

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**FORM 20-F/A
(Amendment No. 1)**

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended August 31, 2022

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 001-39389

Engine Gaming and Media, Inc.

(Exact name of Registrant as specified in its charter)

British Columbia, Canada

(Jurisdiction of incorporation or organization)

2110 Powers Ferry Road SE, Suite 450, Atlanta, GA 30339

(Address of principal executive offices)

Michael Munoz, (212) 931-1200, mmunoz@franklymedia.com

2110 Powers Ferry Road SE, Suite 450, Atlanta, GA 30339

(Name, Telephone, E-Mail and/or Facsimile number and Address of Company Contact Person)

DRAFTKINGS v. WINVIEW
IPR2026-00175
DRAFTKINGS 1043

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Shares	GAME	Nasdaq Capital Market

Securities registered or to be registered pursuant to Section 12(g) of the Act: N/A

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 15,803,875 Common Shares.

Indicate by check mark if the Company is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the Company is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the Company (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Company has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Company was required to submit and post such files). Yes No

Indicate by check mark whether the Company is a large accelerated filer, an accelerated filer, a non-accelerated filer or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer

Accelerated filer
Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to

Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark which basis of accounting the Company has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued By the International Accounting Standards Board Other

If "Other" has been checked in response to previous question, indicate by check mark which financial statement item the Company has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the Company is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes
No

EXPLANATORY NOTE

This Amendment No. 1 on Form 20-F/A (“Amendment No. 1”) amends the Annual Report of Engine Gaming and Media, Inc. (the “Company”) on Form 20-F for the fiscal year ended August 31, 2022 (the “2022 Annual Report”), as originally filed with the Securities and Exchange Commission (the “SEC”), on December 29, 2022 to address certain comments from the staff of the SEC in relation to the 2022 Annual Report. Accordingly, the Company is restating in their entirety the following sections of the 2022 Annual Report: (i) the Independent Auditor’s Report, included in pages F-4 and F-70, (ii) the Consolidated Financial Statements for the years ended August 31, 2022 and 2021 and the Consolidated Financial Statements for the years ended August 31, 2021 and 2020. The specific changes made to the previously filed financial statements are described in the section titled “Restatement” in each of the respective Consolidated Financial Statements referred to above.

This Amendment No. 1 speaks as of the date of the 2022 Annual Report. Other than as set forth above, this Amendment No. 1 does not, and does not purport to, amend, update or restate in any way any other item contained in the 2022 Annual Report as originally filed with the SEC. As a result, this Amendment No. 1 does not reflect any events that may have occurred after the filing of the 2022 Annual Report on December 29, 2022. Accordingly, this Amendment No. 1 should be read in conjunction with the 2022 Annual Report and the Company’s other filings with, and reports furnished to, the SEC subsequent to December 29, 2022.

As required by Rule 12b-15 of the Securities and Exchange Act of 1934, as amended, the Company is filing or furnishing the certifications required under Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002 as exhibits to this Amendment No. 1.

Internal Control Considerations

In connection with the restatement, the Company’s management reassessed the effectiveness of its disclosure controls and procedures for the periods affected by the restatement. As a result of that reassessment, the Company’s management determined that its disclosure controls and procedures for such periods were not effective. In addition, the Company’s management determined that there was a material weakness in its internal control over financial reporting as of August 31, 2022.

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INTRODUCTION

In this Annual Report on Form 20-F/A (the “Annual Report”), the term “Company”, or “Engine” refers to Engine Gaming and Media, Inc. and its subsidiaries as a whole, unless otherwise specified or the context otherwise requires.

Information contained in this Annual Report is given as of August 31, 2022, the fiscal year end of Company, unless otherwise specifically stated.

Market and industry data used throughout this Annual Report was obtained from various publicly available sources. Although the Company believes that these independent sources are generally reliable, the accuracy and completeness of such information are not guaranteed and have not been verified due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and the limitations and uncertainty inherent in any statistical survey of market size, conditions and prospects.

Statements made in this Registration Statement concerning the contents of any contract, agreement or other document are summaries of such contracts, agreements or documents and are not complete descriptions of all of their terms. If we file any of these documents as an exhibit to this Registration Statement, you may read the document itself for a complete description of its terms.

Unless otherwise indicated in this Annual Report, references to “\$”, “US\$” or “U.S. dollars” are to United States dollars, references to “Canadian dollars” or “CDNS” are to the currency of Canada, and references to “EUR”, “€” or “Euros” are to European Euros.

The following table sets forth the rate of exchange for the Canadian dollar, expressed in United States dollars in effect at various times.

<u>Canadian Dollars to U.S. Dollars</u>	<u>Year Ended August 31, 2022</u>	<u>Year Ended August 31, 2021</u>
High for period	0.8111	0.8306
Low for period	0.7612	0.7465
Average rate for period	0.7863	0.7887
Rate at end of period	0.7627	0.7926

As of December 28, 2022, the closing exchange rate for Canadian dollars in terms of the United States dollar, as quoted by the Bank of Canada, was CDN\$1.00 = US\$0.7372.

The following table sets forth the rate of exchange for the Canadian dollar, expressed in Euros in effect at various times.

<u>Canadian Dollars to Euros</u>	<u>Year Ended August 31, 2022</u>	<u>Year Ended August 31, 2021</u>
High for period	0.7754	0.6840
Low for period	0.6649	0.6357
Average rate for period	0.7167	0.6598
Rate at end of period	0.7598	0.6709

As of December 28, 2022, the closing exchange rate for Canadian dollars in terms of Euros, as quoted by the Bank of Canada, was CDN\$1.00 = EUR €0.6934.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains “forward-looking statements” and “forward-looking information” within the meaning of United States and Canadian securities laws (collectively, “forward-looking statements”). These statements relate to future events or future performance and reflect the Company’s expectations and assumptions regarding such future events and performance. In particular, all statements, other than historical facts, included in this Annual Report that address activities, events or developments that management of the Company expect or anticipate will or may occur in the future are forward-looking statements, including but not limited to, statements with respect to:

- financial, operational and other projections and outlooks as well as statements or information concerning future operation plans, objectives, performance, revenues, growth, acquisition strategy, profits or operating expenses;
- the Company’s ability to successfully execute its business plan;
- any expectation of regulatory approval and receipt of certifications with respect to the Company’s current and proposed business transactions;
- expectations regarding existing products and plans to develop, implement or adopt new technology or products;
- the expectation of obtaining new customers for the Company’s products and services, as well as expectations regarding expansion and acceptance of the Company’s brand and products to new markets;

- estimates and projections regarding the industry in which the Company operates and adoption of technologies, including expectations regarding the growth and impact of esports;
- requirements for additional capital and future financing options;
- the risks inherent in international operations;
- marketing plans;
- the Company's ability to compete with its competitors and their technologies;
- the Company's reliance on key executives and the ability to attract and retain qualified personnel;
- the availability of intellectual property protection for the Company's products, and the Company's ability to expand and exploit its intellectual property;
- statements related to the expected or potential impact of the novel coronavirus ("COVID-19") pandemic;
- the completion of and the Company's use of the proceeds of any offering; and
- other expectations of the Company.

Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Such statements, made as of the date hereof, reflect the Company's current views with respect to future events and are based on information currently available to the Company and are subject to and involve certain known and unknown risks, uncertainties, assumptions and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed in or implied by such forward-looking statements. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected.

When relying on forward-looking statements to make decisions, readers should ensure that the preceding information, the risk factors described herein under in *Item 3.D - Risk Factors*, and the contents of this Annual Report are all carefully considered. These forward-looking statements are made as of the date of this Annual Report, and, except as may be required by law, the Company disclaims any obligation or undertaking to publicly release any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations, estimates and projections with regard thereto or any changes in events, conditions or circumstances on which any statement is based. Readers should not place undue importance on forward-looking statements and should not rely upon this information as of any other date. In addition to the disclosure contained herein, for more information concerning the Company's various risks and uncertainties, please refer to the Company's periodic public filings available under its profile on the SEC's (as defined below) Electronic Data Gathering, Analysis and Retrieval system ("EDGAR") at www.sec.gov and the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

STATUS AS AN EMERGING GROWTH COMPANY

We are an "emerging growth company" as defined in Section 3(a) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act") by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies. We will continue to qualify as an "emerging growth company" until the earliest to occur of: (a) the last day of the fiscal year during which we had total annual gross revenues of US\$1,235,000,000 (as such amount is indexed for inflation every 5 years by the United States Securities and Exchange Commission ("SEC")) or more; (b) the last day of our fiscal year following the fifth anniversary of the date of the first sale of equity securities pursuant to an effective registration statement under the United States Securities Act of 1933, as amended (the "Securities Act"); (c) the date on which we have, during the previous 3-year period, issued more than US\$1,000,000,000 in non-convertible debt; or (d) the date on which we are deemed to be a "large accelerated filer", as defined in Exchange Act Rule 12b-2. We expect to continue to be an emerging growth company for the immediate future.

Generally, a registrant that registers any class of its securities under Section 12 of the Exchange Act is required to include in the second and all subsequent annual reports filed by it under the Exchange Act a management report on internal control over financial reporting and, subject to an exemption available to registrants that are neither an "accelerated filer" or a "large accelerated filer" (as those terms are defined in Exchange Act Rule 12b-2), an auditor attestation report on management's assessment of internal control over financial reporting. However, for so long as we continue to qualify as an emerging growth company, we will be exempt from the requirement to include an auditor attestation report on management's assessment of internal controls over financial reporting in its annual reports filed under the Exchange Act, even if we were to qualify as an "accelerated filer" or a "large accelerated filer". In addition, Section 103(a)(3) of the Sarbanes-Oxley Act of 2002 (the "SOX") has been amended by the JOBS Act to provide that, among other things, auditors of an emerging growth company are exempt from any rules of the Public Company Accounting Oversight Board requiring a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the company.

FOREIGN PRIVATE ISSUER FILINGS

We are considered a “foreign private issuer” pursuant to Rule 405 promulgated under the Securities Act. In our capacity as a foreign private issuer, we are exempt from certain rules under the Exchange Act that impose certain disclosure obligations and procedural requirements for proxy solicitations under Section 14 of the Exchange Act. In addition, our officers, directors and principal shareholders are exempt from the reporting and “short-swing” profit recovery provisions of Section 16 of the Exchange Act and the rules under the Exchange Act with respect to their purchases and sales of our shares. Moreover, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as United States companies whose securities are registered under the Exchange Act. In addition, we are not required to comply with Regulation FD, which restricts the selective disclosure of material information. For as long as we are a “foreign private issuer” we intend to file our annual financial statements on Form 20-F and furnish our quarterly financial statements on Form 6-K to the SEC for so long as we are subject to the reporting requirements of Section 13(g) or 15(d) of the Exchange Act. However, the information we file or furnish may not be the same as the information that is required in annual and quarterly reports on Form 10-K or Form 10-Q for United States domestic issuers. Accordingly, there may be less information publicly available concerning us than there is for a company that files as a domestic issuer.

We may take advantage of these exemptions until such time as we are no longer a foreign private issuer. We are required to determine our status as a foreign private issuer on an annual basis at the end of our second fiscal quarter. We would cease to be a foreign private issuer at such time as more than 50% of our outstanding voting securities are held by United States residents and any of the following three circumstances applies: (1) the majority of our executive officers or directors are United States citizens or residents; (2) more than 50% of our assets are located in the United States; or (3) our business is administered principally in the United States. If we lose our “foreign private issuer status” we would be required to comply with Exchange Act reporting and other requirements applicable to United States domestic issuers, which are more detailed and extensive than the requirement for foreign private issuers.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. Reserved.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

The Company's operations and financial performance are subject to the normal risks of its industry and are subject to various factors which are beyond the control of the Company. Certain of these risk factors are described below. The risks described below are not the only ones facing the Company. Additional risks not currently known to the Company, or that it currently considers immaterial, may also adversely impact the Company's business, operations, financial results or prospects, should any such other events occur.

Risks Associated with the Business and Industry of the Company

Liquidity concerns and future financings

Although the Company has been successful in the past in financing its activities, there can be no assurance that it will be able to obtain additional financing as and when needed in the future to execute its business plan and future operations. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. It may be difficult or impossible for the Company to obtain financing on commercially acceptable terms. This may be further complicated by the limited market liquidity for shares of smaller companies such as the Company, restricting access to some institutional investors. There is a risk that interest rates will increase given the current historical low level of interest rates. An increase in interest rates could result in a significant increase in the amount that the Company pays to service future debt incurred by the Company and affect the Company's ability to fund ongoing operations.

Failure to obtain additional financing on a timely basis could also result in delay or indefinite postponement of further development of its products. Such delay would have a material and adverse effect on the Company's business, financial condition and results of operations.

The Company may not be able to successfully execute its business plan

The execution of the Company's business plan poses many challenges and is based on a number of assumptions. The Company may not be able to successfully execute its business plan. If the Company's business plan is more costly than anticipated or there are significant cost overruns, certain products and development activities may be delayed or eliminated or the Company may be compelled to secure additional funding (which may or may not be available) to execute its business plan. The Company cannot predict with certainty its future revenues or results from its operations. If the assumptions on which revenue or expenditure forecasts are based change, the benefits of the Company's business plan may change as well. In addition, the Company may consider expanding its business beyond what is currently contemplated in its business plan. Depending on the financing requirements of a potential acquisition or new product opportunity, the Company may be required to raise additional capital through the issuance of equity or debt. If the Company is unable to raise additional capital on acceptable terms, the Company may be unable to pursue a potential acquisition or new product opportunity.

Difficulties integrating acquisitions and strategic investments

The Company has acquired businesses, personnel and technologies in the past and expects to continue to pursue acquisitions, such as the completed acquisitions of Frankly Inc. (“**Frankly**”), WinView, Inc., (“**WinView**”), Stream Hatchet S.L (“**Stream Hatchet**”), SideQik, Inc. (“**SideQik**”), and other investments that are complementary to the existing business, and expanding the employee base and the breadth of the Company’s offerings. The Company’s ability to grow through future acquisitions will depend on the availability of suitable acquisition and investment candidates at an acceptable cost, the ability to compete effectively to attract these candidates and the availability of financing to complete larger acquisitions. Since the Company expects the esports industry to consolidate in the future, the Company may face significant competition in executing its growth strategy. Future acquisitions or investments could result in potential dilutive issuances of equity securities, use of significant cash balances or incurrence of debt, and contingent liabilities or amortization expenses related to goodwill and other intangible assets, any of which could adversely affect the financial condition and results of operations of the Company. The benefits of an acquisition or investment may also take considerable time to develop, and the Company cannot be certain that any particular acquisition or investment will produce the intended benefits.

The above risks and difficulties, if they materialize, could disrupt the Company’s ongoing business, distract management, result in the loss of key personnel, increase expenses and otherwise have a material adverse effect on the Company’s business, results of operations and financial performance.

Management of growth

The Company has grown rapidly since its inception and it plans to continue to grow at a rapid pace. This growth has put significant demands on the Company’s processes, systems and personnel.

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. Managing the Company’s growth will require significant expenditures and allocation of valuable management resources. The inability of the Company to deal with this growth may have a material adverse effect on the Company’s business, financial condition, results of operations and prospects.

The Company may continue to have reduced cash reserves

The Company expects its cash reserves will be reduced due to future operating losses, working capital requirements, capital expenditures, and potential acquisitions and other investments by its business, and the Company cannot provide certainty as to how long its cash reserves will last or that it will be able to access additional capital when necessary.

The Company expects to incur continued losses and generate negative cash flow until it can produce sufficient revenues to cover its costs. The Company may never become profitable. Even if the Company does achieve profitability, it may be unable to sustain or increase profitability in the future. For the reasons discussed in more detail below, there are substantial uncertainties associated with the Company achieving and sustaining profitability. The Company expects its cash reserves will be reduced due to future operating losses, and working capital requirements, and the Company cannot provide certainty as to how long its cash reserves will last or that it will be able to access additional capital if and when necessary.

Competition

The Company’s failure to compete successfully in its various markets could have a material adverse effect on the Company’s business, financial condition and results of operations. The market for the various types of product and service offerings of the Company is very competitive and rapidly changing. The Company faces competition from other esports businesses, many of which are larger and better funded than the Company. There can be no guarantee that the Company’s current and future competitors will not develop similar or superior services to the Company’s products and services which may render the Company uncompetitive. Increasing competition could result in fewer future customers, reduced revenue, reduced sales margins and loss of market share, any one of which could harm the business of the Company.

Players in the current market face a vast array of entertainment choices. Other forms of entertainment, such as offline, traditional online, personal computer and console games, television, movies, sports and the Internet are much larger and more well-established markets and may be perceived by the Company’s customers to offer greater variety, affordability, interactivity and enjoyment. These other forms of entertainment compete for the discretionary time and income of the Company’s customers. If the Company is unable to sustain sufficient interest in its products and services in comparison to other forms of entertainment, including new forms, the business model may no longer be viable.

For a detailed description of the competitive environment faced by the Company, see *Item 4.B. - Business Overview - Competitive Conditions*.

Security and privacy breaches

Security or privacy breaches may result in an interruption of service or a reduced quality of service, which could increase the Company's costs or result in a reduction in the use of the Company's services by its customers. The Company's systems may be vulnerable to physical break-ins, computer viruses, attacks by computer hackers or similar disruptive problems. If unauthorized users gain access to the Company's databases, they may be able to steal, publish, delete or modify sensitive information that is stored or transmitted on the Company's networks and which the Company is required by its contracts to keep confidential. A security or privacy breach could result in an interruption of service or a reduced quality of service. Confidential information internal to the Company may also be disclosed to unauthorized personnel who may use such information in a manner adverse to the Company's interests. Hackers may attempt to "flood" the network, thereby preventing legitimate network traffic or to disrupt the network, thereby preventing access to a service or preventing a particular individual from accessing a service. The Company may therefore be required to make significant expenditures in connection with corresponding corrective or preventive measures. In addition, a security or privacy breach may harm the Company's reputation and cause its customers to reduce their use of the Company's services, which could harm the Company's revenue and business prospects. In addition, the Company's revenue may be adversely affected by un-captured usage, in the event that the Company's system is "hacked", resulting in transmissions that may not be detected by its billing system. Further, the increase in traffic as a result of such unauthorized "hacking" may slow or overload the Company's transmission network, thereby adversely affecting the overall quality of services which the Company provides to its paying customers. If the Company incurs any such losses or liabilities, the Company's operating results, financial condition, business and prospects may be adversely affected.

The development of high-quality products requires substantial up-front expenditures

Consumer preferences for games are usually cyclical and difficult to predict, and even the most successful titles remain popular for only limited periods of time, unless refreshed with new content or otherwise enhanced. In order to remain competitive, the Company must continuously develop new products or enhancements to existing products. The amount of lead time and cost involved in the development of high-quality products is increasing, and the longer the lead time involved in developing a product and the greater the allocation of financial resources to such product, the more critical it is that the Company accurately predicts consumer demand for such product. If its future products do not achieve expected consumer acceptance or generate sufficient revenues upon introduction, the Company may not be able to recover the substantial development and marketing costs associated with those products.

Rapid technological changes

Rapid technological changes may increase competition and render the Company's technologies, products or services obsolete or cause the Company to lose market share. The online gaming, influencer and media software industries is subject to rapid and significant changes in technology, frequent new service introductions and evolving industry standards. Such changes may adversely affect the Company's revenue. There can be no assurance that the Company can improve the features, functionality, reliability and responsiveness of infrastructure. Similarly, the technologies that the Company employs may become obsolete or subject to intense competition from new technologies in the future. If the Company fails to develop, or obtain timely access to, new technologies, or if it fails to obtain the necessary licenses for the provision of services using these new technologies, the Company may lose market share, and its results of operations would be adversely affected.

Failure to license necessary third party software for use in the Company's products and services, or failure to successfully integrate third party software, could cause delays or reductions in the Company's sales, or errors or failures of the Company's service

The Company licenses third party software that it incorporates into its products and services. In the future, the Company might need to license other software to enhance its products and meet evolving customer requirements. These licenses may not continue to be available on commercially reasonable terms or at all. Some of this technology could be difficult to replace once integrated. The loss of, or inability to obtain, these licenses could result in delays or reductions of the Company's applications until it identifies, licenses and integrates or develops equivalent software, and new licenses could require the Company to pay higher royalties. If the Company is unable to successfully license and integrate third party technology, it could experience a reduction in functionality and/or errors or failures of the Company's products, which may reduce demand for its products and services.

Third-party licenses may expose the Company to increased risks, including risks associated with the integration of new technology, the impact of new technology integration on existing technology, open source software disclosure risks, the diversion of resources from the development of the Company's own proprietary technology, and inability to generate revenue from new technology sufficient to offset associated acquisition and maintenance costs.

Proprietary protection and intellectual property disputes

Protection of the trade secrets, copyrights, trademarks, domain names and other product rights of the Company are important to its success. The Company protects its intellectual property rights by relying on trademark protection, common law rights as well as contractual restrictions. However, many of the Company's proprietary technologies are currently unpatented nor has the Company made any applications for such intellectual property registrations and has no present intention to do so in the near future. As such, the current steps that it takes to protect its intellectual property, including contractual arrangements, may not be sufficient to prevent the misappropriation of its proprietary information or deter independent development of similar technologies by others.

Should the Company decide to register its intellectual property in one or more jurisdictions, it will be an expensive and time consuming process and there is no assurance that the Company will be successful in any or all of such jurisdictions. The absence of registered intellectual property rights, or the failure to obtain such registrations in the future, may result in the Company being unable to successfully prevent its competitors from imitating its solutions or using some or all of its processes. Even if patents and other registered intellectual property rights were to be issued to the Company, its intellectual property rights may not be sufficiently comprehensive to prevent its competitors from developing similar competitive products and technologies.

Litigation may be necessary to enforce the intellectual property rights of the Company. Any litigation of this nature, regardless of outcome or merit, could result in substantial costs, adverse publicity or diversion of management and technical resources, any of which could adversely affect the business and operating results of the Company. Moreover, due to the differences in foreign patent, trademark, copyright and other laws concerning proprietary rights, the Company's intellectual property may not receive the same degree of protection in foreign countries as it would in Canada or the United States. The Company's failure to possess, obtain or maintain adequate protection of its intellectual property rights for any reason could have a material adverse effect on its business, results of operations and financial condition.

The Company may also face allegations that it has infringed the trademarks, copyrights, patents and other intellectual property rights of third parties, including from its competitors and former employers of the Company's personnel. Whether a product infringes a patent or other intellectual property right involves complex legal and factual issues, the determination of which is often uncertain.

System failures, delays and other technical problems

System failures, delays and other technical problems could harm the Company's reputation and business, causing the Company to lose customers and expose it to customer liability. The Company may experience failures or interruptions of its systems and services, or other problems in connection with its operations as a result of, amongst other things:

- damage to, or failure of, its computer software or hardware or its infrastructure and connections;
- data processing errors by its systems;
- computer viruses or software defects; and
- physical or electronic break-ins, sabotage, intentional acts of vandalism and similar events.

If the Company cannot adequately ensure that its network services perform consistently at a high level or otherwise fail to meet its customers' expectations:

- it may experience damage to its reputation, which may adversely affect its ability to attract or retain customers who participate in online esports tournaments;
- its operating expenses or capital expenditures may increase as a result of corrective actions that the Company must perform; or
- one or more of its significant contracts may be terminated early, or may not be renewed.

Transmission of User Data

The Company transmits and stores a large volume of data. The Company is subject to legislation and regulations on the collection, storage, retention, transmission, and use of user-data that it collects. The Company's efforts to protect the personal information of its users, partners and clients may be unsuccessful due to the actions of third parties, software bugs or technical malfunctions, employee error or malfeasance, or other factors. In addition, third parties may attempt to fraudulently induce employees or users to disclose information in order to gain access to the Company's data, users' data, partners' data or clients' data. If any of these events occur, users', partners' or clients' information could be accessed or disclosed improperly. Any incidents involving the unauthorized access to or improper use of the information of users or incidents involving violation of the Company's terms of service or policies could damage the Company's reputation and brands and diminish its competitive position. Moreover, affected users, clients or governmental authorities could initiate legal or regulatory action against the Company in connection with such incidents, which could cause the Company to incur significant expense and liability or result in orders or consent decrees forcing the Company to modify its business practices and remediate the effects of any such incidents of unauthorized access or use. Any of these events could have a material adverse effect on the Company's prospects, businesses, financial condition or results of operations.

Data collection risks

The Company partially relies on data captured by Stream Hatchet for its revenues and for assessing the performance of some of its brands. Capturing accurate data is subject to various limitations. For example, Stream Hatchet may need to collect certain data from mobile carriers or other third parties such as various viewing platforms, which limits the Company's ability to verify the reliability of such data. Further, Stream Hatchet may not be able to collect any data from third parties at all. Failure to capture accurate data or an incorrect assessment of this data may materially harm business and operating results.

Global economy

The business of the Company is subject to general economic conditions. Adverse changes in general economic and market conditions could adversely impact demand for the Company's products, prices, revenue, operating costs, results of financing efforts, and the timing and extent of capital expenditures.

Foreign operational risks

A significant portion of the business and operations of the Company is conducted in foreign jurisdictions, including the United States, and Spain. As such, the Company's business and operations may be adversely affected by changes in foreign government policies and legislation or social instability and other factors which are not within the control of the Company, including, but not limited to, renegotiation or nullification of existing contracts or licenses, changes in policies, regulatory requirements or the personnel administering them, economic sanctions, risk of terrorist activities, revolution, border disputes, implementation of tariffs and other trade barriers and protectionist practices, volatility of financial markets, labor disputes and other risks arising out of foreign governmental sovereignty over the areas in which the Company's business is conducted. The Company's operations may also be adversely affected by laws and policies of such foreign jurisdictions affecting foreign trade, taxation and investment.

If the Company's operations are disrupted and/or the economic integrity of its contracts is threatened for unexpected reasons, its business may be harmed. In the event of a dispute arising in connection with the Company's operations in a foreign jurisdiction where the Company conducts or will conduct its business, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgments in such other jurisdictions. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, the Company's activities in foreign jurisdictions could be substantially affected by factors beyond their control, any of which could have a material adverse effect on the Company. The Company believes that its management is sufficiently experienced to manage these risks.

Regulation

The Company is subject to general business regulations and laws as well as regulations and laws specifically governing the internet, gaming, e-commerce and electronic devices. Existing and future laws and regulations may impede the Company's growth or strategy. These regulations and laws cover taxation, privacy, data protection, pricing, content, copyrights, distribution, mobile communications, consumer protection, web services, wagering, the provision of online payment services, websites and the characteristics and quality of products and services. Unfavorable changes in regulations and laws could decrease demand for the Company's events, online offering and merchandise, increase its cost of doing business or otherwise have a material adverse effect on the Company's reputation, popularity, results of operations and financial condition.

The Company has never paid dividends and may not do so in the foreseeable future

The Company has never paid cash dividends on the common shares in its capital (the "Common Shares"). Currently, the Company intends to retain its future earnings, if any, to fund the development and growth of its business, and does not anticipate paying any cash dividends on its Common Shares in the near future. As a result, shareholders will have to rely on capital appreciation, if any, to earn a return on investment in any Common Shares in the foreseeable future.

The market price for Common Shares has been volatile in the past, and may be subject to fluctuations in the future

The market price of the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. This volatility may affect the ability of holders of Common Shares to sell their securities at an advantageous price. Market price fluctuations in the Common Shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Common Shares.

Financial markets historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Common Shares may be materially adversely affected.

Emerging diseases, like COVID-19, may adversely affect the Company's operations, suppliers, or customers

Emerging diseases, like COVID-19, and government actions to address them, may adversely affect the Company's operations, suppliers, or customers. The COVID-19 pandemic continues to evolve rapidly and, as a result, it is difficult to accurately assess its continued magnitude, outcome and duration, but it could:

- worsen economic conditions, which could negatively impact access to capital;
- reduce consumer spending;
- limit the Company's employees from travelling which could affect the execution of the Company's business plan given the Company is multi-jurisdictional; or
- result in governmental regulation adversely impacting the Company's business

all of which could have a material adverse effect on the Company's business, financial condition and results of operations, which could be rapid and unexpected.

Retention and acquisition of new CMS platform customers

Our financial performance and operations are dependent in part on retaining our current CMS platform customers and acquiring new CMS platform customers. We currently serve a large number of customers with our CMS platform and a typical customer contract runs for multiple years. However, we compete with the other technology providers in the market and increasing competition may affect our ability to retain current and acquire new customers. Any number of factors could potentially negatively affect our customer retention or acquisition. For example, a current customer may request products or services that we currently do not provide and may be unwilling to wait until we can develop or source such additional features. Other factors that affect our ability to retain or acquire new CMS platform customers include:

- customers increasingly use competing products or services;
- we fail to introduce new and improved products or if we introduce new products or services that are not favorably received;
- we are unable to continue to develop new products and services that work with a variety of mobile operating systems and networks and/or that have a high level of market acceptance;
- there are changes in customer preference;
- there is consolidation or vertical integration of our customers;
- there are changes in customer sentiment about the quality or usefulness of our products and services;
- there are adverse changes in our products that are mandated by legislation, regulatory authorities, or litigation, including settlements or consent decrees;
- technical or other problems prevent us from delivering our products in a rapid and reliable manner;
- we fail to provide adequate customer service to our customers; or
- we, our software developers, or other companies in our industry are the subject of adverse media reports or other negative publicity.

Exposure to advertising marketplace

A significant portion of our projected revenue is generated from the sale of national and local online advertising inventory, which is dependent on available advertising inventory and market demand and prices for such inventory. A decline in available supply of advertising inventory, general demand for advertising inventory and general economic conditions may materially and adversely affect our advertising revenue. Changes in advertising technologies, rules and regulations may also have a material adverse effect on our advertising revenue.

A significant portion of our projected revenue is generated from the sale of national and local online advertising inventory, the majority of which we sell on an automated basis through real-time bidding. We also sell a small portion of our inventory to premium direct advertising customers to whom we provide guaranteed advertisement inventory. Our advertising revenue is dependent on the amount of advertising inventory that is available to us to sell and market demand and prices for such inventory.

The amount of advertising inventory available for us to sell is affected by many variables including but not limited to:

- the negotiated amount of inventory we receive from our current CMS customers;
- the amount of additional inventory our current CMS customers permit us to sell on their behalf;
- our ability to acquire inventory to sell on behalf of parties that are not customers of our CMS;
- the amount of inventory available on our owned and operated properties;
- the amount of end-user traffic to our customers' and our online properties; and
- the specific type of advertising to be sold, such as display, video or mobile advertising.

While we endeavor to maximize the amount of inventory, we are able to sell, some of the foregoing variables, and by extension the amount of inventory we may sell, are affected by market forces and other contingencies that we do not control.

The other principal component of gross advertising revenue is the price at which advertising inventory may be sold. To a large extent, the prices we are able to achieve for our advertising inventory are a product of the market supply and demand, which may vary based on several factors including ad size, ad type, geographic region and time of year. At a macro level, advertising spending is also sensitive to overall economic conditions, and our advertising revenues will be adversely affected if advertisers respond to weak and uncertain economic conditions, for example as a result of disruptions from COVID-19, by reducing their budgets or changing their spending patterns. There are limitations on the amount that we can compensate for fluctuations in the prevailing market prices for advertising inventory. Any reduction in spending by existing or potential advertisers and a decline in available advertising inventory or demand for such inventory would negatively affect our advertising revenue and could affect our ability to grow our advertising customer base.

Volatility of Revenues and Expenses

We may experience wide fluctuations in reported revenue and earnings from one period to another due to seasonality in revenue streams, short-term nature of some customer agreements and engagements, gain or loss of customer agreements, one-time other non-recurring revenues and expenses. Additionally, we may experience wide-fluctuations in revenues and expenses due to required accounting treatment of certain non-cash items, including the accounting treatment of the liability for our outstanding warrants and convertible debt. Because of the nascent nature and stage of some of our assets, investments, and intangibles, and difficulty in assessing their valuation, we may be required from time to time to impair, write down or otherwise adjust the carrying value of these assets, investments and intangibles, and such impairments and write-downs may have a material impact on our reported earnings.

Cybersecurity threats

A cyber incident is an intentional or unintentional event that could threaten the integrity, confidentiality or availability of the Company's information resources. These events include, but are not limited to, unauthorized access to information systems, a disruption to our information systems, or loss of confidential information. Engine's primary risks that could result directly from the occurrence of a cyber incident include operational interruption, damage to our public image and reputation, and/or potentially impact the relationships with our customers.

We have implemented processes, procedures and controls to mitigate these risks, including, but not limited to, firewalls and antivirus programs and training and awareness programs on the risks of cyber incidents. These procedures and controls do not guarantee that the financial results may not be negatively impacted by such an incident.

Proposed legislation in the U.S. Congress, including changes in U.S. tax law, and the recently enacted Inflation Reduction Act of 2022 may adversely impact the Company and the value of the Common Shares.

Changes to U.S. tax laws (which changes may have retroactive application) could adversely affect the Company or holders of the Common Shares. In recent years, many changes to U.S. federal income tax laws have been proposed and made, and additional changes to U.S. federal income tax laws are likely to continue to occur in the future.

The U.S. Congress is currently considering numerous items of legislation which may be enacted prospectively or with retroactive effect, which legislation could adversely impact the Company's financial performance and the value of the Common Shares. Additionally, states in which the Company operates or owns assets may impose new or increased taxes. If enacted, most of the proposals would be effective for 2022 or later years. The proposed legislation remains subject to change, and its impact on the Company and purchasers of the Common Shares is uncertain.

In addition, the Inflation Reduction Act of 2022 was recently signed into law and includes provisions that will impact the U.S. federal income taxation of corporations. Among other items, this legislation includes provisions that will impose a minimum tax on the book income of certain large corporations and an excise tax on certain corporate stock repurchases that would be imposed on the corporation repurchasing such stock. It is unclear how this legislation will be implemented by the U.S. Department of the Treasury and the Company cannot predict how this legislation or any future changes in tax laws might affect the Company or purchasers of the Common Shares.

Risks Related to Our Securities

The Company's Foreign Private Issuer status under United States Securities Laws.

The Company is a "foreign private issuer", under applicable United States federal securities laws, and is, therefore, not subject to the same requirements that are imposed upon United States domestic issuers by the SEC. Under the Exchange Act, the Company is subject to reporting obligations that, in certain respects, are less detailed and less frequent than those of United States domestic reporting companies. As a result, the Company does not file the same reports that a United States domestic issuer would file with the SEC, although the Company is required to file with or furnish to the SEC the continuous disclosure documents that it is required to file in Canada under Canadian securities laws. In addition, the Company's officers, directors, and principal shareholders are exempt from the reporting and short-swing profit recovery provisions of Section 16 of the Exchange Act. Therefore, the Company's shareholders may not know on as timely a basis when the Company's officers, directors and principal shareholders purchase or sell Common Shares, as the reporting periods under the corresponding Canadian insider reporting requirements are longer.

As a foreign private issuer, the Company is exempt from the rules and regulations under the Exchange Act related to the furnishing and content of proxy statements. The Company is also exempt from Regulation FD, which prohibits issuers from making selective disclosures of material non-public information. While the Company complies with the corresponding requirements relating to proxy statements and disclosure of material non-public information under Canadian securities laws, these requirements differ from those under the Exchange Act and Regulation FD and shareholders should not expect to receive the same information at the same time as such information is provided by United States domestic companies. In addition, the Company may not be required under the Exchange Act to file annual and quarterly reports with the SEC as promptly as U.S. domestic companies whose securities are registered under the Exchange Act.

In order to maintain its status as a foreign private issuer, a majority of the Common Shares must be either directly or indirectly owned by non-residents of the United States unless the Company also satisfies one of the additional requirements necessary to preserve this status. The Company may in the future lose its foreign private issuer status if a majority of its Common Shares are held in the United States and if the Company fails to meet the additional requirements necessary to avoid loss of its foreign private issuer status. The regulatory and compliance costs under United States federal securities laws as a United States domestic issuer may be significantly more than the costs incurred as a Canadian foreign private issuer using the standard foreign form or as Canadian foreign private issuer eligible to use the multi-jurisdictional disclosure system adopted by the securities regulatory authorities in United States and Canada (“MJDS”). If the Company is not a foreign private issuer, it would not be eligible to use the MJDS or other foreign issuer forms and would be required to file periodic and current reports and registration statements on United States domestic issuer forms with the SEC, which are more detailed and extensive than the forms available to a foreign private issuer.

The Company is an emerging growth company and relies on exemptions from certain disclosure requirements which may make its Common Shares less attractive to investors.

The Company is an “emerging growth company” as defined in section 3(a) of the Exchange Act (as amended by the JOBS Act, enacted on April 5, 2012), and the Company will continue to qualify as an emerging growth company until the earliest to occur of: (a) the last day of the fiscal year during which the Company has total annual gross revenues of US\$1,235,000,000 (as such amount is indexed for inflation every five years by the SEC) or more; (b) the last day of the fiscal year of the Company following the fifth anniversary of the date of the first sale of common equity securities of the Company pursuant to an effective registration statement under the Securities Act, as amended; (c) the date on which the Company has, during the previous three year period, issued more than US\$1,000,000,000 in non-convertible debt; and (d) the date on which the Company is deemed to be a “large accelerated filer”, as defined in Rule 12b-2 under the Exchange Act. The Company will qualify as a large accelerated filer (and would cease to be an emerging growth company) at such time when on the last business day of its second fiscal quarter of such year the aggregate worldwide market value of its common equity held by non-affiliates will be US\$700,000,000 or more.

For so long as the Company remains an emerging growth company, it is permitted to and intends to rely upon exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include not being required to comply with the auditor attestation requirements of Section 404 of SOX. The Company cannot predict whether investors will find its Common Shares less attractive because the Company relies upon certain of these exemptions. If some investors find the Common Shares less attractive as a result, there may be a less active trading market for the Common Shares and the Common Share price may be more volatile. On the other hand, if the Company no longer qualifies as an emerging growth company, the Company would be required to divert additional management time and attention from the Company’s development and other business activities and incur increased legal and financial costs to comply with the additional associated reporting requirements, which could negatively impact the Company’s business, financial condition and results of operations.

