposits on shares to two parties via share issuance and finalized the share issuance of 15,199,985 shares of the Company to GameOn App. Additionally, VST surrendered a portion of their outstanding shares of GameOn such that VST’s holding in GameOn was further reduced from 64.81% to 55.87%.

The following key transactions were recorded in the consolidated financial statements of the Company for the period ended March 31, 2021:

- During the period ended March 31, 2021, the Company received all payments for the Just Games loan receivable in full for a total cash receipt of \$1,697,912.
- During the period ended March 31, 2021, the Company completed a non-brokered private placement for subscription receipts for gross proceeds of \$5,776,938.
- On January 15, 2021, the Company settled their outstanding debts with RDL Realisation PLC via share issuance for a total of 916,702 common shares of the Company at a price of \$0.25 per common share.
- During the period ended March 31, 2021, the Company issued various stock options to directors, employees, and consultants which were recorded as share-based compensation for the period.

Recent operating highlights include:

- Announced significant additions to the Board, Advisory and Management teams: J. Moses (Take Two Interactive), Mike Vorhaus (Draft Kings, Roblox), Sean Hurley (Draft Kings), Santiago Jaramillo (FIFA at EA Sports, NBA Top Shot at Dapper Labs), Liz Schimel (Former Head of Business at Apple News) in Q1 2021.
- GameOn filed a non-offering preliminary long form prospectus in February of 2021 and has applied to list the common shares of GameOn on the CSE, which is expected to occur in the second quarter of 2021. The symbol "GET" has been reserved with the CSE for GameOn.

## Selected Financial Information

Selected information for the Company is as follows:

	<b>As at March 31, 2021</b>	<b>As at December 31, 2020</b>
Current assets	\$ 6,850,641	\$ 1,903,239
Non-current assets	5,592,913	5,462,973
Total assets	12,443,554	7,366,212
Current liabilities	2,441,579	3,228,540
Non-current liabilities	142,817	140,280
Total liabilities	2,584,396	3,368,820
	<b>Three months ended March 31, 2021</b>	<b>2020</b>
Total revenue	\$ 2,791.00	\$ -
Net income (loss)	(1,076,851)	(12,932)
Comprehensive income (loss)	(1,076,851)	(12,932)
Net income (loss) per share, basic	(0.02)	(0.00)
Net income (loss) per share, diluted	(0.02)	(0.00)

## Discussion of Operations

### **REVENUE**

Revenue for the period ended March 31, 2021 was \$2,791 compared to \$Nil for the period ended March 31, 2020. The increase in revenue is attributable to the revenues generated from advertising on GameOn App, of which the Company did not hold in the 2020 comparative period.

### **COST OF GOODS SOLD**

Cost of goods sold for the period ended March 31, 2021 was \$31,990 compared to \$Nil for the period ended March 31, 2020. The increase in cost of goods sold is attributable to the revenues generated from advertising on GameOn App, of which the Company did not hold in the 2020 comparative period. The higher cost of goods sold than revenues relate to the stage of the Company and their current spend on App infrastructure and operating costs which are attributable to cost of goods sold in the period.

### **EXPENSES**

For the period ended March 31, 2021, total expenses were \$1,748,777 compared to \$137,106 recorded in the period ended March 31, 2020.

Material variances over the comparable period are discussed below.

### **Amortization and Depreciation**

Amortization and depreciation for the period ended March 31, 2021 were \$139,523 compared to \$157,263 for the period ended March 31, 2020. The balance of amortization in both periods related to the amortization of the Company's investment in 1108641 BC Ltd., a video game classified as intangible assets and being amortized since the date of launch in August 2019. In 2021, the Company also began recording amortization on another investment, Bonavita, which relates to a film that was released in February 2021 and therefore amortized thereafter.

### **Foreign exchange gain**

Foreign exchange gain for the period ended March 31, 2021 was a \$5,601 gain compared to a \$127,015 gain for the period ended March 31, 2020. The foreign exchange gain recorded in 2020 was mainly due to the Just Games Entertainment loan held in the 2020 comparative period and fully settled in the current 2021 period. The loan was denominated in USD but reported in CAD at each period end, resulting in significant foreign exchange entries each period in 2020.

### **General and administration**

General and administration expense was \$41,779 for the period ended March 31, 2021 compared to \$343 for the period ended March 31, 2020. The increase in operating expenses overall in 2021 as compared to 2020 is solely attributable to the December 2020 acquisition of GameOn App and the related costs associated with the operations of their business.



