

1Wondr Gaming Corporation

Management Discussion and Analysis

For the year ended December 31, 2020 and for the period May 6, 2019 (date of incorporation) to December 31, 2019

Financial information expressed in Canadian dollars unless otherwise noted.



The following Management's Discussion & Analysis ("**MD&A**") provides a review of activities, results of operations and the financial condition of 1Wondr Gaming Corporation (the "**Company**" or "**1Wondr Gaming**") for the year ended December 31, 2020 and for the period May 6, 2019 (date of incorporation) to December 31, 2019. This MD&A should be read in conjunction with the Company's audited financial statements and related notes thereto as at and for the year ended December 31, 2020 and as at December 31, 2019 and for the period May 6, 2019 (date of incorporation) to December 31, 2019. All amounts disclosed in this MD&A are expressed in Canadian dollars, unless otherwise noted.

Management's Responsibility

The Company's management is responsible for the preparation and presentation of the financial statements and this MD&A. The financial statements have been prepared in accordance with International Financial Accounting Standards ("**IFRS**") as issued by the International Accounting Standards Board and as included in Part 1 of the CPA Canada Handbook – Accounting and the interpretations of the International Financial Reporting Interpretations Committee. This MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators. This MD&A has been prepared as of March 26, 2021.

Forward-Looking Statements

This MD&A may contain forward-looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of exploration or other risk factors beyond its control. Actual results may differ materially from the expected results. Except for statements of historical fact, this MD&A contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this MD&A includes, but is not limited to, statements with respect to future events such as completion of the transaction with Transglobe Internet and Telecom Co., Ltd. ("**Transglobe**") and the launch of the Company's loyalty platform. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information. Forward-looking information is based on the opinions and estimates of management at the date the statements are made, which are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: general economic conditions in Canada, the United States and globally; industry conditions; the outbreak of an epidemic or a pandemic, including the recent outbreak of the novel coronavirus (COVID-19), or other health crisis and the related global health emergency affecting workforce health and wellbeing; governmental regulation; unanticipated operating events; competition; the availability of capital on acceptable terms; stock market volatility; volatility in market price and the other factors described herein under "Risks and Uncertainties". Readers are cautioned that this list of risk factors should not be considered as exhaustive. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except

as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

Description of Business

1Wondr Gaming was co-founded by Jonathan Dwyer and Michael Cotton, the current CEO and COO of the Company, respectively. The Company is headquartered in Ontario, Canada having a registered office of 12 Wesley Avenue, Mississauga, Ontario, L5H 2M5 and was incorporated on May 6, 2019.

1Wondr Gaming is a technology company with a loyalty platform to serve the Esports landscape. Loyalty represents an underdeveloped opportunity within the Esports landscape – like many aspects of the gaming ecosystem, this is due in part to both the relatively early stage of the industry and the lack of centralization when compared to other entertainment verticals. There is no single loyalty platform or offering that delivers utility to fans throughout the gaming ecosystem. The lack of centralization and gap in loyalty is a significant factor driving the difficulty Esports industry stakeholders have had in driving fan engagement and monetization.

Gaming Industry Macro Overview

The gaming industry is projected to reach \$20 billion by 2025, rivaling traditional sports and shifting the entertainment paradigm. Gaming has experienced massive growth in consumption of its content in the past several years. Gaming audiences are highly discerning and extremely sensitive to non-endemic brands making inauthentic, ill-conceived entrances into the gaming landscape – while fans engage with brands delivering value to the gaming ecosystem, they will vehemently reject perceived attempts to exploit their community.

Massive growth in gaming engagement and viewership is attracting private capital from investors looking to generate substantial return on investment. However, monetization of gaming is nascent and revenue is primarily sponsorship driven and sponsorship partners have largely struggled in driving activation and ROI against sponsorship dollars. All stakeholders within the gaming industry (video game publishers, streaming platforms, team and franchising models, etc.) are looking for more effective ways to drive engagement with fans and capitalize on the massive growth in viewership to drive monetization and generate new, sustainable revenue streams.