Our failure to meet the continued listing requirements Nasdaq could result in a delisting of our securities.

On June 23, 2022, we received a letter from the Listing Qualifications Department of The Nasdaq Stock Market LLC indicating that, based upon the closing bid price of our Common Shares for the 30 consecutive business day period prior to June 23, 2022, we did not meet the minimum bid price of \$1.00 per share required for continued listing on the Nasdaq Capital Market (“Nasdaq”) pursuant to Nasdaq Listing Rule 5550(a)(2). The letter also indicated that we will be provided with a compliance period of 180 calendar days, or until December 20, 2022 (the “Compliance Period”), in which to regain compliance pursuant to Nasdaq Listing Rule 5810(c)(3)(A). On December 21, 2022 we received a 180 calendar day extension to the initial Compliance Period.

In order to regain compliance with Nasdaq's minimum bid price requirement, our Common Shares must maintain a minimum closing bid price of \$1.00 for at least ten consecutive business days during the Compliance Period. In the event we do not regain compliance by the end of the Compliance Period, we may be eligible for additional time to regain compliance. To qualify, we will be required to meet the continued listing requirement for the market value of its publicly held shares and all other initial listing standards for Nasdaq, with the exception of the bid price requirement, and will need to provide written notice of our intention to cure the deficiency during the second compliance period, including by effecting a reverse stock split if necessary. If we meet these requirements, we may be granted an additional 180 calendar days to regain compliance. However, if it appears to Nasdaq that we will be unable to cure the deficiency, or if we are not otherwise eligible for the additional cure period, Nasdaq will provide notice that our Common Shares will be subject to delisting.

If we fail to satisfy the continued listing requirements of Nasdaq, such as minimum bid price requirements, Nasdaq may take steps to delist our Common Shares. Such a delisting would have a materially adverse effect on the price of our Common Shares, impair the ability to sell or purchase our Common Shares when persons wish to do so, and materially adversely affect our ability to raise capital or pursue strategic restructuring, refinancing or other transactions on acceptable terms, or at all. Delisting from Nasdaq could also have other negative results, including the potential loss of institutional investor interest and fewer business development opportunities, as well as a limited amount of news and analyst coverage. In the event of a delisting, we would attempt to take actions to restore our compliance with Nasdaq's listing requirements, but we can provide no assurance that any such action taken by us would allow our securities to become listed again, stabilize the market price or improve the liquidity of our securities, prevent our Common Shares from dropping below the Nasdaq minimum bid price requirement or prevent future non-compliance with Nasdaq's listing requirements.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Name, Address and Incorporation

The Company was incorporated as "Stratton Capital Corp." under the Business Corporations Act (Ontario) pursuant to articles of incorporation on April 8, 2011. On October 19, 2016, the Company filed Articles of Amendment changing its name from "Stratton Capital Corp." to "Millennial Esports Corp."

On June 7, 2019, the Company filed Articles of Amendment to effect a consolidation of the Common Shares on the basis of one post-consolidation Common Share for every fifteen pre-consolidation Common Shares. On October 17, 2019, the Company filed Articles of Amendment to (i) change its name from "Millennial Esports Corp." to "Torque Esports Corp.", and (ii) to effect a consolidation of the Common Shares on the basis of one post-consolidation Common Share for every five pre-consolidation Common Shares.

On August 13, 2020, the Company filed Articles of Amendment to (i) change its name from "Torque Esports Corp." to "Engine Gaming and Media, Inc.", and (ii) to effect a consolidation of the Common Shares on the basis of one post-consolidation Common Share for every fifteen pre-consolidation Common Shares.

On December 18, 2020, the Company filed a Continuance Application with the British Columbia Registrar of Companies to continue into British Columbia under the *Business Corporation Act* (British Columbia) (the "BCBCA").

On October 19, 2021, the Company changed its name from "Engine Media Holdings, Inc." to "Engine Gaming and Media, Inc."

The head office of the Company is located at 2110 Powers Ferry Road SE, Suite 450, Atlanta, GA 30339 and the registered office of the Company is located at 77 King Street West, Suite 3000, PO Box 95, Toronto, Ontario M5K 1G8, telephone number +1(647)725-7765.

The Company is a reporting issuer in the provinces of Alberta, British Columbia, Ontario, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland. The Common Shares are listed and posted for trading on the TSX Venture Exchange (the "TSXV") under the trading symbol "GAME" and on Nasdaq under the symbol "GAME".

The SEC maintains an internet site (<http://www.sec.gov>) that contains report, proxy and information statements and other information regarding issuers that file electronically with the SEC. Such information can also be found on the Company's website (<http://www.enginegaming.com>).

Three Year History

The following is a description of how the business of the Company developed over the three most recently completed financial years and the current financial year.

Fiscal Year Ended August 31, 2020

Frankly Arrangement and WinView Merger

On March 10, 2020, the Company, Frankly and WinView announced that they had entered into a business combination agreement dated March 9, 2020 (the “**Business Combination Agreement**”) where the three companies agreed to form an integrated news, gaming, sports and esports platform (the “**FW Transaction**”).

On May 8, 2020, the Company acquired all of the issued and outstanding common shares of Frankly in exchange for consideration of one Engine Common Share for each Frankly common share acquired, pursuant to a court approved plan of arrangement under the BCBCA, resulting in the issuance of 2,216,607 Common Shares upon closing the business combination. All outstanding convertible securities of Frankly were exchanged for equivalent securities of the Company (other than outstanding warrants to purchase common shares of Frankly, which remain outstanding and have the terms of such securities adjusted to reflect the exchange ratio). The Company also concurrently indirectly acquired WinView, pursuant to a statutory merger under the laws of the State of Delaware, with WinView securityholders receiving an aggregate of 1,759,997 Common Shares of the Company as well as certain contingent consideration. The contingent consideration entitles WinView holders to proceeds from the enforcement of WinView’s patent portfolio, equal to 50% of the net license fees, damages awards or settlement amounts collected from third parties, with such payments to be calculated after deduction of certain amounts. In connection with the transaction, it was announced that the combined company would be co-led by Darren Cox and Frankly Chief Executive Officer Lou Schwartz, and WinView Executive Chairman Tom Rogers, who also served as Chairman of Frankly, would serve as Executive Chairman of the combined company.

For more information on the FW Transaction, see the Company’s business acquisition report dated November 13, 2020 on www.sedar.com.

Convertible Debentures

On August 19, 2020, the Company closed a first tranche of a non-brokered private placement of convertible debentures in the amount of US\$5,750,000 (“**2020 Convertible Debentures**”). The 2020 Convertible Debentures will mature 24 months from the date of issuance and bear interest at a rate of 5% per annum (subject to the following adjustments), payable on maturity. At the Company’s option, interest under the 2020 Convertible Debentures is payable in kind in Common Shares at an issue price which would be based on the trading price of the Common Shares at the time of such interest payment. The interest rate under the 2020 Convertible Debentures will increase from 5% to 10% per annum on a prospective basis on December 19, 2020, if a public offering has not occurred by that date. The 2020 Convertible Debentures holders may convert all or a portion of the principal amount of the 2020 Convertible Debentures into units of the Company at a price equal to the lesser of (a) US\$11.25 per unit, and (b) if such conversion occurs after a public offering of securities by the Company, a 15% discount to the public offering price, provided that such conversion price shall not be less than US\$7.50 per unit. Notwithstanding the foregoing, if by December 19, 2020, the Company has not obtained registration rights in the United States to allow sale in the United States of the Common Shares of the Company and the exercise of Warrants of the Company to be issued pursuant to the conversion of the 2020 Convertible Debentures, holders of 2020 Convertible Debentures may convert such convertible debentures into units at US\$7.50 per unit. As of December 19, 2020, the Company had not obtained registration rights in the United States. As such, the conversion price is US\$7.50 per unit and the interest rate increased to 10% on December 19, 2020.

Each unit is comprised of one Common Share and one-half of one warrant, with each Warrant exercisable into one Common Share of the Company at an exercise price of US\$15.00 per share for a period of three years from the issuance of the 2020 Convertible Debentures. Under certain circumstances, the Company shall be entitled to call for the exercise of any outstanding Warrants in the event.

Acquisition of Interest in One Up Group

On August 25, 2020, Engine announced it completed the acquisition of a 20.48% interest in mobile gaming company One Up Group, LLC (“**One Up**”). One Up operates the OneUp mobile app, which allows gamers to organize and play one-on-one matches with other gamers and compete for money. The purchase price was satisfied with the issuance of principal amount US\$3 million convertible debentures, having the same terms as the 2020 Convertible Debentures, except that references therein to US\$7.50 have been changed to US\$9.50.

Fiscal Year Ended August 31, 2021

Financings

On September 15, 2020, the Company closed the final tranche of 2020 Convertible Debentures in the amount of US\$1,901,393.

On October 16, 2020, the Company announced that it closed a first tranche of principal amount US\$1,050,000 of the first US\$2,000,000 draw of a US\$8,000,000 stand-by convertible debenture facility (“**Standby Debentures**”). The Standby Debentures have substantially similar terms as the 2020 Convertible Debentures, described above, except the following: (i) the references therein to a minimum US\$7.50 conversion price have been changed to US\$8.90; and (ii) the Standby Debentures are only convertible into Common Shares of the Company, not units.

On October 16, 2020, the Company announced that it closed a principal US\$1 million convertible debenture financing which has similar terms to the 2020 Convertible Debentures, described above, except the references therein to US\$7.50 have been changed to US\$7.80.

On November 20, 2020, the Company announced that it closed the final tranche of the previously announced US\$2,000,000 draw of the Standby Debentures, for total proceeds of US\$950,000. In connection with the Standby Debentures, the Company issued 224,719 Warrants, with each Warrant exercisable into a Common Share at an exercise price of US\$15.00 until November 20, 2024.

On December 2, 2020, the Company announced that its wholly-owned subsidiaries Frankly Media LLC and Frankly have amended the existing secured credit facility (as amended, the “**EB Loan**”) with arm’s length lender EB Acquisition Company, LLC (the “**EB Lender**”), in connection with the advance of an additional US\$1,000,000 under the EB Loan, which is convertible at the option of the EB Lender, at a conversion price per share of US\$11.25. The credit limit under the EB Loan of US\$5 million is now fully drawn. In connection with the amendment, the maturity date of the EB Loan has been extended from January 5, 2021 until January 5, 2022. Additionally, the Company has guaranteed the obligations under the EB Loan and has granted a security interest in favor of the EB Lender over the assets of the Company. In consideration of the extension of the maturity date, the Company has agreed to issue to the EB Lender an aggregate of 6,666 Common Shares and an amendment fee of US\$100,000 which forms part of the outstanding principal under the EB Loan. The Common Shares issuable will be subject to a hold period expiring four months and a day following the date of issuance, as well as restrictions on transfer under applicable securities laws.

On January 8, 2021 the Company settled convertible debentures (the “**Debt Settlements**”) of an aggregate principal amount of US\$10,726,393 in outstanding convertible debentures through the issuance of 1,430,186 units at a deemed price of US\$7.50 per unit, with each unit consisting of a Common Share and three-quarters of a warrant, with each whole Warrant exercisable into a Common Share at an exercise price of US\$15.00 per share for a period of three years. Included in the Debt Settlements was the US\$3,000,000 convertible debenture that was issued in connection with the Company’s acquisition of an interest in One Up.

On December 23, 2020, the Company announced its intention to complete a non-brokered private placement of up to approximately 3,300,000 units at a price of US\$7.50 per unit for gross proceeds of up to US\$25,000,000 (“**December 2020 Private Placement**”). Each Unit consists of one Common Share and one-half of one common share purchase warrant. Each whole Warrant entitles the holder to acquire one additional Common Share of the Company at a price of US\$15.00 per share for a period of 3 years provided that: (i) if the Common Shares are listed for trading on Nasdaq, (ii) the Company completes an offering of securities under a short form prospectus for an aggregate amount of at least US\$30,000,000, and (iii) the closing price of the Common Shares on Nasdaq is US\$30.00 or greater for a period of 15 consecutive trading days, then the Company may accelerate the expiry date of the warrants to the 30th day after the date written notice is provided to the holders.

On January 8, 2021, the Company closed the first tranche of the December 2020 Private Placement for aggregate gross proceeds of US\$10,540,883 and 1,405,451 units were issued. The Company paid cash commissions to eligible finders totaling US\$284,989 and also issued the following securities as partial payment of commissions to finders: 36,948 units; and, 74,947 finders warrants, with each finder warrant exercisable into a common share at an exercise price of US\$15.00 per share for 3 years subject to the same acceleration terms described above.

In January and February 2021, the Company completed multiple tranches of equity financings totaling 4,371,767 units at an issue price of US\$7.50 per unit, for gross proceeds of US\$32,788,253. Each unit consisted of one Common Share and one-half of one Common Share purchase warrant. Each whole Warrant entitles the holder to acquire one additional share of the Company at a price of US\$15.00 per share for a period of 3 years provided that: (i) if the Common Shares are listed for trading on Nasdaq, (ii) the Company completes an offering of securities under a short form prospectus for an aggregate amount of at least \$30,000,000, and (iii) the closing price of the Common Shares on Nasdaq is \$30.00 or greater for a period of 15 consecutive trading days, then the Company may accelerate the expiry date of the warrants to the 30th day after the date written notice is provided to the holders.

On February 26, 2021 the EB Lender converted the EB Loan into a US\$5,000,000 secured convertible debenture, which is convertible into units of the Company at a conversion price of US\$10.25 per unit. Each such unit is comprised of one Common Share and one-half of one common share purchase warrant, with each whole Warrant exercisable into a Common Share at an exercise price of US\$15.00 per share for a period of three years from the issuance of the convertible debenture.

On March 25, 2021, the Company filed a final short form base shelf prospectus (with the securities regulators in each province of Canada, except for the Province of Québec) (the “**Base Shelf Prospectus**”) and a corresponding shelf registration statement on Form F-10 with the SEC. The prospectus and registration statement allow the Company to offer up to US\$150 million of common shares, preference shares, warrants, subscription receipts, debt securities, units, or any combination thereof during the 25-month period that the shelf prospectus is effective.

On June 7, 2021, the Company received approval to list its shares on Nasdaq. The Company’s Common Shares commenced trading on Nasdaq on June 17, 2021.

On August 10, 2021, the Company entered into an at-the-market Equity Distribution Agreement (the “**Equity Distribution Agreement**”) with Canaccord Genuity LLC (“**Canaccord**”), on behalf of itself and co-sales agents Oppenheimer & Co. Inc. and B. Riley Securities, Inc., to establish an at-the-market equity program (the “**ATM Program**”). Under the ATM Program, the Company will have the flexibility through the expiration date of its Base Shelf Prospectus to issue up to US\$50 million of Common Shares as needed to support the Company’s ongoing business activities. Any Common Shares sold under the ATM Program will be sold at the prevailing market price at the time of sale, when sold through Nasdaq. No Common Shares will be offered or sold in Canada. As of the date hereof, the Company has not yet issued any shares under the ATM Program.

Patent Lawsuits against DraftKings and FanDuel

On July 7, 2021, Engine announced that its Winview subsidiary commenced an action in the United States District Court for the District of New Jersey against DraftKings Inc. (“**DraftKings Inc.**”) (Nasdaq: DKNQ), alleging infringement of patents owned by Winview. The lawsuit alleges that various gaming services provided by DraftKings infringe Winview’s United States Patent No. 9,878,243 (the “**243 Patent**”) entitled “Methodology for Equalizing Systemic Latencies in Television Reception in Connection with Games of Skill Played in Connection with Live Television Programming” and United States Patent No. 10,721,543 (the “**543 Patent**”) entitled “Method Of and System For Managing Client Resources and Assets for Activities On Computing Devices.” The action seeks the recovery of damages and other appropriate relief.

On July 20, 2021, Engine announced that its Winview subsidiary commenced an action in the United States District Court for the District of New Jersey against FanDuel, Inc. (“**FanDuel**”), alleging infringement of patents owned by Winview. The lawsuit alleges that various gaming services provided by FanDuel infringe Winview’s 243 Patent and 543 Patent. The action seeks the recovery of damages and other appropriate relief.

On July 29, 2021, Engine announced that its Winview subsidiary filed amended complaints in its patent infringement lawsuits against DraftKings, and FanDuel, which are pending in the United States District Court for the District of New Jersey, to include allegations that the gaming services provided by DraftKings and FanDuel infringe two additional patents owned by Winview: United States Patent No. 9,993,730 entitled “Methodology for Equalizing Systemic Latencies in Television Reception in Connection with Games of Skill Played in Connection with Live Television Programming,” and United States Patent No. 10,806,988 entitled “Method Of and System For Conducting Multiple Contests of Skill with a Single Performance.” These actions seek the recovery of damages and other appropriate relief.

Acquisition of SideQik

On July 6, 2021, the Company announced the completion of the acquisition of SideQik. Engine will integrate SideQik with its subsidiary Stream Hatchet, a global leader in live gaming video distribution analytics and audience engagement. SideQik’s and Stream Hatchet’s combined assets will allow brands and agencies to have a one-stop-shop solution with proven expertise in evaluating and generating efficiencies across all live and non-live influencer marketing expenditures. With this focus on influencer marketing, Engine will empower brands to discover and connect with content creating influencers across any content vertical. It will provide tools to best shape the creation of authentic content that resonates with consumers, as well as best in class measurement to determine earned media value, sales effectiveness, and campaign return on investment.

Fiscal Year Ended August 31, 2022

Allinsports Arbitration

On October 1, 2021, the arbitration in Ontario commenced by the shareholders of Allinsports was completed. The arbitration sought, among other things, a ruling that the Company’s pending acquisition of Allinsports, a manufacturer of motorsports racing simulators, had been completed and that the selling shareholders were entitled to receive the outstanding payment of 966,667 Common Shares due under the acquisition agreement. The arbitrator determined that the transaction was completed and that the Allinsports shareholders are entitled to receive the outstanding share consideration under the acquisition agreement. The Company is reviewing the decision to determine its options, including other relief and remedies it may pursue.

SideQik Services Extension with HyperX

On February 10, 2022, SideQik finalized a multi-year services extension with HyperX, the gaming peripherals team at HP Inc. and brand leader in gaming and esports. HyperX will continue to leverage SideQik’s premium influencer marketing technology, enabling discovery, verification and management of creators across numerous live-streaming and social platforms. In addition, HyperX will leverage SideQik’s recently launched social commerce technology integrations, enabling tracking of individual creator and affiliate sales performance across all platforms. The end-to-end suite of services, from discovery to commerce, enables brands to effectively and efficiently grow sales through creator marketing across all major social media channels.

Sale of Eden Games

On April 7, 2022, Engine sold its 96% interest in Eden Games for approximately USD\$15.3 million (approximately CAD\$19.2 million) in cash consideration. To facilitate the sale of Eden Games, under a separate agreement, the Company agreed to purchase Euro-denominated 6% promissory notes amounting to EUR\$1,453,154 (\$1,558,319) that were due to the former co-founders of Eden Games from third parties. EUR\$1,081,081 (\$1,181,005) of the consideration was paid on the closing of the sale with the remainder due in two equal payments on April 4, 2023, and October 6, 2023.

Sale of UMG Media Ltd. Assets

On June 13, 2022, Engine Gaming and Media, Inc. entered into an Agreement to sell certain assets of UMG for \$100 to Harena Data, Inc. (“**Harena**”). On June 30, 2022, the Company completed the sale. Concurrently with the sale agreement the Company entered into a transition services agreement with the purchaser for a total value of \$300,000 with payments beginning July 31, 2022, and the remainder to be paid in full, 12 months following the first payment. Harena will take ownership of the UMG online business, which hosts daily tournaments and matches for competitive e-sports players, as well as the ownership of the studio and media properties under UMG including its social channels.

Discontinued Operations of Winview

During the fourth quarter of fiscal 2022, The Company executed a plan to discontinue operating the Winview business, following a strategic decision to focus the Company’s resources on the key revenue streams of software-as-a-service and advertising. Winview was previously part of the Company’s Gaming segment.

Recent Developments

Frankly Media Partnership with Aggregated Media

On October 3, 2022, Frankly Media, announced a partnership with Aggregated Media (“**A8**”), an esports and video game culture media company. The partnership enables Frankly Media to monetize A8’s content via their premium yield advertising services and maximize their audience reach through Frankly Media’s video streaming platform, mobile apps and OTT/CTV.

Frankly Media Partnership with Filmfeed, Inc.

On October 10, 2022, Frankly Media announced a partnership with Filmfeed, Inc. The partnership enables Frankly to monetize their recently launched Stash TV video streaming content via their premium yield advertising services. Frankly Media’s Programmatic Advertising monetization services are being leveraged for their revenue growing AI technology, audience insight solutions and performance tracking tools to better track and importantly, monetize newly launched Stash TV CTV streaming content.

Amended and Settled 2020 Series Convertible Debt

Subsequent to August 31, 2022, the remaining \$750,000 principal value of the Company’s 2020 Series convertible debt that was due to mature in November 2022 was either settled by offset against the Company’s promissory notes receivable or amended. Two of the three parties holding the convertible debt agreed to allow the Company to offset principal of \$500,000 and interest of \$91,781 due at maturity against the Company’s promissory notes receivable. The remaining \$250,000 principal value convertible debt was amended to extend the maturity date to February 28, 2023, with all other terms remaining unchanged.

Definitive Arrangement Agreement with GameSquare Esports Inc.

On December 7, 2022 Engine entered into a definitive arrangement agreement (the “**Arrangement Agreement**”) with GameSquare Esports Inc. (“**GameSquare**”) to combine businesses in an all share transaction, whereby each common share of GameSquare will be exchanged for 0.08262 Common Shares (the “**Arrangement**”). Following the all-share transaction, former GameSquare shareholders are expected to own approximately 60% of the combined entity, and current Engine shareholders are expected to own approximately 40% of the combined entity on a fully diluted basis, and it is intended that the Common Shares will continue to trade on Nasdaq and TSXV, in each case, under the symbol “GAME.” The combined entity will retain the “GameSquare” brand globally.

The Arrangement is anticipated to close in the first quarter of 2023. The completion of the Arrangement is subject to customary terms and conditions, including the following: approval of the Arrangement by Engine and GameSquare shareholders; court approval of the Arrangement; and, receipt of all required regulatory approvals, including acceptance by the TSXV.

B. Business Overview

Business of Engine

Engine is building a leading media and gaming platform for sports and esports for fans, publishers, influencers, and brands. The Company offers a unique combination of esports content, streaming technology, gaming platforms, data analytics and intellectual property.

Engine is focused on accelerating new, live, immersive esports and interactive gaming experiences for consumers through its partnerships with traditional and emerging media companies. Engine clients include more than 1,200 television, print and radio brands including CNN, ESPN, Discovery / Eurosport, Fox, Vice, Newsweek, and Cumulus; dozens of gaming and technology companies including EA, Activision, Blizzard, Take2Interactive, Microsoft, Google, Twitch, and Ubisoft; and has connectivity into hundreds of millions of homes around the world through content, distribution, and technology.

Engine Media operates a portfolio of businesses that bring together key capabilities and technology for the benefit of its customers. Engine's media focused businesses include Frankly, Stream Hatchet, and SideQik.

Engine generates revenue through a combination of subscription fees; streaming technology and data software-as-a-service ("SaaS") based offerings; and, programmatic advertising and sponsorships.

Media

Frankly Inc.

Frankly, through its wholly-owned subsidiary Frankly Media, LLC, provides a complete suite of solutions that give publishers a unified workflow for the creation, management, publishing and monetization of digital content to any device, while maximizing audience value and revenue.

Frankly's products include an online video platform for Live, Video-on-Demand ("VOD") and Live-to-VOD workflows, a full-featured content management system with rich storytelling capabilities, as well as native apps for iOS, Android, Apple TV, Fire TV and Roku.

Frankly also provides comprehensive advertising products and services, including direct sales and programmatic ad support. With the release of its server-side ad insertion (SSAI) platform, Frankly has been positioned to help video producers take full advantage of the growing market in addressable advertising.

SideQik, Inc.

SideQik is an influencer marketing platform that offers brands, direct marketers, and agencies tools to discover, connect and execute marketing campaigns with content creators. SideQik's end-to-end solutions offer marketers advanced capabilities to discover influencers with demographic and content filtering; connect and message influencers; share marketing collateral such as campaign briefs, photos, logos, videos; measure reach, sentiment, and engagement across all major social media platforms; and evaluate earned media value and return on investment across the entire campaign.

Gaming

Stream Hatchet

Stream Hatchet is a data analytics company based in Terrassa, Spain, providing intelligence for persons and entities involved in video game streaming. Stream Hatchet provides real-time data analytics and viewership information that assists in the development and marketing decisions of the Company's initiatives. These unique data analytic capabilities provide the Company an edge in accessing sponsorships and promotions from major brands focused on esports, as the Company has proprietary data on esports viewership, brand exposure and sponsorship valuation to quantify the value of our brand exposure on multiple streaming platforms around the globe.

WinView

The Company discontinued operations of WinView on July 31, 2022.

Industry Overview and Principal Markets

Video gaming is one of the largest and fastest growing markets in the entertainment sector, with an estimated 2.6 billion gamers globally, with esports being the major source of growth. Esports is a term that comprises a diverse offering of competitive electronic games that gamers play against each other. One of the biggest differences between esports and video games of old is the community and spectator nature of esports - the competitive play against another person, either one-on-one or in teams, is a central feature of esports. Since players play against each other online, a global network of players and viewers has developed as these players compete against each other worldwide. Additionally, game developers have greatly increased the entertainment value of games, which has made the spectator aspect of gaming much more prevalent and further drives expansion of the gaming market.

The expanded reach of broadband service and the computer technology advances in the last decade have also greatly accelerated the growth of esports. Esports has become so popular that many high schools and colleges now offer programs to support students' interest in esports, as well as tournaments and scholarships. The best-known esports teams are receiving marquee sponsorships and are being purchased or invested in by a range of financial and strategic partners. The highest profile esports gamers have significant online audiences as they stream themselves playing against other players online and potentially can generate millions of dollars in sponsorship money and affiliate fees from their online streaming channels. It is projected that by 2023, approximately 650 million people will be watching esports globally. Most major professional esports events and a wide range of amateur esports events are broadcast live via streaming services, including Twitch.tv, Youtube.com and Facebook Gaming.

Seasonality

There is seasonality in both the Advertising and SaaS business. Advertising cost-per-impressions (CPMs), the standard metric for evaluating the price an advertiser is willing to pay for digital inventory, historically peaks in calendar fourth quarter given the increased consumer expenditure that occurs during that time. SaaS tends to follow a slightly alternative seasonal trend, with higher demand in first three calendar quarters with fourth quarter being lighter, as organizations need to be onboarded onto technologies to maximize their fourth quarter revenue opportunities.

Market Channels

The Company predominantly leverages two marketing channels: (1) content and (2) paid search. The Company will produce regular white papers, social, and blog posts that portray thought leadership within its industry. In addition, the Company will purchase advertisements on search engines, such as Google, for keywords often used by purchasers when seeking a product or service the Company offers.

Revenue Model

Overview

The Company generates revenue through a combination of (i) business-to-business SaaS subscription and professional service fees; and (ii) programmatic advertising sales and brand sponsorships. The Company is uniquely positioned with a base of predictable business-to-business revenues and an extensive network of media and gaming publisher relationships. These media and gaming publishers engage over one hundred (100) million monthly active users. Leveraging these relationships to efficiently create awareness for our gaming competition platform, where players and fans can play, watch and engage with other members of the esports community, is key to the Company's long-term growth strategy.

Brands



Stream Hatchet

Stream Hatchet is a data analytics company based in Terrassa, Spain, providing intelligence for persons and entities involved in video game streaming. Stream Hatchet provides real-time data analytics and viewership information that assists in the development and marketing decisions of the Company's initiatives. These unique data analytic capabilities provide the Company an edge in accessing sponsorships and promotions from major brands focused on esports, as the Company has proprietary data on esports viewership, brand exposure and sponsorship valuation to quantify the value of our brand exposure on multiple streaming platforms around the globe.



SideQik

SideQik is an influencer marketing platform that offers brands, direct marketers, and agencies tools to discover, connect and execute marketing campaigns with content creators. SideQik’s end-to-end solutions offer marketers advanced capabilities to discover influencers with demographic and content filtering; connect and message influencers; share marketing collateral such as campaign briefs, photos, logos, videos; measure reach, sentiment, and engagement across all major social media platforms; and evaluate earned media value and return on investment across the entire campaign.



Frankly Media

Frankly Media provides a complete suite of content management, video streaming and engagement solutions that give broadcasters and publishers a unified workflow for the creation, management, publishing and monetization of digital content to any device, while maximizing audience value and revenue. Frankly delivers publishers and their audiences the solutions and services to meet the dynamic challenges of a multi-screen content distribution world. Frankly Media’s products include an online video platform for Live, VOD and Live-to-VOD workflows, a full-featured CMS with rich storytelling capabilities, as well as native apps for iOS, Android, Apple TV, Fire TV and Roku. Additionally, Frankly’s in-house team of digital advertising sales and operations experts monetize billions of monthly display and video advertising impressions through programmatic and direct brand sales across client and owned and operated media properties. Frankly has over 1,200 radio, TV and print media brands, including CNN, Newsweek and Vice Media; TV affiliates of NBC, CBS, FOX and ABC, and radio station groups such as Cumulus.

Breakdown of Revenue Streams

The following table provides the breakdown for the main streams of revenue from continuing operations for the three most recently completed financial years:

Source of Revenue	Year ended August 31, 2022 (\$)	Year ended August 31, 2021 (\$)	Year ended August 31, 2020 (\$)
Software-as-a-service	9,220,069	7,952,426	3,361,181
Advertising	32,662,544	25,392,842	4,085,446
Total	41,882,613	33,345,268	7,446,627(1) (2) (3)

Notes:

- (1) The sale of Eden Games was completed on April 6, 2022. Revenue of Eden Games of \$2,732,846 is not included in the table above as it is part of discontinued operations.
- (2) A disposition of UMG Events LLC assets took place on June 13, 2022. Revenue of UMG of \$314,948 is not included in the table above as it is part of discontinued operations.
- (3) The Company discontinued operations of WinView on July 31, 2022. Revenue of WinView of \$51,422 is not included in the table above as it is part of discontinued operations.

Geography	Year ended August 31, 2022 (\$)	Year ended August 31, 2021 (\$)	Year ended August 31, 2020 (\$)
United States	39,976,476	31,943,288	6,405,111
Spain	1,906,137	1,401,980	1,041,516
Total	41,882,613	33,345,268	7,446,627(1) (2) (3)

Notes:

- (1) The sale of Eden Games was completed on April 6, 2022. Revenue of Eden Games of \$2,732,846 is not included in the table above as it is part of discontinued operations.
- (2) A disposition of UMG Events LLC assets took place on June 13, 2022. Revenue of UMG of \$314,948 is not included in the table above as it is part of discontinued operations.
- (3) The Company discontinued operations of WinView on July 31, 2022. Revenue of WinView of \$51,422 is not included in the table above as it is part of discontinued operations.

Customers

The Company has different business segments which target different customers.

Frankly’s services are currently being used by approximately 1,200+ U.S. local news and radio stations, mostly affiliated with large broadcasting networks such as Cumulus, NBC, CBS, FOX and ABC.

Stream Hatcher’s customers include industry leaders such as Microsoft, Allied Esports, Activision and Twitch.

Foreign Operations

Although the Company is headquartered in Canada, the majority of its business is conducted outside of Canada:

- Stream Hatchet has an office in Terrassa, Spain;
- Frankly has an office in Atlanta, Georgia;
- SideQik has an office in Atlanta, Georgia.

See *Item 3.D - Risk Factors*.

Competitive Conditions

The Company competes in highly competitive and fragmented sectors, which include esports content, streaming technology, gaming platforms, data analytics and intellectual property. Some of the Company's most direct competitors in North America and Europe include well capitalized and multinational companies.

The major competitors in the Company's markets include:

- Nielsen Holdings Plc
- CreatorIQ
- TownNews.com

Despite intense competition, the Company believes it is well positioned to compete with its competitors by means of having an experienced management team and directors, integrated business model, in-house data analytics and in being a market leader in expanding key verticals. The Company's management and directors have broad and extensive experience, an optimal blend of abilities across channels and assets, and a global footprint. The Company currently holds a number of growth assets that offer its customers the ability to deliver marketing and analytics to an expanding global customer base.

Proprietary Protection

The Company considers the creation, use, and protection of intellectual property to be crucial to its business. The Company's general practice is to require all key employees and consultants to sign confidentiality agreements and assign all rights of inventions to the Company. In addition to the above contractual arrangements, the Company also relies on a combination of trade secret, copyright, domain name and other legal rights to protect its intellectual property. The Company typically owns the copyright to the software code to its content. The Company believes that it has provided sufficient security for its intellectual property.

Non-patent intellectual properties owned by the Company include:

- Trade secrets and know-how that it uses to develop processes;
- Common law trademarks, including product names and graphics, music and other audio-visual elements of games;
- Software code relating to its products;
- Certain program assets; and

Employees

As at August 31, 2022, the Company had approximately 113 employees globally. Of these employees, approximately 3 are located in Canada, 24 in Spain, 9 in India, and 77 in the United States. None of the Company's employees are represented by a collective bargaining agreement. The Company considers its relations with its employees to be strong and views its employees as an important competitive advantage.

Specialized Skill and Knowledge

Specialized skill and knowledge is necessary to capitalize on significant trends, esports, news streaming and gaming. The Company has assembled experienced management and technical teams within its portfolio companies.

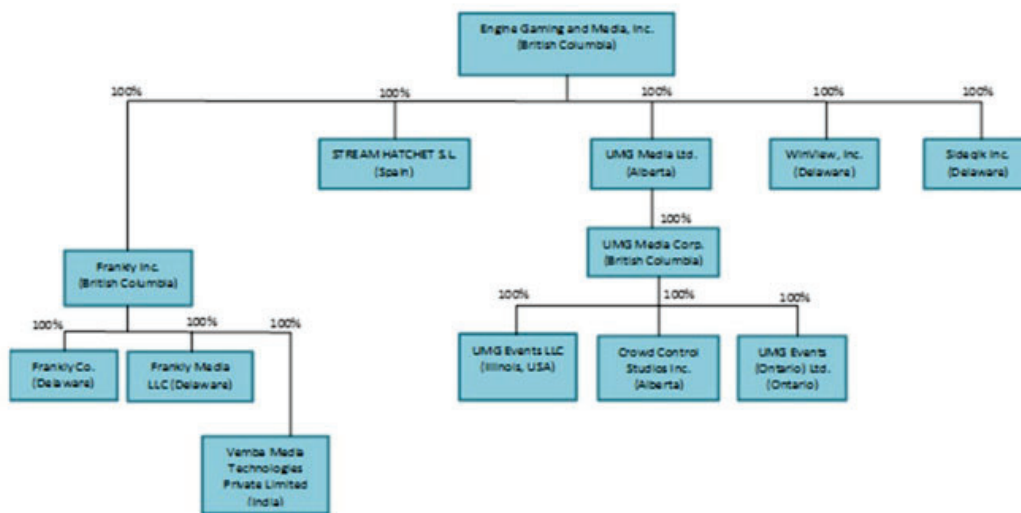
As part of the Company's acquisition of Frankly and WinView, media/technology industry veteran, founder of CNBC and long-time CEO of TiVo, Tom Rogers, joined the Company as executive chairman and board member. Additionally, seasoned executive Lou Schwartz joined the Company and is now its CEO.

Stream Hatchet are the leaders in the provision of data for esports companies from leading streaming platforms. Stream Hatchet has developed unique back-end IP and technology for its data collection services.

The SideQik software platform enables discovery, collaboration, and technology integration with social media influencers, as well as engagement with a target audience, across all major social media platforms. The discovery feature in the software enables searching of relevant influencers by keywords, interest, location, brand affinity, and other such parameters. The audience engagement tool utilizes artificial intelligence to provide insight into how influencers perform before launching a relationship. Audience analytics breakdown demographics of users and audiences by age, gender, race, income, and other such parameters to ensure audiences align with target demographics. The influencer relationship manager streamlines communication with influencers with messages, emails, and attachments centralized inside of the platform. Customizable groups allow users to organize and identify influencers and group them by different pre-sets.

C. Organizational Structure

The following is a summary of the inter-corporate relationships between the Company and its wholly-owned subsidiaries, which together comprise the consolidated Company as at the date of this Annual Report:



D. Property, Plants and Equipment

Not applicable.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following Operating and Financial Review and Prospects section is intended to help the reader understand the factors that have affected the Company’s financial condition and results of operations for the historical period covered by the financial statements and management’s assessment of factors and trends which are anticipated to have a material effect on the Company’s financial condition and results in future periods. This section is provided as a supplement to, and should be read in conjunction with, our Consolidated Financial Statements and the other financial information contained elsewhere in this document. Our Consolidated Financial Statements have been prepared in accordance with International Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). Our discussion contains forward-looking statements based on current expectations that involve risks and uncertainties, such as our plans, objectives and intentions. Our actual results may differ from those indicated in such forward-looking statements.

A. Operating Results

Selected Annual Information

	For the years ended	
	August 31, 2022	August 31, 2021
Operating results		
Total revenues	\$ 41,882,613	\$ 33,345,268
Total expenses	54,177,216	62,084,251
Total net income (loss) from continuing operations	(12,359,822)	(28,768,907)
Total net gain (loss) from discontinued operations	7,957,758	(11,890,261)
Comprehensive income (loss)	(4,008,136)	(40,648,918)
Loss per share - Continuing operations		
Basic income (loss) per share	\$ (0.79)	\$ (2.42)
Diluted income (loss) per share	\$ (0.79)	\$ (2.42)

The total expenses above for the year ended August 31, 2022, include a non-cash decrease in the fair value of warrant liability of \$4.7 million, discussed in more detail below.

