

# Wondr Gaming Corp. (formerly, Transglobe Internet and Telecom Co. Ltd.)

Management Discussion and Analysis

For the three and nine months ended September 30, 2021 and 2020

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 Wondr Gaming Corp. (formerly, Transglobe Internet and Telecom Co. Ltd.) (the "**Company**" or "**Wondr**") for the three and nine months ended September 30, 2021 and 2020.

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 as well as with the unaudited interim condensed financial statements for the three and nine months ended September 30, 2021 and 2020. 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 November 29, 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 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**

Wondr 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 120 Carlton Street, Suite 405, Toronto, Ontario, M5A 4K2.

Wondr Gaming Corp. is an entertainment company uniting brands and the global gaming community with a loyalty platform to serve the Esports landscape (*Wondr Gaming Rewards*), an NFT platform (non-fungible token) (*Wondr NFT*), and a media division (*Wondr Media*).

*Wondr Gaming Rewards* is the Company's loyalty and rewards platform which will allow the Company to generate revenues through sponsorships, commissions on the sale of partner products and merchandise, as well as the monetization of customer data aggregated as part of the Company's loyalty and rewards platform. 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.

*Wondr NFT* is the Company's fully white labelled NFT platform that will allow leagues, teams, agencies, and organizations to commercialize their NFT assets in our marketplace via a revenue sharing model.

*Wondr Media* creates content and activation campaigns with brands by acting as an agent to reach over 150 million followers via Tik Tok, You Tube, Instagram and Facebook. Wondr Media brings all the elements of Wondr together to drive consumers to *Wondr Gaming Rewards'* loyalty platform as well as to *Wondr NFT's* platform.

## **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 February 5 and 12, 2021, as a condition of the Transaction with Transglobe Internet and Telecom Co, Ltd. (“**Transglobe**”) described below, 1Wondr Gaming Corporation (“**1Wondr Gaming**”) completed the concurrent financing of an aggregate 44,091,500 subscription receipts at a price of \$0.20 per subscription receipt for aggregate gross proceeds of \$8,818,300 (the “**Concurrent Financing**”). Immediately prior to the consummation of the Transaction with Transglobe, the subscription receipts automatically converted into 44,091,500 common shares of 1Wondr Gaming and 22,045,750 warrants to purchase common shares of 1Wondr Gaming. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.40 per share for a period of two years from the closing date. The Company was expected to incur cash issuance costs equal to 8% of the aggregate gross proceeds raised in addition to the issuance of 3,305,820 finders’ warrants. Each finders’ warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.20 per share for a period of two years from the closing date.

On March 12, 2021, 1Wondr Gaming completed a convertible debenture financing for gross proceeds of \$1,000,000 through the issuance of 1,000 units at \$1,000 per unit. Each unit consisted of: (i) \$1,000 principal amount of 10.0% senior secured convertible debenture (each a “**Convertible Debenture**”) of 1Wondr Gaming and (ii) warrants of 1Wondr Gaming exercisable to purchase that number of common shares as is equal to \$500 divided by \$0.25 (each a “**Warrant**”), subject to adjustment (i.e. 2,000,000 Warrants). Each Warrant entitles the holder to acquire one common share for \$0.40 per common share at any time prior to March 12, 2023. The holder of each Convertible Debenture has the option, at any time prior to maturity, to convert the unpaid principal amount plus accrued interest thereon into common shares of the Company at a price per share of \$0.25, subject to adjustment. In connection with the Convertible Debenture financing, 320,000 finders’ warrants were issued exercisable for a period of two years to purchase the same number of common shares with an exercise price of \$0.40.

## **The Transaction with Transglobe**

On October 20, 2020, the 1Wondr Gaming, 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 “Wondr Gaming Corp.”;
- 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.