Highlights

On March 1, 2020, 1Wondr Gaming entered into an agreement (the “**Global Agreement**”) with 2717769 Ontario Inc. (dba Global Solutions) (“**Global Solutions**”), to deliver a loyalty and rewards platform, uniting the global gaming community through loyalty.

On December 24, 2020, 1Wondr Gaming entered into a settlement agreement with Global Solutions whereby 1Wondr Agreement and Global Solutions agreed to terminate the Global Agreement subject to, among other things, the payment of \$795,000, of which \$350,000 is required to be paid shortly following the listing of the Company on the Canadian Securities Exchange (“**CSE**”).

On November 30, 2020, 1Wondr Gaming entered into an agreement with GroupBy Inc. (“**GroupBy**”), a company led by Roland Gossage, a current board member of the Company, which agreed to continue the buildout of 1Wondr Gaming’s e-commerce and loyalty platform (the “**GroupBy Agreement**”).

Over the course of 2019 and 2020, 1Wondr Gaming acquired a 5.73% interest in Rival.ai, an Esports company that provides advanced industry standard scouting reports for teams, trainers and the Esports community through the use of artificial intelligence.

On February 14, 2020, 1Wondr Gaming completed a non-brokered private placement financing of 1Wondr Gaming common shares ("**1Wondr Gaming Shares**") at a price of \$0.06 per share and issued 416,667 1Wondr Gaming Shares for gross proceeds of \$25,000.02.

On March 13, 2020, 1Wondr Gaming completed a non-brokered private placement financing of 1Wondr Gaming Shares at a price of \$0.06 per 1Wondr Gaming Share and issued 7,233,666 1Wondr Gaming Shares for gross proceeds of \$434,019.96.

On April 30, 2020, 1Wondr Gaming completed a non-brokered private placement financing of 1Wondr Gaming Shares at a price of \$0.06 per 1Wondr Gaming Share and issued 7,083,333 1Wondr Gaming Shares for gross proceeds of \$424,999.98.

On June 22, 2020, 1Wondr Gaming completed a non-brokered private placement financing of 1Wondr Gaming Shares at a price of \$0.06 per 1Wondr Gaming Share and issued 459,020 1Wondr Gaming Shares for gross proceeds of \$27,541.20.

On June 24, 2020, 1Wondr Gaming completed a non-brokered private placement financing of 1Wondr Gaming Shares at a price of \$0.06 per 1Wondr Gaming Share and issued 2,350,000 1Wondr Gaming Shares for gross proceeds of \$141,000.

July 2, 2020, 1Wondr Gaming completed a non-brokered private placement financing of 1Wondr Gaming Shares at a price of \$0.06 per 1Wondr Gaming Share and issued 2,150,000 1Wondr Gaming Shares for gross proceeds of \$129,000.

On July 3, 2020, 1Wondr Gaming completed a non-brokered private placement financing of 1Wondr Gaming Shares at a price of \$0.06 per 1Wondr Gaming Share and issued 1,499,999 1Wondr Gaming Shares for gross proceeds of \$89,999.94.

On September 10, 2020: 1Wondr Gaming completed a non-brokered private placement financing of 1Wondr Gaming Shares at a price of \$0.06 per 1Wondr Gaming Share and issued 333,333 1Wondr Gaming Shares for gross proceeds of \$19,999.98.

On October 2, 2020, 1Wondr Gaming completed a non-brokered private placement financing of 1Wondr Gaming Shares at a price of \$0.06 per 1Wondr Gaming Share and issued 4,633,335 1Wondr Gaming Shares for gross proceeds of \$278,000.10.

On October 20, 2020, 1Wondr Gaming entered into an amalgamation agreement with Transglobe whereby the parties agreed to combine their business and seek a listing on the CSE (the "**Transaction**").

On October 29, 2020: 1Wondr Gaming completed a non-brokered private placement financing of 1Wondr Gaming Shares at a price of \$0.06 per 1Wondr Gaming Share and issued 1,666,667 1Wondr Gaming Shares for gross proceeds of \$100,000.02.

On November 27, 2020, 1Wondr Gaming completed a non-brokered private placement financing of 1Wondr Gaming Shares at a price of \$0.12 per 1Wondr Gaming Share and issued 6,518,346 1Wondr

Gaming Shares for gross proceeds of \$782,201.52.