**Interest and Accretion**

Interest and accretion were \$112,583 for the period ended March 31, 2021 compared to \$73,797 for the period ended March 31, 2020. In 2020, this amount was driven by interest on convertible debentures which were issued in May 2019 as well interest on a loan with Runway Finance which bears interest at 16% per annum. The increase in the balance in 2021 is also attributable to the convertible debentures as well as a convertible promissory note between the Company and its parent company, which is non-interest bearing but which was discounted to the present value of the \$1,400,000 face value and is now being accreted at an implied rate of 22% for two years until maturity. The Runway Finance loan was also settled in January 2021 with no interest being accrued to the loan in the current period.

**Professional and Consulting fees**

Professional and consulting fees for the period ended March 31, 2021 were \$284,658 compared to \$891 for the period ended March 31, 2020. The increase in operating expenses overall in 2021 as compared to 2020 is solely attributable to the December 2020 acquisition of GameOn App and the related costs associated with the operations of their business. This increase is also attributable to costs specifically related to the Company's Initial Public Offering (IPO), which required additional spend in legal and accounting consultants.

**Sales and marketing**

Sales and marketing expenses for the period ended March 31, 2021 were \$45,826 compared to \$18,760 for the period ended March 31, 2020. The increase in operating expenses overall in 2021 as compared to 2020 is solely attributable to the December 2020 acquisition of GameOn App and the related costs associated with the operations of their business. This increase is also attributable to costs specifically related to the Company's IPO, which required additional spend in marketing consultants.

**Share-based compensation**

Share-based compensation for the period ended March 31, 2021 was \$932,504 compared to \$Nil for the period ended March 31, 2020. The current period was the first in which the Company granted and vested stock options to directors, employees, and consultants.

**Wages**

Wages were \$188,116 for the period ended March 31, 2021 compared to \$10,731 for the period ended March 31, 2020. The increase in wages seen in the 2020 period is due to the increased activity within the Company in order to prepare the Company for IPO as well as two employees brought over from GameOn App Inc. after acquisition in December 2020 and several more employees have been hired in 2021 to support the growing operations of the Company.

## Summary of Quarterly Results

The following information is derived from quarterly financial information:

<b>Fiscal Quarter Ended</b>	<b>Revenue</b>	<b>Net Income / (Loss) for the Period</b>	<b>Basic Income / (Loss) Per Share</b>	<b>Diluted Income / (Loss) Per Share</b>
March 31, 2020	2,791	(1,076,851)	(0.02)	(0.02)
December 31, 2020	2,626	115,530	0.00	0.00
September 30, 2020	-	(862,896)	(0.03)	(0.03)
June 30, 2020	-	(220,574)	(0.01)	(0.01)
March 31, 2020	-	(12,932)	(0.00)	(0.00)
December 31, 2019	-	(269,219)	(0.01)	(0.01)
September 30, 2019	(4,182)	70,709	0.00	0.00
June 30, 2019	7,878	(25,870)	(0.00)	(0.00)

## Liquidity

At March 31, 2021, the Company had total current assets of \$6,850,641 (2020 - \$1,903,239) comprised of \$6,768,373 (2020 - \$135,476) in cash, \$70,691 (2020 - \$60,620) in prepaid expenses, \$11,577 (2020 - \$9,231) in government sales tax receivable, and a current portion of a loan receivable of \$Nil (2020 - \$1,697,912). Conversely, the Company had total current liabilities of \$2,441,579 (2020 - \$3,228,540) comprised of \$84,089 (2020 - \$104,161) in accounts payable, \$67,610 (2020 - \$56,771) in accrued liabilities, \$21,404 (2020 - \$21,405) in income tax payable, \$Nil (2020 - \$295,077) in loans payable, \$104,542 (2020 - \$104,542) in share consideration, \$Nil (2020 - \$237,655) in other payables, \$95,000 (2020 - \$95,000) in obligation to issue convertible debentures, \$1,511,551 (2020 - \$1,447,872) in convertible debentures classified as current as they mature in May 2021, and \$557,383 (2020 - \$866,057) in related party loans.

At March 31, 2021, the Company has working capital of \$4,409,062 compared to working capital deficiency of \$1,325,301 at March 31, 2020.

The Company's ability to meet its obligations and activities over the long-term depends on its ability to generate cash flow through the issuance of common shares of the Company pursuant to equity financings and short-term or long-term loans. Capital markets may not be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. The Company has minimal cash flow from operations and is dependent upon raising equity financing to sustain its operations.