Revenue

For the year ended August 31,	2022	2021	Increase (decrease)
	\$	\$	\$
Software-as-a-service	9,220,069	7,952,426	1,267,643
Advertising	32,662,544	25,392,842	7,269,702
	<u>41,882,613</u>	<u>33,345,268</u>	<u>8,537,345</u>

- Software-as-a-service revenue for the year ended August 31, 2022, was \$9,220,069 in comparison to \$7,952,426 for the year ended August 31, 2021. The increase of \$1,267,643 was primarily due to the full year impact of revenue recognized from the SideQik acquisition and increased SaaS revenue from the Steam Hatchet business, offset to some degree by lower SaaS revenue at Frankly.
- Advertising revenue for the year ended August 31, 2022, was \$32,662,544 in comparison to \$25,392,842 for the year ended August 31, 2021. The increase of \$7,269,702 was primarily due to growth from Frankly's largest client, which saw significant growth in traffic to its various digital properties.

Expenses

For the year ended August 31,	2022	2021	Increase (decrease)
	\$	\$	\$
Salaries and wages	14,086,954	12,161,000	1,925,954
Consulting	2,253,836	2,223,147	30,689
Professional fees	1,920,663	1,771,190	149,473
Revenue sharing expense	30,090,316	22,853,680	7,236,636
Advertising and promotion	1,187,161	1,299,909	(112,748)
Office and general	5,282,145	2,406,678	2,875,467
Technology expenses	3,062,181	2,309,248	752,933
Amortization and depreciation	1,008,383	1,084,203	(75,820)
Share-based payments	4,688,218	3,702,754	985,464
Interest expense	729,848	1,274,998	(545,150)
(Gain) loss on foreign exchange	400,521	1,090,944	(690,423)
Loss on extinguishment of debt	-	2,428,900	(2,428,900)
Gain on retained interest in former associate	-	(99,961)	99,961
Transaction costs	1,327,990	341,702	986,288
Arbitration settlement reserve	(5,775,717)	6,468,330	(12,244,047)
Impairment expense	-	4,319,855	(4,319,855)
Restructuring costs	177,952	-	177,952
Change in fair value of promissory notes receivable and investment at FVTPL	873,778	(581,812)	1,455,590
Change in fair value of warrant liability	(4,748,893)	(9,037,108)	4,288,215
Change in fair value of convertible debt	(2,388,120)	6,066,594	(8,454,714)
	<u>54,177,216</u>	<u>62,084,251</u>	<u>(7,907,035)</u>

- Salaries and wages for the year ended August 31, 2022, was \$14,086,954 in comparison to \$12,161,000 for the year ended August 31, 2021. The increase of \$1,925,954 was primarily due to the full-year impact of the acquisition of SideQik which increased salaries and wages by \$3.7 million from the prior year, the increase was offset somewhat by restructuring actions completed during 2022.
- Revenue sharing for the year ended August 31, 2022, was \$30,090,316 in comparison to \$22,853,680 for the year ended August 31, 2021. These costs are the full year share of our gross advertising revenue paid to Frankly's customers.
- Office and general for the year ended August 31, 2022, was \$5,282,145 in comparison to \$2,406,678 for the year ended August 31, 2021. The increase of \$2,875,467 was related to the directors' and officers' insurance acquired during the Nasdaq up-listing process as well as to a smaller extent, office, and general expenses from the SideQik acquisition, which did not impact the comparable period.
- Technology for the year ended August 31, 2022, was \$3,062,181 in comparison to \$2,309,248 for the year ended August 31, 2021. The increase of \$752,933 was due to the acquisition of SideQik full-year impact, somewhat offset by technology savings at Frankly.
- Share-based payments expense for the year ended August 31, 2022, was \$4,688,218 in comparison to \$3,702,754 for the year ended August 31, 2021. The increase of \$985,464 was due to a full year of share-based payment expense related to employees from the acquisition of SideQik as well as stock options and restricted stock units granted to officers and directors, during the year.
- Interest expense for the year ended August 31, 2022, was \$729,848 in comparison to \$1,274,998 for the year ended August 31, 2021. The decrease of \$545,150 was primarily due to significantly lower average principal balance during fiscal 2022 than 2021.
- Loss on foreign exchange for the year ended August 31, 2022, was \$400,521 in comparison to \$1,090,944 for the year ended August 31, 2021. The decrease of \$690,423 was due primarily to the weakening of the US dollar versus the Canadian dollar in the comparable period.
- Loss on extinguishment of debt was \$0 for the year ended August 31, 2022, compared to \$2,428,900 for the year ended August 31, 2021, as no debt extinguishments occurred in fiscal 2022.
- Transaction costs for the year ended August 31, 2021, was \$1,327,990, in comparison to \$341,702 for the year ended August 31, 2021. The increase of \$986,288 was related to financing work that didn't impact the comparable period as well as costs related to the disposal of Eden Games.
- Arbitration settlement reserve for the year ended August 31, 2022, was a benefit of \$5,775,717, in comparison to expense of \$6,468,330 for the year ended August 31, 2021. We recognized a liability for an arbitration ruling, relating to AIS, which represents the fair value of the Common Shares directed to be delivered as of August 31, 2022. This liability was adjusted to fair value at the end of each reporting period.
- Impairment expense for the year ended August 31, 2022, was \$0 in comparison to \$4,319,855 for the year ended August 31, 2021. The decrease was due to full impairment of SideQik goodwill and intangibles in the 2021 period.
- Change in fair value of promissory notes receivable and investment at FVTPL for the year ended August 31, 2022, increased expense by \$873,778 in comparison to decreasing expense \$581,812 for the year ended August 31, 2021. The change of \$1,455,590 was primarily due to a fair value adjustment of promissory notes receivable in 2022, these notes were acquired in 2022.
- Change in fair value of warrant liability for the year ended August 31, 2022, decreased expense by \$4,748,893 in comparison to decreasing expense \$9,037,108 for the year ended August 31, 2021. The change of \$4,288,215 in the warrant liability is a result of the revaluation of the Company's warrant obligation at each period end, driven by lower share price.
- Change in fair value of convertible debt for the year ended August 31, 2022, decreased expense by \$2,388,120 in comparison to an increase in expense of \$6,066,594 for the year ended August 31, 2021. The change of \$8,454,714 is a result of the revaluation of the Company's convertible debt at each period end, with a lower share price on August 31, 2022, than the comparable year. In addition, the change was impacted by a substantial decrease in outstanding convertible debt as of August 31, 2022.

Other items

For the year ended August 31,	2022	2021	Increase (decrease)
	\$	\$	\$
Share of net loss of associate	-	103,930	(103,930)
Gain (loss) on disposal of subsidiary	14,934,149	(678,931)	15,613,080
Gain (loss) on disposal of assets	257,550	-	257,550
Gain (loss) from discontinued operations	(7,233,941)	(11,211,330)	3,977,389
Net loss attributable to non-controlling interest	(65,219)	74,006	(139,225)
Foreign currency translation differences	393,928	10,250	383,678

- The Gain (loss) on disposal of subsidiary for the year ended August 31, 2022, was a gain of \$14,934,149 in comparison to a loss of \$678,931 for the year ended August 31, 2021. The increase of \$15,613,080 was primarily due to the gain on the sale of Eden that closed in 2022. The \$678,931 loss on the disposal of Motorsports was a fiscal 2021 event.
- The Loss from discontinued operations for the year ended August 31, 2022, was \$7,233,941 in comparison to \$11,211,330. The 2022 period primarily includes losses from Winview of \$7.5 million and UMG of \$2.1 million, offset by a gain of \$1.3 million from Eden Games discontinued operations and a \$1.1 million gain on disposal of a liability from the Motorsports discontinued operation. The 2021 period primarily includes the losses from UMG of \$2.3 million, Winview losses of \$5.2 million, Eden losses of \$2.7 million and losses of \$0.9 million from the Motorsports discontinued operation.
- Foreign currency translation differences for the year ended August 31, 2022, was a gain of \$ 393,928 in comparison to \$10,250 for the year ended August 31, 2021. The increase of \$383,678 was due to fluctuations in trading foreign currencies against the US dollar. Primarily the Euro at our Stream Hatchet business have Euro functional currencies. As such, when translating into US dollars, any changes resulting from change in foreign currency exchange rates are recorded within the foreign currency translation reserve.

Segmented analysis

For the year ended August 31, 2022

	Gaming	Media	Corporate and Other	Total
	\$	\$	\$	\$
Revenue				
External sales	1,906,137	39,976,476	-	41,882,613
Results				
Segment loss	(706,527)	(11,202,185)	-	(11,908,712)
Central administration costs	-	-	9,788,532	9,788,532
Other gains and losses	(6,490)	186,247	(10,312,246)	(10,132,489)
Finance costs	57	1,193	728,598	729,848
Income (loss) before tax	(700,094)	(11,389,625)	(204,884)	(12,294,603)
Income tax	-	-	-	-
Gain (Loss) for the period from:				
Discontinued operations	(6,578,152)	-	14,535,910	7,957,758
Non-controlling interest in net loss	-	-	(65,219)	(65,219)
Net income (loss)	(7,278,246)	(11,389,625)	14,265,807	(4,402,064)

For the year ended August 31, 2021

	Gaming	Media	Corporate and Other	Total
	\$	\$	\$	\$
Revenue				
External sales	1,401,981	31,943,287	-	33,345,268
Results				
Segment loss	849,721	(7,583,018)	-	(6,733,297)
Central administration costs	-	-	9,733,244	9,733,244
Other gains and losses	140,545	4,280,597	6,576,302	10,997,444
Finance costs	(60)	512,937	762,121	1,274,998
Loss before tax	709,236	(12,376,552)	(17,071,667)	(28,738,983)
Income tax	-	-	-	-
Gain (Loss) for the period from:				
Share of net loss of associate	-	-	(103,930)	(103,930)
Discontinued operations	(11,211,330)	-	(678,931)	(11,890,261)
Non-controlling interest in net loss	-	-	74,006	74,006
Net loss	(10,502,094)	(12,376,552)	(17,780,522)	(40,659,168)

Segment loss - Segment loss includes total revenue less operating expenses including the following: salaries and wages, consulting, professional fees, revenue sharing expense, advertising and promotion, office and general, technology expenses, amortization and depreciation and share based payments.

Central administration costs - Central administration costs include corporate operating expenses including the following: salaries and wages, consulting, professional fees, advertising and promotion, office and general, technology expenses, amortization and depreciation and share based payments.

Other gains and losses - Other gains and losses includes gain / loss on foreign exchange, loss on extinguishment of debt, gain on retained interest in former associate, transaction costs, arbitration settlement reserve, impairment expense, restructuring costs, change in fair value of investment at FVTPL, change in fair value of warrant liability and change in fair value of convertible debt.

Finance costs - Finance costs includes interest expense.

- Gaming net loss for the year ended August 31, 2022, was \$7,278,246 in comparison to \$10,502,094 for the year ended August 31, 2021. The decrease of net loss of \$3,223,848 was primarily due to the year over year decrease in loss from discontinued operations.
- Media net loss for the year ended August 31, 2022, was \$11,389,625 in comparison to \$12,376,552 for the year ended August 31, 2021. The decrease of net loss of 986,927 was primarily due to impairment expense in the 2021 period related to SideQik.
- Corporate and Other income for the year ended August 31, 2022, was \$14,265,807 in comparison to net loss of \$17,780,522 for the year ended August 31, 2021. The increase of \$32,046,329 was primarily due the \$15.1 million gain on the disposal of Eden Games, the change in fair value of convertible debt of \$8.5 million, a decrease in the arbitration reserve of \$12.2 million, a \$2.5 million decrease in loss on extinguishment of debt, a decrease in amortization and depreciation expense of \$1.1 million, a \$6 million decrease in professional fees, a \$4 million decrease in share-based payments, a \$4 million decrease in advertising and promotion expense, and a decrease in (gain) loss on foreign exchange of \$5 million. This was somewhat offset by the change in fair value of warrants of \$4.3 million, a \$1.7 million increase in office and general expenses, a \$1.5 million increase in change in fair value of investment at FVTPL, and a increase in transaction costs of \$1.0 million.

<i>Three-month period ended</i>	<u>Total revenue</u>	<u>From continuing operations</u>		<u>Total assets</u>
		<u>Total income (loss)</u>	<u>Basic income (loss) per share</u>	
	\$	\$	\$	\$
August 31, 2022	11,459,973	(6,199,364)	(0.39)	42,510,615
May 31, 2022	9,210,112	(4,066,518)	(0.26)	58,530,202
February 28, 2022	8,998,026	(4,204,897)	(0.27)	54,403,352
November 30, 2021	12,214,502	2,110,957	0.14	61,138,576
August 31, 2021	10,863,340	(11,911,559)	(0.78)	57,202,122
May 31, 2021	8,000,790	3,174,086	0.22	71,339,843
February 28, 2021	7,564,534	(18,687,327)	(1.85)	70,344,899
November 30, 2020	6,916,604	(1,344,107)	(0.17)	47,362,028

For the quarter ended February 28, 2021, the loss was much larger due to the change in fair value of the warrant liability and convertible debt as compared to the quarter ended November 30, 2020. For the quarter ended May 31, 2021, the profit was much larger due to the change in fair value of the warrant liability as compared to the quarter ended February 28, 2021. For the quarter ended August 31, 2021, the loss was significantly higher due to changes in the fair value of warrant liability and an accrual for the AIS related arbitration liability. For the quarter ended November 30, 2021, the profit was significantly higher due to fair value adjustment to the accrual for the AIS related arbitration liability. For the quarter ended February 28, 2022, the loss was significantly higher due the fair value adjustment to the accrual for the AIS related arbitration liability and change in fair value of warrant liability and convertible debt. The loss for the quarter ended May 31, 2022 was comparable to the loss for the quarter ended February 28, 20022. For the quarter ended August 31, 2022, the loss was significantly higher due to fair value adjustment to the accrual for the AIS related arbitration liability, change in fair value of our promissory notes receivable and change in fair value of warrant liability.

B. Liquidity and Capital Resources

Liquidity and Cash Management

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company.

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 presently generate sufficient revenue to cover its costs, managing liquidity risk is dependent upon the ability to reduce its monthly operating cash outflow and secure additional financing. The recoverability of the carrying value of the assets and the Company's continued existence is dependent upon the ability of the Company to raise financing in the near term, and ultimately the achievement of profitable operations.

As of August 31, 2022, the Company had current assets of \$22,058,901 (August 31, 2021: \$31,557,682) and current liabilities of \$21,824,981 (August 31, 2021: \$32,495,268). This represents a working capital surplus of \$233,920 (August 31, 2021: deficiency of \$937,586) which is comprised of current assets less current liabilities. The Company has not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of \$127,477,764 as of August 31, 2022 (August 31, 2021: \$123,075,700).

The Company has plans to raise additional funds. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be able to execute on its business strategy or be successful in future financing activities.

The Company announced on October 6, 2022, that it has commenced a process to explore and evaluate strategic options to enhance and preserve shareholder value. Potential strategic options to be explored or evaluated as part of this process may include, but are not limited to, merger, reverse merger, acquisition, other business combination, sale of assets, partnerships, joint ventures, licensing, or other strategic transactions involving Engine. The Company has not set a timetable for completion of this process and does not expect to disclose developments with respect to this process unless and until the evaluation of strategic alternatives has been completed or the Company's Board of Directors (the "Board") has concluded disclosure is appropriate or legally required.

Our ability to maintain sufficient liquidity could be affected by various risks and uncertainties including, but not limited to, our ability to raise additional funds through financing, those related to consumer demand and acceptance of our products and services, our ability to collect payments as they become due, achieving our internal forecasts and objectives, the economic conditions of the United States and abroad. These risk factors are described in *Item 3.D - Risk Factors*.

Share Consolidations

Share consolidations occurred during the period from September 1, 2020, to the date of this Annual Report:

On August 13, 2020, the Company consolidated its Common Shares on a 15 to 1 basis.

Capital management framework

The Company considers its capital to be its shareholders' equity. As of August 31, 2022, the Company had shareholders' equity of \$15,702,398 (August 31, 2021: shareholders' equity of \$15,304,817).

The Company's objective when managing its capital is to seek continuous improvement in the return to its shareholders while maintaining a moderate to high tolerance for risk. The objective is achieved by prudently managing the capital generated through internal growth and profitability, using lower cost capital, including raising share capital or debt when required to fund opportunities as they arise.

The Company may also return capital to shareholders through the repurchase of shares, pay dividends or reduce debt where it determines any of these to be an effective method of achieving the above objective. The Company does not use ratios in the management of its capital.

There have been no changes to management's approach to managing its capital for the year ended August 31, 2021.

Financing

The proceeds of the financings disclosed below were intended to be used primarily for working capital and future operating needs. The proceeds received have been used primarily for those purposes.

Equity

Activity for the year ended August 31, 2022

During the year ended August 31, 2022, the Company issued 203,537 common shares upon vesting of an equal number of RSUs, and 57,029 shares for services provided by certain officers of SideQik.

Activity for the year ended August 31, 2021

In January and February 2021, the Company closed on the issuance of 4,371,767 units (the “Units”) for gross proceeds of \$32,788,253 of non-brokered private placements. Each Unit consists of one common share of the Company and one-half of one common share purchase warrant (a “Warrant”). Each whole Warrant entitles the holder to acquire one additional share of the Company at a price of \$15.00 per share for a period of 3 years provided that: (i) if the Common Shares are listed for trading on Nasdaq, (ii) the Company completes an offering of securities under a short form prospectus for an aggregate amount of at least \$30,000,000, and (iii) the closing price of the Common Shares on Nasdaq is \$30.00 or greater for a period of 15 consecutive trading days, then the Company may accelerate the expiry date of the Warrants to the 30th day after the date written notice is provided to the holders.

The Company paid cash commissions to eligible finders under the offering of \$1,681,477 and regulatory and legal fees of \$89,402. Net cash proceeds from the offering amounted to \$31,017,374.

In addition to the cash finder’s fees discussed above, the Company issued the following securities as partial payment of commissions to finders: 63,666 Units; and 159,554 finders warrants, with each finder warrant exercisable into a common share at an exercise price of US\$15.00 per share for 3 years subject to the same acceleration terms described above.

The total number of Common Shares issued as a result of the private placements totaled 4,435,433, which was comprised of 4,371,767 Units issued for proceeds and 63,666 Units issued as partial payment to finders. The total number of warrants issued totaled 2,377,272, which was comprised of warrants issued as part of the Units issued of 2,217,718 (50% of Units issued) and 159,554 finders warrants issued.

The fair value allocated between the Common Shares and warrants on the issuance of the Units is based on a relative fair value allocation between the Common Shares issued and warrants issued. Refer to equity measured warrants note for discussion of the key assumptions used in valuation of the warrants as part of the relative fair value allocation.

During the year ended August 31, 2021, the Company had the following additional activity to share capital: (i) issued 277,749 Common Shares upon vesting of an equal number of RSUs; (ii) issued 20,833 Common Shares upon the exercise of vested stock options, (iii) issued 1,728,848 Common Shares in connection with conversion of convertible debt, (iv) issued 901,060 Common Shares in connection with the exercise of warrants ; (v) issued 40,000 Common Shares for cancelation of \$226,556 of debt (shares for debt); and (vi) issued 6,666 Common Shares valued at \$54,061 as an amendment fee to the lender in connection with the Amended EB Loan (the “EB Bonus Shares”). In addition to the EB Bonus Shares, the Company paid the lender a cash fee of \$100,000. The amendment fees were recorded within interest expense as the Amended EB Loan and the subsequently the EB CD is being accounted for at FVTPL.

Debt

Promissory Notes

The Company has promissory notes with a balance of \$200,000 (August 31, 2021 - \$200,000) that are unsecured, due on demand, and bear interest at 18%. As of August 31, 2022, interest of \$141,940 has been accrued (August 31, 2021 - \$139,644).

The Company, through its WinView subsidiary, has a secured promissory note outstanding for amounts due for the provision of services by the noteholder. As of August 31, 2022, \$429,822 was due under the note (August 31, 2021 - \$482,304). The note is secured by the assets of WinView, bears interest at 8%, and is currently due. As of August 31, 2022, and 2021, no interest is accrued on this note.

Paycheck Protection Program (“PPP”) loans

In April and May 2020, the Company entered into promissory notes (the “Notes”) with three banks. The Notes evidence loans to the Company of \$1,589,559 pursuant to the PPP of the CARES Act administered by the U.S. Small Business Administration (the “SBA”). In accordance with the requirements of the CARES Act, the Company used the proceeds from the loans exclusively for qualified expenses under the PPP, including payroll costs, rent and utility costs, as further detailed in the CARES Act and applicable guidance issued by the SBA.

Interest will accrue on the outstanding balance of the Notes at a rate of 1.00% per annum. However, the Company expects to apply for and receive forgiveness of up to all amounts due under the Notes, in an amount equal to the sum of qualified expenses under the PPP during the twenty-four weeks following disbursement.

Subject to any forgiveness granted under the PPP, the Notes are scheduled to mature in April 2022 and require 18 equal monthly payments of principal and interest beginning November 2020. The Notes may be prepaid at any time prior to maturity with no prepayment penalties. The Notes provide for customary events of default, including, among others, those relating to failure to make payments, bankruptcy, breaches of representations, significant changes in ownership, and material adverse effects. The Company's obligations under the Notes are not secured by any collateral.

Upon the receipt of the proceeds of \$1,589,559 from the Notes, the Company accounted for the Notes as a grant in the form of forgivable loan and recorded the amount as a deferred income liability. The liability was reduced as the Company recognized expenses which qualified for forgiveness of the loan. As of August 31, 2022, the Company had incurred greater than \$1,589,559 of qualifying expenses and therefore had a remaining deferred income liability of \$nil. The Company recognized the impact of the loan forgiveness as an offset against related salaries and wages expense, in the consolidated statement of loss and comprehensive loss for the year ended August 31, 2020. As of August 31, 2022, \$209,875 has not been formally forgiven.

Convertible Debt

(a) Conversions during the years ended August 31, 2021

2019 Series

During the year ended August 31, 2021, 2019 Series convertible debentures with a principal amount of CAD\$1,315,000 (2020 - CAD\$13,047,122) were converted into 175,331 units (2020 - 1,739,615), and as a result, the Company issued 175,331 Common Shares and 175,331 warrants (2020 - 1,739,615 Common Shares and 1,739,615 warrants). The fair value of the convertible debentures at the time of conversion was estimated using the binomial lattice model with the below assumptions:

Share price of CAD\$11.65 - \$14.15 (2020 - CAD\$7.05 - \$18,00); term of 1.36 - 1.90 years (2020 - 1.85 and 2.52); conversion price and warrant exercise price of CAD\$7.50 (2020 - CAD\$7.50); interest rate of 6% (2020 - 6%); expected volatility of 98.5% - 179% (2020 - 168.65% - 181.93%); risk-free interest rate of 0.21% - 0.27% (2020 - 0.26% - 0.96%); exchange rate of 0.7651 - 0.8286 (2020 - 0.6899 - 0.7651); and an expected dividend yield of 0% for both years.. The fair value assigned to these convertible debentures was \$2,603,875 (2020 - \$10,189,558).

This value was split between Common Shares and warrants as \$1,500,214 (2020 - \$5,152,023) and \$1,103,661 (2020 - \$5,037,535), respectively.

2020 Series

During the year ended August 31, 2021, 2020 Series convertible debentures with a principal amount of \$11,651,393 (2020 - nil) were converted or settled into 1,553,518 units, and as a result, the Company issued 1,553,518 Common Shares and 1,134,305 warrants. The fair value of the convertible debentures at the time of conversion or settlement was estimated using the binomial lattice model with the below assumptions:

Share price of \$7.79 - \$9.92; term of 1.44 - 1.77 years; conversion price of \$7.50; warrant exercise price of \$15.00, interest rate of 10%; expected volatility of 95% - 98.5%; risk-free interest rate of 0.09% - 0.13%; and an expected dividend yield of 0%. The fair value assigned to these convertible debentures was \$16,460,505.

This value was split between Common Shares and warrants as \$12,204,391 and \$4,256,114, respectively.

(b) Issuances during the year ended August 31, 2021

During the year ended August 31, 2021, 2020 Series convertible debentures with a principal amount of \$2,901,393 were issued for gross proceeds of \$2,901,393. In addition, in November 2020, \$2,000,000 of convertible debentures from the Company's standby convertible debenture facility were issued along with 224,719 warrants for gross proceeds of \$2,000,000. Of the gross proceeds of \$2,000,000, \$1,381,084 was allocated to the convertible debt and \$618,916 was allocated to the 224,719 warrants issued. The total fair value recorded to convertible debt for issuances above amounted to \$4,282,477.

On December 1, 2020, the EB Loan was amended. The amendment extended the maturity date by one year and added a conversion feature to \$1,000,000 of the \$5,000,000 million principal outstanding. The conversion feature allowed the holder to convert \$1,000,000 into Common Shares of the Company at a conversion price of \$11.25 per common share. On February 24, 2021, the Company extinguished the Amended EB Loan and issued the Lender a convertible debenture in the principal amount of \$5,000,000. The EB CD is convertible into units of the Company at a conversion price of \$10.25 per unit, with each unit comprised of one common share and one-half of a warrant, with each whole warrant exercisable into a common share at an exercise price of \$15.00 per share for a period of three years from the issuance of the EB CD. The EB CD has a term of three years.

The fair value of the Amended EB Loan on December 1, 2020, was \$5,043,103. The carrying value of the former EB Loan on December 1, 2020, consisted of \$5,000,000 in principal and \$76,412 in accrued interest, for total carrying value on the amendment date of \$5,076,412. As a result, a gain on extinguishment of debt of \$33,309 was recognized. The fair value of the EB CD on the date of issuance of February 24, 2021, was \$7,394,022. The fair value of the Amended EB Loan on February 24, 2021, was \$4,931,813. As a result, a loss on extinguishment of debt of \$2,462,209 was recognized. The above two transactions resulted in a loss on extinguishment of debt of \$2,428,900.

(c) 2020 Series

The 2020 Series debentures will mature twenty-four (24) months from the date of issuance and bear interest at a rate of 5% per annum (subject to adjustment as described below), payable on maturity. At the Company's option, interest under the 2020 Series debentures is payable in kind in Common Shares at an issue price which would be based on the trading price of the Common Shares at the time of such interest payment. The interest rate under the 2020 Series debentures will increase from 5% to 10% per annum on a prospective basis on December 19, 2020, if a public offering has not occurred by that date.

The 2020 Series debenture holders may convert all or a portion of the principal amount of the debentures into units ("**2020 Units**") of the Company at a conversion price equal to the lesser of (a) \$11.25 per 2020 Unit, and (b) if such conversion occurs after a public offering of securities by the Company, a fifteen percent (15%) discount to the public offering price, provided that such conversion price shall not be less than \$7.50 per 2020 Unit.

Notwithstanding the foregoing, if by December 19, 2020, the Company has not obtained registration rights in the United States to allow sale in the United States of the Common Shares and the exercise of warrants (the "**2020 Warrants**") of the Company to be issued pursuant to the conversion of the 2020 Series debentures, holders of 2020 Series debentures may convert such debentures into 2020 Units at \$7.50 per 2020 Unit. As of December 19, 2020, the Company had not obtained registration rights in the United States. As such, the conversion price is \$7.50 per 2020 Unit and the interest rate increased to 10% on December 19, 2020.

Each 2020 Unit is comprised of one common share and one-half of one 2020 Warrant, with each 2020 Warrant exercisable into one Common Share of the Company at an exercise price of \$15.00 per share for a period of three years from the issuance of the 2020 Series debentures. Under certain circumstances, the Company shall be entitled to call for the exercise of any outstanding 2020 Warrants in the event that the closing trading price of the Company Common Shares on the Nasdaq is above \$30.00 per share for fifteen (15) consecutive trading days.

In the event that the Company's Common Shares are listed for trading on the Nasdaq and the Company completes a public offering for an aggregate amount of at least US\$30,000,000, the Company may cause the 2020 Series debentures to be converted at the conversion price by the Company delivering a notice to the holder not less than a minimum of 30 days and a maximum 60 days prior to the forced conversion date.

(d) 2020 Series - One Up

These convertible debentures (the "**2020 Series One Up**" debentures) have identical terms as the 2020 Series debentures except that the minimum conversion price of \$7.50 per Unit (as described above) will be US\$9.50 per Unit. The 2020 Series One Up convertible debentures had a fair value at issuance of \$3,078,550.

(e) 2020 Series - Standby

In September 2020, the Company entered into an \$8,000,000 stand-by convertible debenture facility (the "**2020 Series Standby**" debentures). The 2020 Series Standby Debenture has substantially similar terms as the 2020 Series debentures, except (i) the references to a minimum \$7.50 conversion price (as described above) have been changed to \$8.90; and (ii) the 2020 Series Standby debentures are only convertible into Common Shares of the Company, not units.

In November 2020, the Company issued 224,719 warrants in connection with this first draw of \$2,000,000 of the Standby Debentures, with each warrant exercisable into one common share the Company at an exercise price of \$15.00 per share for a period of two years, subject to the same acceleration clause as the warrants underlying the 2020 Series debentures.

The remaining \$6,000,000 of convertible debentures that are issuable under this facility have substantially similar terms as the 2020 Series debentures, including conversion into units consisting of one share and one-half warrant, provided that the conversion price of any additional convertible debentures will be based on the market price of the Common Shares at the time of such subscriptions and are subject to TSX-V approval.

\$6,000,000 of convertible debentures that are issuable under this facility have substantially similar terms as the 2020 Series debentures, including conversion into units consisting of one share and one-half warrant, provided that the conversion price of any additional convertible debentures will be based on the market price of the Common Shares at the time of such subscriptions and are subject to TSX-V approval.

(f) EB CD

On February 24, 2021, the Company extinguished the Amended EB Loan and issued the Lender a convertible debenture in the principal amount of \$5 million (the “**EB CD**”). The EB CD is convertible into units of the Company at a conversion price of \$10.25 per unit, with each unit comprised of one common share and one-half of a warrant, with each whole warrant exercisable into a common share at an exercise price of \$15.00 per share for a period of three years from the issuance of the EB CD. The EB CD has a term of three years.

C. Research and Development, Patents and Licenses, etc.

The Company is heavily focused on innovation and continuously improving our platforms and processes. This is key for maintaining and acquiring customers. The Company generally relies on patent, trademark, and copyright laws as well as confidentiality agreements, and other employee agreement to protect the Company’s intellectual property rights. As a result of these innovations the Company’s continuing and discontinued operation hold several patents. Research and development costs are expensed as incurred through the Consolidated Statements of Loss and Comprehensive Loss.

D. Trend Information

Securities of gaming and technology companies 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 globally and market perceptions of the attractiveness of particular industries.

The price of the securities of companies is also significantly affected by short-term currency exchange fluctuation and the political environment in the countries in which the Company does business. As of August 31, 2022, the global economy continues to be in a period of significant economic volatility, in large part due to the COVID-19 pandemic discussed previously, as well US and European economic and political concerns which have impacted global economic growth.

Our customer’s advertising and SaaS spend allocations and preferences change from time to time and can be affected by a number of different and unexpected trends. The Company’s failure to anticipate, identify or react quickly to these changes and trends, and to introduce new and improved products on a timely basis, could result in reduced demand for the Company’s products and services, which in turn could result in a material adverse effect on the Company.

E. Critical Accounting Estimates.

Not applicable.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**A. Directors and Senior Management**

The following table and the notes thereto state the names of all directors and executive officers, all other positions or offices with the Company and its subsidiaries now held by them, their principal occupations or employment, the year in which they became directors and/or executive officers of the Company.

Name Province/State Country of Residence and Position(s) with the Company ⁽¹⁾	Principal Occupation Business or Employment for Last Five Years ⁽¹⁾	Periods Served as a Director or Officer ⁽¹⁾
Tom Rogers New York, USA Chairman and Director	Executive Chairman and Director of the Company since May 2020. Chairman and CEO of TRget Media, LLC, a media investment and operations advisory firm since June 2003.	May 2020
Louis Schwartz ⁽⁵⁾ Georgia, USA Chief Executive Officer and Director	Co-CEO of the Company from May 2020 to November 2020, CEO of the Company since November 2020. Director of the Company since July 2020.	July 2020
Gregory Raifman ⁽²⁾⁽³⁾⁽⁴⁾ , Kamas, UT, USA Director	Director of the Company. The former President of Nexstar Digital, LLC, a wholly owned subsidiary of Nexstar Media Group, Inc. (NASDAQ: NXST).	July 2022
Lawrence Rutkowski ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ California, USA Director	Director of the Company. President & owner of L&S Investments, L.L.C. Director of Stanley M. Proctor Co.	January 2021
Rudolph Cline-Thomas ⁽²⁾ New York, New York, USA Director	Director of the Company. Founder and Managing Partner of venture fund MASTRY. Founder of commercial real estate investment firm Mastry Properties. Serves on Salesforce Global Advisory Board (NYSE: CRM). Strategic advisor to Gucci. Board advisor for Jumia Technologies (NYSE: JMIA) and Zuora (NYSE: ZUO).	July 2021
Stuart Porter Boston, MA, USA Director	Director of the Company. Founder of Denham Capital and is its Chief Executive Officer and Chief Investment Officer.	January 2022

Notes:

- (1) Information has been furnished by the directors and executive officers individually or from www.sedi.ca. No family relationships exist between any of the Directors or senior management.
- (2) Member of the Audit Committee.
- (3) Member of the Nominating and Governance Committee.
- (4) Member of the Compensation Committee.
- (5) Member of the Patent Committee.

B. Compensation**Objectives of the Compensation Program**

Executive compensation has been designed to encourage Management to make decisions and take actions that will result in the improvement of long-term shareholder value as reflected in the growth in assets and value of the Common Shares. The focus of the Company's current compensation policy is to:

- strengthen the relationship between compensation and enhancement of shareholder value by focusing on variable compensation, such as annual performance incentives and ownership of Common Shares, primarily by using options for acquiring Common Shares;
- enhance the Company's ability to attract, encourage and retain knowledgeable and experienced executives; and
- balance the short-term and long-term business goals of the Company.

The key components of executive compensation include: (1) base salary; (2) a short-term incentive comprised of cash bonus awards and; (3) long-term incentives comprised primarily of stock option incentives, which are reviewed annually based on job performance as well as corporate performance and external competitive practices.

The Compensation Committee does not set specific performance objectives in assessing the performance of its Management. Instead, the Compensation Committee looks at the performance of the Company and its Management and relies on its experience and judgment in determining the overall compensation package for Management. Compensation of Management (also referred to as "Named Executive Officers," as defined below) as detailed in this Annual Report is not linked to the achievement of target results or improvement in the Common Share price on the markets on which they trade.

Summary Compensation Table for Named Executive Officers

The following table provides a summary of total compensation earned during the fiscal years ended August 31, 2022, 2021, and 2020 by the

Company’s Chief Executive Officer and Chief Financial Officer, each of the three other most highly compensated executive officers of the Company who were serving as such as at the end of the applicable fiscal year and whose total compensation was, individually, more than C\$150,000 (the “Other Executive Officers”), if any, and each other individual who would have been an Other Executive Officer but for the fact that such individual was neither serving as an executive officer, nor acting in a similar capacity, as at the end of the applicable fiscal year, if any, for services rendered in all capacities during such period (hereinafter, collectively, referred to as the “Named Executive Officers” or “NEO”). The Named Executive Officers of the Company for the purposes of this Annual Report are Louis Schwartz (CEO), Michael Munoz (CFO), and Tom Rogers (Executive Chairman).

Name and Principal Position	Year	Salary (\$)	Option- Based Awards (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation (\$)		All Other Compensation (\$)	Total Compensation (\$)
				Annual Incentive Plans (\$)	Long- Term Incentive Plans (\$)		
Louis Schwartz ⁽²⁾ CEO	2022	500,000	320,999	210,000	Nil	31,453	1,062,452
	2021	430,000	463,714	250,000	Nil	30,846	1,174,560
	2020	120,000	37,841	Nil	Nil	10,856	168,697
Michael Munoz ⁽³⁾ CFO	2022	250,000	97,561	83,500	Nil	26,040	457,101
	2021	227,084	149,103	142,500	Nil	25,034	543,721
	2020	65,000	21,840	Nil	Nil	8,873	95,713
Tom Rogers Executive Chairman	2022	448,875	320,953	199,500	Nil	18,387	987,715
	2021	414,775	440,526	232,500	Nil	8,959	1,096,760
	2020	60,000	35,949	Nil	Nil	Nil	95,949

Notes:

- (1) When the Company issues stock options, it accounts for them using the fair value method for stock-based compensation as recommended under International Financial Reporting Standards (“IFRS”). The fair value of options is determined by using the Black-Scholes Option Pricing Model (which model is commonly used by junior public companies) with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Common Shares and expected life of the options.
- (2) Mr. Schwartz was appointed Co-CEO of the Company on May 8, 2020, together with Mr. Cox as the other Co-CEO. Previously, Mr. Schwartz served as the CEO of Frankly Inc. On November 3, 2020, Mr. Cox stepped down from his role as Co-CEO and Mr. Schwartz took on the role of CEO of the Company.
- (3) Mr. Munoz was appointed CFO of the Company on May 8, 2020. Previously, he served as CFO of Frankly Inc. from April 2018 to May 8, 2020.

Named Executive Officer Outstanding Option-Based and Share-Based Awards

The weight allocated to long-term incentives is based on a consideration of each NEO's anticipated ability to influence the long-term growth and performance of the business, with the objective to strengthen the relationship between compensation and enhancement of Shareholder value. The CEO is considered to have the greatest influence on the long-term performance of the business. Accordingly, in addition to short-term cash compensation, the CEO receives the largest allocation of stock options and/or restricted share units. There is no relationship between the Company's historical performance and the number of equity incentive awards granted. No stock appreciation rights, or shares or units subject to restrictions on resale or other incentives have been granted.