On December 20, 2020, 1Wondr Gaming entered into an engagement letter with First Republic Capital Corporation (“**FRCC**”) and Transglobe with respect to the engagement of the FRRC to act as finder and assist with a non-brokered financing in connection with the Transaction.

On December 31, 2020, 1Wondr Gaming completed a non-brokered private placement financing of 1Wondr Gaming Shares at a price of \$0.12 per 1Wondr Gaming Share and issued 1,250,100 1Wondr Gaming Shares for gross proceeds of \$150,012.

The Transaction with Transglobe

On October 20, 2020, the Company, Transglobe and 2778533 Ontario Inc. (“**Subco**”) entered into an amalgamation agreement (the “**Amalgamation Agreement**”), pursuant to which Transglobe would acquire all of the issued and outstanding 1Wondr Gaming Shares from the 1Wondr Gaming shareholders pursuant to a three-cornered amalgamation in accordance with the *Business Corporations Act* (Ontario)(“**OBCA**”).

Pursuant to the Amalgamation Agreement, among other customary conditions, as a condition of completion of the Transaction, the following transactions are required to be completed on or before the completion of the Transaction:

- Transglobe would complete a consolidation of its outstanding common shares on the basis of one (1) post-consolidation common share for each thirty (30) outstanding common shares;
- Transglobe would change its name to “1Wondr Gaming Corp.” or such other name as determined by the Company;
- Transglobe would issue one common share for each one 1Wondr Gaming Share outstanding prior to completion of the Transaction; and
- The parties would use their best efforts to complete a concurrent financing.

Business Objective and Milestones

1Wondr Gaming is a loyalty-based company that has partnered with an established e-commerce provider with global partnerships to leverage such relationships to onboard gamers across the globe onto a gaming rewards platform. This will allow the Company to aggregate fans within its consolidated digital ecosystem, allowing them unique access to deals in multiple sectors such as digital consumer goods, banking, insurance, automotive, and many others.

With the utility delivered by the points loyalty currency (ability to be redeemed on rewards across the gaming ecosystem – not limited to a single platform or title), 1Wondr Gaming has the opportunity to generate revenue by positioning points as the default standard currency within the gaming ecosystem. 1Wondr Gaming can create another revenue stream by selling points direct to fans (to be redeemed on microtransactions across multiple games or for gaming streaming platform subscriptions etc.) and to third-party partners (for them to attach as value-added on their own products and services outside of the gaming rewards ecosystem), replicating a commercial model leveraged by many of the world’s largest loyalty programs.

The Company expects to accomplish the following business objectives and milestones over the 12-month period following the completion of the Transaction:

Business Objective	Action	By When	Estimated Costs
Complete and launch esports loyalty and rewards platform and Gaming Rewards.com	Complete build of platform and launch.	May 2021	\$2,770,000
Build out key talent	Hire and train sales and partnerships staff.	April 2021	\$370,000
Complete initial partnership agreements	Establish partnerships with key brands.	June 2021	\$40,000
Acquisitions	Evaluate and potentially acquire key competitors.	December 2021	\$1,500,000
Launch GamingRewards.com	Gamification of the Gaming Rewards.com platform and implementation of the Avatar program	August 2021	\$50,000

Financial Position, Results of Operations and Cashflows

Results of Operations

The following summarizes the results of operations of the Company for the year ended December 31, 2020 and for the period May 6, 2019 (date of incorporation) to December 31, 2019.

	Year ended December 31, 2020	Period from May 6, 2019 (date of incorporation) to December 31, 2019
Expenses:	\$	\$
Research and development	1,245,000	-
Consultants and subcontractors	434,248	80,000
General and administrative	104,464	144,662
Professional fees	72,725	57,571
Salaries, wages and benefits	28,903	-
Short term and variable lease payments	12,493	-
Depreciation	22,294	-
Share-based compensation	7,392	-
Foreign exchange loss	2,099	-
Interest expense on lease liability	4,020	-
Net loss and comprehensive loss	(1,193,638)	(282,233)

The Company does not have any revenues in the periods noted in the table above.