On May 3, 2021, this Transaction was completed resulting in Transglobe issuing from treasury to the 1Wondr Gaming shareholders an aggregate 134,735,966 post-consolidation common shares representing all of the issued and outstanding shares of 1Wondr Gaming prior to completion of the Transaction with Transglobe. This includes the 44,091,500 common shares in connection with the automatic exchange of the subscription receipts pursuant to the Concurrent Financing of February 5 and 12, 2021 mentioned above. In the aggregate, Transglobe issued: (i) 134,735,966 post-consolidation common shares to the former shareholders of 1Wondr Gaming in exchange for such 1Wondr Gaming shares; (ii) 22,045,750 common share purchase warrants on the same terms as the warrants in exchange for such Warrants; and (iii) 3,305,820 finders' warrants in exchange for the finder's warrants issued to eligible finders in connection with the concurrent financing.

Further, Transglobe also issued 2,000,000 warrants in connection with the Convertible Debentures, 446,674 finder warrants in connection with certain private placements completed by 1Wondr Gaming and 320,000 finder warrants in connection with the Convertible Debenture financing.

After the closing of the Transaction and the name change of the resulting consolidated Company to Wondr Gaming Corp. (formerly, Transglobe Internet and Telecom Co., Ltd.), the Company began trading on the Canadian Securities Exchange ("CSE") on May 7, 2021 under the symbol "WDR".

Without significant operating activities. Transglobe did not meet the accounting definition of a business pursuant to IFRS 3 *Business Combinations*, and the acquisition was therefore accounted for as an acquisition of net assets in exchange for shares of the Resulting Issuer under IFRS 2 *Share-based Payments*. The excess of the fair value of the consideration provided over the net assets received was recognized as an expense in the condensed consolidated interim statements of loss and comprehensive loss. The non-cash listing expense of the Transaction was determined as follows:

Consideration transferred:	
Fair value of common shares (16,612,079 shares at \$0.19)	\$3,156,295
Net assets/(liabilities) acquired:	
Harmonized sales tax receivable	4,604
Accounts payable and accrued liabilities	(27,885)
Total net liabilities acquired	(23,281)
<b>Total non-cash listing expense</b>	<b>3,179,576</b>

Upon consummation of the Transaction, the Company adopted a stock option plan (the "Plan") to attract, retain and motivate qualified directors, officers, employees and consultants whose present and future contributions are important to the success of the Company by offering them an opportunity to participate in the entity's future performance through the award of stock options. Each stock option converts into one common share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of expiry. The total number of common shares reserved and available for grant and issuance pursuant to the Plan is equal to 10% of the issued and outstanding common shares of the Company. During the period, an aggregate 7,890,000 stock options

were granted pursuant to the Plan. The options vested immediately upon grant, have an exercise price of \$0.40 per share and expire three years after the grant date.

***Acquisition of Enterprise Gaming Canada Inc. (“EGCI”)***

On May 31, 2021, the Company acquired 100% of the issued and outstanding common shares of EGCI, the owner of a proprietary non-fungible token (“NFT”) platform leveraging Ethereum, in exchange for 4,000,000 common shares of the Company with consideration estimated to be \$1,097,460.

The transaction allows the Company to integrate a proprietary NFT-focused company within a gaming rewards ecosystem and will allow the Company to leverage the platform through partnership with other celebrities, athletes and family offices within the Company’s network. Wondr has called this division “Wondr NFT”.

The purchase price was allocated on a preliminary basis as follows:

Cash and cash equivalents	\$ 2,410
Domain name	4,214
Goodwill arising on acquisition	1,134,667
Accounts payable and accrued liabilities	(43,831)

***Announcement of Consulting Agreement with Blue Deer Capital Partners Inc. (“Blue Deer”)***

On May 17, 2021, the Company announced a consulting agreement with Blue Deer whereby Blue Deer will provide business, operational and strategic advice to the Company in exchange for 4,000,000 performance warrants exercisable at a price of \$0.29 per share expiring three years from the date of issuance and subject to an agreed upon vesting schedule.

***Acquisition of Hot Dot Media Inc. (“HDM”)***

On June 4, 2021, the Company acquired 100% of the issued and outstanding common shares of Hot Dot Media Inc. (“HDM”) in exchange for 8,000,000 common shares of the Company issued to the shareholders of HDM price for consideration estimated to be \$2,229,760. HDM is a social media agency focused exclusively on emerging platforms with media reach through a diverse network of creators across TikTok, Instagram, Facebook, and YouTube. The transaction closed on June 4, 2021 with the results of operations of HDM consolidated since that date. All common shares issued in connection with the acquisition of HDM are subject to a four-month and one day resale restriction and an 18-month voluntary escrow agreement between the selling shareholders of HDM and the Company. Wondr has called this division “Wondr Media”.