## Capital Resources

As at May 31, 2021, the Company has 60,905,536 issued and fully paid common shares, 8,886,976 warrants outstanding, and 5,703,325 stock options outstanding. The warrants are exercisable at \$0.52 for two years. The stock options are exercisable at prices between \$0.25 and \$0.35 for periods between two to three years from the date of grant.

## Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial performance or financial condition, including with respect to revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

## Related Party Transactions

During the period ended March 31, 2021 and 2020, the Company entered into the following transactions with related parties:

	March 31, 2021		March 31, 2020	
Professional and consulting fees	\$	34,476	\$	-
Share based compensation to related parties	\$	572,890	\$	-

## Related Party Balances

As at March 31, 2021, the Company has \$12,993 (2020 - \$3,668) due to related parties included in accounts payables. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

## Related Party Receivables

	March 31, 2021		December 31, 2020	
Due from parent company	\$	277,440	\$	-
Due from Draft Label Technologies Inc.		95,839		103,816
	\$	373,279	\$	103,816

During the period ended March 31, 2021, the Company impaired \$10,819 (2020 - \$Nil) of related party receivables due to management's assessment that the amounts would not be collected.

During the period ended March 31, 2021, the Company and its parent company entered into an agreement to convert previously received funds into a \$1,400,000 convertible promissory note. The note is non-interest bearing and convertible to shares of the Company at a price of \$0.25 for 2 years. Given the fair value of the Company's shares was \$0.25 at the date this agreement was entered into, no value was assigned to the conversion feature of the note. The face value of the note was discounted using the Company's cost of borrowing of 20.00% at 0% interest over 2 years. This resulted in a gain on conversion for the period ended March 31, 2021 of \$427,778 (2020 - \$Nil), and accretion on the convertible promissory note of \$44,081 (2020 - \$Nil).

This convertible promissory note was offset by other amounts receivable from the parent company, such that as at March 31, 2021, the Company has a net receivable of \$277,440 (2020 – net payable of \$105,830).

## Related Party Loans

	March 31, 2021	December 31, 2020
Due to parent company	\$ -	\$ 105,830
Due to Limitless Technologies Inc.	-	202,844
Due to Fantasy 360 Technologies Inc.	542,383	542,383
Due to CEO of parent company	15,000	15,000
	\$ 557,383	\$ 866,057

Unless otherwise noted, loans due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment. During the period ended March 31, 2021, the Company recognized a \$215,978 (2020 – \$Nil) gain on forgiveness of related party debt.

## Proposed Transactions

There are no proposed transactions for the Company as May 31, 2021. All events which have completed subsequent to the date of the financial statements and prior to the date of issuance of this report are summarized in the subsequent event note to the consolidated financial statements.

## Critical Accounting Estimates

The Company's significant accounting estimates are presented in Note 2 in the notes to the condensed consolidated annual audited financial statements. The preparation of these audited consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period presented and reported amounts of expenses during the same period. Actual outcomes could differ from these estimates. The financial statements include estimates, which, by their nature, are uncertain. The impact of such estimates may require accounting adjustments based on future occurrences. Any revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods if the revision affects the future. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities if actual results differ from assumptions made include, but are not limited to, the following:

- The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, and expenses.
- The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing

basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

- Critical judgements are made regarding assessment of impairment to the carrying value of the Company's assets.
- At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognized in the statement of loss and comprehensive loss for the period.
- Changes in any of the assumptions used in impairment testing could materially affect the result of the analysis.

As at March 31, 2021, the Company reviewed the carrying value of its assets and impaired investments as appropriate. After this review, it was determined that there were no further indicators of impairment further to the impairments recognized in the audited consolidated financial statements.

## Changes in Accounting Policies including Initial Adoption

### **Leases**

The Company adopted all of the requirements of IFRS 16 – Leases as of January 1, 2019. Company adopted which IFRS 16 eliminate the former dual accounting model for lessees, which distinguished between on-balance sheet finance leases and off-balance sheet operating leases. The main provision of IFRS 16 is the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases that were previously classified as operating leases. Under IFRS 16, a lessee is required to do the following: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet; and (ii) recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant, as the right-of-use asset is depreciated, and the lease liability is accreted using the effective interest method. The new standard also requires qualitative disclosures along with specific quantitative disclosures. As the Company has no leases, the adoption of IFRS 16 had no effect on the Company's financial statements.