Research and development costs of \$1,245,000 (2019 - \$nil) consist of \$895,000 paid to Global Solutions, a company partially owned by a shareholder of the Company and an additional \$350,000 due to the same company upon completion of the Transaction. The payments are for research activities including the design, formulation and evaluation of loyalty platform options as well as strategic consulting and were therefore required to be expensed in accordance with IAS 38. In December 2020, the Company ended its agreement with Global Solutions and engaged GroupBy, a company controlled by an individual who will join the Company's board of directors following completion of the Transaction. The costs of \$170,000 paid to GroupBy were capitalized as at December 31, 2020 since they had met the capitalization criteria under IAS 38 including establishing the technical feasibility of the loyalty platform as well as demonstrating the economic benefit inherent in the Company's loyalty platform proposition.

Consultants and subcontractor costs of \$434,248 (2019 - \$80,000) consist of contractor payments to the Chief Executive Officer and Chief Operating Officer of the Company for executive management services provided.

General and administrative expenses of \$104,464 (2019 - \$144,642) consist of various travel and entertainment expenses related to investor presentations and meetings as well as supplies and other miscellaneous administrative expenses.

Professional fees of \$72,725 (2019 - \$57,571) include legal fees paid for general corporate matters and the various private placements, fees due to auditors and accountants for audit and tax services as well as miscellaneous consulting services as part of various financings. Also included is a consulting fee of \$5,000 paid to an individual who will be a director of the company for various consulting and advisory services.

Salaries, wages and benefits of \$28,903 (2019 - \$nil) are for compensation related to a member of the executive management team hired in October 2020. This same individual received stock-based compensation of \$7,392 (2019 - \$nil) over and above the salaries, wages and benefits amount and recorded on a separate financial statement line item.

Short term and variable lease payments of \$12,493 (2019 - \$nil) include payments made to the company of a shareholder of the Company for the rental of various office and meeting space prior to the formal office lease arrangement of the Company with the same party.

Depreciation of \$22,294 (2019 - \$nil) represents the depreciation of the Company's right of use asset, specifically the Company's office lease with the company of a shareholder of the Company. The right of use asset term commenced July 15, 2020 and is being depreciated on a straight-line basis over the term of the lease arrangement which ends on July 14, 2022.

The foreign exchange loss of \$2,099 (2019 - \$nil) represents the loss on shares of the Company purchased in US dollars.

Interest expense of \$4,020 represents the interest on the lease liability related to the office lease arrangement with a company owned by a shareholder of the Company. The liability reflects an annual discount rate of 12%.

Financial Position and Cashflows

The following summarizes the financial position of the Company as at December 31, 2020 and December 31, 2019:

	As at December 31, 2020	As at December 31, 2019
Assets:	\$	\$
Current assets	431,983	130,725
Deposits	4,425	-
Deferred development costs	183,701	-
Right-of-use asset	66,883	-
Investment in private company	163,245	160,000
Liabilities:		
Current liabilities	536,825	572,500
Lease liability	20,169	-
Shareholders' equity:		
Common shares	2,495,714	458
Warrant reserve	13,400	-
Deficit	2,215,871	282,233

Current assets consist of cash of \$263,699 (2019 - \$130,267), receivables of \$21,073 (2019 - \$458) and prepaid expenses and deposit of \$147,211 (2019 - \$nil).

Since the Company does not yet have revenues, cash of \$2,111,871 was generated in 2020 through the private placement of class A common shares while \$490,000 was generated in 2019 through deposits on class A common shares which were subsequently issued as shares in 2020. Cash issuance costs consisting largely of finders' fees and commissions were paid in 2020 of \$100,607 (2019 - \$nil) and were netted against the share capital balance on the balance sheet. Other financing expenditures in 2020 included \$29,400 in lease payments (2019 - \$nil) and \$47,211 (2019 - \$nil) in transaction costs, largely legal, related to the Transaction with Transglobe.

In 2020, the Company spent \$208,203 (2019 - \$135,071) on various investing activities including \$170,000 (2019 - \$nil) to GroupBy, a company controlled by an individual who will be a director of the Company, for development of its loyalty platform as well as \$13,701 to purchase the Company's website domain name.