The table below reflects all option-based awards and share-based awards for each Named Executive Officer outstanding as at August 31, 2022 (including option-based awards and share-based awards granted to a Named Executive Officer before such fiscal year). The Company does not currently have any equity incentive plans other than its Omnibus Equity Incentive Plan (the "Omnibus Plan") as described below.

NAMED EXECUTIVE OFFICER OPTION-BASED AWARDS AND SHARE-BASED AWARDS OUTSTANDING AS AT AUGUST 31, 2022

<u>Option-Based Awards⁽¹⁾</u>					<u>Share-Based Awards</u>			
<u>Name of Named Executive Officer</u>	<u>As at Fiscal Year Ended</u>	<u>Number of Securities Underlying Unexercised Options</u>	<u>Option Exercise Price (\$/Security)</u>	<u>Option Expiration Date</u>	<u>Value of Unexercised In-the-Money Options (\$)</u> (2)	<u>Number of Shares or Units of Shares That Have Not Vested (#)</u>	<u>Market or Payout Value of Share-Based Awards That Have Not Vested (\$)</u>	<u>Market or Payout Value of Share-Based Awards not paid out or distributed</u>
Louis Schwartz CEO	2022	807	C106.50	Feb. 10, 2026	Nil.	307,047	219,538	Nil
		730	C106.50	Mar. 3, 2027	Nil.			
		340	C106.50	Aug. 25, 2025	Nil.			
		165,589	0.91	May 26, 2029	Nil.			
Michael Munoz CFO	2022	46	C106.50	Feb. 10, 2026	Nil.	97,619	69,797	Nil
		44,157	0.91	May 26, 2029	Nil.			
Tom Rogers Executive Chairman	2022	157,310	0.91	May 26, 2029	Nil.	291,695	208,561	Nil
		100,000	0.90	Aug. 10, 2027	Nil.			

Notes:

- (1) Each option entitles the holder to purchase one Common Share.
- (2) Value of unexercised options is equal to the difference between the closing price of the Common Shares on the TSXV on August 31, 2022 (being the last day of the Company's most recently completed financial year that the Common Shares traded on the TSXV) of C\$0.94 (USD\$0.715) and the exercise prices of options outstanding, multiplied by the number of Common Shares available for purchase under such options.

Incentive Award Plans

The following table provides information concerning the incentive award plans of the Company with respect to each Named Executive Officer during the fiscal year ended August 31, 2022. The only incentive award plan of the Company during the fiscal year 2022 is the Omnibus Plan.

INCENTIVE AWARD PLANS - VALUE VESTED OR EARNED DURING THE FISCAL YEAR ENDED AUGUST 31, 2022

<u>Name of Executive Officer</u>	<u>Option-Based Awards Value Vested During Fiscal 2022 (\$)</u>	<u>Non-Equity Incentive Plan Compensation Value Earned During Fiscal 2022 (\$)</u>
Louis Schwartz CEO	254,077	Nil
Michael Munoz CFO	83,889	Nil
Tom Rogers Executive Chairman	241,372	Nil

Employment, Consulting and Management Contracts

Management functions of the Company and its subsidiaries are substantially performed by the Company's directors and executive officers. During the year ended August 31, 2022, the Company did not enter into any contracts, agreements or arrangements with parties other than its directors and executive officers (or their personal holding company) for the provision of such management functions.

Louis Schwartz

The Company has an employment agreement with Louis Schwartz for his services as CEO which is effective as of May 1, 2021 (“**Schwartz Agreement**”). The annual base salary under the Schwartz Agreement is USD\$500,000. The Schwartz Agreement has a term of two years from its effective date, which will automatically renew for subsequent periods of one year unless either party provides written notice at least 120 days prior to the expiration of the applicable period at such time. The Schwartz Agreement also provides for certain benefits, including health and medical insurance, and reimbursement for reasonable business expenses.

Under the Schwartz Agreement, Mr. Schwartz is entitled to receive a severance payment if terminated without cause, or in the event of resignation with good reason (as defined therein), equal to 18 months of his annual compensation, paid in monthly installments, and continued premium payments for health insurance to allow Mr. Schwartz to continue such insurance coverage for an 18-month period. In the event the Schwartz Agreement is terminated without cause or for good reason (both as defined therein), outstanding equity incentive awards held by Mr. Schwartz will vest through the end of the 18-month period. In the event there is a change of control (as defined therein) and within 12 months thereafter the Schwartz Agreement is terminated without cause or for good reason, accelerated vesting will apply to all outstanding equity incentive awards, including that performance-based awards will fully vest.

Tom Rogers

The Company has an employment agreement with Tom Rogers for his services as Executive Chairman which is effective as of May 1, 2021 (“**Rogers Agreement**”). The annual base salary under the Rogers Agreement is USD\$475,000. The Rogers Agreement has a term of two years from its effective date, which will automatically renew for subsequent periods of one year unless either party provides written notice at least 120 days prior to the expiration of the applicable period at such time. The Rogers Agreement also provides for certain benefits, including health and medical insurance, and reimbursement for reasonable business expenses.

Under the Rogers Agreement, Mr. Rogers is entitled to receive a severance payment if terminated without cause, or in the event of resignation with good reason (as defined therein), equal to 18 months of his annual compensation, paid in monthly installments, and continued premium payments for health insurance to allow Mr. Rogers to continue such insurance coverage for an 18-month period. In the event the Mr. Rogers is terminated without cause or for good reason (both as defined therein), outstanding equity incentive awards held by Mr. Rogers will vest through the end of the 18-month period. In the event there is a change of control (as defined therein) and within 12 months thereafter the Rogers Agreement is terminated without cause or for good reason, accelerated vesting will apply to all outstanding equity incentive awards, including that performance-based awards will fully vest.

Compensation of Directors

Individual Director Compensation

The following table provides a summary of the compensation provided to the directors of the Company during the fiscal year ended August 31, 2022. Except as otherwise disclosed below, the Company did not pay any fees or compensation to directors for serving on the Board (or any committee) beyond reimbursing such directors for travel and related expenses and the granting of Awards (as defined below) under the Omnibus Plan.

DIRECTOR COMPENSATION TABLE

Name	Fiscal Year Ended	Fees Earned (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total (\$)
Louis Schwartz ⁽²⁾	2022	(2)	(2)	(2)	(2)	(2)	(2)
Tom Rogers ⁽³⁾	2022	(3)	(3)	(3)	(3)	(3)	(3)
Larry Rutkowski	2022	52,164	77,118	Nil	Nil	Nil	129,282
Rudolph Cline-Thomas	2022	44,712	66,100	Nil	Nil	Nil	110,812
Stuart Porter	2022	36,329	1,005	Nil	Nil	Nil	37,334
Greg Raifman	2022	7,933	Nil	Nil	Nil	Nil	7,933
Hank Ratner ⁽⁴⁾	2022	32,526	43,927	Nil	Nil	Nil	76,453
Lori Conkling ⁽⁵⁾	2022	14,575	24,796	Nil	Nil	Nil	39,371
Bryan Reyhani ⁽⁶⁾	2022	3,483	10,836	Nil	Nil	Nil	14,319

Notes:

- (1) When the Company issues stock options, it accounts for them using the fair value method for stock-based compensation as recommended under the IFRS. The fair value of options is determined by using the Black-Scholes Option Pricing Model (which model is commonly used by junior public companies) with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Common Shares and expected life of the options.
- (2) For disclosure regarding Mr. Schwartz’s compensation, see “*Summary Compensation Table for Named Executive Officers*” and “*Named Executive Officer Outstanding Option-Based and Share-Based Awards*”.
- (3) For disclosure regarding Mr. Rogers’ compensation, see “*Summary Compensation Table for Named Executive Officers*” and “*Named Executive Officer Outstanding Option-Based and Share-Based Awards*”.
- (4) Mr. Ratner resigned as a director of the Company on April 27, 2022.
- (5) Ms. Conkling resigned as a director of the Company on January 17, 2022.

(6) Mr. Reyhani resigned as a director of the Company on October 6, 2021.

Director Outstanding Option-Based Awards and Share-Based Awards

The table below reflects all option-based awards and share-based awards for each director of the Company outstanding as at August 31, 2022. The Company does not have any equity incentive plan other than the Omnibus Plan.

DIRECTOR OPTION-BASED AWARDS AND SHARE-BASED AWARDS OUTSTANDING

Option-Based Awards					Share-Based Awards			
Name of Director	Fiscal Year Ended	Number of Securities Underlying Unexercised Options	Option Exercise Price (\$/Security)	Option Expiration Date	Value of Unexercised In-the-Money Options ⁽¹⁾ (\$)	Number of Shares or Units of Shares that have not vested (#)	Market or Payout Value of Share-Based Awards That Have Not Vested (\$)	Market or Payout Value of Share-Based Awards Not Paid Out or Distributed
Larry Rutkowski	2022	Nil	N/A	N/A	N/A	19,878	14,213	Nil
Rudy Cline-Thomas	2022	Nil	N/A	N/A	N/A	17,038	12,182	Nil
Stuart Porter	2022	Nil	N/A	N/A	N/A	11,719	8,379	Nil
Greg Raifman	2022	Nil	N/A	N/A	N/A	7,346	5,252	Nil
Hank Ratner ⁽²⁾	2022	Nil	N/A	N/A	N/A	Nil	N/A	Nil
Lori Conkling ⁽³⁾	2022	Nil	N/A	N/A	N/A	Nil	N/A	Nil
Bryan Reyhani ⁽⁴⁾	2022	Nil	N/A	N/A	N/A	29,133	20,830	Nil

Notes:

- (1) This column contains the aggregate value of in-the-money unexercised options as at the applicable year end, calculated based on the difference between the market price of the Common Shares underlying the options as at the close of day on the applicable year end, being C\$0.94 (USD\$0.715) at August 31, 2022, and the exercise price of the options.
- (2) Mr. Ratner resigned as a director of the Company on April 27, 2022.
- (3) Ms. Conkling resigned as a director of the Company on January 17, 2022.
- (4) Mr. Reyhani resigned as a director of the Company on October 6, 2021.

Director Incentive Award Plans

Under the Omnibus Plan, all directors, officers, employees and consultants of the Company and/or its affiliates are eligible to receive awards of Common Share purchase options, restricted share units, and deferred share units. The purpose of the Omnibus Plan is to provide the Company with a share ownership incentive to attract and motivate qualified directors, officers and employees of and consultants to the Company and its subsidiaries and thereby advance the Company's interests and contribute toward its long term goals by affording such persons with an opportunity to acquire an equity interest in the Company through the Awards. Awards are made by and are within the discretion of the Company's Board and are non-transferable (subject to certain exceptions).

Securities Authorized For Issuance Under Equity Compensation Plans

The following table provides information regarding the number of Common Shares to be issued upon the exercise of outstanding options granted under the Omnibus Plan, and the weighted-average exercise price of said outstanding options, outstanding on August 31, 2022.

Plan Category	Fiscal Year Ended	Number of securities to be issued upon exercise of outstanding Options, RSUs, and DSUs (a)	Weighted-average exercise price of outstanding Options, RSUs, and DSUs (\$) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by Shareholders (the Omnibus Plan)	August 31, 2022	1,143,182 (Options) 1,196,211 (RSUs) Nil (DSUs)	3.93 (Options) N/A (RSUs) N/A (DSUs)	437,206 (Options) ⁽¹⁾ 148,426 (RSUs & DSUs) ⁽¹⁾
Equity compensation plans not approved by Shareholders	August 31, 2022	Nil	Nil	Nil
Total		2,339,393	3.93	585,632⁽¹⁾

Notes:

- (1) Pursuant to the Omnibus Plan, the total number of Common Shares reserved and available for grant and issuance pursuant to Options granted under the Omnibus Plan is 10% of the issued and outstanding Common Shares, from time to time. The maximum number of Common Shares available for issuance pursuant to the settlement of RSUs and DSUs (both as defined herein) is fixed at 1,548,174 Common Shares.

Omnibus Equity Incentive Plan

The Company has adopted an omnibus equity incentive plan (the "**Omnibus Plan**") in accordance with the policies of the TSXV which provides that the Board may from time to time, in its discretion and in accordance with TSXV requirements, grant to directors, officers, employees and consultants of the Company and/or its affiliates ("**Eligible Participants**"), Common Share purchase options ("**Options**"), restricted share units ("**RSUs**"), and deferred share units ("**DSUs**"), and collectively with the Options and RSUs, the "**Awards**").

Under the policies of the TSXV, RSUs and DSUs are subject to a 1-year vesting period except in certain circumstances. Further, directors may grant Awards with vesting periods as the circumstances require. The Omnibus Plan authorizes the Board to grant Awards to Eligible Participants on the following terms:

1. Under the Omnibus Plan, subject to Article 7, the total number of Common Shares reserved and available for grant and issuance pursuant to Options shall not exceed 10% of the issued and outstanding Common Shares.

2. For so long as the Company is listed on the TSXV or on another exchange that requires the Company to fix the number of Common Shares to be issued in settlement of Awards that are not Options, the maximum number of Common Shares available for issuance pursuant to the settlement of RSUs and DSUs together shall be an aggregate of 1,548,174 Common Shares.
3. The aggregate number of Common Shares issuable to Insiders at any time, under all of the Corporation's Share Compensation Arrangements, shall not exceed 10% of the Corporation's issued and outstanding Common Shares at any point in time, unless the Corporation has obtained disinterested shareholder approval as required by the policies of the TSXV.
4. The aggregate number of Common Shares for which Awards may be issued to any one participant in any 12-month period shall not exceed 5% of the outstanding Common Shares, unless the Company obtains disinterested shareholder approval as required by the policies of the TSXV. The aggregate number of Common Shares for which Awards may be issued to any one consultant within any 12-month period shall not exceed 2% of the outstanding Common Shares, calculated on the date an Award is granted to the consultant. The aggregate number of Common Shares for which Options may be issued to any Investor Relations Service Provider (as defined by the TSXV) within any 12-month period shall not exceed 2% of the outstanding Shares, calculated on the date an Option is granted to such persons. Investor Relations Service Providers are not eligible to receive any Award of RSUs or DSUs.
5. Unless disinterested shareholder approval as required by the policies of the TSXV is obtained, and subject to the adjustment pursuant to provisions of Article 7 of the Omnibus Plan, the aggregate number of Shares (i) issued to Insiders under the Plan or any other proposed or established Share Compensation Arrangement within any 12-month period and (ii) issuable to Insiders at any time under the Plan or any other proposed or established Share Compensation Arrangement, shall in each case not exceed ten percent (10%) of the total issued and outstanding Shares of the Corporation (on a non-diluted basis) from time to time.
6. The Board shall not make grants of Awards to Directors if, after giving effect to such grants of Awards, the aggregate number of Shares issuable to Directors, at the time of such grant, under all of the Corporation's Share Compensation Arrangements would exceed 2% of the issued and outstanding Common Shares on a non-diluted basis, provided that such limit shall not apply to (i) Awards taken in lieu of any cash retainer or meeting director fees, and (ii) a one-time initial grant to a Director upon such Director joining the Board.
7. All Awards granted under the Omnibus Plan are non-transferable and non-assignable in any manner, including assignment, except as may be permitted by TSXV policies.

As of December 28, 2022, there were an aggregate of 1,489,974 Options, nil DSUs, and 1,215,242 RSUs outstanding under the existing Omnibus Plan.

C. Board Practices

At present, the directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until his or her successor is appointed, unless his or her office is earlier vacated in accordance with the BCBCA and the articles and by-laws of the Company. The directors of the Company do not have service contracts with the Company or any of its subsidiaries providing for benefits upon termination of employment. The following persons comprise the following committees:

<u>Audit Committee</u>	<u>Nominating and Governance Committee</u>	<u>Compensation Committee</u>	<u>Patent Committee</u>
Gregory Raifman	Gregory Raifman	Gregory Raifman	Louis Schwartz
Lawrence Rutkowski	Lawrence Rutkowski	Lawrence Rutkowski	Lawrence Rutkowski
Rudolph Cline-Thomas			

Audit Committee Disclosure

The Audit Committee Charter

The Board is responsible for reviewing and approving the unaudited interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. The Audit Committee assists the Board in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board for its consideration in approving the unaudited interim financial statements together with other financial information of the Company for issuance to the shareholders.

The Audit Committee has the general responsibility to review and make recommendations to the Board on the approval of the Company's annual and interim financial statements, the Management Discussion and Analysis and the other financial information or disclosure of the Company. More particularly, it has the mandate to:

- (i) oversee all the aspects pertaining to the process of reporting and divulging financial information, the internal controls and the insurance coverage of the Company;
- (ii) oversee the implementation of the Company's rules and policies pertaining to financial information and internal controls and management of financial risks and to ensure that the certifications process of annual and interim financial statements is conformed with the applicable regulations; and
- (iii) evaluate and supervise the risk control program and review all related party transactions.

The Audit Committee ensures that the external auditors are independent from management. The Audit Committee reviews the work of outside auditors, evaluates their performance, evaluates their remuneration and makes recommendations to the Board. The Audit Committee also authorizes non-related audit work.

Terms of reference of the Audit Committee are given in the Audit Committee charter. All charters of the committees of the Board are available on the Company's website (www.enginegaming.com) or, on request, from the Company's offices listed in this Annual Report.

Composition of the Audit Committee

The Audit Committee is currently comprised of the following members of the Board:

Name	Position	Independent⁽¹⁾	Financial Literacy⁽¹⁾
Lawrence Rutkowski ⁽²⁾	Director	Yes	Financially literate
Gregory Raifman ⁽³⁾	Director	Yes	Financially literate
Rudolph Cline-Thomas	Director	Yes	Financially literate

Notes:

- (1) Terms have their respective meanings ascribed in National Instrument 52-110 of the Canadian Securities Administrators ("NI 52-110"). All members of the Audit Committee are independent based on the criteria for independence prescribed by Rule 10A-3 of the Exchange Act and Rule 5605(a)(2) of the NASDAQ Stock Market Rules.
- (2) Chairman of the Audit Committee.
- (3) Effective April 27, 2022, Hank Ratner resigned as a director of the Company. On July 20, 2022, he was replaced by Gregory Raifman, who joined the Company's Audit Committee.

The Audit Committee meets the composition requirements set forth by Section 5605(c)(2) of the NASDAQ Stock Market Rules.

Compensation Committee Disclosure

The Compensation Committee Charter

The Compensation Committee is responsible for assisting the Board with, among other things: evaluation and compensation of the Company's senior management; compensation of the Board; and additional matters delegated to the Compensation Committee by the Board.

Terms of reference of the Compensation Committee are given in the Compensation Committee charter. All charters of the committees of the Board are available on the Company's website (www.enginegaming.com) or, on request, from the Company's offices listed in this Annual Report.

Composition of the Compensation Committee

The Compensation Committee is currently comprised of the following members of the Board:

Name	Position	Independent⁽¹⁾
Lawrence Rutkowski	Director	Yes
Gregory Raifman	Director	Yes

Notes:

- (1) As defined in NI 52-110. All members of the Compensation Committee are independent based on the criteria for independence prescribed by Rule 5605(a)(2) of the NASDAQ Stock Market Rules.

Nominating and Governance Committee

The Nominating and Governance Committee Charter

The Nominating and Governance Committee is responsible for, among other things: maintaining oversight of the governance functions and effectiveness of the Board and the Company's governance functions; identifying, screening and recommending qualified candidates to serve as directors; reviewing and evaluating the Board; and addressing any related matters required by applicable law.

Terms of reference of the Nominating and Governance Committee are given in the Compensation Committee charter. All charters of the committees of the Board are available on the Company's website (www.enginegaming.com) or, on request, from the Company's offices listed in this Annual Report.

Composition of the Nominating and Governance Committee

The Nominating and Governance Committee is currently comprised of the following members of the Board:

<u>Name</u>	<u>Position</u>	<u>Independent⁽¹⁾</u>
Lawrence Rutkowski	Director	Yes
Gregory Raifman	Director	Yes

Notes:

(1) As defined in NI 52-110. All members of the Nominating and Governance Committee are independent based on the criteria for independence prescribed by Rule 5605(a)(2) of the NASDAQ Stock Market Rules.

D. Employees

As at August 31, 2022, the Company had approximately 113 employees globally. Of these employees, approximately 3 are located in Canada, 24 in Spain, 9 in India, and 77 in the United States.

As at August 31, 2021, the Company had approximately 195 employees globally. Of these employees, approximately 2 are located in Canada, 57 in France, 21 in Spain, 7 in India, and 108 in the United States.

As at August 31, 2020, the Company had approximately 163 employees globally. Of these employees, approximately 4 are located in Canada, 51 in France, 11 in Spain, 16 in the United Kingdom, 5 in India, and 76 in the United States.

None of the Company's employees are represented by a collective bargaining agreement. The Company considers its relations with its employees to be strong and views its employees as an important competitive advantage

E. Share Ownership

At present, the directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until his or her successor is appointed, unless his or her office is earlier vacated in accordance with the BCBCA and the articles and by-laws of the Company.

The following table and the notes thereto state the names of all directors and executive officers, all other positions or offices with the Company and its subsidiaries now held by them, their principal occupations or employment, the year in which they became directors and/or executive officers of the Company, the approximate number of Common Shares beneficially owned, directly or indirectly, by each of them, or over which they exert control or direction, and the number of options to acquire Common Shares held as of December 28, 2022.

<u>Name Province/State Country of Residence and Position(s) with the Company⁽¹⁾</u>	<u>Principal Occupation Business or Employment for Last Five Years⁽¹⁾</u>	<u>Periods Served as a Director or Officer⁽¹⁾</u>	<u>Number of Common Shares owned, directly or indirectly or controlled or directed⁽¹⁾⁽²⁾</u>
Tom Rogers New York, USA Chairman and Director	Executive Chairman and Director of the Company since May 2020. Chairman and CEO of TRget Media, LLC, a media investment and operations advisory firm since June 2003.	May 2020	259,535
Louis Schwartz ⁽⁶⁾ Georgia, USA Chief Executive Officer and Director	Co-CEO of the Company from May 2020 to November 2020, CEO of the Company since November 2020. Director of the Company since July 2020.	July 2020	263,126
Gregory Raifman ⁽³⁾⁽⁴⁾⁽⁵⁾ , Kamas, UT, USA Director	Director of the Company. The former President of Nexstar Digital, LLC, a wholly owned subsidiary of Nexstar Media Group, Inc. (NASDAQ: NXST).	July 2022	0
Lawrence Rutkowski ⁽³⁾⁽⁴⁾⁽⁵⁾ ⁽⁶⁾ California, USA Director	Director of the Company. President & owner of L&S Investments, L.L.C. Director of Stanley M. Proctor Co.	January 2021	29,926
Rudolph Cline-Thomas ⁽³⁾ New York, New York, USA Director	Director of the Company. Founder and Managing Partner of venture fund MASTRY. Founder of commercial real estate investment firm Mistry Properties. Serves on Salesforce Global Advisory		

	Board (NYSE: CRM). Strategic advisor to Gucci. Board advisor for Jumia Technologies (NYSE: JMIA) and Zuora (NYSE: ZUO).	July 2021	17,600
Stuart Porter Boston, MA, USA Director	Director of the Company. Founder of Denham Capital and is its Chief Executive Officer and Chief Investment Officer.	January 2022	1,546,400

Notes:

- (1) Information has been furnished by the directors and executive officers individually or from www.sedi.ca.
- (2) The information as to shares beneficially owned, directly or indirectly, or over which control or direction is exercised, is based upon information furnished to the Company by the respective directors and executive officers as at the date hereof and does not include any convertible securities held by such person.
- (3) Member of the Audit Committee.
- (4) Member of the Nominating and Governance Committee.
- (5) Member of the Compensation Committee.
- (6) Member of the Patent Committee.

The directors and executive officers of the Company listed above, as a group, beneficially owned, control or direct, directly or indirectly, 2,151,282 Common Shares as of the date hereof.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

As of December 28, 2022, according to www.sedi.ca, Stuart Porter beneficially owned 1,546,400 Common Shares, representing approximately 9.6% of the 16,027,267 Common Shares issued and outstanding on such date, 33,256 RSUs, 63,750 Options, 633,333 Warrants and \$1,250,000 in convertible debentures convertible into 1,136,364 Common Shares.

From July 27, 2021 through October 6, 2021, Mr. Porter acquired 679,734 Common Shares in open market transactions for aggregate consideration of \$3,846,691. In December 2020, Three Curve LP, an entity controlled by Mr. Porter (“Three Curve”), acquired 66,666 Common Shares and warrants to purchase 33,333 Common Shares in a private placement from the Company for aggregate consideration of \$499,995. In December 2020 Three Curve also acquired 800,000 Common Shares and warrants to purchase 600,000 Common Shares from the Company in connection with the conversion of certain convertible debentures.

B. Related Party Transactions

Key Management Compensation

Key management includes the Company's directors, officers and any consultants with the authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly. Compensation awarded to key management includes the following:

	For the year ended	
	August 31, 2022	August 31, 2021
	\$	\$
Total compensation paid to key management	1,390,598	2,231,871
Share based payments	963,295	1,897,855

Total compensation paid to key management is recorded in consulting fees and salaries and wages in the consolidated statement of loss and comprehensive loss for the years ended August 31, 2022, and 2021.

Amounts due to related parties as of August 31, 2022, with respect to the above fees were \$5,588 (2021 - \$33,349). The amounts due to related parties are recorded within accounts payable and accrued liabilities on the consolidated statements of loss and comprehensive loss. These amounts are unsecured, non-interest bearing and due on demand.

Commitment to Former Holders of WinView

Pursuant to the Business Combination agreement dated March 9, 2020, among the Company, Frankly Inc. and Winview Inc., the Company is required to pay to certain former Winview securities holders ("Stubholders") fifty percent (50%) of the net license fees, damages awards or settlement amounts collected from third parties in connection with the Winview Patent Portfolio, after deduction of certain expenses. Company director, Tom Rogers is among the pool of Stubholders.

While the Company does not believe that the interests of Mr. Rogers, as Stubholder, are sufficiently material or adverse to the Company's interests to create an actual or potential conflict of interest with respect to the management of the Winview Patent Portfolio, the Company nevertheless has formed a Patent Committee, that excludes Mr. Rogers, to make recommendations to the Company's Board regarding matters involving the Winview Patent Portfolio.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

Financial Statements

This Annual Report contains the Company's audited consolidated financial statements which comprise the consolidated statements of financial position as at August 31, 2022, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity (deficiency) and consolidated statements of cash flows for the years ended August 31, 2022, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

Legal Proceedings

In April 2020, the Company announced its renegotiation of the acquisition of Allinsports. The revised purchase agreement provided for the acquisition of 100% of Allinsports in exchange for the issuance of 966,667 Common Shares of the Company and other consideration, including payments of \$1,200,000 as a portion of the purchase consideration. In September 2020, the Company advised the shareholders of Allinsports that closing conditions of the transaction, including the requirement to provide audited financial statements, had not been satisfied.

In response, in November 2020, the shareholders of Allinsports commenced arbitration in Alberta, Canada seeking, among other things, to compel the Company to complete the acquisition of Allinsports without the audited financial statements, and to issue 966,667 Common Shares of the Company to those shareholders. As alternative relief, the shareholders of Allinsports sought up to US\$20,000,000 in damages. As of August 31, 2020, the Company had recorded an impairment against the entire balance of advances to Allinsports, amounting to \$2,625,657. A hearing in this matter was held in May of 2021, and by a decision dated September 30, 2021, the Arbitrator determined that the closing of the transaction had previously occurred and directed the Company to issue the 966,667 Common Shares. The Company is pursuing regulatory approval to issue the shares and is also pursuing relief against the Allinsports shareholders for various alleged breaches of the share purchase agreement. The Company recognized a liability for the arbitration ruling of \$899,569, which represents the fair value of the Common Shares directed to be delivered as of August 31, 2022. The liability is recorded as Arbitration reserve on the Company's Consolidated Statements of Financial Position. This liability will be adjusted to fair value at the end of each reporting period.

On July 15, 2021, a complaint was filed against Winview by Bleacher League Entertainment, Inc. in the United States District Court for the District of Delaware, alleging that Winview had violated two of Bleacher's patents covering an interactive themed baseball game and seeking damages and other relief. The parties have entered into an agreement resolving this matter and in connection therewith, on November 8, 2021, the plaintiff terminated the pending action by filing a notice of voluntary dismissal with prejudice. There was no related expense.

In April of 2021, the Company received a copy of a complaint filed by 3CI Holdings, LLLP in the Circuit Court for the 11th Judicial Circuit for Miami-Dade naming Allinsports, A1 Simulation LLC (an entity purported to be a subsidiary of Allinsports), and the Company, seeking to hold the parties, including Company, responsible for unpaid rent under a lease agreement between 3CI's predecessors in interest and A1 Simulation, and seeking damages of at least \$2,890,000. On July 6, 2021, the Company filed motion to dismiss the complaint. On February 17, 2022, 3CI Holdings filed an Amended Complaint, to which the Company filed a motion to dismiss, which was granted pursuant to an order signed by the court on July 5, 2022.

On January 21, 2021, eight former shareholders of Winview filed a Complaint in Delaware Chancery Court against four Winview directors (David Lockton, et al. v. Thomas S. Rogers, et al.) alleging that the defendants breached their fiduciary duties in connection with the sale of Winview to Engine. The relief sought includes rescission of the sale of Winview to Engine and compensatory damages. The defendants have filed a motion to dismiss the claims. By Decision dated March 1, 2022, the Court granted in part and denied in part, the defendants' Motion to Dismiss the Complaint. Neither the Company nor Winview have been named as parties to this action. Under the March 9, 2020, Business Combination Agreement pursuant to which the Company acquired Winview, the Company agreed to indemnify Winview's directors for any claims arising out of their service as directors for Winview. By Complaint filed on October 28, 2022, against the defendant directors, the insurance carrier providing directors and officers coverage for the shareholder action is seeking a declaration that the action is not covered under the directors and officers policy issued by it. As of August 31, 2022 it is impossible to estimate a liability or if one is likely.

In July of 2021, Winview filed separate patent infringement lawsuits against DraftKings and FanDuel in the United States District Court for the District of New Jersey, alleging that Sportsbook and Daily Fantasy Sports offerings of DraftKings and FanDuel infringe four of Winview's patents. These actions seek the recovery of damages and other appropriate relief. Draft Kings and FanDuel have filed motions to dismiss, which are pending. The defendants have also filed petitions for inter partes review with the United States Patent Office, which are expected to commence in the first quarter of 2023. During the quarter ended August 31, 2022, the company recognized patent impairment expense amounting to \$5,029,475. The impairment expense reflects the impact of reductions in estimated future net cash flows for certain portfolios that management determined it would no longer allocate resources to in future periods.

By Order to Continue dated May 5, 2022, the Company was substituted in as the plaintiff in a matter pending in the Ontario Superior Court of Justice, seeking recovery of €1,903,153 of principal and additional amounts of accrued interest under promissory notes acquired by the Company. The matter is in the discovery stage.

The outcomes of pending litigations in which the Company is involved are necessarily uncertain as are the Company's expenses in prosecuting and defending these actions. From time to time the Company may modify litigation strategy and/or the terms on which it retains counsel and other professionals in connection with such actions, which may affect the outcomes of and/or the expenses incurred in connection with such actions.

The Company is subject to various other claims, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable, and the amounts are estimable. Although the outcome of such matters cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material adverse effect on the Company's financial condition, operations, or liquidity.

Dividend Policy

The Company has not paid any dividends since its incorporation. Any determination to pay any future dividends will remain at the discretion of the Board and will be made based on the Company's financial condition and other factors deemed relevant by the Board. There are currently no restrictions on the ability of the Company to pay dividends except as set out under the Company's governing statute.

B. Significant Changes

We have not experienced any significant changes since the date of the Consolidated Financial Statements included with this Annual Report except as disclosed in this Annual Report.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

The Common Shares are listed and posted for trading on the TSXV under the trading symbol "GAME" and on Nasdaq under the symbol "GAME".

June 2020 Cease Trade Order

On June 22, 2020, the Ontario Securities Commission (the “OSC”) issued a temporary cease trade order against the Company for failure to file its second quarter interim financial statements for the six-month period ended February 29, 2020, the related management’s discussion and analysis and certificates of its CEO and CFO (the “Q2 Filings”). On July 8, 2020, the Company filed the Q2 Filings. The OSC lifted the cease trade order on July 10, 2020. The Company was reinstated for trading on the TSXV and the Common Shares resumed trading on July 27, 2020. At the time, Bryan Reyhani, Steven Zenz, Louis Schwartz, Tom Rogers and Michael Munoz were directors or officers of the Company.

B. Plan of Distribution

Not applicable.

C. Markets

See Item 9.A. - *Offer and Listing Details*.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

Incorporation

See Item 4.A. - *Name, Address and Incorporation*.

Objects and Purposes

The Articles of the Company (the “Articles”) do not contain a limitation on objects and purposes.

Directors

Section 148 of the BCBCA deals with a directors’ disclosable interest (as defined in the BCBCA) in contracts or transactions into which the Company has entered or proposes to enter. Section 149 of the BCBCA provides that a director who holds such a disclosable interest is not entitled to vote on any directors’ resolution to approve such contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

Pursuant to the BCBCA, a director holds a disclosable interest in a contract or transaction if (a) the contract or transaction is material to the Company, (b) the Company has entered, or proposes to enter, into the contract or transaction, and (c) the director has a material interest in the contract or transaction or the director is a director or senior officer of, or has a material interest in, a person who has a material interest in the contract or transaction. Pursuant to the BCBCA, a director does not have a disclosable interest in a number of prescribed situations, including without limitation in respect of a contract or transaction merely because the contract or transaction relates to the remuneration of the director in that person’s capacity as a director of the Company.

The directors may act notwithstanding any vacancy on the Board, but if the Company has fewer directors in office than the number set pursuant to the Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of summoning a meeting of shareholders for the purpose of filling any vacancies on the Board or, subject to the BCBCA, for any other purpose. The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at two directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

Article 6 of the Articles deals with borrowing powers. The Company, if authorized by the directors, may: (i) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate; (ii) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate; (iii) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and (iv) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

Qualifications of Directors

The Articles do not specify a retirement age for directors.

Directors are not required to own any Common Shares of the Company.

Section 124 of the BCBCA provides that an individual is not qualified to become or act as a director of a company if that individual is:

1. under the age of 18 years;
2. found by a court, in Canada or elsewhere, to be incapable of managing the individual's own affairs;
3. an undischarged bankrupt; or
4. convicted in or out of the Province of British Columbia of an offence in connection with the promotion, formation or management of a corporation or unincorporated business, or of an offence involving fraud, unless:
 - a. the court orders otherwise;
 - b. 5 years have elapsed since the last to occur of:
 - i. the expiration of the period set for suspension of the passing of sentence without a sentence having been passed;
 - ii. the imposition of a fine;
 - iii. the conclusion of the term of any imprisonment; and
 - iv. the conclusion of the term of any probation imposed; or
 - c. a pardon was granted or issued, or a record suspension ordered, under the Criminal Records Act (Canada) and the pardon or record suspension, as the case may be, has not been revoked or ceased to have effect.

A director who ceases to be qualified to act as a director of the Company must promptly resign.

Section 120 of the BCBCA provides that every company must have at least one director, and a public company must have at least three directors.

Rights, Preference and Restrictions

Holders of Common Shares are entitled to receive notice of any meeting of shareholders of the Company, to attend and to cast one vote per share at such meetings. Holders of Common Shares are also entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Board at its discretion from funds legally available therefor and upon the liquidation, dissolution, or winding up of the Company are entitled to receive on a pro rata basis, the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions, and conditions attaching to any other series or class of shares ranking senior in priority. Common Shares do not carry any pre-emptive, subscription, redemption, conversion rights, sinking fund provisions, liability to further capital calls by the Company, or provisions discriminating against any existing or prospective holder of Common Shares as a result of such shareholder owning a substantial number of Common Shares.

The rights of shareholders of the Company may be altered only with the approval of the holders of two thirds or more of the Common Shares voted at a meeting of the Company's shareholders called and held in accordance with the Articles and applicable law.

Shareholder Meetings

The BCBCA provides that: (i) a general meeting of shareholders must be held in the Province of British Columbia, unless otherwise provided in the Company's Articles or if the articles do not restrict the Company from approving a location outside of British Columbia, the location for the meeting is approved in writing by the registrar before the meeting is held; (ii) the Company must hold an annual general meeting of shareholders not later than 15 months after the last preceding annual general meeting and once in every calendar year; (iii) for the purpose of determining shareholders entitled to receive notice of or vote at a meeting of shareholders, the directors may set a date as the record date for that determination, provided that such date shall not precede by more than 2 months (or, in the case of a general meeting requisitioned by shareholders under the BCBCA, by more than 4 months) or be less than 21 days before the date on which the meeting is to be held; (iv) a quorum for the transaction of business at a meeting of shareholders of the Company is the quorum established by the Articles (Article 8.3 of the Articles provide that the quorum for the transaction of business at a meeting of shareholders is one or more persons, present in person or by proxy); (v) the holders of not less than 5% of the issued shares entitled to vote at a meeting may requisition the directors to call a meeting of shareholders for the purpose of transacting any business that may be transacted at a general meeting; and (vi) the Court may, on its own motion or on the application of the Company, upon the application of a director or the application of a shareholder entitled to vote at the meeting: (a) order that a meeting of shareholders be called, held and conducted in a manner that the Court considers appropriate; and (b) give directions it considers necessary as to the call, holding and conduct of the meeting.

Limitations on Ownership of Securities

Except as provided in the *Investment Canada Act*, there are no limitations specific to the rights of non-Canadians to hold or vote the Common Shares under the laws of Canada or the Province of British Columbia or in the Company's constating documents.

Change in Control

There are no provisions in the Company's constating documents or under applicable corporate law that would have the effect of delaying, deferring or preventing a change in the control of the Company, or that would operate with respect to any proposed merger, acquisition or corporate restructuring involving the Company or any of its subsidiaries.