The purchase price was allocated on a preliminary basis as follows:

Cash and cash equivalents	\$ 7,678
Receivables	5,000
Goodwill arising on acquisition	2,228,451
Accounts payable and accrued liabilities	(869)
Due to related parties	(10,500)

### ***Trading on the Frankfurt Stock Exchange.***

On October 15, 2021, the Company announced that its common shares were now trading on the Frankfurt Stock Exchange under the symbol '64Q'.

### ***Announced Agreement to Acquire JoyBox Media Inc.***

On October 22, 2021, the Company announced that it had entered into a binding agreement to acquire all of the issued and outstanding common shares of JoyBox Media Inc., a media network and marketing agency, in exchange for \$1,200,000 worth of common shares of the Company at a deemed price of \$0.24 per shares and cash payments of \$300,000, subject to a staggered payment schedule based on certain revenue targets being achieved. The transaction has not yet closed but is expected to in the fourth quarter of 2021.

### ***Launch of the Loyalty and Rewards Platform***

On October 12, 2021, the Company launched its loyalty and rewards platform [WondrRewards.com](https://WondrRewards.com). The Company has and continues to partner with a number of organizations in the gaming, sports, and music industries to launch NFTs and bring rewards and savings to users who will accumulate points by gaming and viewing the Company's and partner content. This soft launch in October, absent any marketing or media support, allowed the Company to prove out its platform functionality, in conjunction with the Company's loyalty program software provider, including the tracking of loyalty points earned. The Company continues to build from this soft launch in anticipation of commercial launch in the future.

### ***Various Strategic Partnerships and Agreements***

On October 12, 2021, the Company announced a strategic partnership with Gamelancer, a gaming network company, to sell media across its network which includes over 20 channels, over 19,500,000 followers and over 800,000,000 monthly views.

On October 14, 2021, the Company entered into a strategic partnership with US video game developer and publisher MegaCat Studios to develop NFT-based games for the sports, music and the gaming markets.

On October 18, 2021, the Company announced a strategic partnership with Fischer & Associates, a professional brand and business management company, to mint and sell NFTs from their expansive roster of elite athletes.

On November 1, 2021, the Company announced that it had partnered with Media Kits, a platform built for creators to develop a custom media kit online with real-time data and analytics to assist the Company with aggregating user data and better understanding its audience.

On November 9, 2021, the Company announced that it had partnered with artist Neil Dankoff, owner of galleries in Memphis, Montreal and Toronto to mint and sell NFTs of Mr. Dankoff's art.

On November 16, 2021, the Company announced that it had entered into a US\$75,000 paid media agreement with a leading crypto mining company. This agreement is expected to generate revenues for the Company in the fourth quarter of 2021 and first quarter of 2022.

On November 23, 2021, the Company announced that it has entered into a strategic partnership with Toronto Maple Leafs' captain John Taveres and the John Taveres Foundation to mint and sell NFTs of John Taveres' career and share a portion of proceeds with the John Taveres Foundation.

On November 29, 2021, the Company announced that it has partnered with DreamMachine.ai, a generative A/V chill beat station to mint a series of NFTs.

### ***Launch of NFT Platform***

On November 15, 2021, the Company announced the launch of its NFT platform, [sports.WondrNFT.com](https://sports.WondrNFT.com), and its first NFT auction showcasing an NFT of Olympic decathlon gold medalist Damian Warner. The auction was open to all bidders from November 15 to November 23 and culminated in a successful winning bid of \$1,100 to be split by Fischer and Associates and the Company. Importantly, this soft platform launch and first auction allowed the Company to test the functionality of its NFT platform in a real-world environment in anticipation of a broader commercial launch in the future.

### ***Business Objective and Milestones***

Wondr Gaming is developing a loyalty platform to onboard gamers which 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), Wondr has the opportunity to generate revenue by positioning points as the default standard currency within the gaming ecosystem. Wondr 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.