In 2020, the Company spent \$1,593,018 (2019 - \$225,120) on operations.

The receivables balance in 2020 of \$21,073 (2019 - \$458) consists largely of HST receivable and the prepaid expenses and deposit balance of \$147,211 (2019 - \$nil) consist of \$47,211 in legal fees paid related to the Transaction and \$100,000 paid to GroupBy that was returned to the Company subsequent to year end.

Deposits of \$4,425 (2019 - \$nil) consists of the rental deposit on the Company's office location paid to a company owned by a shareholder of the Company.

As mentioned in the discussion of cashflows above, deferred development costs of \$183,701 (2019 - \$nil) consist of \$170,000 paid to GroupBy related to the loyalty platform and \$13,701 related to the purchase of the domain name.

The right-of-use asset of \$66,883 (2019 - \$nil) relates to the lease of the Company's office space from a company owned by a shareholder of the Company. The related lease liability includes a current portion recorded in current liabilities of \$43,628 (2019 - \$nil) and a long-term portion of \$20,169 (2019 - \$nil).

The investment in a private company of \$163,245 (2019 - \$160,000) consists of an investment in Rival.ai ("Rival"). As at December 31, 2020, the investment represents an approximate 5.7% interest in the common shares of Rival. The investment was based on a valuation of Rival of \$3 million. Rival is an Esports company that provides advanced industry standard scouting reports for teams, trainers & the betting community through the use of artificial intelligence. Rival to-date has been in the start-up stage with no revenues. Management has evaluated the cash flow projections of Rival and its plans for future funding. Rival is operating in the Esports industry which is experiencing significant market demand and increases in company valuations. As such management is satisfied with the carrying value of its investment in Rival at this time. Like all start-up companies, Rival requires time to develop its product offering and will re-assess the carrying value for future reporting period ends.

Current liabilities of \$536,825 (2019 - \$572,500) consists of accounts payable and accrued liabilities of \$489,525 (2019 - \$57,571), deposits for shares of \$nil (2019 - \$490,000) and due to related party amounts representing miscellaneous business expense reimbursements of \$3,672 (2019 - \$24,929) due to executive management of the Company. Of the accounts payable and accrued liabilities balance, \$350,000 (2019 - \$nil) is due to Global Solutions to settle its contract upon completion of the Transaction with the remainder comprised of a payroll accrual, legal fee accrual, audit accrual and \$5,787 to the company of a shareholder of the Company for various investor hospitality matters.

The warrant reserve in shareholders' equity of \$13,400 (2019 - \$nil) represents the fair value of 446,675 common share purchase warrants to consultants for services in connection with the private placement of common shares.

Selected Quarterly Information

Quarter Ended- 2020	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Revenue	Nil	Nil	Nil	Nil
Net loss from continuing operations	\$1,037,110	\$354,865	\$260,124	\$281,539
Net loss on per share basis	\$0.01	\$0.005	\$0.004	\$0.006

Quarter Ended - 2019	December 31, 2019	September 30, 2019	May 6 (date of incorporation to June 30, 2019	March 31, 2019
Revenue	Nil	Nil	Nil	n/a
Net loss from continuing operations	\$96,933	\$131,193	\$54,107	n/a
Net loss on per share basis	\$0.002	\$0.003	\$0.001	n/a

Liquidity and Capital Resources

Pursuant to the Amalgamation Agreement with Transglobe, and as condition to the completion of the Transaction, on February 5, 2021 and February 12, 2021, 1Wondr Gaming completed the concurrent financings associated with the Transaction (collectively, the “**Concurrent Financings**”) of an aggregate of 44,091,500 subscription receipts (the “**Subscription Receipts**”) at a price of \$0.20 per Subscription Receipt for aggregate gross proceeds of \$8,818,300. Immediately prior to completion of the Transaction, the Subscription Receipts will be automatically converted into 44,091,500 1Wondr Gaming Shares and 22,045,750 common share purchase warrants, for no additional consideration.

In 2019, the Company received deposits for share subscriptions totalling \$490,000. At December 31, 2019, the subscription agreements had not been executed. Accordingly, the deposits were recognized in the statement of financial position as a liability in the line item ‘deposits for share subscriptions.’