Ownership Threshold

There are no provisions in the Company's constating documents or under applicable corporate law requiring share ownership to be disclosed. Securities legislation in Canada requires that shareholder ownership (as well as ownership of an interest in, or right or obligation associated with, a related financial instrument of a security of the Company) must be disclosed once a person beneficially owns or has control or direction over, directly or indirectly, securities of a reporting issuer carrying more than 10% of the voting rights attached to all the reporting issuer's outstanding voting securities. This threshold is higher than the 5% threshold under U.S. securities legislation at which stockholders must report their share ownership.

Changes to Capital

There are no conditions imposed by the Articles governing changes in the capital where such conditions are more significant than is required by the corporate laws of the Province of British Columbia for as long as the Company is a public company. If the Company is not a public company, Section 23.2 of the Articles provides that no share or designated security may be sold, transferred or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

Description of Capital Structure

Our authorized share structure consists of an unlimited number of Common Shares without par value, of which 15,803,875 Common Shares were issued and outstanding as of August 31, 2022. All of the issued Common Shares are fully paid and non-assessable common shares in the capital of the Company. The Company does not own any of its Common Shares.

C. Material Contracts

We are a party to the following contracts entered into in the two years immediately preceding the publication of this Annual Report which management currently considers to be material to the Company and our assets and operations and were not entered into in the ordinary course of business:

- the Arrangement Agreement; and
- the Equity Distribution Agreement.

The terms and conditions of these material contracts are summarized below.

Arrangement Agreement

On December 7, 2022 Engine entered into the Arrangement with GameSquare to combine businesses in an all share transaction, whereby each common share of GameSquare will be exchange for 0.08262 Common Shares. Following the all-share transaction, former GameSquare shareholders are expected to own approximately 60% of the combined entity, and current Engine shareholders are expected to own approximately 40% of the combined entity on a fully diluted basis, and it is intended that the Common Shares will continue to trade on Nasdaq and TSXV, in each case, under the symbol "GAME." The combined entity will retain the "GameSquare" brand globally.

The Arrangement is anticipated to close in the first quarter of 2023. The completion of the Arrangement is subject to customary terms and conditions, including the following: approval of the Arrangement by Engine and GameSquare shareholders; court approval of the Arrangement; and, receipt of all required regulatory approvals, including acceptance by the TSXV.

Equity Distribution Agreement

On August 10, 2021, the Company entered into the Equity Distribution Agreement with Canaccord, on behalf of itself and co-sales agents Oppenheimer & Co. Inc. and B. Riley Securities, Inc., to establish the ATM Program. Under the ATM Program, the Company has the flexibility through the expiration date of its Base Shelf Prospectus to issue up to US\$50 million of Common Shares as needed to support the Company's ongoing business activities. Any Common Shares sold under the ATM Program will be sold at the prevailing market price at the time of sale, when sold through Nasdaq. No Common Shares will be offered or sold in Canada. As of the date hereof, the Company has not yet issued any shares under the ATM Program.

D. Exchange Controls

Canada has no system of exchange controls. There are no Canadian governmental laws, decrees, or regulations relating to restrictions on the repatriation of capital or earnings of the Company to non-resident investors. There are no laws in Canada or exchange control restrictions affecting the remittance of dividends or other payments made by the Company in the ordinary course to non-resident holders of the Common Shares by virtue of their ownership of such Common Shares, except as discussed below under *Item 10.E. - Taxation*.

There are no limitations under the laws of Canada or in the organizing documents of the Company on the right of foreigners to hold or vote securities of the Company, except that the *Investment Canada Act* may require that a "non-Canadian" not acquire "control" of the Company without prior review and approval by the Minister of Innovation, Science and Economic Development, where applicable thresholds are exceeded. The acquisition of one-third or more of the voting shares of the Company would give rise a rebuttable presumption of an acquisition of control, and the acquisition of more than fifty percent of the voting shares of the Company would be deemed to be an acquisition of control. In addition, the *Investment Canada Act* provides the Canadian government with broad discretionary powers in relation to national security to review and potentially prohibit, condition or require the divestiture of, any investment in the Company by a non-Canadian, including non-control level investments. "Non-Canadian" generally means an individual who is neither a Canadian citizen nor a permanent resident of Canada within the meaning of the *Immigration and Refugee Protection Act* (Canada) who has been ordinarily resident in Canada for not more than one year after the time at which he or she first became eligible to apply for Canadian citizenship, or a corporation, partnership, trust or joint venture that is ultimately controlled by non-Canadians.

E. Taxation

Certain United States Federal Income Tax Considerations

The following is a general summary of certain material U.S. federal income tax considerations applicable to a U.S. Holder (as defined below) arising from and relating to the acquisition, ownership, and disposition of Common Shares. This summary is for general information purposes only and does not purport to be a complete analysis or listing of all potential U.S. federal income tax considerations that may apply to a U.S. Holder arising from and relating to the acquisition, ownership, and disposition of Common Shares. In addition, this summary does not take into account the individual facts and circumstances of any particular U.S. Holder that may affect the U.S. federal income tax consequences to such U.S. Holder, including without limitation specific tax consequences to a U.S. Holder under an applicable income tax treaty. Accordingly, this summary is not intended to be, and should not be construed as, legal or U.S. federal income tax advice with respect to any U.S. Holder. This summary does not address the U.S. federal net investment income, U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and non-U.S. tax consequences to U.S. Holders of the acquisition, ownership, and disposition of Common Shares. In addition, except as specifically set forth below, this summary does not discuss applicable tax reporting requirements. Each prospective U.S. Holder should consult its own tax advisor regarding the U.S. federal, U.S. federal net investment income, U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and non-U.S. tax consequences relating to the acquisition, ownership, and disposition of Common Shares. No legal opinion from U.S. legal counsel or ruling from the Internal Revenue Service (the "IRS") has been requested, or will be obtained, regarding the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Common Shares. This summary is not binding on the IRS, and the IRS is not precluded from taking a position that is different from, and contrary to, the positions taken in this summary. In addition, because the authorities on which this summary is based are subject to various interpretations, the IRS and the U.S. courts could disagree with one or more of the conclusions described in this summary.

Scope of this Summary

Authorities

This summary is based on the United States Internal Revenue Code of 1986, as amended (the “Code”), Treasury Regulations (whether final, temporary, or proposed), published rulings of the IRS, published administrative positions of the IRS, the Convention between the United States and Canada with respect to taxes on income and on capital of 1980, as amended (the “Canada-U.S. Tax Convention”), and U.S. court decisions that are applicable and, in each case, as in effect and available, as of the date of this document. Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a retroactive or prospective basis which could affect the U.S. federal income tax considerations described in this summary. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation that, if enacted, could be applied on a retroactive, current or prospective basis.

U.S. Holders

For purposes of this summary, the term “**U.S. Holder**” means a beneficial owner of Common Shares that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the U.S.;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) organized under the laws of the U.S., any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the U.S. and the control of one or more U.S. persons for all substantial decisions or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

Non-U.S. Holders

For purposes of this summary, a “**non-U.S. Holder**” is a beneficial owner of Common Shares that is not a U.S. Holder or is a partnership. This summary does not address the U.S. federal income tax considerations to non-U.S. Holders arising from and relating to the acquisition, ownership and disposition of Common Shares. Accordingly, a non-U.S. Holder should consult its own tax advisors regarding the U.S. federal, U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local and non-U.S. tax consequences (including the potential application of, and operation of, any income tax treaties) relating to the acquisition, ownership and disposition of Common Shares.

U.S. Holders Subject to Special U.S. Federal Income Tax Rules Not Addressed

This summary does not address the U.S. federal income tax considerations applicable to U.S. Holders that are subject to special provisions under the Code, including, but not limited to, U.S. Holders that: (a) are tax-exempt organizations, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts; (b) are financial institutions, underwriters, insurance companies, real estate investment trusts, or regulated investment companies; (c) are broker-dealers, dealers, or traders in securities or currencies that elect to apply a mark-to-market accounting method; (d) have a “functional currency” other than the U.S. dollar; (e) own Common Shares as part of a straddle, hedging transaction, conversion transaction, constructive sale, or other integrated transaction; (f) acquired Common Shares in connection with the exercise of employee stock options or otherwise as compensation for services; (g) hold Common Shares other than as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment purposes); (h) are subject to taxing jurisdictions other than, or in addition to, the United States; (i) are partnerships and other pass-through entities (and investors in such partnerships and entities); (j) are S corporations (and shareholders or investors in such S corporations); (k) own, have owned or will own (directly, indirectly, or by attribution) 10% or more of the total combined voting power or value of the outstanding shares of the Company; (l) U.S. expatriates or former long-term residents of the U.S., (m) hold Common Shares in connection with a trade or business, permanent establishment, or fixed base outside the United States, or (n) are subject to special tax accounting rules with respect to Common Shares. U.S. Holders that are subject to special provisions under the Code, including, but not limited to, U.S. Holders described immediately above, should consult their own tax advisor regarding the U.S. federal, U.S. federal net investment income, U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and non-U.S. tax consequences relating to the acquisition, ownership and disposition of Common Shares.

If an entity or arrangement that is classified as a partnership (or other “pass-through” entity) for U.S. federal income tax purposes holds Common Shares, the U.S. federal income tax consequences to such entity and the partners (or other owners) of such entity generally will depend on the activities of the entity and the status of such partners (or owners). This summary does not address the tax consequences to any such owner. Partners (or other owners) of entities or arrangements that are classified as partnerships or as “pass-through” entities for U.S. federal income tax purposes should consult their own tax advisors regarding the U.S. federal, U.S. federal net investment income, U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and non-U.S. tax consequences arising from and relating to the acquisition, ownership, and disposition of Common Shares.

Ownership and Disposition of Common Shares

The following discussion is subject to the rules described below under the heading “Passive Foreign Investment Company Rules”.

Taxation of Distributions

A U.S. Holder that receives a distribution, including a constructive distribution, with respect to a share will be required to include the amount of such distribution in gross income as a dividend (without reduction for any foreign income tax withheld from such distribution) to the extent of the current or accumulated “earnings and profits” of the Company, as computed for U.S. federal income tax purposes. A dividend generally will be taxed to a U.S. Holder at ordinary income tax rates if the Company is a PFIC for the tax year of such distribution or the preceding tax year. To the extent that a distribution exceeds the current and accumulated “earnings and profits” of the Company, such distribution will be treated first as a tax-free return of capital to the extent of a U.S. Holder’s tax basis in the Common Shares and thereafter as gain from the sale or exchange of such Common Shares (see “Sale or Other Taxable Disposition of Common Shares” below). However, the Company may not maintain the calculations of its earnings and profits in accordance with U.S. federal income tax principles, and each U.S. Holder should therefore assume that any distribution by the Company with respect to the Common Shares will constitute ordinary dividend income. Dividends received on Common Shares by corporate U.S. Holders generally will not be eligible for the “dividends received deduction”. Subject to applicable limitations and provided the Company is eligible for the benefits of the Canada-U.S. Tax Convention or the Common Shares are readily tradable on a United States securities market, dividends paid by the Company to non-corporate U.S. Holders, including individuals, generally will be eligible for the preferential tax rates applicable to long-term capital gains for dividends, provided certain holding period and other conditions are satisfied, including that the Company not be classified as a PFIC (as defined below) in the tax year of distribution or in the preceding tax year. The dividend rules are complex, and each U.S. Holder should consult its own tax advisor regarding the application of such rules.

Sale or Other Taxable Disposition of Common Shares

A U.S. Holder will generally recognize gain or loss on the sale or other taxable disposition of Common Shares in an amount equal to the difference, if any, between (a) the amount of cash plus the fair market value of any property received and (b) such U.S. Holder’s tax basis in such Common Shares sold or otherwise disposed of. Any such gain or loss recognized on such sale or other disposition generally will be capital gain or loss, which will be long-term capital gain or loss if, at the time of the sale or other disposition, such Common Shares are held for more than one year.

Preferential tax rates apply to long-term capital gains of a U.S. Holder that is an individual, estate, or trust. There are currently no preferential tax rates for long-term capital gains of a U.S. Holder that is a corporation. Deductions for capital losses are subject to significant limitations under the Code.

Passive Foreign Investment Company (“PFIC”) Rules

If the Company were to constitute a PFIC for any year during a U.S. Holder’s holding period, then certain potentially adverse rules would affect the U.S. federal income tax consequences to a U.S. Holder resulting from the acquisition, ownership and disposition of Common Shares. The Company believes that it was not a PFIC for its most recently completed tax year and based on current business plans and financial expectations, the Company does not anticipate that it will be a PFIC for its current tax year. No opinion of legal counsel or ruling from the IRS concerning the status of the Company as a PFIC has been obtained or is currently planned to be requested. However, PFIC classification is fundamentally factual in nature, generally cannot be determined until the close of the tax year in question and is determined annually. Additionally, the analysis depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. Consequently, there can be no assurance that the Company has never been and will not become a PFIC for any tax year during which U.S. Holders hold Common Shares.

In addition, in any year in which the Company is classified as a PFIC, a U.S. Holder will be required to file an annual report with the IRS containing such information as Treasury Regulations and/or other IRS guidance may require. A failure to satisfy such reporting requirements may result in an extension of the time period during which the IRS can assess a tax. U.S. Holders should consult their own tax advisors regarding the requirements of filing such information returns under these rules, including the requirement to file an IRS Form 8621 annually.

The Company generally will be a PFIC under Section 1297 of the Code if, after the application of certain “look-through” rules with respect to subsidiaries in which the Company holds at least 25% of the value of such subsidiary, for a tax year, (a) 75% or more of the gross income of the Company for such tax year is passive income (the “income test”) or (b) 50% or more of the value of the Company’s assets either produce passive income or are held for the production of passive income (the “asset test”), based on the quarterly average of the fair market value of such assets. “Gross income” generally includes all sales revenues less the cost of goods sold, plus income from investments and incidental or outside operations or sources, and “passive income” generally includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions. Active business gains arising from the sale of commodities generally are excluded from passive income if substantially all of a foreign corporation’s commodities are stock in trade or inventory, depreciable property used in a trade or business or supplies regularly used or consumed in the ordinary course of its trade or business, and certain other requirements are satisfied.

If the Company were a PFIC in any tax year during which a U.S. Holder held Common Shares, such holder generally would be subject to special rules with respect to “excess distributions” made by the Company on the Common Shares and with respect to gain from the disposition of Common Shares. An “excess distribution” generally is defined as the excess of distributions with respect to the Common Shares received by a U.S. Holder in any tax year over 125% of the average annual distributions such U.S. Holder has received from the Company during the shorter of the three preceding tax years, or such U.S. Holder’s holding period for the Common Shares. Generally, a U.S. Holder would be required to allocate any excess distribution or gain from the disposition of the Common Shares ratably over its holding period for the Common Shares. Such amounts allocated to the year of the disposition or excess distribution would be taxed as ordinary income, and amounts allocated to prior tax years would be taxed as ordinary income at the highest tax rate in effect for each such year and an interest charge at a rate applicable to underpayments of tax would apply.

While there are U.S. federal income tax elections that sometimes can be made to mitigate these adverse tax consequences (including the “**QEF Election**” under Section 1295 of the Code and the “**Mark-to-Market Election**” under Section 1296 of the Code), such elections are available in limited circumstances and must be made in a timely manner.

U.S. Holders should be aware that, for each tax year, if any, that the Company is a PFIC, the Company can provide no assurances that it will satisfy the record-keeping requirements of a PFIC, or that it will make available to U.S. Holders the information such U.S. Holders require to make a QEF Election with respect to the Company or any subsidiary that also is classified as a PFIC.

Certain additional adverse rules may apply with respect to a U.S. Holder if the Company is a PFIC, regardless of whether the U.S. Holder makes a QEF Election. These rules include special rules that apply to the amount of foreign tax credit that a U.S. Holder may claim on a distribution from a PFIC. Subject to these special rules, foreign taxes paid with respect to any distribution in respect of stock in a PFIC are generally eligible for the foreign tax credit. U.S. Holders should consult their own tax advisors regarding the potential application of the PFIC rules to the ownership and disposition of Common Shares, and the availability of certain U.S. tax elections under the PFIC rules.

Additional Considerations

Receipt of Foreign Currency

The amount of any distribution paid to a U.S. Holder in foreign currency, or payment received on the sale, exchange or other taxable disposition of Common Shares, generally will be equal to the USD value of such foreign currency based on the exchange rate applicable on the date of receipt (regardless of whether such foreign currency is converted into USD at that time). A U.S. Holder will have a basis in the foreign currency equal to its USD value on the date of receipt. Any U.S. Holder who converts or otherwise disposes of the foreign currency after the date of receipt may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss, and generally will be U.S. source income or loss for foreign tax credit purposes. Different rules apply to U.S. Holders who use the accrual method with respect to foreign currency received upon the sale, exchange or other taxable disposition of the Common Shares. Each U.S. Holder should consult its own U.S. tax advisor regarding the U.S. federal income tax consequences of receiving, owning, and disposing of foreign currency.

Foreign Tax Credit

Dividends paid on the Common Shares will be treated as foreign-source income, and generally will be treated as “passive category income” or “general category income” for U.S. foreign tax credit purposes. The Code applies various complex limitations on the amount of foreign taxes that may be claimed as a credit by U.S. taxpayers. In addition, Treasury Regulations that apply to taxes paid or accrued in taxable years beginning on or after December 28, 2021 (the “**Foreign Tax Credit Regulations**”) impose additional requirements for Canadian withholding taxes to be eligible for a foreign tax credit, and there can be no assurance that those requirements will be satisfied.

Subject to the PFIC rules and the Foreign Tax Credit Regulations, each as discussed above, a U.S. Holder that pays (whether directly or through withholding) Canadian income tax with respect to dividends paid on the Common Shares generally will be entitled, at the election of such U.S. Holder, to receive either a deduction or a credit for such Canadian income tax. Generally, a credit will reduce a U.S. Holder’s U.S. federal income tax liability on a dollar-for-dollar basis, whereas a deduction will reduce a U.S. Holder’s income that is subject to U.S. federal income tax. This election is made on a year-by-year basis and applies to all foreign taxes paid (whether directly or through withholding) by a U.S. Holder during a year. The foreign tax credit rules are complex and involve the application of rules that depend on a U.S. Holder’s particular circumstances. Accordingly, each U.S. Holder should consult its own U.S. tax advisor regarding the foreign tax credit rules.

Backup Withholding and Information Reporting

Under U.S. federal income tax law and Treasury Regulations, certain categories of U.S. Holders must file information returns with respect to their investment in, or involvement in, a foreign corporation. For example, U.S. return disclosure obligations (and related penalties) are imposed on individuals who are U.S. Holders that hold certain specified foreign financial assets in excess of certain threshold amounts. The definition of specified foreign financial assets includes not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-U.S. person, any financial instrument or contract held for investment that has an issuer or counterparty other than a U.S. person and any interest in a foreign entity. U.S. Holders may be subject to these reporting requirements unless their Common Shares are held in an account at certain financial institutions. Penalties for failure to file certain of these information returns are substantial. U.S. Holders should consult their own tax advisors regarding the requirements of filing information returns, including the requirement to file an IRS Form 8938.

Payments made within the U.S. or by a U.S. payor or U.S. middleman, of dividends on, and proceeds arising from the sale or other taxable disposition of, Common Shares will generally be subject to information reporting and backup withholding tax, currently at the rate of 24%, if a U.S. Holder (a) fails to furnish such U.S. Holder's correct U.S. taxpayer identification number (generally on IRS Form W-9), (b) furnishes an incorrect U.S. taxpayer identification number, (c) is notified by the IRS that such U.S. Holder has previously failed to properly report items subject to backup withholding tax, or (d) fails to certify, under penalty of perjury, that such U.S. Holder has furnished its correct U.S. taxpayer identification number and that the IRS has not notified such U.S. Holder that it is subject to backup withholding tax. However, certain exempt persons generally are excluded from these information reporting and backup withholding rules. Backup withholding is not an additional tax. Any amounts withheld under the U.S. backup withholding tax rules will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability, if any, or will be refunded, if such U.S. Holder furnishes required information to the IRS in a timely manner.

The discussion of reporting requirements set forth above is not intended to constitute a complete description of all reporting requirements that may apply to a U.S. Holder. A failure to satisfy certain reporting requirements may result in an extension of the time period during which the IRS can assess a tax, and under certain circumstances, such an extension may apply to assessments of amounts unrelated to any unsatisfied reporting requirement. Each U.S. Holder should consult its own tax advisor regarding the information reporting and backup withholding rules.

THE ABOVE SUMMARY IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSIDERATIONS APPLICABLE TO U.S. HOLDERS WITH RESPECT TO THE ACQUISITION, OWNERSHIP, AND DISPOSITION OF COMMON SHARES. U.S. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSIDERATIONS APPLICABLE TO THEM IN LIGHT OF THEIR OWN PARTICULAR CIRCUMSTANCES.

Canadian Federal Income Tax Consequences

The following summarizes certain Canadian federal income tax consequences generally applicable under the Tax Act and the Canada-U.S. Tax Convention to the holding and disposition of Common Shares.

This summary is restricted to holders of Common Shares each of whom, at all material times for the purposes of the Tax Act and the Canada-U.S. Tax Convention:

- (i) are resident solely in the United States for the purposes of the Canada-U.S. Tax Convention;
- (ii) are entitled to the benefits of the Canada-U.S. Tax Convention;
- (iii) hold all Common Shares as capital property and as beneficial owner;
- (iv) hold no Common Shares that are "taxable Canadian property" (as defined in the Tax Act) of the holder;
- (v) deal at arm's length with and are not affiliated with the Company;
- (vi) do not and are not deemed to use or hold any Common Shares in a business carried on in Canada;
- (vii) did not, do not and will not have a permanent establishment in Canada within the meaning of the Canada-U.S. Tax Convention;
- (viii) did not acquire Common Shares by virtue of employment;
- (ix) are not financial institutions, authorized foreign banks, partnerships or trusts for the purposes of the Tax Act; and
- (x) are not insurers that carry on business in Canada and elsewhere;

(each such holder, a "U.S. Resident Holder").

Certain U.S.-resident entities that are fiscally transparent for United States federal income tax purposes (including limited liability companies) may not in all circumstances be entitled to the benefits of the Canada-U.S. Tax Convention. However, members of or holders of an interest in such entities that hold Common Shares may be entitled to the benefits of the Canada-U.S. Tax Convention for income derived through such entities. Such members or holders should consult their own tax advisors in this regard.

Generally, a holder's Common Shares will be considered to be capital property of the holder provided that the holder is not a trader or dealer in securities, did not acquire, hold or dispose of the Common Shares in one or more transactions considered to be an adventure or concern in the nature of trade and does not hold the Common Shares as inventory in the course of carrying on a business.

Generally, a holder's Common Shares will not be "taxable Canadian property" of the holder at a particular time at which the Common Shares are listed on a "designated stock exchange" (which currently includes the TSXV) unless both of the following conditions are met at any time during the 60-month period ending at the particular time:

- (i) the holder, persons with whom the holder does not deal at arm's length, or any partnership in which the holder or persons with whom the holder did not deal at arm's length holds a membership interest directly or indirectly through one or more partnerships, alone or in any combination, owned 25% or more of the issued shares of any class of the capital stock of the Company; and
- (ii) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from, or from any combination of, real or immovable property situated in Canada, "Canadian resource properties" (as defined in the Tax Act), "timber resource properties" (as defined in the Tax Act), or options in respect of or interests in such properties.

In certain other circumstances, a Common Share may be deemed to be "taxable Canadian property" for purposes of the Tax Act.

This summary is based on the current provisions of the Tax Act and the Canada-U.S. Tax Convention in effect on the date hereof, all specific proposals to amend the Tax Act and Canada-U.S. Tax Convention publicly announced by or on behalf of the Minister of Finance (Canada) on or before the date hereof, and the current published administrative and assessing policies of the Canada Revenue Agency ("CRA"). It is assumed that all such amendments will be enacted as currently proposed, and that there will be no other material change to any applicable law or administrative or assessing practice, although no assurance can be given in these respects. Except as otherwise expressly provided, this summary does not take into account any provincial, territorial or foreign tax considerations, which may differ materially from those set out herein.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations, and is not intended to be and should not be construed as legal or tax advice to any particular U.S. Resident Holder. U.S. Resident Holders are urged to consult their own tax advisers for advice with respect to their particular circumstances. The discussion below is qualified accordingly.

A U.S. Resident Holder who disposes or is deemed to dispose of one or more Common Shares generally should not thereby incur any liability for Canadian federal income tax in respect of any capital gain arising as a consequence of the disposition.

A U.S. Resident Holder to whom the Company pays or is deemed to pay a dividend on the holder's Common Shares will be subject to Canadian withholding tax, and the Company will be required to withhold the tax from the dividend and remit it to the CRA for the holder's account. The rate of withholding tax under the Tax Act is 25% of the gross amount of the dividend (subject to reduction under the provisions of an applicable tax treaty). Under the Canada-U.S. Tax Convention, a U.S. Resident Holder who beneficially owns the dividend will generally be subject to Canadian withholding tax at the rate of 15% (or 5%, if the U.S. Resident Holder who beneficially owns the dividend is a company that is not fiscally transparent and which owns at least 10% of the voting stock of the Company) of the gross amount of the dividend.

F. Dividends and Paying Agents

Not applicable

G. Statement by Experts

Not applicable.

H. Documents on Display

Any statement in this Annual Report about any of our contracts or other documents is not necessarily complete. If the contract or document is filed as an exhibit to this Annual Report, the contract or document is deemed to modify the description contained in this Annual Report. Readers must review the exhibits themselves for a complete description of the contract or document.

We are subject to the informational requirements of the Exchange Act and file reports and other information with the SEC. The SEC maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC at <http://www.sec.gov>.

We are required to file reports and other information with the securities commissions in Canada. You are invited to read and copy any reports, statements or other information, other than confidential filings, that we file with the provincial securities commissions. These filings are also electronically available from SEDAR, the Canadian equivalent of EDGAR.

Copies of our material contracts are kept at our registered office.

I. Subsidiary Information

Not applicable.

J. Annual Report to Security Holders

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Financial Risk Management Objectives and Policies

The Company's activities expose it to a variety of financial risks including foreign currency risk, interest rate risk, credit risk, and liquidity risk. These financial instrument risks are actively managed by the Company under the policies approved by the Board. On an ongoing basis, the finance department actively manages market conditions with a view to minimizing the exposure of the Company to changing market factors, while at the same time limiting the funding costs to the Company. There have been no changes in objectives, policies or how the Company manages these risks.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses information supplied by independent rating agencies where available, and if not available, the Company uses other publicly available financial information and its own records to rate its customers.

Credit risk arises from cash with banks as well as credit exposure to outstanding receivables. The carrying amounts represent the Company's maximum exposure to credit risk.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company establishes an allowance for doubtful accounts that represents its estimate of expected losses in respect to accounts receivable. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. The allowance for doubtful accounts was \$1,155,638 and \$1,084,305 as of August 31, 2022, and 2021, respectively.

The Company's accounts receivable are concentrated among customers in the media and broadcasting industry, which may be affected by adverse economic factors impacting that industry. The Company performs ongoing credit evaluations of its major customers, maintains reserves for expected credit losses, and does not require any collateral deposits.

As of August 31, 2022, one customer (2021 - one) accounted for greater than 10% of the Company's accounts receivable balance. In total, this one customer (2021 - one) accounted for 16% and 13% of the Company's accounts and other receivables balance as of August 31, 2022, and 2021, respectively. During the year ended August 31, 2022, one (2021 - one) customer represented 72% (2021 - 60%) of total revenue.

The below table reflects the aging of the Company's aging by invoice date of gross trade accounts receivable and allowance for doubtful accounts as of August 31, 2022:

	<u>Current</u>	<u>0 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>91+</u>	<u>Total</u>
Trade accounts receivable	6,805,057	202,359	428,098	305,056	2,010,049	9,750,619
Allowance for doubtful accounts	12,753	3,577	17,423	9,790	1,312,095	1,355,638
% Allowance		2%	4%	3%	65%	14%

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. The Company manages liquidity risk by continuously monitoring forecasted and actual cash flows and matching maturity profiles of financial assets and liabilities. The Company seeks to ensure that it has sufficient capital to meet short term financial obligations after taking into account its operating obligations and cash on hand.

The Company's policy is to seek to ensure adequate funding is available from operations and other sources, including debt and equity capital markets, as required.

	<u>< 1 year</u>	<u>1-2 years</u>
	\$	\$
Accounts payable	12,772,375	-
Accrued liabilities	3,756,758	-
Players liability account	47,455	-
Promissory notes payable	771,762	-
Convertible debt	<u>2,267,367</u>	<u>4,983,236</u>

Market Risk

Market risk represents the risk of loss that may impact the Company's financial position, results of operations, or cash flows due to adverse changes in financial market prices, including interest rate risk, foreign currency exchange rate risk, and other relevant market or price risks. The Company does not use derivative instruments to mitigate this risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to fair value risk with respect to debt which bears interest at fixed rates.

Currency Risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to fluctuations of financial instruments related to cash, accounts and other receivables, and accounts payable denominated in Euros, as well as debt denominated in Canadian dollars.

Fair Value Hierarchy

The following tables combine information about:

- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments;
- fair values of financial instruments (except financial instruments when carrying amount approximates their fair value); and
- fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable.

For the year ended August 31, 2022:

<u>Carrying value at August 31, 2022</u>	<u>FVTPL - mandatorily measured</u>	<u>Amortized cost</u>
	\$	\$
<u>Financial assets:</u>		
Cash	-	8,601,706
Restricted cash	-	47,455
Accounts and other receivables	-	8,404,009
Government remittances	-	874,334
Publisher advance	1,490,648	-
Promissory notes receivable	576,528	-
Investment at FVTPL	2,629,851	-
	<u>4,697,027</u>	<u>17,927,504</u>

<u>Carrying value at August 31, 2022</u>	<u>FVTPL - mandatorily measured</u>	<u>FVTPL - designated</u>	<u>Amortized cost</u>
	\$	\$	\$
Financial liabilities:			
Accounts payable	-	-	12,772,375
Accrued liabilities	-	-	3,756,758
Players liability account	-	-	47,455
Long-term debt	-	-	-
Promissory notes payable	-	-	771,762
Warrant liability	49,894	-	-
Convertible debt	-	7,250,603	-
	<u>49,894</u>	<u>7,250,603</u>	<u>17,348,350</u>

For the year ended August 31, 2021:

<u>Carrying value at August 31, 2021</u>	<u>FVTPL - mandatorily measured</u>	<u>Amortized cost</u>
	\$	\$
Financial assets:		
Cash	-	15,305,996
Restricted cash	-	331,528
Accounts and other receivables	-	8,646,807
Government remittances	-	1,070,216
Publisher advance	4,534,218	-
Promissory notes receivable	-	-
Investment at FVTPL	2,629,851	-
	<u>7,164,069</u>	<u>25,354,547</u>

<u>Carrying value at August 31, 2021</u>	<u>FVTPL - mandatorily measured</u>	<u>FVTPL - designated</u>	<u>Amortized cost</u>
	\$	\$	\$
Financial liabilities:			
Accounts payable	-	-	10,403,667
Accrued liabilities	-	-	5,722,470
Players liability account	-	-	331,528
Long-term debt	-	-	96,664
Promissory notes payable	-	-	821,948
Warrant liability	4,868,703	-	-
Convertible debt	-	9,951,496	-
	<u>4,868,703</u>	<u>9,951,496</u>	<u>17,376,277</u>

A summary of instruments, with their classification in the fair value hierarchy is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair value as of August 31, 2022</u>
	\$	\$	\$	\$
Warrant liability	-	49,894	-	49,894
Convertible debt	-	-	7,250,603	7,250,603
Publisher advance	-	-	1,490,648	1,490,648
Promissory notes receivable	-	-	576,528	576,528
Investment at FVTPL	-	-	2,629,851	2,629,851

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair value as of August 31, 2021</u>
	\$	\$	\$	\$
Warrant liability	-	4,868,703	-	4,868,703
Convertible debt	-	-	9,951,496	9,951,496
Publisher advance	-	-	4,534,218	4,534,218
Promissory notes receivable	-	-	-	-
Investment at FVTPL	-	-	2,629,851	2,629,851

<u>Financial assets / financial liabilities</u>	<u>Valuation technique</u>	<u>Key Inputs</u>	<u>Relationship and sensitivity of unobservable inputs to fair value to fair value</u>
Convertible debt	The fair value of the convertible debentures as of August 31, 2022 has been calculated using a binomial lattice methodology.	Key observable inputs	The estimated fair value would increase (decrease) if:
		Share price CAD \$0.94 (USD \$0.72)	The share price was higher (lower)
		Risk-free interest rate (2.85% to 3.45%)	The risk-free interest rate was higher (lower)
		Dividend yield (0%)	The dividend yield was lower (higher)
		<i>Key unobservable inputs</i>	
		Credit spread (10.13% to 13.56%)	The credit spread was lower (higher)
		Discount for lack of marketability (0%)	The discount for lack of marketability was lower (higher)
Convertible debt	The fair value of the convertible debentures as of August 31, 2021 has been calculated using a binomial lattice methodology.	Key observable inputs	The estimated fair value would increase (decrease) if:
		Share price CAD\$8.42 (USD \$6.66)	The share price was higher (lower)
		Risk-free interest rate (0.10% to 0.30%)	The risk-free interest rate was higher (lower)
		Dividend yield (0%)	The dividend yield was lower (higher)
		<i>Key unobservable inputs</i>	
		Credit spread (1.14% to 8.45%)	The credit spread was lower (higher)
		Discount for lack of marketability (0%)	The discount for lack of marketability was lower (higher)

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

There has not been a material default in the payment of principal, interest, a sinking or purchase fund installment, or any other material default not cured within thirty days, relating to indebtedness of the Company or any of its significant subsidiaries. There are no payments of dividends by the Company in arrears, nor has there been any other material delinquency relating to any class of preference shares of the Company.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

A. to D.

None.

E. Use of Proceeds

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

A. Disclosure Controls and Procedures

As of the end of the period covered by this Annual Report, the Company carried out an evaluation, under the supervision of the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act). Based upon that evaluation, the Company's CEO and CFO have concluded that, as of the end of the period covered by this Annual Report, the Company's disclosure controls and procedures were not effective because of the identification of material weakness in our internal controls over financial reporting relating to the valuation of goodwill and intangible assets, and specifically, lack of adequate documentation to support the reasonableness of forecasted financial information included in these valuations. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

B. Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. The Company's management has employed a framework consistent with Exchange Act Rule 13a-15(c), to evaluate the Company's internal control over financial reporting described below. A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements. It should be noted that a control system, no matter how well conceived or operated, can only provide reasonable assurance, not absolute assurance, that the objectives of the control system are met. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

Management, including the CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting, and has used the 2013 framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "2013 COSO Framework") to evaluate the effectiveness of the Company's controls in 2019. Based on this evaluation, management concluded that the Company's internal control over financial reporting were not effective as of August 31, 2022, due to the material weaknesses described above.

C. Attestation Report of Registered Public Accounting Firm

This Annual Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm as we qualify as an "emerging growth company" under section 3(a) of the Exchange Act (as amended by the JOBS Act, enacted on April 5, 2012), and are therefore exempt from the attestation requirement.

D. Changes in Internal Controls Over Financial Reporting

There were no changes in the Company's internal controls over financial reporting identified in connection with the evaluation required by paragraph (d) of 17 CFR 240.13a-15 or 240.15d-15 that occurred during the period covered by this Annual Report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting. In light of the material weakness discussed above, we are enhancing our processes around financial planning and analysis to ensure forecasted financial information used in valuations of the Company's goodwill and intangible assets include sufficient documentation to support their reasonableness. Our remediation plans include plans to hire further experienced personnel in financial planning and analysis, providing enhanced access to accounting literature, research materials and documents and increased communication among our personnel and third-party professionals with whom we consult regarding complex accounting matters. The material weakness in our internal control over financial reporting will not be considered remediated until these modifications are implemented, in operation for a sufficient period of time, tested, and concluded by management to be designed and operating effectively. In addition, as we continue to evaluate and work to improve our internal control over financial reporting, management may determine to take additional measures to address control deficiencies or determine to modify our remediation plan. Management will test and evaluate the implementation of these modifications to ascertain whether they are designed and operating effectively to provide reasonable assurance that they will prevent or detect a material misstatement in the Company's financial statements.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

The Board has determined that Lawrence Rutkowski qualifies as a financial expert (as defined in Item 407(d)(5)(ii) of Regulation S-K under the Exchange Act) and Rule 5605(c)(2)(A) of The Nasdaq Stock Market Rules; and (ii) is independent (as determined under Exchange Act Rule 10A-3 and Rule 5605(a)(2) of The Nasdaq Stock Market Rules).

The SEC has indicated that the designation or identification of a person as an audit committee financial expert does not make such person an "expert" for any purpose, impose any duties, obligations or liability on such person that are greater than those imposed on members of the audit committee and the board of directors who do not carry this designation or identification, or affect the duties, obligations or liability of any other member of the audit committee or board of directors.

ITEM 16B. CODE OF ETHICS

The Company has adopted a Code of Ethical Conduct that applies to directors, officers and employees of, and consultants to, the Company (the "Code"). The Code is posted on the Company's website at www.enginegaming.com.