During November 2021, Wondr launched its NFT and loyalty platforms. Wondr is currently working towards completing the platforms for a more widespread commercial roll-out.

Wondr also continues to build out its talent pool and human resources. In June and July 2021, Wondr hired experienced individuals to head their NFT and Media divisions. In August 2021, Wondr contracted with an individual in the role of Chief Strategy Officer.

## Financial Position, Results of Operations and Cashflows

### Results of Operations

The following summarizes the results of operations of the Company for the three and nine months ended September 30, 2021 and 2020:

	Nine months ended September 30, 2021	Nine months ended September 30, 2020	Three months ended September 30, 2021	Three months ended September 30, 2020
<b>Expenses:</b>	\$	\$	\$	\$
Consultants and subcontractors	1,071,373	335,002	500,151	105,000
Professional fees	544,037	6,521	76,565	-
General and administrative	512,015	78,346	217,467	31,206
Salaries, wages and benefits	360,077	-	201,485	-
Advertising and promotion	238,922	-	98,190	-
Finance costs, net	194,071	2,238	(969)	2,238
Research and development	-	450,000	-	200,000
Share-based payments	610,152	-	104,846	-
Depreciation	33,444	11,147	11,149	11,147
Short-term and variable lease payments	-	13,274	-	5,274
Impairment loss on intangible	880,040	-	267,562	-
Loss on revaluation of conversion option liability	8,000	-	-	-
Listing expense	3,179,576	-	-	-
<b>Net loss and comprehensive loss</b>	<b>(7,631,707)</b>	<b>(896,528)</b>	<b>(1,476,446)</b>	<b>(354,865)</b>

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

Consultants and subcontractor costs for the three and nine months ended September 30, 2021 of \$500,151 and \$1,071,373, respectively, (2020 - \$105,000 and \$335,002, respectively) consist primarily of contractor payments to the Chief Executive Officer and Chief Operating Officer of the Company for executive management services provided as well as amounts due to a firm providing investor relations services. As the Company has grown in 2021, the number of firms and individuals providing consulting or contractor services has also grown. In May 2021, the CEO became subject to an employment agreement instead of a contractor agreement.

Professional fees for the three and nine months ended September 30, 2021 of \$76,565 and \$544,037, respectively, (2020 - \$nil and \$6,521, respectively) include legal fees paid for general corporate matters and financings, legal fees related to the completion of the transaction with Transglobe as well as fees due to auditors and accountants for audit and tax services.

General and administrative expenses for the three and nine months ended September 30, 2021 of \$217,467 and \$512,015, respectively, (2020 - \$31,206 and \$78,346, respectively) consist of various travel and entertainment expenses related to investor presentations and meetings as well as supplies, insurance and other miscellaneous administrative expenses.

Salaries, wages and benefits for the three and nine months ended September 30, 2021 of \$201,485 and \$360,077, respectively, (2020 - \$nil and \$nil, respectively) are for compensation related to a member of the executive management team hired in October 2020, the CEO subject to an employment agreement effective May 2021 as well as the additions of a VP Administration, the Head of NFT and the Head of Media.

Advertising and promotion expenses for the three and nine months ended September 30, 2021 of \$98,190 and \$238,922, respectively, (2020 - \$nil and \$nil, respectively) consist of approximately \$75,000 for a sponsorship package to promote the Company with the residual being miscellaneous marketing and promotional initiatives.

Finance costs, net, for the three and nine months ended September 30, 2021 of (\$969) and \$194,071, respectively, (2020 - \$2,238 and \$2,238, respectively) largely consist of interest expense on the lease liability related to the office lease arrangement with a company owned by a shareholder of the Company (reflecting an annual discount rate of 12%); interest and accretion expense on the convertible debentures as well as interest, bank charges and interest income.

Research and development costs for the three and nine months ended September 30, 2021 were \$nil. The expenses for the comparative periods in 2020 consist of amounts paid to the former loyalty program provider whose principals are shareholders in the Company.