In 2020, the Company completed a private placement of 44,394,466 Class A Common Voting shares for cash consideration of \$2,601,871 of which \$2,111,871, was received in 2020. The previously received deposits of \$490,000 were applied to the subscription price of Class A Common Voting shares upon execution of the corresponding subscription agreements.

On March 12, 2021, the Company raised an additional \$1,000,000 by issuing units at a price per unit of \$1,000. Each Unit consisted of one (1) convertible debenture in the principal amount of \$1,000 and such number of warrants as is equal to \$500 divided by the \$0.25 (the “**Conversion Price**”). The convertible debentures are convertible at the option of the holder at the Conversion Price prior to the date of maturity which is sixty days following closing of a going public transaction. The Company has a prepayment right at any time following thirty (30) days after which the Company common shares are posted for trading on the CSE upon 15 days notice to the holder. The warrants are exercisable for one 1Wondr Gaming Share at a price of \$0.40 for a period of twenty-four months from the date of issuance.

With the funds raised to date and the funds to potentially be released upon conversion of the Subscription Receipts, the Company expects to be able to fund its internal growth strategies as well as evaluate acquisition opportunities. The Company does not currently have a bank credit facility but may consider one in the future should management feel it will assist in achieving its strategic and operational objectives.

The Company is not economically dependent on any parties, has no off-balance sheet financing nor are there any restrictions on the use of its cash upon completion of the Transaction.

At this time, the Company is not anticipating an ongoing profit from operations in the immediate term, therefore it will be dependent on its ability to obtain equity or debt financing for growth. The Company may need additional capital, and may raise additional funds should the board of directors of the Company (the “**Board of Directors**”) deem it advisable.

During the current and comparative periods ended December 31, 2020 and 2019, the Company had negative operating cash flow because its revenues did not exceed its operating expenses. In addition, as a result of the Company’s business plans for the development of its products, the Company expects cash flow from operations to be negative until revenues improve to offset its operating expenditures. The Company’s cash flow from operations may be affected in the future by expenditures incurred by the Company to continue to develop its products and services. The amounts set out above for use as working capital may be used to offset this anticipated negative operating cash flow.

Critical Accounting Estimates

Application of the Company’s accounting policies in compliance with International Financial Reporting Standards (“**IFRS**”) requires the Company’s management to make certain judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made.

Recent Accounting Pronouncements

Accounting Pronouncements Adopted During the Period

Accounting for Leases - IFRS 16

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating Transactions Involving the Legal Form of a Lease.

IFRS 16 provides a single lessee accounting model, requiring recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value.

Since its inception on May 6, 2019, the Company adopted IFRS 16 "Leases" ("IFRS 16"). The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

At inception of a contract, the Company assesses whether that contract is, or contains, a lease. A contract is, or contains, 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 records a right-of-use asset and a lease liability at the lease commencement date. The lease liability has been measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as at the date of initial application. Additionally, the right-of-use assets have been measured at cost, consisting of the initial amount of the lease liability adjusted for any lease payments made at or before the date of initial application, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the site on which it is located; less any lease incentives received.

The right-of-use asset is depreciated on a straight-line basis over the lease term. The lease term consists of the non-cancelable period of the lease; periods covered by options to extend the lease, where the Company is reasonably certain to exercise the option; and periods covered by options to terminate the lease, where the Company is reasonably certain not to exercise the option.

The lease liability is initially measured at the present value of the lease payments that are not paid at the date of initial application, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest rate method. Certain leases require the Company to make payments that related to property taxes, insurance, and other non-rental costs. These non-rental costs are typically variable and are not included in the calculation of the right-of-use asset or lease liability.

The Company adopted this standard and the impact on the Company's financial statements are disclosed in notes 2 and 6 of the Company's December 31, 2020 and 2019 audited annual financial statements.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, an effect on the results of operations or financial condition of the Company.

Financial Instruments

Recognition and Classification

Financial Assets

All financial assets are initially recognized at fair value, adjusted by, in the case of instruments not at fair value through profit or loss, directly attributable transaction costs. After initial recognition, financial assets are subsequently classified and measured at either fair value through profit or loss ("**FVTPL**"), fair value through other comprehensive income ("**FVTOCI**") or amortized cost based on the Company's assessment of the business model within which the financial asset is managed and the financial asset's contractual cash flow characteristics.