All waivers of the Code with respect to any of the employees, officers or directors covered by it will be promptly disclosed as required by applicable securities rules and regulations. During the fiscal year ended August 31, 2022, the Company did not waive or implicitly waive any provision of the Code with respect to any of the Company's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Aggregate fees paid to our external auditor, Baker Tilly WM LLP (PCAOB ID 6135) during the financial years ended August 31, 2022 and 2021 were as follows:

	<u>2022 Fee Amount (\$)</u>	<u>2021 Fee Amount (\$)</u>
Audit Fees ⁽¹⁾	\$ 533,665	\$ 552,091
Audit-Related Fees ⁽²⁾	Nil	Nil
Tax Fees ⁽³⁾	Nil	Nil
All Other Fees ⁽⁴⁾	Nil	Nil
Total:	\$ 533,665	\$ 552,091

Notes:

- (1) "Audit fees" include fees rendered by the Company's external auditor for professional services necessary to perform the annual audit and any quarterly reviews of the Company's financial statements. This includes fees for the review of tax provisions and for accounting consultations on matters reflected in the financial statements.
- (2) "Audit-related fees" include fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and that are not included in the "Audit Fees" category.
- (3) "Tax fees" include fees for professional services rendered by the Company's external auditor for tax compliance, tax advice and tax planning.
- (4) "All other fees" include fees for products and services provided by the Company's external auditor, other than services reported under the table headings "Audit Fees", "Audit-Related Fees" or "Tax Fees".

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

ITEM 16F. CHANGE IN COMPANY'S CERTIFYING ACCOUNTANT

None.

ITEM 16G. CORPORATE GOVERNANCE

The Company is a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act and the Common Shares are listed on Nasdaq. Rule 5615(a)(3) of The Nasdaq Stock Market Rules permits foreign private issuers to follow home country practices in lieu of certain provisions of The Nasdaq Stock Market Rules. A foreign private issuer that follows home country practices in lieu of certain provisions of Nasdaq Stock Market Rules must disclose ways in which its corporate governance practices differ from those followed by domestic companies either on its website or in the annual report that it distributes to shareholders in the United States. A description of the ways in which the Company's governance practices differ from those followed by domestic companies pursuant to Nasdaq standards are as follows:

- *Shareholder Meeting Quorum Requirement:* Nasdaq Stock Market Rule 5620(c) ("Rule 5620(c)") requires that the minimum quorum requirement for a meeting of shareholders be 33 1/3 % of the outstanding Common Shares. In addition, Rule 5620(c) requires that an issuer listed on Nasdaq state its quorum requirement in its by-laws. In lieu of following Rule 5620(c), the Company has elected to follow Canadian practices consistent with the requirements of the TSXV and the BCBCA.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16L. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

See Item 18.

ITEM 18. FINANCIAL STATEMENTS

The Consolidated Financial Statements and schedules appear on pages F-1 through F-134 of this Annual Report and are incorporated herein by reference. Our audited financial statements as prepared by our management and approved by the Board include:

[Consolidated Statements of Financial Position](#)
[Consolidated Statements of Loss and Comprehensive Loss](#)
[Consolidated Statements of Shareholders' Equity \(Deficiency\)](#)
[Consolidated Statements of Cash Flows](#)
[Notes to the Consolidated Financial Statements](#)

All the above statements are available on the Company's website at www.enginegaming.com or under the Company's profile on SEDAR at www.sedar.com.

Financial Statements

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ENGINE GAMING AND MEDIA, INC.
(formerly, Engine Media Holdings, Inc.)

Consolidated Financial Statements

**For the years ended
August 31, 2022 and 2021**

(Expressed in United States Dollars)



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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of Engine Gaming and Media, Inc. (formerly, Engine Media Holdings, Inc.)

Opinion

We have audited the accompanying consolidated financial statements of Engine Gaming and Media, Inc. (formerly, Engine Media Holdings, Inc.) and its subsidiaries (together referred as the "Company"), which comprise the consolidated statements of financial position as at August 31, 2022 and 2021, and the consolidated statements of operations and comprehensive loss, consolidated changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at August 31, 2022 and 2021, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

The consolidated financial statements of the Company as at August 31, 2022 and 2021, and for the years then ended, were audited by another auditor, in accordance with Canadian generally accepted auditing standards, whose report dated November 29, 2022, expressed an unmodified audit opinion on those consolidated financial statements.

Restatement of the Financial Statements

As discussed in Note 2 to the financial statements, the August 31, 2022 and 2021 consolidated financial statements have been restated to correct a misstatement.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the consolidated financial statements, which describe the events and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of goodwill and intangible assets acquired through business combination

Critical Audit Matter Description

We draw attention to Note 6 of the consolidated financial statements. During the year ended August 31, 2021 the Company acquired SideQik, Inc for total consideration of \$4.2 million. As a result of the transaction, the Company acquired software, brand and customer relationships (collectively, the intangible assets). The acquisition-date fair value of the intangible assets was \$1.4 million. The fair values of intangible assets were determined using an income approach. Use of the income approach required the Company to make significant assumptions about the future cash flows associated with the acquired assets, discount rates, customer attrition rates, and royalty rates. These business combinations are considered critical audit matters due to the high level of judgement and estimate around identification and valuation of goodwill and intangible assets.

knowing you.

Kreston GTA LLP is a partnership
registered in Ontario, Canada.

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Critical Audit Matters (continued)

Valuation of goodwill and intangible assets acquired through business combination (continued)

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures included, amongst others, the following:

- We obtained an understanding of controls related to the business combinations process.
- We assessed whether the classification as a business combination and treatment of the various aspects of the transactions were in accordance with IFRS 3 Business Combinations.
- We performed procedures to audit the valuation and existence of material assets and the completeness and accuracy of material liabilities on the acquisition balance sheets.
- We reviewed management's assessment of the identification of intangible assets in accordance with the requirements with IFRS 3 Business Combinations.
- With assistance of valuation specialists, we assessed the appropriateness of the methodology used and the reasonableness of the key assumptions including discount rate, royalty rates and others.
- We compared historical actual results to projected revenues and costs to assess the quality of management's forecasts.
- We assessed the appropriateness of the accounting and disclosures in relation to the acquisitions within the consolidated financial statements.

We are satisfied that based on the work performed, the acquisitions have been accounted for appropriately with adequate disclosures made in the consolidated financial statements.

Impairment Assessment of Intangible Assets and Goodwill

Critical Audit Matter Description

As at August 31, 2022, included in the consolidated statement of financial position are intangible assets and goodwill totaling \$2.5 and \$15.2 million (August 31, 2021: \$5.1 and \$15.6 million) respectively, disclosed in Note 13 and 14 to the consolidated financial statements.

For intangible assets with useful lives, the Company is required to review these at least annually for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. The Company is also required to perform impairment assessments of goodwill annually. To perform impairment assessments, all intangible assets and goodwill are allocated to the cash generating units ("CGUs"). An impairment loss is recognized if the carrying amount of a CGU exceeds its recoverable amount. The recoverable amount of each CGU is based on the greater of fair value less costs to dispose and value in use. To determine recoverable amount, significant assumptions are used in projecting growth rates related to revenues, expenses, earning margins and discount rates in estimating and discounting future cashflows. As a result of this assessment, management recorded an impairment loss of \$1.4 million which were recorded as part of discontinued operations during the year ended August 31, 2022. These impairment assessments were a critical audit matter because there is considerable estimation uncertainty related to the projections of future cash flows and fair value less cost to sell calculations.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures included, amongst others, the following:

- We obtained an understanding of controls related to management's impairment test process.
- We assessed the appropriateness of the cash generating units identified in accordance with IAS 36.
- We obtained cash flow projections or fair value less cost to sell calculation for Frankly Media, Inc., SideQik, Inc., Steam Hatchet CGUs We assessed the appropriateness of valuation methodology used by management to calculate the recoverable amount. We also compared historical actual results to these budgeted to assess the quality of management's forecasts.
- We assessed the reasonableness of key assumptions used in management's forecast.
- With assistance of valuation specialists, we evaluated whether the discount rates and other market assumptions applied in the discounted cashflow forecasts were within the range adopted by other companies in the same industry
- We assessed the adequacy of the disclosures included in the relevant notes to the financial report.

We consider the underlying assumptions and measurement parameters to be reasonable.

Kreston GTA LLP

Chartered Professional Accountants
Markham, Canada

Engine Gaming and Media, Inc.
(formerly, Engine Media Holdings, Inc.)
Consolidated Statements of Financial Position
August 31, 2022 and 2021
(Expressed in United States Dollars)



	Note	August 31, 2022 (As Restated) \$	August 31, 2021 (As Restated) \$
ASSETS			
<i>Current</i>			
Cash		8,601,706	15,305,996
Restricted cash	18	47,455	331,528
Accounts and other receivables	9	8,404,009	8,646,807
Government remittances		874,334	1,070,216
Publisher advance, current	9	1,490,648	3,197,102
Prepaid expenses and other		2,064,221	3,006,033
Promissory notes receivable	10	576,528	-
		<u>22,058,901</u>	<u>31,557,682</u>
<i>Non-Current</i>			
Publisher advance, non-current	9	-	1,337,116
Investment at FVTPL	11	2,629,851	2,629,851
Property and equipment	12	127,390	403,811
Goodwill	13	15,200,188	15,594,929
Intangible assets	14	2,483,170	5,121,711
Right-of-use assets	15	11,115	557,022
		<u>20,451,714</u>	<u>25,644,440</u>
		<u>42,510,615</u>	<u>57,202,122</u>

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

Engine Gaming and Media, Inc.
(formerly, Engine Media Holdings, Inc.)
Consolidated Statements of Financial Position
August 31, 2022 and 2021
(Expressed in United States Dollars)



	Note	August 31, 2022 (As Restated) \$	August 31, 2021 (As Restated) \$
LIABILITIES			
<i>Current</i>			
Accounts payable	29	12,772,375	10,403,667
Accrued liabilities	31	3,756,758	5,722,470
Players liability account	18	47,455	331,528
Deferred revenue		1,077,923	2,644,948
Lease liabilities, current	17	388,834	222,583
Long-term debt, current		-	96,664
Promissory notes payable	19	771,762	821,948
Warrant liability	21	49,894	4,868,703
Convertible debt, current	20	2,267,367	914,427
Arbitration reserve	26	692,613	6,468,330
		<u>21,824,981</u>	<u>32,495,268</u>
Convertible debt, non-current	20	4,983,236	9,037,069
Lease liabilities, non-current	17	-	364,968
		<u>4,983,236</u>	<u>9,402,037</u>
		<u>26,808,217</u>	<u>41,897,305</u>
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	22	124,897,859	122,741,230
Contributed surplus		20,351,522	17,819,933
Foreign currency translation reserve		(2,069,219)	(2,324,025)
Deficit		(127,477,764)	(123,075,700)
		<u>15,702,398</u>	<u>15,161,438</u>
Non-controlling interest		-	143,379
		<u>15,702,398</u>	<u>15,304,817</u>
		<u>42,510,615</u>	<u>57,202,122</u>
Going concern	1		
Commitments and contingencies	26		
Subsequent events	32		

Approved on Behalf of Board:

"Justin Kenna"

Director

"Travis Goff"

Director

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

Engine Gaming and Media, Inc.
(formerly, Engine Media Holdings, Inc.)
Consolidated Statements of Loss and Comprehensive Loss
August 31, 2022 and 2021
(Expressed in United States Dollars)



	Note	For the year ended	
		August 31, 2022 (As Restated)	August 31, 2021 (As Restated)
CONTINUING OPERATIONS		\$	\$
REVENUE			
Games development		-	-
Direct to consumer		-	-
Software-as-a-service	7	9,220,069	7,952,426
Advertising	7	32,662,544	25,392,842
		<u>41,882,613</u>	<u>33,345,268</u>
EXPENSES			
Salaries and wages	29	14,086,954	12,161,000
Consulting	29	2,253,836	2,223,147
Professional fees		1,920,663	1,771,190
Revenue sharing expense		30,090,316	22,853,680
Advertising and promotion		1,187,161	1,299,909
Office and general		5,282,145	2,406,678
Technology expenses		3,062,181	2,309,248
Amortization and depreciation	12,14,15	1,008,383	1,084,203
Share-based payments	23, 24	4,688,218	3,702,754
Interest expense	19, 20	729,848	1,274,998
(Gain) loss on foreign exchange		400,521	1,090,944
Loss on extinguishment of debt		-	2,428,900
Gain on retained interest in former associate		-	(99,961)
Transaction costs		1,327,990	341,702
Arbitration settlement reserve	26	(5,775,717)	6,468,330
Impairment expense	13, 14	-	4,319,855
Restructuring costs		177,952	-
Change in fair value of promissory notes receivable and investment at FVTPL	10, 11	873,778	(581,812)
Change in fair value of warrant liability	21	(4,748,893)	(9,037,108)
Change in fair value of convertible debt	20	(2,388,120)	6,066,594
		<u>54,177,216</u>	<u>62,084,251</u>
ASSOCIATES			
Share of net loss of associate		-	103,930
Net income (loss) for the year before discontinued operations		<u>(12,294,603)</u>	<u>(28,842,913)</u>
Income tax expense	16	-	-
		<u>(12,294,603)</u>	<u>(28,842,913)</u>
DISCONTINUED OPERATIONS			
Gain (loss) on disposal of subsidiary	27	14,934,149	(678,931)
Gain on disposal of assets	27	257,550	-
Loss from discontinued operations	27	(7,233,941)	(11,211,330)
Net income (loss) for the year from discontinued operations		<u>7,957,758</u>	<u>(11,890,261)</u>
Net loss for the year		<u>(4,336,845)</u>	<u>(40,733,174)</u>
Net income (loss) attributable to non-controlling interest		<u>(65,219)</u>	74,006
Net loss attributable to owners of the Company		<u>(4,402,064)</u>	<u>(40,659,168)</u>
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		393,928	10,250
Comprehensive loss for the year		<u>(4,008,136)</u>	<u>(40,648,918)</u>
INCOME (LOSS) PER SHARE			
Basic loss per share - continuing operations	8	(0.79)	(2.42)
Basic income (loss) per share - discontinued operations		0.51	(1.00)
Basic and diluted loss per share	8	<u>(0.28)</u>	<u>(3.42)</u>
Weighted average number of shares outstanding - Basic	8	<u>15,637,418</u>	<u>11,874,775</u>

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

Engine Gaming and Media, Inc.
(formerly, Engine Media Holdings, Inc.)
Consolidated Statements of Shareholders' Equity (Deficiency)
Years ended August 31, 2022 and 2021
(Expressed in United States Dollars)



	Share capital: Number	Share capital: Amount	Shares to be issued	Contributed surplus	Foreign currency translation reserve	Deficit (As Restated)	Total equity before non- controlling interest	Non- controlling interest	Total equity (As Restated)
	#	\$	\$	\$	\$	\$	\$	\$	\$
Balance, as at August 31, 2020	7,746,136	69,380,807	1,059,214	4,034,323	(2,334,275)	(82,416,532)	(10,276,463)	217,385	(10,059,078)
Share-based payments	-	-	-	3,702,705	-	-	3,702,705	-	3,702,705
Shares issued on vesting of RSUs	277,749	1,895,891	-	(1,715,891)	-	-	180,000	-	180,000
Common shares issued on exercise of options	20,833	290,558	-	(104,303)	-	-	186,255	-	186,255
Convertible debt conversion	1,728,848	13,704,605	-	4,256,114	-	-	17,960,719	-	17,960,719
Common shares issued on private placement, net of costs	4,435,433	24,225,901	-	6,791,473	-	-	31,017,374	-	31,017,374
Warrants issued in private placement of convertible debt	-	-	-	618,916	-	-	618,916	-	618,916
EB bonus shares	6,666	54,061	-	-	-	-	54,061	-	54,061
Shares for debt	40,000	226,556	-	-	-	-	226,556	-	226,556
Common shares issued on exercise of warrants	901,060	9,000,851	-	-	-	-	9,000,851	-	9,000,851
Disposal of Motorsports	-	-	(1,059,214)	-	-	-	(1,059,214)	-	(1,059,214)
Shares issued on acquisition of SideQik	386,584	3,962,000	-	245,000	-	-	4,207,000	-	4,207,000
Non-controlling interest in subsidiary	-	-	-	(8,404)	-	-	(8,404)	-	(8,404)
Net loss for the year	-	-	-	-	-	(40,659,168)	(40,659,168)	(74,006)	(40,733,174)
Foreign currency translation differences	-	-	-	-	10,250	-	10,250	-	10,250
Balance, as at August 31, 2021	15,543,309	122,741,230	-	17,819,933	(2,324,025)	(123,075,700)	15,161,438	143,379	15,304,817
Balance, as at August 31, 2021	15,543,309	122,741,230	-	17,819,933	(2,324,025)	(123,075,700)	15,161,438	143,379	15,304,817
Share-based payments	-	-	-	4,688,218	-	-	4,688,218	-	4,688,218
Shares issued on vesting of RSUs	203,537	1,489,962	-	(1,489,962)	-	-	-	-	-
Shares issued under shares for services	57,029	666,667	-	(666,667)	-	-	-	-	-
Disposal of Eden Games	-	-	-	-	(139,122)	-	(139,122)	(208,598)	(347,720)
Net loss for the year	-	-	-	-	-	(4,402,064)	(4,402,064)	65,219	(4,336,845)
Foreign currency translation differences	-	-	-	-	393,928	-	393,928	-	393,928
Balance, as at August 31, 2022	15,803,875	124,897,859	-	20,351,522	(2,069,219)	(127,477,764)	15,702,398	-	15,702,398

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

Engine Gaming and Media, Inc.
(formerly, Engine Media Holdings, Inc.)
Consolidated Statements of Cash Flows
August 31, 2022 and 2021
(Expressed in United States Dollars)



	Note	For the year ended	
		August 31, 2022 (As Restated) \$	August 31, 2021 (As Restated) \$
OPERATING ACTIVITIES			
Net loss for the year		(4,336,845)	(40,733,174)
<u>Items not affecting cash:</u>			
Amortization and depreciation	12,14,15	1,735,540	3,505,373
Impairment expense	13,14,15	1,394,076	5,410,417
Arbitration settlement reserve	26	(5,775,717)	6,468,330
Gain on disposal of Eden Games, net of cash	27	(15,128,417)	-
Gain on disposal of UMG assets, net of cash	27	(257,550)	-
Loss on disposal of Motorsports, net of cash	27	194,268	678,931
Loss on disposal of P&E	27	-	9,767
Gain on bankruptcy of subsidiary		(1,105,023)	-
Loss on extinguishment of debt	20	-	2,428,900
Gain on retained interest in former associate		-	(99,961)
Share of net loss of associate		-	103,930
Change in fair value of investment at FVTPL	10	873,778	(581,812)
Change in fair value of warrant liability	21	(4,748,893)	(9,037,108)
Change in fair value of convertible debt	20	(2,388,120)	6,066,594
Accretion of debt		4,610	108,616
Share-based payments	23, 24	4,688,218	3,702,705
		(24,850,075)	(21,968,492)
<u>Changes in non-cash working capital:</u>			
Restricted cash		284,073	57,059
Accounts and other receivables		(275,778)	(4,008,628)
Government remittances		(370,449)	30,601
Publisher advance	9	3,043,570	(4,534,218)
Prepaid expenses and other		905,688	(1,388,709)
Accounts payable		2,871,085	(1,030,539)
Accrued liabilities		(110,301)	953,086
Players liability account		(260,692)	(57,059)
Deferred revenue		(1,567,025)	1,607,553
		4,520,171	(8,370,854)
		(20,329,904)	(30,339,346)
INVESTING ACTIVITIES			
Purchase of property and equipment		(78,698)	(188,170)
Purchase of promissory notes		(1,181,005)	-
Cash acquired, net of cash paid in business combinations		-	255,852
Proceeds on disposal of Eden Games, net of cash		14,710,616	-
Proceeds on disposal of UMG assets, net of cash		100	-
Proceeds on disposal of Motorsports, net of cash		-	24,348
		13,451,013	92,030
FINANCING ACTIVITIES			
Proceeds from issuance of Units, net of costs	22	-	31,017,374
Proceeds from convertible debentures		-	4,901,393
Proceeds from promissory notes payable	19	330,814	263,384
Payments on promissory notes payable	19	(381,000)	(3,260,356)
Proceeds from exercise of options		-	-
Proceeds from exercise of warrants	21	-	6,866,735
Proceeds from exercise of options		-	186,255
Payments on lease financing	17	(201,156)	(228,328)
Payments on long-term debt		(75,262)	(162,040)
		(326,604)	39,584,417
Impact of foreign exchange on cash		501,205	725,617
Change in cash		(6,704,290)	10,062,718
Cash, beginning of year		15,305,996	5,243,278
Cash, end of year		8,601,706	15,305,996

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



1. Corporate information and going concern

(a) Corporate information

Engine Gaming and Media, Inc. (formerly Engine Media Holdings, Inc.) (“Engine”, “Engine Media” or the “Company”) was incorporated under the Business Corporations Act (Ontario) on April 8, 2011. The registered head office of the Company is 77 King St. West, Suite 3000, PO Box 95, TD Centre - North Tower, Toronto, Ontario, M5K 1G8, Canada.

With the acquisition of Sideqik, Inc. on July 2, 2021 (**Note 6**), the Company focuses on accelerating new, live, immersive esports and interactive gaming experiences for consumers through its partnerships with traditional and emerging media companies and providing online interactive technology and monetization services.

Pursuant to shareholder approval at the October 6, 2021, shareholders’ meeting, effective October 19, 2021, the Company changed its name to Engine Gaming and Media, Inc. The Company’s common shares trade on the TSX Venture Exchange under the trading symbol GAME.V and NASDAQ under the trading symbol GAME.

(b) Going concern

These consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern, and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material. It is not possible to predict whether the Company will be able to raise adequate financing or to ultimately attain profitable levels of operations.

The Company has not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of \$127,477,764 as of August 31, 2022 (August 31, 2021 - \$123,075,700). The recoverability of the carrying value of the assets and the Company’s continued existence is dependent upon the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be able to execute on its business strategy or be successful in future financing activities. As of August 31, 2022, the Company had a working capital surplus of \$233,920 (August 31, 2021 - working capital deficiency of \$937,586) which is comprised of current assets less current liabilities. The Company also faced uncertain future impacts from COVID-19 (**Note 3(b)**).

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Changes in future conditions could require material write downs of the carrying values of goodwill and other long-lived intangibles.



2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements for the year ended August 31, 2022 (including comparatives) were approved and authorized for issue by the board of directors on December 20, 2023.

(b) Basis of consolidation

The consolidated financial statements comprise the accounts of the Company and its controlled subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has all the following:

- (a) power over the investee.
- (b) exposure, or rights, to variable returns from its involvement with the investee; and
- (c) the ability to use its power over the investee to affect the amount of the investor’s returns.

All transactions and balances between the Company and its subsidiaries are eliminated on consolidation, including unrealized gains and losses on transactions between companies. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company’s interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The Company’s material subsidiaries as of August 31, 2022, are as follows:

<u>Name of Subsidiary</u>	<u>Country of Incorporation</u>	<u>Ownership Percentage</u>	<u>Functional Currency</u>
Frankly Inc.	Canada	100%	Canadian Dollar
Stream Hatchet S.L.	Spain	100%	Euro
SideQik, Inc.	USA	100%	US Dollar

Non-controlling interests are measured initially at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition. Changes in the Company’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Business combinations are accounted for using the acquisition method under IFRS 3 Business Combinations.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, over the fair value of the Company’s share of the identifiable net assets acquired is recorded as goodwill. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.



The measurement period is the period from the date of acquisition to the date the Company obtains complete information about facts and circumstances that existed as of the acquisition date - and is subject to a maximum of one year. The Company elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

Acquisition costs are expensed as incurred, unless they qualify to be treated as debt issue costs, or as cost of issuing equity securities.

(c) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(d) Functional and presentation currency

The functional currency of the Company is the US Dollar ("USD"). The functional currencies of the Company's subsidiaries are disclosed in Note 2(b). The presentation currency of the consolidated financial statements is the US Dollar ("USD").

(e) Reclassifications

For comparability, certain prior year amounts have been reclassified to conform with fiscal 2022 presentation.

These reclassifications had no effect on Net loss or shareholders' deficiency.

(f) Restatement of Consolidated Financial Statements as of and for the years ended August 31, 2022 and 2021

The restatement adjustments relate to goodwill and intangible assets of the Company's UMG, Winview and Sideqik CGUs. The as previously reported carrying values of the goodwill and intangible assets related to each CGU has been adjusted primarily to accelerate the timing of when the goodwill and intangible assets were previously impaired and revising go forward amortization as necessary.

During the years ended August 31, 2020 and 2021, the Company conducted a comprehensive review of its forecasts, considering various factors, including changes in market conditions and business outlook. The outcome of this review led to a revision of the forecasts associated with UMG, Winview, as it pertained to its non-operating patent assets, and Sideqik.

As a result of the revised forecasts, the company recognized impairment losses on goodwill and intangible assets as of the acquisition date for both UMG and Sideqik, and as of August 31, 2020 for Winview. These impairments reflect the updated assessment of the recoverable amounts, which are now lower than the carrying amounts.

The impairment losses have been recognized in the consolidated statement of loss and comprehensive loss within the impairment expense line item for Sideqik, and within the loss from discontinued operations line item for UMG and Winview.

The following tables reflect the impact of the Restatement of the Company's previously reported consolidated financial statements as of and for the years ended August 31, 2022 and 2021:

Consolidated Statements of Financial Position	As of August 31, 2022		
	As previously reported	Adjustments	As Restated
	\$	\$	\$
ASSETS			
<i>Non-Current</i>			
Goodwill	15,200,188	-	15,200,188
Intangible assets	2,667,363	(184,193)	2,483,170
Total Non-Current Assets	20,635,907	(184,193)	20,451,714
Total Assets	42,694,808	(184,193)	42,510,615
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Deficit	(127,293,571)	(184,193)	(127,477,764)
Total Shareholders' Equity (Deficiency), before non-controlling interest	15,886,591	(184,193)	15,702,398
Total Shareholders' Equity (Deficiency)	15,886,591	(184,193)	15,702,398
Total Liabilities and Shareholders' Equity (Deficiency)	42,694,808	(184,193)	42,510,615
For the year ended August 31, 2022			
Consolidated Statements of Loss and Comprehensive Loss	As previously reported	Adjustments	As Restated
	\$	\$	\$
CONTINUING OPERATIONS			
EXPENSES			
Amortization and depreciation	1,242,383	(234,000)	1,008,383

Impairment expense	3,873,000	(3,873,000)	-
Total expenses	58,284,217	(4,107,001)	54,177,216
Net income (loss) for the year before discontinued operations	(16,401,604)	4,107,001	(12,294,603)
DISCONTINUED OPERATIONS			
Loss from discontinued operations	(13,203,474)	5,969,533	(7,233,941)
Net income (loss) for the year from discontinued operations	1,988,225	5,969,533	7,957,758
Net loss for the year	(14,413,379)	10,076,534	(4,336,845)
Net loss attributable to owners of the Company	(14,478,598)	10,076,534	(4,402,064)
OTHER COMPREHENSIVE INCOME (LOSS)			
Comprehensive loss for the year	(14,084,670)	10,076,534	(4,008,136)
INCOME (LOSS) PER SHARE			
Basic loss per share - continuing operations	(1.05)	0.26	(0.79)
Basic income (loss) per share - discontinued operations	0.13	0.38	0.51
Basic and diluted loss per share	(0.93)	0.64	(0.28)

Consolidated Statements of Financial Position	As of August 31, 2021		
	As previously reported	Adjustments	As Restated
	\$	\$	\$
ASSETS			
<i>Non-Current</i>			
Goodwill	18,495,121	(2,900,192)	15,594,929
Intangible assets	12,482,244	(7,360,533)	5,121,711
Total Non-Current Assets	35,905,165	(10,260,725)	25,644,440
Total Assets	67,462,847	(10,260,725)	57,202,122
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Deficit	(112,814,973)	(10,260,727)	(123,075,700)
Total Shareholders' Equity (Deficiency), before non-controlling interest	25,422,165	(10,260,727)	15,161,438
Total Shareholders' Equity (Deficiency)	25,565,544	(10,260,727)	15,304,817
Total Liabilities and Shareholders' Equity (Deficiency)	67,462,847	(10,260,725)	57,202,122
For the year ended August 31, 2021			
Consolidated Statements of Loss and Comprehensive Loss	As previously reported	Adjustments	As Restated
	\$	\$	\$
CONTINUING OPERATIONS			
EXPENSES			
Amortization and depreciation	1,112,863	(28,660)	1,084,203
Impairment expense	-	4,319,855	4,319,855
Total expenses	57,793,056	4,291,195	62,084,251
Net income (loss) for the year before discontinued operations	(24,551,718)	(4,291,195)	(28,842,913)
DISCONTINUED OPERATIONS			
Loss from discontinued operations	(15,564,168)	4,352,838	(11,211,330)
Net income (loss) for the year from discontinued operations	(16,243,099)	4,352,838	(11,890,261)
Net loss for the year	(40,794,817)	61,643	(40,733,174)
Net loss attributable to owners of the Company	(40,720,811)	61,643	(40,659,168)
OTHER COMPREHENSIVE INCOME (LOSS)			
Comprehensive loss for the year	(40,710,561)	61,643	(40,648,918)
INCOME (LOSS) PER SHARE			
Basic loss per share - continuing operations	(2.06)	(0.36)	(2.42)
Basic income (loss) per share - discontinued operations	(1.37)	0.37	(1.00)
Basic and diluted loss per share	(3.43)	0.01	(3.42)

3. Significant judgments, estimates and assumptions

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the consolidated financial statements. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. Significant estimates and judgments made by management in the preparation of these consolidated financial statements are outlined below.

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.



(a) Significant estimates and critical judgments

Information about significant estimates and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

Note 1	Going concern
Note 30	Expected credit losses
Note 21	Valuation of warrant liability
Note 6	Business acquisitions
Note 13 and 14	Goodwill and intangible assets
Note 23 and 24	Valuation of share-based payments
Note 20	Convertible debt
Note 26	Contingencies

(b) Update on the effects of COVID-19

In December 2019, a novel strain of coronavirus (“COVID-19”) emerged and has since extensively impacted global health and the economic environment. To contain the spread of COVID-19, domestic and international governments around the world enacted various measures, including orders to close all businesses not deemed “essential,” quarantine orders for individuals to stay in their homes or places of residence, and to practice social distancing when engaging in essential activities. The Company anticipates that these actions and the global health crisis caused by COVID-19 will continue to negatively impact many business activities and financial markets across the globe.

In an effort to protect the health and safety of our employees, much of the Company’s workforce is currently working from home. The Company has implemented business continuity plans and has increased support and resources to enable employees to work remotely and thus far has been able to operate with minimal disruption.

The global COVID-19 pandemic remains an evolving situation. The Company will continue to actively monitor the developments of the pandemic and may take further actions that could alter business operations as may be required by federal, state, local, or foreign authorities, or that management determines are in the best interests of our employees, customers, partners and shareholders. It is not clear what effects any such potential actions may have on the Company’s business, including the effects on our employees, players and consumers, customers, partners, development and content pipelines, the Company’s reputation, financial condition, results of operations, revenue, cash flows, liquidity or stock price.

4. Changes in significant accounting policies

Future accounting pronouncements

The following standards have not yet been adopted and are being evaluated to determine their impact on the Company:

Amendments to IAS 1 - Classification of liabilities as current or non-current
Amendments to IAS 1 - Non-current Liabilities with Covenants
Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
Amendments to IAS 8 - Definition of Accounting Estimates
Amendments to IAS 12 Income Taxes - Deferred Tax Related to Assets and liabilities Arising from a Single Transaction

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or the Company is still assessing what the impact will be to the Company’s financial statements.



5. Significant accounting policies

(a) Foreign currency translation

The functional currency of the Company and its subsidiaries is disclosed in Note 2(b). The presentation currency of the consolidated financial statements is the US Dollar (“USD”).

The financial statements of entities that have a functional currency different from the presentation currency are translated into US dollars as follows: assets and liabilities at the closing rate at the date of the Company’s consolidated statement of financial position and income and expenses at the average rate of the year (as this is considered a reasonable approximation of the actual rates prevailing at the transaction dates). All resulting changes are recognized in other comprehensive income (loss) as foreign currency translation adjustments, except to the extent that the translation difference is allocated to non-controlling interest.

Foreign currency transactions are translated into the functional currency of each entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an entity’s functional currency are recognized in the consolidated statements of loss.

(b) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control of its services to a customer.

The following provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms and related revenue recognition policies:

i) Software-as-a-service

The Company enters into license agreements with customers for its content management system, video software, and mobile applications (Frankly), e-sports data platform (Stream Hatchet) and an influencer marketing platform (SideQik). These license agreements, generally non-cancellable, without paying a termination penalty, and multiyear, provide the customer with the right to use the Company’s application solely on a Company-hosted platform or, in certain instances, on purchased encoders. The license agreements also entitle the customer to technical support.

Revenue from these license agreements is recognized ratably over the license term. Early termination fees are recognized when customer ceases use of agreed upon services prior to the expiration of their contract. These fees are recognized in full on the date the customer has completed their migration of the Company’s solutions and there is no continuing service obligation to the customer.

The Company charges its customers for the optional use of its content delivery network to stream and store videos. The revenue is recognized as earned based on the actual usage because it has stand-alone value and delivery is in control of the customer. The Company also charges its customers for the use of its ad serving platform to serve ads under local advertising campaigns. The Company reports revenue as earned based on the actual usage.

ii) Advertising

Under national advertising agreements with advertisers, the Company sources, creates, and places advertising campaigns that run across the Company’s network of publisher sites. National advertising revenue, net of third-party costs, is shared with publishers based on their respective contractual agreements. The Company invoices national advertising amounts due from advertisers and remits payments to publishers for their share. Depending on the agreement with the publisher, the obligation to remit payment to the publisher is based on either billing to the advertiser or the collection of cash from the advertiser.



National advertising revenue is recognized in the period during which the ad impressions are delivered. The Company reports revenue earned through national advertising agreements either on a net or gross basis. The Company applies judgement in recognizing revenue earned through national advertising agreements on a net or gross basis based on the criteria as disclosed below.

Under national advertising agreements wherein the Company does not bear inventory risk and only has credit risk on its portion of the revenue, national advertising revenues are accounted for on a net basis and the publisher is identified as the customer.

In select national advertising agreements with its publishers, the Company takes on inventory risk and additional credit risk. Under these agreements, the Company either a) provides the publisher with a guaranteed minimum gross selling price per advertising unit delivered, wherein the greater of the actual selling price or guaranteed minimum selling price is used in determining the publisher's share or b) provides the publisher with a fixed rate per advertising unit delivered, wherein the publisher is paid the fixed rate per advertising unit delivered irrespective of the actual selling price. Under these national advertising agreements, national advertising revenues are accounted for on a gross basis with the advertiser identified as the customer and the publisher identified as a supplier, with amounts billed to the advertiser reported as revenue and amounts due to the publisher reported as a revenue sharing expense, within expenses.

Also included in advertising revenue is advertising revenue generated by the Company's various owned and operated properties.

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the net amount of commission made by the Company.

Deferred revenue consists of customer advances for Company services to be rendered that will be recognized as income in future periods.

(c) Cash and equivalents, and restricted cash

The "cash and cash equivalents" category consists of cash in banks, call deposits and other highly liquid investments with initial maturities of three months or less. Any investments in securities, investments with initial maturities greater than three months without early redemption feature and bank accounts subject to restrictions, other than restrictions due to regulations specific to a country or activity sector (exchange controls, etc.) are not presented as cash equivalents but as financial assets. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Restricted cash is presented as a separate category on the statement of financial position and consists of cash in a bank account restricted for use in the WinView Inc. businesses (Note 18).

(d) Accounts and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment of trade accounts receivable. A provision for impairment of trade accounts receivable is established based on a forward-looking "expected loss" impairment model. The carrying amount of the trade receivables is reduced using the provision for impairment account, and the amount of any increase in the provision for impairment is recognized in the consolidated statement of loss and comprehensive loss. When a trade receivable is uncollectible, it is written off against the provision for impairment account for trade accounts receivable. Subsequent recoveries of amounts previously written off are credited to the consolidated statement of loss and comprehensive loss.



(e) Property and equipment

Property and equipment are carried at historical cost less any accumulated depreciation and impairment losses. Historical cost includes the acquisition cost or production cost as well as the costs directly attributable to bringing the asset to the location and condition necessary for its use in operations. When property and equipment include significant components with different useful lives, they are recorded and depreciated separately. Depreciation is computed using the straight-line and declining balance methods based on the estimated useful life of the assets. Useful life is reviewed at the end of each reporting period.

After initial recognition, the cost model is applied to property and equipment. Where parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

The Company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized in the consolidated statement of loss and comprehensive loss as an expense as incurred. Depreciation is provided at rates calculated to write off the cost of property, plant and equipment less their estimated residual value on the straight-line and declining balance methods, over the estimated useful lives, as follows.

Computer equipment	3 years, straight-line
Furniture and fixtures	5 years, straight-line
Leasehold improvements	Term of the lease, plus one renewal

(f) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

(g) Intangible assets

Intangible assets include acquired software used in production or administration and brand names and customer relationships that qualify for recognition as an intangible asset in a business combination. They are accounted for using the cost model whereby capitalized costs are amortized on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date.

The useful lives of the intangibles are as follows:

Software	3-5 years
Brands	1-20 years
Customer relationships	1-10 years
Patents	5 years
Application platforms	3 years

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Subsequent expenditure on brands is expensed as incurred. Costs associated with maintaining computer software (expenditure relating to patches and other minor updates as well as their installation), are expensed as incurred.



Patents and Application platforms with a finite useful life that are acquired in an asset acquisition are initially recognized on the basis of their relative fair value at the acquisition date. These assets are amortized on a straight-line basis over their useful life, which is generally up to 5 years. Amortization is calculated over the cost of the asset less its residual value. Amortization expense is recognized on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Other intangible assets, such as brands, that are acquired by the Company are stated at cost less accumulated amortization and impairment losses. Expenditures on internally generated brands, mastheads or editorial pages, publishing titles, customer lists and items similar in substance is recognized in the consolidated statement of loss and comprehensive loss as an expense as incurred.