Depreciation for the three and nine months ended September 30, 2021 of \$11,149 and \$33,444, respectively, (2020 - \$11,147 and \$11,147, respectively) 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.

Share-based compensation for the three and nine months ended September 30, 2021 of \$104,846 and \$610,152, respectively, (2020 - \$nil and \$nil, respectively) reflects the straight-line amortization of the

\$30,000 fair value of shares issued to an officer of the Company over the one-year performance period which commenced October 2020, the fair value of the 8,752,500 options issued as well as the fair value of the 4,000,000 warrants issued to Blue Deer Capital.

Short term and variable lease payments for the three and nine months ended September 30, 2021 of \$nil and \$nil, respectively, (2020 - \$5,274 and \$13,274, respectively) 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.

The impairment loss on intangible for the three and nine months ended September 30, 2021 of \$267,562 and \$880,040, respectively, (2020 - \$nil and \$nil) represents the write-off of costs incurred to GroupBy Inc. that were originally capitalized as part of the development of the Company's loyalty platform as well as an expense accrued subsequently. The Company has engaged an alternative provider and soft-launched its platform in November 2021. Refer to the *Contingencies* section of the Management Discussion and Analysis for further information.

The loss on revaluation of the conversion option liability for the three and nine months ended September 30, 2021 of \$nil and \$8,000, respectively, (2020 - \$nil and \$nil, respectively) arose on the June 15, 2021 conversion of \$300,000 principal amount of the convertible debentures.

The listing expense for the three and nine months ended September 30, 2021 of \$nil and \$3,179,576, respectively, (2020 - \$nil and \$nil) represents the difference between the \$3,156,295 in fair value of common shares issued to the former shareholders of Transglobe as part of the Transaction and the \$23,281 in net liabilities of Transglobe acquired as part of the Transaction. Refer to the earlier discussion under the caption *The Transaction with Transglobe*.

### **Financial Position and Cashflows**

The following summarizes the financial position of the Company as at September 30, 2021 and December 31, 2020:

	<b>As at September 30, 2021</b>	<b>As at December 31, 2020</b>
<b>Assets:</b>	<b>\$</b>	<b>\$</b>
Current assets	5,626,572	431,983
Restricted cash	50,000	-
Deposits	4,425	4,425
Property and equipment	4,645	-
Intangible assets	17,915	183,701
Right-of-use asset	33,439	66,883
Investment in private company	163,245	163,245
Goodwill	3,363,118	-
<b>Liabilities:</b>		
Current liabilities	1,083,182	536,825
Lease liability	-	20,169
<b>Shareholders' equity:</b>		
Common shares	16,915,326	2,495,714
Warrant reserve	764,394	13,400
Share-based benefits reserve	348,035	-

Deficit	9,847,578	2,215,871
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Current assets consist of cash of \$4,940,846 (2020 - \$263,699), receivables of \$290,472 (2020 - \$21,073), and prepaid expenses and deposit of \$395,254 (2020 - \$147,211).

Since the Company does not yet have revenues, cash flows used in operations for the nine months ended September 30, 2021 was \$2,775,900 (2020 - \$919,938).

Cash flows used in investing activities for the nine months ended September 30, 2021 was \$758,269 (2020 - \$63,202) and largely related to development of the Company's gaming rewards and loyalty platform.

Cash flows provided from financing activities for the nine months ended September 30, 2021 was \$8,211,316 (2020 - \$994,687) and consisted of the proceeds from the issuance of the subscription receipts and the Convertible Debentures mentioned previously as well as various transaction costs of \$872,784. In 2020, the amount related to the issuance of common shares.

The receivables balance of \$290,472 (2020 - \$21,073) consists largely of HST receivable. Prepaid expenses of \$395,294 consist of approximately \$68,000 in prepaid legal fees to a contractor of the Company providing General Counsel services with the residual largely relating to prepaid investor relations services to an outside provider.

Restricted cash of \$50,000 (2020 - \$nil) consists of a GIC entered into as security for corporate credit cards.

Deposits of \$4,425 (2020 - \$4,425) consists of the rental deposit on the Company's office location paid to a company owned by a shareholder of the Company. Property and equipment of \$4,645 (2020 - \$nil) relates to computer equipment.