The Company measures cash at FVTPL and its investment in a private company at FVTOCI as at December 31, 2020 and 2019.

Financial assets measured at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method less impairment. Accounts receivable and short-term investments are classified as measured at amortized cost.

Financial Liabilities

The Company classifies its financial liabilities into one of the following two categories; measured at amortized cost and measured at FVTPL. The Company has not designated any financial liabilities as being measured at FVTPL.

Financial liabilities measured at amortized cost are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet.

Accounts payable and accrued liabilities, due to related party, lease liabilities and long-term debt are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

Derecognition

Financial assets are derecognized only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognizes financial liabilities when the Company's obligations are discharged, cancelled, or they expire.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Fair Value and Market Value Measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Company measures the fair value of an instrument using quoted market prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1), and the lowest priority to unobservable inputs (level 3).

The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly;
- Level 3: Inputs that are not based on observable market data.

Impairment of Financial Assets

At each reporting date, the Company assess whether there is objective evidence that financial assets not carried at FVTPL are impaired. A financial asset or a group of financial assets are impaired based upon the expected credit loss ("ECL") model.

Financial Risk Factors

The Company's business is subject to certain risks, including but not restricted to risks related to: market risk for securities, future financing risks; going-concern risks; global economy risks; use of proceeds risks; volatility of the Company's share price following a listing on a public exchange and the lack of trading history for the Common Shares; increased costs of being a publicly traded company; limited operating history in an evolving industry and history of losses; lack of brand development; expectations with respect to advancement in technologies; currency fluctuations; interest rates; taxes on the Company and its products; liabilities that are uninsured or uninsurable; economic conditions, dependence on management and conflicts of interest; intellectual property rights; attracting and retaining quality employees; key personnel risk; management of growth; product and services development; expansion risk; breach of confidential information; competition within the technology industry; corporate matters; issuance of debt; third party credit; short term investments; shares reserved for issuance; credit risk; liquidity risk; interest rate risk; and described from time to time in the Company's documents filed with Canadian securities regulatory authorities; and other factors beyond the Company's control.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including interest rate risk, and foreign exchange rate risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash consists of cash at banks and on hand. The cash has been invested and held with reputable financial institutions, from which management believes the risk of loss to be remote. The Company's customer base is diversified with no reliance on any one client.

Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations as they become due, or can only do so at excessive cost. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, or as a result of conditions specific to the Company. As at December 31, 2020, the Company had a cash balance of \$263,699 (2019 - \$130,267) to settle current liabilities of \$536,825 (2019 - \$572,500). The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. As the

Company does not generate significant revenue, managing liquidity risk is dependent upon the ability to secure additional financing, controlling expenses, and preserving cash.

Most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk

Interest Rate Risk

The Company's long-term debt consists of both a fixed and market driven variable interest rate. The Company has assessed the associated interest rate risk as minimal.

Capital Management

The Company manages its capital with the following objectives:

- (i) To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- (ii) To maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on a regular basis.

The Company considers its capital to be equity, comprising share capital and deficit, which at December 31, 2020 totaled \$293,243 (December 31, 2019 – a shareholders' deficiency of \$281,775). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. Information is provided to the Board of Directors of the Company. The Company is not constrained by externally imposed capital requirements. The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2020.

Related Party Transactions

The remuneration of key management personnel, including directors and officers, during the year was as follows:

	Year ended December 31, 2020	For the period from May 6, 2019 (date of incorporation) to December 31, 2019
	\$	\$
Short-term benefits	459,248	80,000
Share-based compensation	7,392	-
	466,640	80,000

Short-term benefits include salaries of \$25,000 (2019 - \$nil) and consulting fees of \$434,248 (2019 - \$80,000). Consulting fees, either paid to the individual or to a company controlled by key management personnel, were recognized in the financial statements in the line item 'consultants and subcontractors'.