## Financial Instruments and Other Instruments

### **Fair value**

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies, as disclosed below. However, considerable judgment is required to develop certain of these estimates. Accordingly, these estimated values are not necessarily indicative of the amounts the Company could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies. The methods and assumptions used to estimate the fair value of each class of financial instruments are discussed below.

The different levels for valuation of financial instruments carried at fair value have been defined as follows:

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

Quoted market prices for an identical asset or liability represent a Level 1 valuation. When quoted market prices are not available, the Company maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the use of significant unobservable inputs are considered Level 3.

Cash is measured using Level 1 inputs. Investments in private companies are measured using level 3 inputs.

The Company's financial instruments consist of cash, receivables, advance, loan receivable, certain investments, due from related parties, accounts payables, loan payable, related party loans and convertible debentures. The carrying value of cash, receivables, advance, accounts payables, and related party loans approximates their fair value due to the short-term nature of these instruments. The carrying value of the loan payable approximates its fair value since it bears interest at a market rate. The carrying values of the amounts due from related parties, loan receivable and the convertible debentures approximates their fair values since they were recorded at fair value at inception and incur interest at a market rate.

## Other Risks and Uncertainties

### **FINANCIAL RISK MANAGEMENT**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The cash is deposited in a bank account in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a bank that is a high credit quality financial institution as determined by rating agencies. Credit risk on cash is assessed as low.

The Company's receivables consist of trade receivables, due from related parties, government sales tax receivable, advances, and loan receivable. Based on the evaluation of receivables at March 31, 2021, the Company believes that its receivables are collectable. However, due to the current COVID-19 pandemic, there is an increase in the uncertainty of collectability and management has determined credit risk to be high.

#### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's main source of funding has been loans from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

#### Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company is not exposed to significant foreign exchange risk.

The Company is in the investment management business and as such is exposed to several risks and uncertainties that are not uncommon to other companies in the same business. The Company has no material ongoing revenue or income from operations. The Company has limited capital resources and must rely upon private placements for cash required to make new investments and to fund the administration of the Company.

These risks may not be the only risks faced by the Company. Additional risks and uncertainties not presently known by the Company or which are presently considered immaterial may also adversely impact the Company's business, results of operations and financial performance. The most significant risks and uncertainties faced by the Company are set out below.

#### **Limited Operating History**

The Company has limited operating history as a revenue producing entity. The Company and its business prospects must be viewed against the background of the risks, expenses, and problems frequently encountered by companies in the early stages of their development, particularly companies in new and rapidly evolving markets. There is no certainty that the Company will be able to operate profitably.

#### **Going-Concern Risk**

The Company's financial statements have been prepared on a going-concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financing or in achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

#### **Negative Cash Flow**

The Company has a limited history of operations, and very little history of earnings, cash flow or profitability. The Company has had negative operating cash flow since the Company's inception, and the Company will continue to have negative operating cash flow for the foreseeable future.



No assurance can be given that the Company will ever attain positive cash flow or profitability or that additional funding will be available for operations.

### **Additional Requirements for Capital**

Substantial additional financing may be required if the Company is to be successful in developing their current portfolio of games and to make future strategic acquisitions. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future development. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated investments.

### **Technology Sector Risk**

General risks of technology companies include the risks of rapidly changing technologies, short product life cycles, fierce competition, aggressive pricing and reduced profit margins, loss of patent, copyright and trademark protections, cyclical market patterns, evolving industry standards and frequent new product introductions. Certain technology companies may be smaller and less experienced companies, with markets or financial resources and fewer experienced management or marketing personnel.

### **Small and Mid-Capitalization Companies Risk**

Small and mid-capitalization companies may have limited product lines, markets, or financial resources; may lack management depth or experience; and may be more vulnerable to adverse general market or economic developments than large companies. Some of these companies may distribute, sell or produce products which have recently been brought to market and may be dependent on key personnel.

The prices of small and mid-capitalization company securities are often more volatile than prices associated with large company issues, and can display abrupt or erratic movements at times, due to limited trading volumes and less publicly available information. Also, because small and mid-capitalization companies normally have fewer shares outstanding and these shares trade less frequently than large companies, it may be more difficult for the Company to buy and sell significant amounts of such shares. The securities of small and mid-capitalization companies are often traded on "over the counter" markets and may not be traded in the volumes typical of a national securities exchange.