Intangible assets of \$17,915 (2020 - \$183,701) consist of domain names. As at December 31, 2020, the balance consisted of \$170,000 in costs paid to GroupBy Inc. related to its loyalty and reward platform. The Company re-evaluated its loyalty program platform provider (see Contingencies discussion below) and, as such, has taken an impairment charge on costs previously capitalized and subsequently incurred with GroupBy Inc. The Company has found another provider of the loyalty platform and does not anticipate this change to set back the timing of commercial launching the loyalty platform given that a soft launch was successful in November 2021.

The right-of-use asset of \$33,439 (2020 - \$66,883) 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 \$33,254 (2020 - \$43,628) and a long-term portion of \$nil (2020 - \$20,169).

The investment in a private company of \$163,245 (2020 - \$163,245) consists of an investment in Rival.ai ("Rival"). As at September 30, 2021, 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 are \$1,083,182 (2020 - \$536,825). Current liabilities consist of accounts payable and accrued liabilities of \$1,039,428 (2020 - \$489,525), and due to related party amounts representing miscellaneous amounts owed to a former shareholder of HDM and miscellaneous expense reimbursements to executive management of \$10,500 (2020 - \$3,672).

Of the total accounts payable and accrued liabilities approximately \$710,000 (2020 - \$nil) is due to GroupBy Inc. as it relates to the development of the Company's loyalty platform. The remainder of accounts payable and accrued liabilities is comprised of a payroll accrual, various investor relations accruals, legal fee accrual, and accruals to various consultants providing services to the Company.

The warrant reserve in shareholders' equity of \$764,394 (2020 - \$13,400) represents the fair value of 446,674 common share purchase warrants issued in 2020 to consultants for services in connection with the private placement of common shares; the issue of 3,305,820 common share purchase warrants in connection with the private placement of the subscription receipts (i.e. Concurrent Financing); the issue of 2,320,000 warrants in connection with the Convertible Debentures, the issuance of 22,045,750 warrants in connection with the conversion of the subscription receipts and 4,000,000 warrants issued to Blue Deer Capital compensation for their advisory agreement. The balance in 2020 represents the fair value of the 446,674 common share purchase warrants outstanding at December 31, 2020.

The share-based benefits reserve of \$348,035 (2020 - \$nil) represents the fair value of the 8,752,500 options issued to executive officers and various consultants during the nine months ended September 30, 2021.

### **Selected Quarterly Information**

<b>Quarter Ended</b>	<b>September 30, 2021</b>	<b>June 30, 2021</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Revenue	Nil	Nil	Nil	Nil
Net loss from continuing operations	\$1,476,446	\$5,661,101	\$494,160	\$1,037,110
Net loss on per share basis	\$0.01	\$0.04	\$0.01	\$0.01
<b>Quarter Ended</b>	<b>September 30, 2020</b>	<b>June 30, 2020</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>
Revenue	Nil	Nil	Nil	Nil
Net loss from continuing	\$354,865	\$260,124	\$281,539	\$96,933

operations				
Net loss on per share basis	-	\$0.004	\$0.01	\$0.002

### 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 automatically converted into 44,091,500 1Wondr Gaming Shares and 22,045,750 common share purchase warrants, for no additional consideration. The funds were held in escrow until completion of the Transaction on May 3, 2021. The amount of \$7,425,227, net of various transaction fees and payment obligations, was released and deposited into the bank account of the Company upon completion of the Transaction.

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. On June 15, 2021, \$300,000 principal amount of the Convertible Debentures was converted into 1,200,000 common shares. Subsequent to quarter-end, on July 3, 2021, the remaining \$700,000 principal amount of Convertible Debentures matured and the principal repaid in cash. Of the \$700,000 principal, interest of \$6,192 was paid in cash on \$200,000 while interest of \$15,479 on the remaining \$500,000 principal was repaid through the issuance of 61,917 common shares at the request of the holders.

With the funds raised to date and the funds 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 September 30, 2021 and 2020, the Company had minimal or negative operating cash flow because it had no revenues and only 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.