In 2020, the Company entered into an agreement with a service provider, a company controlled by a shareholder of the Company, to support development of the Company's gaming rewards and loyalty platform. The Company received the services during the research phase of the project. The \$1,245,000 (2019 - \$nil) of fees paid to the service provider (including \$350,000 as an accrued liability at December 31, 2020) were recognized as an expense in the financial statement line item 'research and development'. The \$350,000 accrued liability is unsecured.

In 2020, the Company entered into an arrangement with a related party for the rental of office premises. The lessor is a company owned by a shareholder of the Company. The Company recognized a right-of-use asset and corresponding lease liability upon entering into the lease. The lease liability was measured at the present value of the remaining lease payments at a discount rate of 12% per annum.

The balance of the right-of-use asset is as follows:

	As at December 31, 2020	As at December 31, 2019
	\$	\$
Recognized during the year	89,177	-
Depreciation	22,294	-
	66,883	-

The balance in the related lease liability is as follows:

	As at December 31, 2020	As at December 31, 2019
	\$	\$
Recognized during the year	89,177	-
Interest expense	4,020	-
Lease payments	(29,400)	-
	63,797	-

Events Occurring after the Reporting Date

On March 17, 2021, a statement of claim was filed against the Company and two directors/officers alleging breach of contract, breach of fiduciary duty, knowing assistance of breach of fiduciary duty, breach of the duty of honest performance, unjust enrichment, breach of trust, appropriation of corporate opportunities and unlawful means. The claim is for \$320 million. No provision has been recognised in the financial statements as the Company's management believes that the claim is baseless, without merit and egregious with no probable loss. The Company cannot however reasonably predict the outcome.

There are no other reportable events occurring after the reporting date which have not been disclosed in this document.

Risks and Uncertainties

The success of the Company is dependent, among other things, on obtaining sufficient funding to enable the Company to develop its business. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay in executing the Company's business plan. The Company will require new capital to continue to operate its business, and there is no assurance that capital will be available when needed, if at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

The operations of the Company may require licenses and permits from various local, provincial and federal governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out development of its business or operations.

Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest, which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

The Company does not have a historical track record of operating upon which investors may rely. Consequently, investors will have to rely on the expertise of the Company's management. The Company does not have a history of earnings or the provision of return on investment, and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

Dependence on Key Employees

The Company's business and operations are dependent on retaining the services of a small number of key employees. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of these employees. The loss of one or more of these employees could have a materially adverse effect on the Company. The Company does not maintain insurance on any of its key employees.

Accountability and oversight of the Company rests with the Board. The Company will continue to evaluate and potentially expanded its management team to oversee the business development activities of the Company and perform all core functions.

Competitive Conditions

The markets for the Company's products are competitive and rapidly changing, and a number of companies offer products similar to the Company's products and target similar customers. The Company believes its ability to compete depends upon many factors within and outside its control, including the timely development and introduction of new products and product enhancements; product functionality, performance, price and reliability; customer service and support; sales and marketing efforts; and the introduction of new products and services by competitors.

Potential Dilution

The issue of common shares of the Company upon the exercise of the options and warrants will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional option and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders could also be diluted.

Current Global Financial Conditions and Trends

Securities of technology companies in public markets have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in Canada and globally, and market perceptions of the attractiveness of particular industries. The price of the securities of Companies in the technology sector are also significantly affected by proposed and newly enacted laws and regulations, currency exchange fluctuation and the political environment in the local, provincial and federal jurisdictions in which the Company does business. The economy remains in a period of volatility, although there have been signs of positive economic growth in North American and European markets. Continued volatility is expected in the near term.

Share Data

As at December 31, 2020 there were 90,644,466 class A common shares issued and outstanding. As at the date of this report, there were 90,644,466 class A common shares outstanding; 44,091,500 Subscription Receipts outstanding with each convertible upon completion of the Transaction into 44,091,500 common shares and 22,045,750 warrants of the Company; and 6,072,494 warrants issued and outstanding (convertible into 7,725,404 common shares of the Company).

Additional Information

Additional information relating to the Company and the Transaction, including additional risk factors, will be available in the listing statement of the Company to be filed on Transglobe's SEDAR profile at www.sedar.com on or before the closing of the Transaction.