Research costs are expensed when incurred. Development costs are capitalized when the feasibility and profitability of the project can be reasonably considered certain. Expenditure on development activities, whereby research findings are applied to a plan or design to produce new or substantially improved products and processes, is capitalized if the product or process is technically and commercially feasible and the Company has sufficient resources to complete development. The expenditure capitalized includes the cost of materials, direct labor and an appropriate proportion of overheads. Other development expenditure is recognized in the consolidated statement of loss and comprehensive loss as an expense as incurred. Capitalized development expenditure is stated at cost less accumulated amortization and impairment losses.

(h) Impairment of property and equipment, intangible assets and goodwill

i) Timing of impairment testing

The carrying values of property and equipment and finite life intangible assets are assessed at the reporting date as to whether there is any indication that the assets may be impaired. Goodwill and indefinite life intangible assets are tested for impairment annually or when there is an indication that the asset may be impaired.

ii) Impairment testing

If any indication of impairment exists or when the annual impairment testing for an asset is required, the Company estimates the recoverable amount of the asset or cash generating unit (“CGU”) to which the asset relates to determine the extent of any impairment loss. The recoverable amount is the higher of an asset’s or CGU’s fair value less costs of disposal and its value in use (“VIU”) to the Company. In assessing VIU, estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs of disposal, recent market transactions are considered, if available. If the recoverable amount of an asset or a CGU is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of loss and comprehensive loss.

For impaired assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset’s recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of loss and comprehensive loss. Impairment losses relating to goodwill cannot be reversed.



(i) Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under any residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.



Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Company applies IAS 36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the ‘property and equipment’ policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “other expenses” in profit or loss.

As a practical expedient, IFRS 16 *Leases* permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(j) Issuance of Units

The Company issues units that consist of shares and warrants. The fair value is allocated to the shares and warrants utilizing the relative fair value method.

(k) Financial instruments

Financial assets

Recognition and Initial Measurement

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

Classification and Subsequent Measurement

On initial recognition, financial assets and liabilities are classified as subsequently measured at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash, restricted cash, accounts and other receivables and advances.
- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.



- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets measured mandatorily at fair value through profit and loss include publisher advance, promissory notes receivable and investment at FVTPL.
- Designated at fair value through profit or loss - On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss.

Business Model Assessment

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

Contractual Cash Flow Assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions, and forecasts of future economic conditions.

The Company applies the simplified approach for accounts receivable. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.



Derecognition of Financial Assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial Liabilities

Recognition and Initial Measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, except for financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

- Amortized cost - Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, or commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's accounts payable, accrued liabilities, players liability account, line of credit, long-term debt and promissory notes payable do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

- Financial liabilities recorded at FVTPL - Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above, or they are derivatives or they are designated as such on initial recognition. The Company's warrants that are not issued in exchange for goods or services and have characteristics of derivative financial liabilities as a result of the warrants having an exercise price in a currency different from the functional currency of the Company, are measured as financial liabilities at FVTPL. The Company's convertible debt is designated as financial liabilities at FVTPL.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included or deducted from the initial carrying amount of the asset or the liability.



Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition of financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any noncash assets transferred or liabilities assumed, is recognized in profit or loss.

Fair value measurement

The Company categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs used in the measurement.

- Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.
- Level 2: This level includes valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1.
- Level 3: This level includes valuations based on inputs which are unobservable.

Offsetting

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

(l) Short-term employee benefits

Short-term employee benefits include wages, salaries, compensated absences, profit-sharing and bonuses. Short-term employee benefit obligations are measured on an undiscounted basis and are recognized in salaries and wages expense as the related service is provided or capitalized if the service rendered is in connection with the creation of an asset. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.



(m) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and differences relating to investments in subsidiaries, associates, and jointly controlled entities to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(n) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares, share purchase options, and equity classified warrants are recognized as a deduction from equity, net of any tax effects. When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction from total equity.

(o) Share-based payment

The share-based payment plan allows Company employees and consultants to acquire shares of the Company. The fair value of share-based payment awards granted is recognized within share-based payments expense with a corresponding increase in equity.

Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value is measured at grant date and each tranche is recognized on a straight-line basis over the period during which the share purchase options vest. The fair value of the share-based payment awards granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the awards

were granted such as stock price, term, and stock volatility. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of awards, for which the related service and non-market vesting conditions are expected to be met.

For each Restricted Share Units (“RSU”) granted, the Company recognizes an expense equal to the market value of a common share at the date of grant and for each common share option granted, the Company recognizes an expense equal to the fair value of the option estimated using a Black Scholes model at grant date, based on the number of RSUs/options expected to vest, recognized over the term of the vesting period, with a corresponding increase to contributed surplus. Share based payments expense is adjusted for subsequent changes in management’s estimate of the number of RSUs/options that are expected to vest. The effect of these changes is recognized in the period of the change.



The Company's warrants having an exercise price in the functional currency of the Company that are not issued in exchange for good and services are equity measured and the fair value at grant date for these warrants is classified within contributed surplus.

For equity-settled share-based payment transactions, including share options and RSUs granted to officers and directors of the Company and warrants granted to advisors in a financing transaction, the Company measures the goods or services received, and the corresponding increase in contributed surplus, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which cases, the Company measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

(p) Discontinued operations and assets held for sale

A non-current asset or a group of assets and liabilities is a disposal group when the carrying amount will be recovered principally through its divestiture and not by continuing utilization. To meet this definition, the asset must be available for immediate sale, and divestiture must be highly probable. Non-current assets or disposal groups classified as held for sale are measured at the lower of carrying amounts and fair value less costs to sell.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

Discontinued operations are presented on a single line of the consolidated statements of loss and comprehensive loss for the periods reported, comprising the earnings after tax of discontinued operations until divestiture and the gain or loss after tax on sale or fair value measurement, less costs to sell the assets and liabilities making up the discontinued operations. In addition, the cash flows generated by the discontinued operations are presented on one separate line of the statement of consolidated cash flows for the periods presented.

(q) Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(r) Government grants

Government grants are recognized when it is probable that the grant will be received, and all conditions of the grant are complied with. When the grant is in the form of a forgivable loan, the loan is initially recognized as a deferred income liability. The Company then relieves the deferred income liability on a systematic and rational basis in those periods over which the entity recognizes the expenses that the grant is intended to offset. The Company recognizes the impact of the loan forgiveness as an offset against related expense.

Assistance for operating expenses is recorded as a reduction of expenses when the assistance is receivable.

A forgivable loan from government is treated as government assistance when there is reasonable assurance that the Company will meet the terms for forgiveness of the loan. If there is no reasonable assurance that the entity will meet the terms for forgiveness of the loan, the loan is recognized as a liability in accordance with IFRS 9 Financial Instruments. The liability would become a government grant (forgivable loan) when there is reasonable assurance that the entity will meet the terms for forgiveness.



6. Acquisitions

Acquisition of SideQik, Inc

On July 2, 2021, the Company acquired all issued and outstanding shares of SideQik, Inc. (“SideQik”) which was carried out pursuant to a statutory reverse-triangular merger. The Company issued 386,584 shares and 23,939 RSUs in exchange for the SideQik securities exchanged pursuant to the transaction.

SideQik empowers brands to discover and connect with content creating influencers across any content vertical. The acquisition of Sideqik (combined with a prior acquisition of Stream Hatchet) brings technology and customers that are expected to expand Engine’s advertising and media offerings.

All transaction costs associated with this acquisition were expensed. If the acquisition of SideQik had occurred at the beginning of the Company’s fiscal year (September 1, 2020), the loss attributed to SideQik’s operations for the year ended August 31, 2021, would have been \$1,130,080, with revenue of \$2,148,987. The loss attributed to SideQik’s operations from the acquisition date to August 31, 2021, was \$383,167, with revenue of \$412,981.

The acquisition was accounted for using the acquisition method of accounting under IFRS 3, Business Combinations, which requires that the Company recognize the identifiable assets acquired and the liabilities assumed at their fair values on the date of acquisition. The estimated fair values are preliminary and based on the information that was available as of that date.

The purchase price allocation is as follows:

Consideration paid	# Issued	Amount
Common shares	386,584	\$ 3,962,000
RSUs	23,939	\$ 245,000
		\$ 4,207,000
Fair value of identifiable assets acquired		
Cash		\$ 255,852
Accounts and other receivables		817,557
Prepaid and other current assets		69,631
Property and equipment		12,730
Intangible assets - Software (Useful life - 5 years)		910,000
Intangible assets - Brand (Useful life - 10 years)		210,000
Intangible assets - Customer relationships (Useful life - 10 years)		310,000
Goodwill		2,900,193
Accounts payable		(292,571)
Accrued liabilities		(502,392)
Deferred revenue		(484,000)
		\$ 4,207,000

The Company common shares issued for the acquisition of SideQik were subject to lock-up restrictions to be discharged 16 2/3% at 180 days from the closing date, and thereafter another 16 2/3% on the 15th of each subsequent month with the restriction being fully liquidated at the end of the 12th month. The Company’s common shares issued were valued based on the closing price on TSX Venture exchange on July 2, 2021, reduced by a discount for lack of marketability of fifteen percent.



Significant judgments and assumptions related to the valuation and useful lives of certain classes of assets acquired are as follows:

i) Intangible assets, software

The fair value of the software intangible asset was determined based on the relief from royalty method under the income approach. The software intangible asset was valued using Level 3 inputs which consisted of the following key inputs: (i) revenue projections; (ii) royalty rate of 7.5%; (iii) tax rate of 25.5% (iv) discount rate of 20%. This asset is amortized on a straight-line basis over the estimated useful life of five years.

ii) Intangible assets, brand

The fair value of the brand intangible asset was determined based on the relief from royalty method under the income approach. The brand intangible asset was valued using Level 3 inputs which consisted of the following key inputs: (i) cash flow projections with long term growth rate of 3%; (ii) royalty rate of 0.5%; (iii) tax rate of 25.5%; and (iv) discount rate of 20.0%. This asset is amortized on a straight-line basis over the estimated useful life of ten years.

iii) Intangible assets, customer relationships

SideQik has created custom partnerships with clients to build out integrations with proprietary brand tools which are expected to result in future sales. The fair value of the customer relationships intangible asset was determined based on the excess earnings method under the income approach. The customer relationships intangible asset was valued using Level 3 inputs which consisted of the following key inputs: (i) cash flow projections with long term growth rate of 3%; (ii) customer attrition rate of 15%; and (iii) discount rate of 22.0%; (iv) tax rate of 25.5%. This asset is amortized on a straight-line basis over the estimated useful life of ten years.

iv) Goodwill

The difference between the acquisition date fair value of the consideration transferred and the values assigned to the assets acquired and liabilities assumed represents goodwill of \$2,900,193. The goodwill is not expected to be deductible for tax purposes.

The goodwill recorded represents the following:

- Cost savings and operating synergies expected to result from combining the operations of SideQik with those of the Company.
- Intangible assets that do not qualify for separate recognition such as the assembled workforce.

7. Revenue

Revenue streams and disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by service lines.

For the year ended August 31,	2022	2021	Increase (decrease)
	\$	\$	\$
Software-as-a-service	9,220,069	7,952,426	1,267,643
Advertising	32,662,544	25,392,842	7,269,702
	41,882,613	33,345,268	8,537,345

\$328,461 of the 2021 Software-as-a-service revenue was previously reported as Professional services, it has been reclassified to conform with current year presentation.



8. Net income (loss) per share

Basic net income (loss) per share is calculated using the weighted-average number of common shares outstanding during each period. Diluted net income (loss) per share assumes the conversion, exercise or issuance of all potential common share equivalents unless the effect is to reduce the loss or increase the income per share. For purposes of this calculation, stock options, warrants and RSU's are considered to be potential common shares and are only included in the calculation of diluted net income (loss) per share when their effect is dilutive.

Due to the net loss incurred during the years ended August 31, 2022, and 2021, all outstanding options, RSU's and warrants were excluded from diluted weighted-average common shares outstanding as their effect was anti-dilutive. Weighted average common shares outstanding for the years ended August 31, 2022, and 2021 were 15,637,418 and 11,874,775, respectively.

9. Accounts and other receivables and publisher advances

(a) Accounts and other receivables

The Company's accounts and other receivables are comprised of the following:

	<u>August 31,</u> <u>2022</u>	<u>August 31,</u> <u>2021</u>
	\$	\$
Trade accounts receivable	9,750,619	9,677,725
Other receivables	9,028	53,387
Allowance for doubtful accounts	<u>(1,355,638)</u>	<u>(1,084,305)</u>
	<u>8,404,009</u>	<u>8,646,807</u>

A continuity of the Company's allowance for doubtful accounts is as follows:

	<u>2022</u>	<u>2021</u>
	\$	\$
Balance, August 31,	<u>(1,084,305)</u>	<u>(874,438)</u>
Acquisition of SideQik	-	(140,896)
Provision, bad debt expense	(473,898)	(72,636)
Write-offs	202,565	3,665
Balance, August 31,	<u>(1,355,638)</u>	<u>(1,084,305)</u>



(b) Publisher advance at FVTPL

On February 7, 2021, the Company's subsidiary Frankly Media LLC, amended its commercial agreement with its largest publisher, which secured a long-term extension. One of the key terms of the amended agreement required the Company to advance \$6 million of revenue sharing payments to the publisher under the following schedule:

- (i) \$4 million within one day of execution of the amendment.
- (ii) \$1 million on or before February 28, 2021; and
- (iii) \$1 million on or before March 31, 2021.

The advance is to be recouped through additional withholding on future advertising revenue share payments made to the publisher, beyond Frankly's share, and is effective for amounts billed for periods February 1, 2021, forward.

As of August 31, 2022, \$6 million had been advanced to the publisher and \$4,509,352 had been recouped through the process explained above. As of August 31, 2022, a net amount of \$1,490,648 was outstanding on the advance all of which is current and reflects fair value.

The breakout of the publisher advance into current and non-current portions is based on an estimate of advertising billings over the next twelve months and the resulting additional withholding on the related advertising revenue share payments.

10. Promissory notes receivable at FVTPL

	Promissory notes receivable
	\$
Balance, August 31, 2021	-
Acquisition	1,585,783
Change in fair value	(873,778)
Effect of foreign exchange	(135,477)
Balance, August 31, 2022	576,528

To facilitate the sale of Eden Games, under a separate agreement, the Company agreed to purchase Euro- denominated 6% promissory notes amounting to Euro 1,453,154 (\$1,585,783) that were due to the former co-founders of Eden Games from third parties. Euro 1,081,081 (\$1,181,005) of the consideration was paid on the closing of the sale with the remainder due in two equal payments on April 4, 2023, and October 6, 2023.

The Company assessed the fair value of the promissory notes receivable based on the present value of expected future cash flows of \$591,781 and has recognized a fair value write-down of \$873,778. The Company is not accruing interest.

The fair value of the Company's promissory note receivable is estimated at each reporting period, with reference to expected cash flows discounted to present value. Promissory notes receivable is classified with a level 3 in the fair value hierarchy (Note 30).



11. Investment at FVTPL

	<u>Investment at FVTPL</u>
	\$
Balance, August 31, 2021	<u>2,629,851</u>
Balance, August 31, 2022	<u>2,629,851</u>

On August 25, 2020, the Company acquired a 20.48% interest in One Up Group, LLC (“One Up”). One Up operates a mobile app which allows gamers to organize and play one-on-one matches with other gamers and compete for money.

The Company accounted for this investment as an investment in associate under the equity method from acquisition through January 5, 2021. The Company’s share in the loss of One Up for the period from September 1, 2020, to January 5, 2021, amounted to \$103,930.

On January 5, 2021, the Company’s interest in One Up was reduced to 18.62% as a result of One Up closing a financing round. In accordance with IAS 28, the Company discontinued the use of the equity method on January 5, 2021, the date at which its investment ceased being an associate. The difference between the fair value of the Company’s retained interest in One Up and its carrying value on January 5, 2021, amounted to \$99,961, which is recognized as a gain on retained interest in former associate on the Company’s statement of loss and comprehensive loss.

The fair value of the Company’s investment in One Up is estimated at each reporting period, with reference to valuations underlying privately placed financing transactions closed by One Up. Key inputs being the number of shares owned by the Company and the underlying share value of the privately placed financing transaction. This investment is classified within level 3 in the fair value hierarchy (Note 30).



12. Property and equipment

Cost	Leasehold improvements	Computer equipment	Furniture and fixtures	Total
	\$	\$	\$	\$
August 31, 2020	221,653	486,340	173,091	881,084
Acquisition of SideQik	-	11,399	1,331	12,730
Additions	-	170,305	17,865	188,170
Disposals	-	(14,244)	-	(14,244)
Disposal of Motorsports	(2,631)	(47,645)	(18,118)	(68,394)
Foreign exchange	(171)	(2,548)	(1,125)	(3,844)
August 31, 2021	218,851	603,607	173,044	995,502
August 31, 2021	218,851	603,607	173,044	995,502
Additions	-	77,147	1,551	78,698
Impairment	(153,192)	-	-	(153,192)
Disposal of Eden Games	(7,407)	(314,440)	(52,460)	(374,307)
UMG Asset Sale	-	(59,550)	(35,178)	(94,728)
Foreign exchange	850	(35,128)	(4,963)	(39,241)
August 31, 2022	59,102	271,636	81,994	412,732
Accumulated depreciation	Leasehold improvements	Computer equipment	Furniture and fixtures	Total
	\$	\$	\$	\$
August 31, 2020	57,517	307,508	106,670	471,695
Depreciation	5,949	117,092	26,150	149,191
Disposals	-	(4,477)	-	(4,477)
Disposal of Motorsports	-	(11,068)	(9,910)	(20,978)
Foreign exchange	(99)	(2,824)	(817)	(3,740)
August 31, 2021	63,367	406,231	122,093	591,691
August 31, 2021	63,367	406,231	122,093	591,691
Depreciation	3,765	114,530	10,598	128,893
Disposal of Eden Games	(7,202)	(278,569)	(47,404)	(333,175)
UMG Asset Sale	-	(31,619)	(35,178)	(66,797)
Foreign exchange	(828)	(29,994)	(4,448)	(35,270)
August 31, 2022	59,102	180,579	45,661	285,342
Net book value	Leasehold improvements	Computer equipment	Furniture and fixtures	Total
	\$	\$	\$	\$
August 31, 2021	155,484	197,376	50,951	403,811
August 31, 2022	-	91,057	36,333	127,390



13. Goodwill

	2022 (As Restated)	2021 (As Restated)
	\$	\$
Balance, beginning of year	15,594,929	15,576,762
Disposal of Eden Games	(345,150)	-
Acquisition of SideQik	-	2,900,193
Impairment of SideQik	-	(2,900,193)
Effect of foreign exchange	(49,591)	18,167
Balance, end of year	15,200,188	15,594,929

a) *Frankly*

The Company tested the Frankly CGU goodwill balance of \$14,895,595 (2021 - \$14,895,595) as of August 31, 2022, for impairment. When assessing whether or not there is an impairment, the recoverable amount of the CGU was determined based on a value in use calculation. The calculation used a five-year projected and terminal period debt-free cash flow model discounted to present value using a discount rate of 21.0% (pre-tax 28.3%), tax rate of 26% and a long-term growth rate of 3%. The recoverable value of \$24,500,000 was concluded after making adjustments to the discounted cash flow model for cash or any other non-operating assets or liabilities as of the measurement date. The concluded recoverable value was then compared to carrying value of the CGU. The results of the assessment indicated that the fair value of the Frankly CGU exceeded its carrying value by 43.6% and no impairment charge was determined to be necessary.

b) *Sideqik*

During the year ended August 31, 2021, the Company conducted a comprehensive review of its forecasts, considering various factors, including changes in market conditions and business outlook. The outcome of this review led to a revision of the forecasts associated with Sideqik.

As a result of the revised forecasts, the company recognized impairment losses on intangible assets and goodwill as of the acquisition date. This impairment reflects the updated assessment of the recoverable amounts, which are now lower than the carrying amounts.

The impairment losses recognized have been recognized in the consolidated statement of loss and comprehensive loss. For the year ended August 31, 2021, the breakdown of impairment losses between intangible assets and goodwill was 1,419,662 and 2,900,193, respectively. As the resulting fair value less cost to sell was determined to be \$0, the impairment losses were limited to the lesser of the carrying value of the Sideqik CGU or the intangible assets and goodwill as of the measurement date.

c) *Stream Hatchet*

The Company tested the Stream Hatchett goodwill balance of \$304,593 (2021 - \$335,650) as of August 31, 2022. The recoverable amounts for the Stream Hatchett CGU below were based on fair value less costs of disposal, estimated using a guideline public company method which is a market-based approach. The fair value measurement was categorized as a Level 3 fair value based on inputs in the valuation technique used.

Revenue multiples from publicly traded companies operating within the same industry and location and having similar business activities to the Company were utilized, after adjusting for differences in size, margins and growth rates when compared to the Company and Stream Hatchett. These adjusted multiples of 2.5x for Stream Hatchett were applied to the financial metrics of the CGU to determine indicative enterprise values. Recoverable amounts were determined after an adjustment for costs of disposal, estimated at 5% of indicative enterprise values. No impairment charge was determined to be necessary for the Stream Hatchett CGU.



14. Intangible assets

Cost	Patents	Application	Software	Brand	Customer	Total
	(As Restated)	Platforms (As Restated)	(As Restated)	(As Restated)	Lists and Contracts (As Restated)	(As Restated)
	\$	\$	\$	\$	\$	\$
August 31, 2020	2,926,782	1,059,380	10,763,975	2,070,573	3,455,572	20,276,282
Disposal of Motorsports	-	-	(3,598,869)	(201,627)	(222,650)	(4,023,146)
Acquisition of SideQik	-	-	910,000	210,000	310,000	1,430,000
Impairment of SideQik	-	-	(901,960)	(209,072)	(308,630)	(1,419,662)
Impairment of UMG	-	(152,011)	-	(149,975)	(83,244)	(385,230)
Impairment of Winview	(705,331)	-	-	-	-	(705,331)
Foreign exchange	-	16,974	255,577	81,759	11,063	365,373
August 31, 2021	2,221,451	924,343	7,428,723	1,801,658	3,162,111	15,538,286
August 31, 2021	2,221,451	924,343	7,428,723	1,801,658	3,162,111	15,538,286
Impairment	(800,231)	(38,851)	-	(39,892)	(15,644)	(894,618)
Disposal of Eden Games	-	(269,098)	(4,709,219)	(1,390,134)	(269,010)	(6,637,461)
Disposal of UMG	-	(105,715)	-	(80,230)	(144,729)	(330,674)
Foreign exchange	-	(14,450)	(285,842)	(82,763)	(19,230)	(402,285)
August 31, 2022	1,421,220	496,229	2,433,662	208,639	2,713,498	7,273,248

Accumulated amortization	Patents	Application	Software	Brand	Customer	Total
	(As Restated)	Platforms (As Restated)	(As Restated)	(As Restated)	Lists and Contracts (As Restated)	(As Restated)
	\$	\$	\$	\$	\$	\$
August 31, 2020	628,684	757,918	4,909,001	1,050,835	600,848	7,947,286
Amortization	492,449	107,158	1,711,771	422,842	418,904	3,153,124
Disposal of Motorsports	-	-	(532,412)	(201,627)	(222,650)	(956,689)
Foreign exchange	-	13,560	229,650	34,385	(4,741)	272,854
August 31, 2021	1,121,133	878,636	6,318,010	1,306,435	792,361	10,416,575
August 31, 2021	1,121,133	878,636	6,318,010	1,306,435	792,361	10,416,575
Amortization	300,087	6,857	666,672	157,381	295,255	1,426,252
Disposal of Eden Games	-	(269,098)	(4,709,219)	(1,112,108)	(250,801)	(6,341,226)
Disposal of UMG	-	(105,715)	-	(80,230)	(144,729)	(330,674)
Foreign exchange	-	(14,451)	(285,842)	(62,839)	(17,717)	(380,849)
August 31, 2022	1,421,220	496,229	1,989,621	208,639	674,369	4,790,078

Net book value	Patents	Application	Software	Brand	Customer	Total
	(As Restated)	Platforms (As Restated)	(As Restated)	(As Restated)	Lists and Contracts (As Restated)	(As Restated)
	\$	\$	\$	\$	\$	\$
August 31, 2021	1,100,318	45,707	1,110,713	495,223	2,369,750	5,121,711
August 31, 2022	-	-	444,041	-	2,039,129	2,483,170

For further intangible asset impairment information as it relates to discontinued operations, see Note 27.



15. Right-of-use assets

	2022	2021
	\$	\$
Balance, beginning of year	557,022	550,478
Acquired	-	210,178
Depreciation	(180,395)	(203,058)
Impairment	(346,266)	-
Disposal of Eden Games	(16,036)	-
Effect of foreign exchange	(3,210)	(576)
Balance, end of year	11,115	557,022

Right of use assets consist primarily of leases for corporate office facilities and are amortized on a monthly basis over the term of the lease, or useful life, if shorter.

16. Income taxes

The Company had no income tax expense or benefit for the year ended August 31, 2022, or 2021.

(a) Reconciliation of the effective tax rate

The reconciliation of the statutory income tax rate of 26.5% (2021 - 26.5%) to the effective tax rate is as follows:

	2022	2021
	(As Restated)	(As Restated)
	\$	\$
Income (loss) before discontinued operations and income taxes	(12,294,603)	(28,842,913)
Statutory income tax rate	26.5%	26.5%
Expected income tax (benefit)	(3,258,070)	(7,643,372)
<u>Reconciling items:</u>		
Foreign rate differential	986	(477,761)
Stock-based compensation and other non-deductible expenses	(786,187)	1,299,240
Other	796,659	(4,136,359)
Deferred tax assets not recognized	3,246,612	10,958,252
Income tax expense	-	-



(b) Deferred income taxes

The Company had the following temporary differences that would ordinarily give rise to deferred taxes:

	<u>2022</u>	<u>2021</u>
	\$	\$
<u>Deferred tax assets</u>		
Net operating losses	1,577,831	1,664,801
<u>Deferred tax liabilities</u>		
Intangible assets	(1,520,569)	(1,391,070)
Other - United States	(57,262)	(273,731)
Net deferred tax asset	<u>-</u>	<u>-</u>

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

Unrecognized Deductible Temporary Differences

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

	<u>2022</u>	<u>2021</u>
	\$	\$
Intangible assets	23,737,179	28,362,021
Net operating losses	172,145,340	153,954,414
Net capital losses	-	2,156,922
Property and equipment	-	483,175
Share issuance costs	2,347,823	206,655
Convertible debt	250,603	2,385,606
Investments	3,074,356	-
Other	2,219,206	8,802,009
	<u>203,774,507</u>	<u>196,350,802</u>

The Company's net operating losses expire in the manner discussed below. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it cannot be determined as probable that future taxable profits will be available against which the Company can utilize the benefits therefrom.

As of August 31, 2022, the Company has net operating loss carryforwards related to its domestic and international operations of approximately \$173.2 million; \$122.4 million of which have expiration periods ranging between 10 to 20 years, and \$50.8 million have an indefinite carryforward period. Of these, CAD\$44.3 million belong to Canadian entities which expire between 2034 and 2042. Net-capital losses were Nil in the year. Certain of these foreign, federal and state net operating loss carryforwards may be subject to Internal Revenue Code Section 382 or similar provisions, which impose limitations on their utilization.



17. Lease liabilities

Lease liabilities are measured at the present value of the lease payments that were not paid at that financial statement date. The lease payments are discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The continuity of the lease liabilities is presented in the table below:

	<u>Equipment</u>	<u>Office lease</u>	<u>Total</u>
	\$	\$	\$
Balance, August 31, 2020	35,457	536,691	572,148
Acquired	-	210,178	210,178
Interest expense	1,971	32,226	34,197
Payments	(13,380)	(214,948)	(228,328)
Effect of foreign exchange	-	(644)	(644)
Balance, August 31, 2021	24,048	563,503	587,551
Balance, August 31, 2021	24,048	563,503	587,551
Acquired	-	-	-
Disposal of Eden Games	-	(17,959)	(17,959)
Interest expense	1,206	22,716	23,922
Payments	(13,380)	(187,776)	(201,156)
Effect of foreign exchange	-	(3,524)	(3,524)
Balance, August 31, 2022	11,874	376,960	388,834
	<u>Equipment</u>	<u>Office lease</u>	<u>Total</u>
	\$	\$	\$
<u>As of August 31, 2022:</u>			
Less than one year	11,874	376,960	388,834
Total lease obligation	11,874	376,960	388,834

The future minimum undiscounted lease payments as of August 31, 2022, are presented below:

	<u>Equipment</u>	<u>Office lease</u>	<u>Total</u>
Less than one year	12,265	404,271	416,536
Total undiscounted lease obligation	12,265	404,271	416,536

18. Players liability account

The Players liability account consists of UMG and Winview cash deposited by players, plus any prize winnings, less any fees for match game play and withdrawal requests processed to date. As of August 31, 2022, and 2021, the players liability account balance is the total amount payable if all players were to request closure of their accounts.



19. Promissory notes payable and other borrowings

(a) Promissory notes

The Company has promissory notes with a balance of \$200,000 (August 31, 2021 - \$200,000) that are unsecured, due on demand, and bear interest at 18%. As of August 31, 2022, interest of \$141,940 has been accrued (August 31, 2021 - \$139,644).

The Company, through its WinView subsidiary, has a secured promissory note outstanding for amounts due for the provision of services by the noteholder. As of August 31, 2022, \$429,822 was due under the note (August 31, 2021 - \$482,304). The note is secured by the assets of WinView, bears interest at 8%, and is currently due. As of August 31, 2022, and 2021, no interest is accrued on this note.

(b) Paycheck Protection Program (the “PPP”) loans

In April and May 2020, the Company entered into promissory notes (the “Notes”) with three banks. The Notes evidence loans to the Company of \$1,589,559 pursuant to the PPP of the CARES Act administered by the U.S. Small Business Administration (the “SBA”). In accordance with the requirements of the CARES Act, the Company used the proceeds from the loans exclusively for qualified expenses under the PPP, including payroll costs, rent and utility costs, as further detailed in the CARES Act and applicable guidance issued by the SBA.

Interest will accrue on the outstanding balance of the Notes at a rate of 1.00% per annum. However, the Company expects to apply for and receive forgiveness of up to all amounts due under the Notes, in an amount equal to the sum of qualified expenses under the PPP during the twenty-four weeks following disbursement.

Subject to any forgiveness granted under the PPP, the Notes were scheduled to mature in April 2022 and require 18 equal monthly payments of principal and interest beginning November 2020. The Notes may be prepaid at any time prior to maturity with no prepayment penalties. The Notes provide for customary events of default, including, among others, those relating to failure to make payments, bankruptcy, breaches of representations, significant changes in ownership, and material adverse effects. The Company’s obligations under the Notes are not secured by any collateral.

Upon the receipt of the proceeds of \$1,589,559 from the Notes, the Company accounted for the Notes as a grant in the form of forgivable loan and recorded the amount as a deferred income liability. The liability was reduced as the Company recognized expenses which qualified for forgiveness of the loan. As of August 31, 2022, the Company had incurred greater than \$1,589,559 of qualifying expenses and therefore had a remaining deferred income liability of \$nil. The Company recognized the impact of the loan forgiveness as an offset against related salaries and wages expense, in the consolidated statement of loss and comprehensive loss for the year ended August 31, 2020. As of August 31, 2022, \$209,875 has not been formally forgiven.



20. Convertible debt

The continuity of convertible debt for the year ended August 31, 2022, is as follows:

	<u>2019</u> <u>Series</u>	<u>2020</u> <u>Series</u>	<u>Amended EB</u> <u>Loan</u>	<u>EB CD</u>	<u>Total</u>
	\$	\$			\$
Balance, August 31, 2020	2,121,869	8,671,590	-	-	10,793,459
Issuances	-	4,282,477	-	-	4,282,477
Exchange of EB Loan for Amended EB Loan	-	-	5,043,103	-	5,043,103
Exchange of Amended EB Loan for EB CD	-	-	(4,931,813)	7,394,022	2,462,209
Conversion - common shares issued	(1,500,214)	(12,204,391)	-	-	(13,704,605)
Conversion - warrants issued	(1,103,661)	(4,256,114)	-	-	(5,359,775)
Interest expense	54,126	398,183	138,710	250,000	841,019
Accrued interest on conversion / interest payments	(101,247)	(256,300)	(250,000)	-	(607,547)
Effect of foreign exchange	134,562	-	-	-	134,562
Change in fair value	1,308,993	5,461,682	-	(704,081)	6,066,594
Balance, August 31, 2021	914,428	2,097,127	-	6,939,941	9,951,496
	<u>2019</u> <u>Series</u>	<u>2020</u> <u>Series</u>	<u>Amended EB</u> <u>Loan</u>	<u>EB CD</u>	<u>Total</u>
	\$	\$			\$
Balance, August 31, 2021	914,428	2,097,127	-	6,939,941	9,951,496
Interest expense	23,983	200,000	-	500,000	723,983
Accrued interest on conversion / interest payments	-	-	-	(500,000)	(500,000)
Principal and interest at maturity	(509,716)	-	-	-	(509,716)
Effect of foreign exchange	(27,040)	-	-	-	(27,040)
Change in fair value	(401,655)	(29,760)	-	(1,956,705)	(2,388,120)
Balance, August 31, 2022	-	2,267,367	-	4,983,236	7,250,603
			<u>2020</u> <u>Series</u>		<u>Total</u>
			\$		\$
<u>As of August 31, 2022:</u>					
Less than one year			2,267,367		2,267,367
Greater than one year			-		4,983,236
Total convertible debt obligation			<u>2,267,367</u>		<u>7,250,603</u>



As of August 31, 2022, the 2019 series notes have matured.

(a) Conversions during the years ended August 31, 2021

2019 Series

During the year ended August 31, 2021, 2019 Series convertible debentures with a principal amount of CAD\$1,315,000 were converted into 175,331 units, and as a result, the Company issued 175,331 common shares and 175,331 warrants. The fair value of the convertible debentures at the time of conversion was estimated using the binomial lattice model with the below assumptions:

Share price of CAD\$11.65 - \$14.15; term of 1.36 - 1.90 years; conversion price and warrant exercise price of CAD\$7.50; interest rate of 6%; expected volatility of 98.5% - 179%; risk-free interest rate of 0.21% - 0.27%; exchange rate of 0.7651 - 0.8286; and an expected dividend yield of 0%. The fair value assigned to these convertible debentures was \$2,603,875.

This value was split between common shares and liability measured warrants as \$1,500,214 and \$1,103,661, respectively.

2020 Series

During the year ended August 31, 2021, 2020 Series convertible debentures with a principal amount of \$11,651,393 were converted or settled into 1,553,518 units, and as a result, the Company issued 1,553,518 common shares and 1,134,305 warrants. The fair value of the convertible debentures at the time of conversion or settlement was estimated using the binomial lattice model with the below assumptions:

Share price of \$7.79 - \$9.92; term of 1.44 - 1.77 years; conversion price of \$7.50; warrant exercise price of \$15.00, interest rate of 10%; expected volatility of 95% - 98.5%; risk-free interest rate of 0.09% - 0.13%; and an expected dividend yield of 0%. The fair value assigned to these convertible debentures was \$16,460,505.

This value was split between common shares and equity measured warrants as \$12,204,391 and \$4,256,114, respectively.

(b) Issuances during the year ended August 31, 2021

During the year ended August 31, 2021, 2020 Series convertible debentures with a principal amount of \$2,901,393 were issued for gross proceeds of \$2,901,393. In addition, in November 2020, \$2,000,000 of convertible debentures from the Company's standby convertible debenture facility were issued along with 224,719 warrants for gross proceeds of \$2,000,000 (Note 20(e)). Of the gross proceeds of \$2,000,000, \$1,381,084 was allocated to the convertible debt and \$618,916 was allocated to the 224,719 warrants issued (Note 20(e)). The total fair value recorded to convertible debt for issuances above amounted to \$4,282,477.

On December 1, 2020, the EB Loan was amended. The amendment extended the maturity date by one year and added a conversion feature to \$1,000,000 of the \$5,000,000 principal outstanding. The conversion feature allowed the holder to convert \$1,000,000 into common shares of the Company at a conversion price of \$11.25 per common share. On February 24, 2021, the Company extinguished the Amended EB Loan and issued the Lender a convertible debenture in the principal amount of \$5,000,000. The EB CD is convertible into units of the Company at a conversion price of \$10.25 per unit, with each unit comprised of one common share and one-half of a warrant, with each whole warrant exercisable into a common share at an exercise price of \$15.00 per share for a period of three years from the issuance of the EB CD. The EB CD has a term of three years.

The fair value of the Amended EB Loan on December 1, 2020, was \$5,043,103. The carrying value of the former EB Loan on December 1, 2020, consisted of \$5,000,000 in principal and \$76,412 in accrued interest, for total carrying value on the amendment date of \$5,076,412. As a result, a gain on extinguishment of debt of \$33,309 was recognized. The fair value of the EB CD on the date of issuance of February 24, 2021, was \$7,394,022. The fair value of the Amended EB Loan on February 24, 2021, was \$4,931,813. As a result, a loss on extinguishment of debt of \$2,462,209 was recognized. The above two transactions resulted in a loss on extinguishment of debt of \$2,428,900.



(c) 2020 Series

The 2020 Series debentures will mature twenty-four (24) months from the date of issuance and bear interest at a rate of 5% per annum (subject to adjustment as described below), payable on maturity. At the Company's option, interest under the 2020 Series debentures is payable in kind in common shares at an issue price which would be based on the trading price of the common shares at the time of such interest payment. The interest rate under the 2020 Series debentures will increase from 5% to 10% per annum on a prospective basis on December 19, 2020, if a public offering has not occurred by that date.

The 2020 Series debenture holders may convert all or a portion of the principal amount of the debentures into units ("Units") of the Company at a price (the "Conversion Price") equal to the lesser of (a) \$11.25 per Unit, and (b) if such conversion occurs after a public offering of securities by the Company (the "Public Offering"), a fifteen percent (15%) discount to the public offering price, provided that such conversion price shall not be less than \$7.50 per Unit.