### **Regulatory Risks**

Changes in or more aggressive enforcement of laws and regulations could adversely impact companies involved in the technology sector. Failure or delays in obtaining necessary approvals, changes in government regulations and policies and practices could have an adverse impact on such businesses' future cash flows, earnings, results of operations and financial condition.

## **Dependence on Internet Infrastructure; Risk of System Failures, Security Risks and Rapid Technological Change**

The success of any developer of tech platforms will depend by and large upon the continued development of a stable public infrastructure, with the necessary speed, data capacity and security, and the timely development of complementary products such as high-speed modems for providing reliable internet access and services.

## **Intellectual Property Rights**

Companies involved in the development and operation of certain technologies may be dependent on intellectual property rights; the loss of which could harm its business, results of operations and its financial condition. There can be no assurance that any company's products will not violate proprietary rights of third parties or that third parties will not assert or claim that such violation has occurred. Any such claims and disputes arising may result in liability for substantial damages which in turn could harm the underlying business, results of operations and financial condition.

## **Cyber Security Risks**

The Company is dependent on information technologies to conduct its operations, including management information systems and computer control systems. Business and supply chain disruptions, plant and utility outages and information technology system and network disruptions due to cyber-attacks could seriously harm operations and materially adversely affect operation results. Cyber security risks include attacks on information technology and infrastructure by hackers, damage or loss of information due to viruses, the unintended disclosure of confidential information, the issue or loss of control over computer control systems, and breaches due to employee error.

The Company's exposure to cyber security risks includes exposure through third parties on whose systems it places significant reliance for the conduct of its business. There can be no assure that the Company has the resources or technical sophistication to anticipate, prevent, or recover from rapidly evolving types of cyber-attacks. Compromises to its information and control systems could have severe financial and other business implications.

## **Competition**

The market for similar gaming technology is highly competitive on both a local and a national level. Competitors may also have a larger installed base of users, longer operating histories or greater name recognition. There can be no assurance that any company will successfully differentiate its products from its competitors, or that the marketplace will consider one technology to be superior to others.

## **Key Personnel**

The Company is dependent upon the continued availability and commitment of its management, whose contributions to immediate and future operations are of significant importance. The loss of any such management could negatively affect the Company's business operations. From time to time, the Company will also need to identify and retain additional skilled management to efficiently

operate its business. Recruiting and retaining qualified personnel is critical to the Company's success and there can be no assurance of its ability to attract and retain such personnel. If it is not successful in attracting and training qualified personnel, the Company's ability to execute its business model and growth strategy could be affected, which could have a material and adverse impact on its profitability, results of operations and financial condition.

### **Conflicts of Interest**

Certain of the Company's directors and officers may, from time to time, serve as directors or officers of other companies involved in similar businesses to the Company and, to the extent that such other companies may participate in the same ventures in which the Company may seek to participate, such directors and officers may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such conflicts of the Company's directors and officers may result in a material and adverse effect on the Company's results of operations and financial condition.

### **Share Price Volatility Risk**

External factors outside of the Company's control may have a significant impact on the market price of the Company's common shares. Global stock markets have experienced extreme price and volume fluctuations from time to time. There can be no assurance that an active or liquid market will develop or be sustained for the Company's common shares.

### **COVID-19**

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

The Company was not immune from the effects of the global pandemic. The Company encountered travel restrictions, and production variables for its operations.

In terms of liquidity, capital resources, and overall financial condition, the balance sheet as at March 31, 2020 is amongst the healthiest it has been in the Company's history. In early 2021, the Company received an additional \$5.8M in private placement financing funds prior to its anticipated Initial Public Offering. The pandemic has not negatively affected the Company in this manner, and while Management continues to monitor such risks, there is no additional risk the COVID-19 pandemic places on the Company in this regard.

While the Company was impacted by "stay at home" measures and other external factors have encountered a decrease in productivity through limited workforce, travel, supply chain and other factors directly correlated to the virus / pandemic. The Company collaborated with their parent company, VST, on providing executive management assistance / leadership and often directly assisting with solving COVID-19 pain points to enable the Company to continue with their micro and macro sales and growth strategies during COVID-19.

## **DISCLOSURE OF INTERNAL CONTROLS AND PROCEDURES**

In connection with National Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

## **INFORMATION AVAILABLE ON SEDAR**

Additional information about the Company, including in the form of previously published financial statements, management discussion and analyses and press releases, is available on SEDAR at [www.sedar.com](http://www.sedar.com).