### **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 September 30, 2021 and December 31, 2020.

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 designated the derivative conversion option related to the Convertible Debentures 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 September 30, 2021, the Company had a cash balance of \$4,940,846 (2020 - \$263,699) to settle current liabilities of \$1,083,182 (2020 - \$536,825). 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 September 30, 2021 totaled a shareholders' equity of \$8,180,177 (December 31, 2020 – shareholders' equity of \$293,243). 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 three and nine months ended September 30, 2021.

### **Related Party Transactions**

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

	<b>Nine months ended September 30, 2021</b>	<b>Nine months ended September 30, 2020</b>	<b>Three months ended September 30, 2021</b>	<b>Three months ended September 30, 2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Short-term benefits	616,381	330,004	279,799	100,002
Share-based compensation	244,529	-	9,129	-
	<b>860,910</b>	<b>330,004</b>	<b>288,928</b>	<b>100,002</b>

Short-term benefits for the three and nine months ended September 30, 2021 include salaries of \$132,501 and \$255,168, respectively, (2020 - \$nil and \$nil, respectively) and consulting fees of \$147,298 and \$361,212, respectively, (2020 - \$100,002 and \$330,004, respectively). 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. An accrued liability of \$350,000 related to these services was paid in May 2021.

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:

	<b>As at September 30, 2021</b>	<b>As at December 31, 2020</b>
	\$	\$
Beginning balance	66,883	-
Recognized during the year	-	89,177
Depreciation	33,444	22,294
	<b>33,439</b>	<b>66,883</b>

The balance in the related lease liability is as follows:

	<b>As at September 30, 2021</b>	<b>As at December 31, 2020</b>
	\$	\$
Beginning balance	63,797	-
Recognized during the year	-	89,177
Interest expense	3,657	4,020
Lease payments	(34,200)	(29,400)
	<b>33,254</b>	<b>63,797</b>

## Contingencies

### *Statement of Claim – March 17, 2021*

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 recognized 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. In connection with the claim, on April 28, 2021, a motion for an interim injunction preventing the Company

from conducting its business was made and subsequently a judgment in favour of the Company was granted. The Company continues to seek dismissal of the claim.

On October 7, 2021, the Company filed a Statement of Defence and Counterclaim in the Ontario Superior Court of Justice. The Company is seeking damages for abuse of process, dismissal of the action for abuse of process and reimbursement of costs.

On November 16, 2021, the Company received a notice that the Company has been awarded \$59,206 in cost reimbursement related to this matter.

#### *Statement of Claim – July 29, 2021*

On July 29, 2021, a statement of claim was filed against the Company by GroupBy Inc., its loyalty program provider, alleging breach of contract and unjust enrichment and seeking US\$4,136,807 plus interest and costs. The Company intends to vigorously defend this statement of claim. As litigation is subject to many uncertainties, it is not possible to predict the ultimate outcome of this claim or to estimate the loss, if any, which may result. Accordingly, the outcome of the claim is not yet determinable, and the extent to which an outflow of funds may be required to settle this possible obligation cannot be reliably determined.

On September 7, 2021, the Company filed a Statement of Defence and Counterclaim in the Ontario Superior Court of Justice against GroupBy Inc. The Company claims, among other things, GroupBy Inc.'s failure to perform the services and misrepresentation and seeks dismissal of the action. Furthermore, the Company is counterclaiming seeking damages of \$400,000 plus costs for breach of contract and negligent misrepresentation.

On October 27, 2021, the Company filed a Third Party Counterclaim in the Ontario Superior Court of Justice against an individual who is a former director of the Company and CEO of GroupBy Inc. claiming breach of fiduciary duties and duties of good faith and is seeking US\$4.1 million in damages plus costs.

#### **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 September 30, 2021 there were 164,672,462 class A common shares and 32,118,244 warrants issued and outstanding in the capital of the Company. As at the date of this report, there were 164,672,462 class A common shares outstanding; 32,118,244 warrants convertible into 32,118,244 common shares and 1,652,910 warrants; and 9,742,500 options to purchase common shares outstanding.

**Additional Information**

Additional information relating to the Company, including additional risk factors, are available in the listing statement of the Company filed on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).