Notwithstanding the foregoing, if by December 19, 2020, the Company has not obtained registration rights in the United States to allow sale in the United States of the common shares ("Common Shares") of the Company and the exercise of warrants (the "Warrants") of the Company to be issued pursuant to the conversion of the 2020 Series debentures, holders of 2020 Series debentures may convert such debentures into Units at \$7.50 per Unit. As of December 19, 2020, the Company had not obtained registration rights in the United States. As such, the conversion price is \$7.50 per Unit and the interest rate increased to 10% on December 19, 2020.

Each Unit is comprised of one common share and one-half of one Warrant, with each Warrant exercisable into one common share of the Company at an exercise price of \$15.00 per share for a period of three years from the issuance of the 2020 Series debentures. Under certain circumstances, the Company shall be entitled to call for the exercise of any outstanding Warrants in the event that the closing trading price of the Company common shares on the NASDAQ is above \$30.00 per share for fifteen (15) consecutive trading days.

In the event that the Company's common shares are listed for trading on the NASDAQ Capital Market and the Company completes a Public Offering for an aggregate amount of at least US\$30,000,000, the Company may cause the 2020 Series debentures to be converted at the Conversion Price by the Company delivering a notice to the holder not less than a minimum of 30 days and a maximum 60 days prior to the forced conversion date.

(d) 2020 Series - One Up

These convertible debentures (the "2020 Series One Up" debentures) have identical terms as the 2020 Series debentures except that the minimum conversion price of \$7.50 per Unit (as described above) will be US\$9.50 per Unit. The 2020 Series One Up convertible debentures had a fair value at issuance of \$3,078,550.

(e) 2020 Series - Standby

In September 2020, the Company entered into an \$8,000,000 stand-by convertible debenture facility (the "2020 Series Standby" debentures). The 2020 Series Standby Debenture has substantially similar terms as the 2020 Series debentures, except (i) the references to a minimum \$7.50 conversion price (as described above) have been changed to \$8.90; and (ii) the 2020 Series Standby debentures are only convertible into common shares of the Company, not units.

In November 2020, the Company issued 224,719 warrants in connection with this first draw of \$2,000,000 of the Standby Debentures, with each warrant exercisable into one common share the Company at an exercise price of \$15.00 per share for a period of two years, subject to the same acceleration clause as the warrants underlying the 2020 Series debentures.

The remaining \$6,000,000 of convertible debentures that are issuable under this facility have substantially similar terms as the 2020 Series debentures, including conversion into units consisting of one share and one-half warrant, provided that the conversion price of any additional convertible debentures will be based on the market price of the common shares at the time of such subscriptions and are subject to TSX-V approval.



As of August 31, 2022, the fair value of the 2020 Series convertible debentures was estimated using the binomial lattice model with the below assumptions:

2020 Series	August 31 2022 (US\$)	August 31, 2021 (US\$)
Share price	0.72	6.66
Conversion price	8.90	8.90
Term, in years	0.22	1.26
Interest rate	10%	10%
Expected volatility	90.00%	90.00%
Risk-free interest rate	2.85%	0.10%
Expected dividend yield	0%	0%

(f) EB CD

On February 24, 2021, the Company extinguished the Amended EB Loan and issued the Lender a convertible debenture in the principal amount of \$5 million (the "EB CD"). The EB CD is convertible into units of the Company at a conversion price of \$10.25 per unit, with each unit comprised of one common share and one-half of a warrant, with each whole warrant exercisable into a common share at an exercise price of \$15.00 per share for a period of three years from the issuance of the EB CD. The EB CD has a term of three years.

As of August 31, 2022, the fair value of the EB CD convertible debenture was estimated using the binomial lattice model with the below assumptions:

EB CD	August 31 2022 (US\$)	August 31, 2021 (US\$)
Share price	0.72	6.66
Conversion price	10.25	10.25
Warrant exercise price	15.00	15.00
Term, in years	1.48	1.26
Interest rate	10%	10%
Expected volatility	90.00%	90.00%
Risk-free interest rate	3.45%	0.30%
Expected dividend yield	0%	0%



(g) Fair value

The following table gives information about how the fair values of these financial liabilities are determined (in particular, the valuation technique and key inputs used) and sensitivity of unobservable inputs.

<u>Financial assets / financial liabilities</u>	<u>Valuation technique</u>	<u>Key Inputs</u>	<u>Relationship and sensitivity of unobservable inputs to fair value to fair value</u>
Convertible debt	The fair value of the convertible debentures as of August 31, 2022 has been calculated using a binomial lattice methodology.	Key observable inputs Share price CAD \$.94 (USD \$.72) Risk-free interest rate (2.85% to 3.45%) Dividend yield (0%) <i>Key unobservable inputs</i> Credit spread (10.13% to 13.56%) Discount for lack of marketability (0%)	The estimated fair value would increase (decrease) if: The share price was higher (lower) The risk-free interest rate was higher (lower) The dividend yield was lower (higher) The credit spread was lower (higher) The discount for lack of marketability was lower (higher)
Convertible debt	The fair value of the convertible debentures as of August 31, 2021 has been calculated using a binomial lattice methodology.	Key observable inputs Share price CAD\$8.42 (USD \$6.66) Risk-free interest rate (0.10% to 0.30%) Dividend yield (0%) <i>Key unobservable inputs</i> Credit spread (1.14% to 8.45%) Discount for lack of marketability (0%)	The estimated fair value would increase (decrease) if: The share price was higher (lower) The risk-free interest rate was higher (lower) The dividend yield was lower (higher) The credit spread was lower (higher) The discount for lack of marketability was lower (higher)



21. Warrants

Liability measured warrants having CAD exercise price

The following table reflects the continuity of the Company's liability measured warrants for the years ended August 31, 2022, and 2021:

	<u>Amount</u>
	\$
Balance at August 31, 2020	14,135,321
Issued on conversion of convertible debt	1,103,661
Exercised	(2,134,116)
Change in fair value	(9,037,108)
Foreign exchange	800,945
Balance, August 31, 2021	<u>4,868,703</u>

	<u>Amount</u>
	\$
Balance at August 31, 2021	4,868,703
Change in fair value	(4,748,893)
Foreign exchange	(69,916)
Balance, August 31, 2022	<u>49,894</u>

The following table reflects the continuity of the Company's outstanding liability measured warrants for the years ended August 31, 2022, and 2021:

	<u>Number of warrants</u>	<u>Weighted-average exercise price CAD</u>
	#	\$
Outstanding, August 31, 2020	2,405,369	9.60
Issued on conversion of convertible debt	175,331	7.50
Exercised	(901,060)	9.27
Expired	(226,797)	13.43
Outstanding as of August 31, 2021	<u>1,452,843</u>	<u>8.96</u>

	<u>Number of warrants</u>	<u>Weighted-average exercise price CAD</u>
	#	\$
Outstanding, August 31, 2021	1,452,843	8.96
Expired	(123,159)	9.24
Outstanding as of August 31, 2022	<u>1,329,684</u>	<u>8.93</u>



The following table reflects the liability measured warrants issued and outstanding as of August 31, 2022:

<u>Expiry date</u>	<u>Number outstanding</u>	<u>Warrants outstanding</u>	
		<u>Average exercise price</u>	<u>Average remaining contractual life</u>
		<u>CAD</u>	<u>(years)</u>
December 20, 2022	29,066	27.00	0.30
March 20, 2023	27,777	13.50	0.55
March 30, 2023	46,909	13.50	0.58
March 31, 2023	17,222	13.50	0.58
May 27, 2023	130,304	13.50	0.74
July 8, 2024	445,982	7.50	1.85
July 25, 2024	401,624	7.50	1.90
August 8, 2024	230,800	7.50	1.94
	1,329,684	\$ 8.93	1.65

As of August 31, 2022, the fair value of the 1,329,684 liability measured warrants outstanding (August 31, 2021 - 1,452,843) was determined to be \$49,894 (August 31, 2021 - \$4,868,703) as calculated using the Black Scholes option pricing model with the following range of assumptions: 0.30 - 1.65 years (August 31, 2021 - 0.53 - 2.94) as expected average life; share price of CAD\$8.93 (August 31, 2021 - CAD\$8.42); exercise price of CAD\$7.50 - CAD\$27.00 (August 31, 2021 - CAD\$7.50 - CAD\$27.00); 90% expected volatility (August 31, 2021 - 70% - 90%); risk free interest rate of 3.61% - 3.87% (August 31, 2021 - 0.28% - 0.63%); and an expected dividend yield of 0%.

If all liability measured warrants outstanding and exercisable as of August 31, 2022, were exercised, the Company would receive cash from exercise of approximately CAD\$11.9 million.

(a) Liability measured warrants exercised during the year ended August 31, 2021

During the year ended August 31, 2021, the holders of 901,060 warrants exercised their right to convert the warrants into the Company's common shares at an exercise price of CAD\$7.50 - \$9.75. As a result of the underlying exercise of warrants, the Company received \$6,866,735 in cash proceeds and the intrinsic value of the underlying warrants at the date of exercise of \$2,134,116 was transferred to share capital, for a total addition to share capital of \$9,000,851.

(b) Liability measured warrants issued during the year ended August 31, 2021

During the year ended August 31, 2021, the Company issued 175,331 warrants in connection with conversion of convertible debt (Note 20(a) - 2019 Series).

2019 Series

During the year ended August 31, 2021, the Company issued 175,331 warrants in conjunction with the conversion of convertible debt. The fair value of the 175,331 warrants issued was determined to be \$1,103,661 as calculated using the Black Scholes option pricing model with the following assumptions:

A 3.36 - 3.90 years as expected average life; share price of CAD\$9.50 - \$12.33; exercise price of CAD\$7.50; 98.5% - 136% expected volatility; risk free interest rate of 0.25% - 0.54%; and an expected dividend yield of 0%.

Volatility is calculated using a weighted approach based on the changes in the Company's historical stock price. The final fair value allocated to the warrants on conversion of convertible debt is based on a relative fair value allocation between the common shares issued and warrants issued on conversion.



Equity measured warrants having USD exercise price

The following table reflects the continuity of the Company's equity measured warrants for the years ended August 31, 2022, and 2021.

	<u>Amount</u>
	\$
Balance at August 31, 2020	-
Issued on conversion of convertible debt	4,256,114
Issued in private placement of convertible debt	618,916
Issued in private placement of units	7,373,806
Issued in private placement of units - transaction costs	(582,333)
Balance, August 31, 2021	11,666,503
	<u>Amount</u>
	\$
Balance at August 31, 2021	11,666,503
Balance, August 31, 2022	11,666,503

The following table reflects the continuity of the Company's outstanding equity measured warrants for the years ended August 31, 2022, and 2021:

	<u>Number of warrants</u>	<u>Weighted-average exercise price USD</u>
	#	\$
Outstanding, August 31, 2020	-	-
Issued on conversion of convertible debt	1,134,305	15.00
Issued in private placement of convertible debt	224,719	15.00
Issued in private placement of units	2,377,272	15.00
Outstanding as of August 31, 2021	3,736,296	15.00
	<u>Number of warrants</u>	<u>Weighted-average exercise price USD</u>
	#	\$
Outstanding, August 31, 2021	3,736,296	15.00
Outstanding as of August 31, 2022	3,736,296	15.00



The following table reflects the equity measured warrants issued and outstanding as of August 31, 2022:

Expiry date	Number outstanding	Warrants outstanding	
		Average exercise price USD	Average remaining contractual life (years)
November 20, 2022	224,719	15.00	0.22
January 8, 2024	1,868,787	15.00	1.36
January 22, 2024	522,898	15.00	1.39
February 24, 2024	1,058,227	15.00	1.48
August 19, 2024	49,999	15.00	1.97
September 15, 2024	11,666	15.00	2.04
	3,736,296	\$ 15.00	1.34

If all equity measured warrants outstanding and exercisable as of August 31, 2022, were exercised, the Company would receive cash from exercise of approximately \$56.0 million.

The November 20, 2022 warrants expired unexercised subsequent to year end.

(c) Equity measured warrants issued during the year ended August 31, 2021

During the year ended August 31, 2021, the Company issued 1,134,305 warrants in connection with conversion of convertible debt (Note 20(a) - 2020 Series), 224,719 warrants in connection with the private placement of convertible debentures (Note 20(e)) and 2,377,272 warrants in connection with the private placement of units (Note 21(f)), for a total number of 3,736,296 warrants issued.

(d) Equity measured warrants issued on conversion of convertible debt

2020 Series

During the year ended August 31, 2021, the Company issued 1,134,305 warrants in conjunction with the conversion of convertible debt. The fair value of the 1,134,305 warrants issued was determined to be \$4,256,114 as calculated using the Black Scholes option pricing model with the following assumptions:

A 3.00 - 3.50 years expected average life; share price of \$7.79 - \$11.17; exercise price of \$15.00; 98.5% expected volatility; risk free interest rate of 0.29% - 0.57%; and an expected dividend yield of 0%.

Volatility is calculated using a weighted approach based on the changes in the Company's historical stock price. The final fair value allocated to the warrants on conversion of convertible debt is based on a relative fair value allocation between the common shares and equity measured warrants.

(e) Equity measured warrants issued on private placement of standby convertible debentures during the year ended August 31, 2021

During the year ended August 31, 2021, the Company issued 224,719 warrants in connection with the private placement of convertible debentures under its standby convertible debenture facility (Note 20(e)). The fair value of the 224,719 warrants issued was determined to be \$618,916 as calculated using the Black Scholes option pricing model with the following assumptions:

2 years expected average life; share price of \$5.63; exercise price of \$15.00; 200% expected volatility; risk free interest rate of 0.16%; and an expected dividend yield of 0%.

Volatility is calculated using a weighted approach based on the changes in the Company's historical stock price. The final fair value allocated to the warrants on conversion of convertible debt is based on a relative fair value allocation between the common shares issued and warrants issued on conversion.



(f) Equity measured warrants issued on private placement of units during the year ended August 31, 2021

During the year ended August 31, 2021, the Company issued 2,377,272 warrants in conjunction with the private placement of units. Of the 2,377,272 warrants issued, 191,387 were issued to finders as fees for services. The fair value of the 2,377,272 warrants issued was determined to be \$7,373,806 as calculated using the Black Scholes option pricing model with the following assumptions:

A 3.00 year expected average life; share price of \$7.79 - \$10.00; exercise price of \$15.00; 98.5% expected volatility; risk free interest rate of 0.29% - 0.43%; and an expected dividend yield of 0%.

Of the \$7,373,806 total fair value, \$6,603,243 was the fair value of the 2,185,885 warrants issued for proceeds, with \$770,563 being the fair value of the 191,387 warrants issued to finders. The amount recorded in contributed surplus of \$6,791,473 represents the fair value of warrants issued of \$7,373,806 less \$582,333 for transaction costs allocated to the warrants issued.

Volatility is calculated using a weighted approach based on the changes in the Company's historical stock price. The final fair value allocated to the warrants on the issuance of the units is based on a relative fair value allocation between the common shares issued and warrants issued.

22. Share capital

(a) Authorized

The Company is authorized to issue an unlimited number of no par value common shares and an unlimited number of preference shares.



(b) Issued and outstanding, common shares

	<u>Shares</u>	<u>Consideration</u>
	#	\$
Balance, August 31, 2020	7,746,136	69,380,807
Shares issued on vesting of RSUs	277,749	1,895,891
Common shares issued on exercise of options	20,833	290,558
Convertible debt conversion	1,728,848	13,704,605
Common shares issued on private placement, net of costs	4,435,433	24,225,901
EB bonus shares	6,666	54,061
Shares for debt	40,000	226,556
Common shares issued on exercise of warrants	901,060	9,000,851
Shares issued on acquisition of SideQik	386,584	3,962,000
Balance, August 31, 2021	<u>15,543,309</u>	<u>122,741,230</u>
	<u>Shares</u>	<u>Consideration</u>
	#	\$
Balance, August 31, 2021	15,543,309	122,741,230
Shares issued on vesting of RSUs	203,537	1,489,962
Shares issued under shares for services	57,029	666,667
Balance, August 31, 2022	<u>15,803,875</u>	<u>124,897,859</u>

(c) Activity for the year ended August 31, 2022

During the year ended August 31, 2022, the Company issued 203,537 common shares upon vesting of an equal number of RSUs, see (Note 24) and 57,029 shares for services provided by certain officers of Sideqik.

(d) Activity for the year ended August 31, 2021

Private Placement of units

In January and February 2021, the Company closed on the issuance of 4,371,767 units (the “Units”) for gross proceeds of \$32,788,253 of non-brokered private placements. Each Unit consists of one common share of the Company and one-half of one common share purchase warrant (a “Warrant”). Each whole Warrant entitles the holder to acquire one additional share of the Company at a price of \$15.00 per share for a period of 3 years provided that: (i) if the common shares are listed for trading on NASDAQ, (ii) the Company completes an offering of securities under a short form prospectus for an aggregate amount of at least \$30,000,000, and (iii) the closing price of the common shares on NASDAQ is \$30.00 or greater for a period of 15 consecutive trading days, then the Company may accelerate the expiry date of the Warrants to the 30th day after the date written notice is provided to the holders.

The Company paid cash commissions to eligible finders under the offering of \$1,681,477 and regulatory and legal fees of \$89,402. Net cash proceeds from the offering amounted to \$31,017,374.

In addition to the cash finder’s fees discussed above, the Company issued the following securities as partial payment of commissions to finders: 63,666 Units; and 159,554 finders warrants, with each finder warrant exercisable into a common share at an exercise price of US\$15.00 per share for 3 years subject to the same acceleration terms described above.



The total number of common shares issued as a result of the private placements totaled 4,435,433, which was comprised of 4,371,767 Units issued for proceeds and 63,666 Units issued as partial payment to finders. The total number of warrants issued totaled 2,377,272, which was comprised of warrants issued as part of the Units issued of 2,217,718 (50% of Units issued) and 159,554 finders warrants issued.

A summary of amounts recorded in connection with private placement and their effect on financial statement line items is noted below:

	<u>Proceeds</u>	<u>Shares</u>	<u>Impact on share capital</u>	<u>Warrants</u>	<u>Impact on contributed surplus</u>
	\$	#	\$	#	\$
Units issued in private placement	32,788,253	4,371,767	26,185,009	2,185,885	6,603,244
Cash commissions	(1,681,477)	-	(1,345,736)	-	(335,741)
Regulatory and legal fees	(89,402)	-	(71,522)	-	(17,880)
Finders' units issued	-	63,666	383,720	31,833	93,775
Finders' units considered as transaction costs	-	-	(383,720)	-	(93,775)
Finders' warrants issued	-	-	-	159,554	676,787
Finders' warrants considered as transaction costs	-	-	(541,850)	-	(134,937)
	<u>31,017,374</u>	<u>4,435,433</u>	<u>24,225,901</u>	<u>2,377,272</u>	<u>6,791,473</u>

The fair value allocated between the common shares and warrants on the issuance of the Units is based on a relative fair value allocation between the common shares issued and warrants issued. Refer to equity measured warrants note for discussion of the key assumptions used in valuation of the warrants as part of the relative fair value allocation.

Other activity

During the year ended August 31, 2021, the Company had the following additional activity to share capital: (i) issued 277,749 common shares upon vesting of an equal number of RSUs (Note 24); (ii) issued 20,833 common shares upon the exercise of vested stock options, (iii) issued 1,728,848 common shares in connection with conversion of convertible debt (Note 20(a)), (iv) issued 901,060 common shares in connection with the exercise of warrants (Note 21(a)); (v) issued 40,000 common shares for cancellation of \$226,556 of debt (shares for debt); and (vi) issued 6,666 common shares valued at \$54,061 as an amendment fee to the lender in connection with the Amended EB Loan (the "EB Bonus Shares"). In addition to the EB Bonus Shares, the Company paid the lender a cash fee of \$100,000. The amendment fees were recorded within interest expense as the Amended EB Loan and the subsequently the EB CD is being accounted for at FVTPL.

23. Stock options

On October 6, 2021, the Company adopted an amended and restated equity incentive plan ("Omnibus Plan"), which amends and restates the equity incentive plan which was previously established as of July 15, 2020. Under the amendments, there were no changes in the terms of previously issued awards. Under the Omnibus Plan, the total number of common shares reserved and available for grant and issuance pursuant to stock options shall not exceed 10% of the then issued and outstanding shares.

Options may be exercisable over periods of up to 10 years as determined by the Board of Directors of the Company and the exercise price shall not be less than the closing price of the shares on the day preceding the award date, subject to regulatory approval. Unvested share-based payments expense is reversed in the period of forfeiture.



The following table reflects the continuity of stock options for the years ended August 31, 2022, and 2021:

	Number of stock options #	Weighted-average		Remaining contractual term (yrs.)
		Exercise price \$	Grant-date fair value \$	
Balance, August 31, 2020	253,121	12.73	4.39	4.31
Granted	487,466	11.77	8.16	
Issued on exercise of options	(20,833)	7.91	4.38	
Forfeitures	(26,816)	27.20	6.51	
Balance, August 31, 2021	692,938	11.64	7.06	4.46
Balance, August 31, 2021	692,938	11.64	7.06	4.46
Granted	953,957	1.41	0.75	
Forfeitures	(503,713)	9.76	5.61	
Balance, August 31, 2022	1,143,182	3.93	2.43	5.64
Exercisable as of August 31, 2022	555,934	3.89	2.29	5.65

During the year ended August 31, 2022, the Company granted options to purchase 953,957 common shares of the Company. Each option allows the holder to purchase one common share of the Company. The options had exercise prices of CAD\$1.15 to CAD \$3.90. The fair value of the options granted was estimated at the grant dates based on the Black-Scholes pricing model. Key assumptions include 0% expected dividend yield, Risk-free interest rate of 1.24% to 2.75%, expected life of 5 years and expected volatility of 90%.

During the year ended August 31, 2021, the Company granted options to purchase 487,466 common shares of the Company. Each option allows the holder to purchase one common share of the Company. The options had exercise prices of CAD\$7.78 to CAD \$15.08. The fair value of the options granted was estimated at the grant dates based on the Black-Scholes pricing model. Key assumptions include 0% expected dividend yield, Risk-free interest rate of .83% to 1.48%, expected life of 5 or 10 years and expected volatility of 90%.



The following tables reflect the stock options issued and outstanding as of August 31, 2022:

Expiry date	Outstanding options	CAD	Weighted average exercise price USD	Weighted average remaining contractual term (Years)
April 1, 2023	47,499	11.25	7.91	0.58
August 25, 2025	340	106.50	76.43	2.99
February 10, 2026	1,338	106.50	76.43	3.45
May 23, 2026	9	106.50	76.43	3.73
June 24, 2026	146,433	15.04	12.21	3.82
July 2, 2026	45,010	15.08	12.21	3.84
August 20, 2026	10,000	7.78	6.05	3.97
March 3, 2027	1,003	106.50	76.43	4.51
November 3, 2027	133	106.50	76.43	5.18
November 7, 2029	30,755	7.50	5.38	7.19
June 14, 2031	10,683	14.20	11.69	8.79
November 23, 2031	10,000	12.45	9.82	9.24
January 31, 2027	15,000	3.90	3.07	4.42
April 12, 2027	100,000	2.87	2.27	4.62
August 10, 2027	100,000	1.47	1.15	4.95
May 26, 2029	624,979	1.49	1.16	6.74
	1,143,182	5.01	3.93	5.64

Of the 1,143,182 options outstanding as of August 31, 2022 (2021 - 692,938), 555,934 are exercisable as of August 31, 2022 (2021 - 209,950). During the year ended August 31, 2022, share-based payments expense for the Company's stock options was \$3,034,073 (August 31, 2021 - \$665,339).

24. Restricted share units

The Omnibus Plan allows the Company to award restricted share units to officers, employees, directors and consultants of the Company and its subsidiaries upon such conditions as the Board may establish, including the attainment of performance goals recommended by the Company's compensation committee. The purchase price for common shares of the Company issuable under each Restricted Share Unit ("RSU") award, if any, shall be established by the Board at its discretion. Common shares issued pursuant to any RSU award may be made subject to vesting conditions based upon the satisfaction of service requirements, conditions, restrictions, time periods or performance goals established by the board.

The TSXV requires the Company to fix the number of common shares to be issued in settlement of awards that are not options. The maximum number of common shares available for issuance pursuant to the settlement of RSUs shall be an aggregate of 1,548,174 common shares.



The Company's outstanding RSUs are as follows:

	Number
	#
Balance, August 31, 2020	402,372
Issued on acquisition of SideQik	23,939
Granted	353,467
Vested	(277,749)
Cancelled	(11,855)
Balance, August 31, 2021	490,174
Balance, August 31, 2021	490,174
Granted	1,086,382
Vested	(203,537)
Cancelled	(176,808)
Balance, August 31, 2022	1,196,211

Activity for the year ended August 31, 2022

During the year ended August 31, 2022, the Company granted 966,691 RSUs to key management employees, pursuant to the Company's incentive plan. The fair value of these RSUs was estimated based on the closing price CAD\$1.15 for a total fair value of CAD\$1,111,695. 159,568 of these RSUs have a performance condition that the Company estimates will not be achieved, no related share-based compensation was recorded for the performance based RSUs during the year ended August 31, 2022. The fair value of the 807,123-service period based RSUs will be recognized as share-based compensation over the vesting period of three years. Also, during the year, the company granted 119,691 RSUs to members of the board of directors. The grant date fair value was estimated based on the closing prices of CAD\$1.10 - CAD\$4.98 for a total fair value of CAD\$538,452. The fair value of these RSUs will be recognized as share-based compensation expense over the vesting period, which is approximately ten - twelve months.

Activity for the year ended August 31, 2021

During the year ended August 31, 2021, the Company granted 353,467 RSUs pursuant to the Company's incentive plan to a former officer and key management employees. The fair value of these RSUs was estimated based on the closing price of CAD\$7.94 - CAD\$14.61 for a total fair value on date of grant of CAD\$3,547,104. Of the 377,406 RSUs granted, 75,944 were severance compensation to a former officer. As these RSUs were issued as severance compensation, the grant date fair value of CAD\$713,874 (\$550,896) was recognized on the grant date. The Company issued 23,939 RSUs as purchase consideration related to the SideQik, Inc. acquisition with a fair value of \$245,000. The remaining RSUs will be recognized as share-based payments expense over the vesting period, which is generally three years.

During the years ended August 31, 2022, and 2021, share-based compensation expense for the Company's RSUs was \$1,654,145 (2021 - \$3,037,366).

25. Capital management

The Company considers its capital to be its shareholders' equity.

As of August 31, 2022, the Company had shareholders' equity before non-controlling interests of \$15,702,398 (2021 - \$15,161,438). The Company's objective when managing its capital is to seek continuous improvement in the return to its shareholders while maintaining a moderate to high tolerance for risk. The objective is achieved by prudently managing the capital generated through internal growth and profitability, through the use of lower cost capital, including raising share capital or debt when required to fund opportunities as they arise.



The Company may also return capital to shareholders through the repurchase of shares, pay dividends or reduce debt where it determines any of these to be an effective method of achieving the above objective. The Company does not use ratios in the management of its capital. There have been no changes to management's approach to managing its capital during the years ended August 31, 2022, and 2021.

26. Commitments and contingencies

Litigation and arbitration

In April 2020, the Company announced its renegotiation of the acquisition of Allinsports. The revised purchase agreement provided for the acquisition of 100% of Allinsports in exchange for the issuance of 966,667 common shares of the Company and other consideration, including payments of \$1,200,000 as a portion of the purchase consideration. In September 2020, the Company advised the shareholders of Allinsports that closing conditions of the transaction, including the requirement to provide audited financial statements, had not been satisfied.

In response, in November 2020, the shareholders of Allinsports commenced arbitration in Alberta, Canada seeking, among other things, to compel the Company to complete the acquisition of Allinsports without the audited financial statements, and to issue 966,667 common shares of the Company to those shareholders. As alternative relief, the shareholders of Allinsports sought up to US\$20,000,000 in damages. As of August 31, 2020, the Company had recorded an impairment against the entire balance of advances to Allinsports, amounting to \$2,625,657. A hearing in this matter was held in May of 2021, and by a decision dated September 30, 2021, the Arbitrator determined that the closing of the transaction had previously occurred and directed the Company to issue the 966,667 common shares. The Company is pursuing regulatory approval to issue the shares and is also pursuing relief against the Allinsports shareholders for various alleged breaches of the share purchase agreement. The Company recognized a liability for the arbitration ruling of \$692,613, which represents the fair value of the common shares directed to be delivered as of August 31, 2022. The liability is recorded as Arbitration reserve on the Company's Consolidated Statements of Financial Position. This liability will be adjusted to fair value at the end of each reporting period.

On July 15, 2021, a complaint was filed against Winview Inc. by Bleacher League Entertainment, Inc. in the United States District Court for the District of Delaware, alleging that Winview had violated two of Bleacher's patents covering an interactive themed baseball game and seeking damages and other relief. The parties have entered into an agreement resolving this matter and in connection therewith, on November 8, 2021, the plaintiff terminated the pending action by filing a notice of voluntary dismissal with prejudice. There was no related expense.

In April of 2021, the Company received a copy of a complaint filed by 3CI Holdings, LLLP in the Circuit Court for the 11th Judicial Circuit for Miami-Dade naming Allinsports, A1 Simulation LLC (an entity purported to be a subsidiary of Allinsports), and the Company, seeking to hold the parties, including Company, responsible for unpaid rent under a lease agreement between 3CI's predecessors in interest and A1 Simulation, and seeking damages of at least \$2,890,000. On July 6, 2021, the Company filed motion to dismiss the complaint. On February 17, 2022, 3CI Holdings filed an Amended Complaint, to which the Company filed a motion to dismiss, which was granted pursuant to an order signed by the court on July 5, 2022.

On January 21, 2021, eight former shareholders of Winview filed a Complaint in Delaware Chancery Court against four Winview directors (David Lockton, et al. v. Thomas S. Rogers, et al.) alleging that the defendants breached their fiduciary duties in connection with the sale of Winview to Engine. The relief sought includes rescission of the sale of Winview to Engine and compensatory damages. The defendants have filed a motion to dismiss the claims. By Decision dated March 1, 2022, the Court granted in part and denied in part, the defendants' Motion to Dismiss the Complaint. Neither the Company nor Winview have been named as parties to this action. Under the March 9, 2020, Business Combination Agreement pursuant to which the Company acquired Winview, the Company agreed to indemnify Winview's directors for any claims arising out of their service as directors for Winview. By Complaint filed on October 28, 2022, against the defendant directors, the insurance carrier providing directors and officers coverage for the shareholder action is seeking a declaration that the action is not covered under the directors and officers policy issued by it. As of August 31, 2022 it is impossible to estimate a liability or if one is likely.

In July of 2021, Winview Inc. filed separate patent infringement lawsuits against DraftKings Inc. and FanDuel, Inc in the United States District Court for the District of New Jersey, alleging that Sportsbook and Daily Fantasy Sports offerings of DraftKings and FanDuel infringe four of Winview's patents. These actions seek the recovery of damages and other appropriate relief. Draft Kings and FanDuel have filed motions to dismiss, which are pending. The defendants have also filed petitions for *inter partes* review with the United States Patent Office, which are expected to commence in the first quarter of 2023. During the quarter ended August 31, 2022, the Company recognized patent impairment expense amounting to \$5,029,475. The impairment expense reflects the impact of reductions in estimated future net cash flows for certain portfolios that management determined it would no longer allocate resources to in future periods.

By Order to Continue dated May 5, 2022, the Company was substituted in as the plaintiff in a matter pending in the Ontario Superior Court of Justice, seeking recovery of €1,903,153 of principal and additional amounts of accrued interest under promissory notes acquired by the Company. The matter is in the discovery stage.

The outcomes of pending litigations in which the Company is involved are necessarily uncertain as are the Company's expenses in prosecuting and defending these actions. From time to time the Company may modify litigation strategy and/or the terms on which it retains counsel and other professionals in connection with such actions, which may affect the outcomes of and/or the expenses incurred in connection with such actions.



The Company is subject to various other claims, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable, and the amounts are estimable. Although the outcome of such matters cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material adverse effect on the Company's financial condition, operations, or liquidity.

27. Discontinued operations

Winview

During the fourth quarter of fiscal 2022, The Company executed a plan to discontinue operating the Winview business, following a strategic decision to focus the Company's resources on the key revenue streams of software-as-a-service and advertising. Winview was previously part of the Company's Gaming segment.

Accordingly, WinView results for the current and comparative periods have been presented as discontinued operations within the Consolidated Statements of Loss and Comprehensive Loss. Winview revenue was previously categorized as Direct to consumer.

During the year ended August 31, 2020, the Company conducted a comprehensive review of its forecasts, considering various factors, including changes in market conditions and business outlook. The outcome of this review led to a revision of the forecasts associated with Winview.

As a result of the revised forecasts, the company recognized impairment losses on intangible assets as of August 31, 2020. This impairment reflects the updated assessment of the recoverable amounts, which are now lower than the carrying amounts.

The impairment losses recognized have been recognized in the consolidated statement of loss and comprehensive loss. During the years ended August 31, 2020, 2021 and 2022, the Company recognized patent impairment expense amounting to \$6,503,483, \$705,331 and \$800,231, respectively. As the resulting fair value less cost of disposal was determined to be \$0, the impairment losses were limited to the lesser of the carrying value of the Winview CGU or the intangible assets as of each measurement date.

The Company also recorded impairment losses of \$136,331 to write down the right of use asset to fair value less costs of disposal, the remaining book value of these assets is \$0 (Notes 14 and 15). These impairments are recorded in the Gain (loss) from discontinued operations within the Consolidated Statements of Loss and Comprehensive Loss.



Results from the discontinued operations for Winview and the related cash flows are as follows:

	For the year ended	
	August 31, 2022	August 31, 2021
	(As Restated)	(As Restated)
	\$	\$
Revenues		
Revenue	135,160	3,543
Operating expenses		
Salaries and wages	1,882,858	1,449,744
Consulting	945,397	524,971
Professional fees	468,408	584,149
Sponsorships and tournaments	150,512	15,133
Advertising and promotion	416,968	69,592
Office and general	518,540	411,636
Technology expenses	47,809	25,009
Amortization and depreciation	362,572	503,810
Impairment expense	936,562	705,331
Restructuring Costs	226,152	-
Interest expense	66,164	46,977
(Gain) loss on foreign exchange	(601)	-
Non-operational professional fees	1,613,831	846,475
Net income (loss) from discontinued operations	(7,500,012)	(5,179,284)
For the year ended		
	August 31, 2022	August 31, 2021
Net cash provided by (used in) operating activities	78,772	1,097,635
Net cash used in financing activities	(110,906)	(1,054,503)
Change in cash	(32,134)	43,132
Cash, beginning of period	52,746	9,614
Cash, end of period	20,612	52,746

UMG

The Company entered into an agreement on June 13, 2022, to sell certain assets of UMG for \$100. On June 30, 2022, the Company completed the sale. Concurrently with the sale agreement the Company entered into a transition services agreement with the purchaser for a total value of \$300,000 of which \$262,000 has been recognized as additional purchase consideration in other receivables, with payments beginning July 31, 2022, and the remainder to be paid in full, 12 months following the first payment.

Accordingly, UMG results for the current and comparative periods have been presented as discontinued operations within the Consolidated Statements of Loss and Comprehensive Loss. UMG revenue was previously categorized as Direct to consumer.

During the year ended August 31, 2020, the Company conducted a comprehensive review of its forecasts, considering various factors, including changes in market conditions and business outlook. The outcome of this review led to a revision of the forecasts associated with UMG.

As a result of the revised forecasts, the company recognized impairment losses on intangible assets and goodwill as of the acquisition date. This impairment reflects the updated assessment of the recoverable amounts, which are now lower than the carrying amounts.

The impairment losses recognized have been recognized in the consolidated statement of loss and comprehensive loss. For the year ended August 31, 2020, the breakdown of impairment losses between intangible assets and goodwill was \$719,706 and \$3,209,045, respectively. As the resulting fair value less cost to sell was determined to be \$0, the impairment losses were limited to the lesser of the carrying value of the UMG CGU or the intangible assets and goodwill as of the measurement date. Intangible assets were further impaired as of August 31, 2021 and May 31, 2022 for \$385,231 and \$94,387, respectively.

During the quarter ended May 2022, the Company recognized impairment expense relating to assets not disposed of in connection with the UMG asset sale amounting to \$457,514. The impairment expense reflects the reductions to \$0 of the right of use asset of \$209,934, leasehold improvements of \$153,192 and intangible assets of \$94,387. The impairment expense consisted of the excess of the asset's carrying values over their fair values less costs of disposal (Notes 10, 14 and 15). These impairments are recorded in the Gain (loss) from discontinued operations within the Consolidated Statements of Loss and Comprehensive Loss. The results for UMG were reflected in the Company's Gaming segment prior to becoming a discontinued operation.



Consideration transferred for the sale of UMG Games sales and the resulting gain on disposal was as follows:

	<u>Amount</u>
	\$
Consideration received or receivable:	
Cash consideration	100
Deferred cash consideration	262,000
Total disposal consideration	262,100
Carrying amount of net assets sold	(4,550)
Gain on disposal of UMG Assets	257,550

The net assets of UMG (the disposal group) as of the date of sale were as follows:

	<u>Amount</u>
	\$
Carrying amounts of assets as at the date of sale:	
Property and equipment	27,931
Total assets of disposal group	27,931
Carrying amount of liabilities directly associated with assets as at the date of sale:	
Players liability account	23,381
Total liabilities of disposal group	23,381
Net assets of disposal group	4,550

Results from the discontinued operations for UMG and the related cash flows are as follows:

	<u>For the year ended</u>	
	<u>August 31, 2022</u>	<u>August 31, 2021</u>
	<u>(As Restated)</u>	<u>(As Restated)</u>
	\$	\$
Revenues		
Revenue	596,126	449,857
Operating expenses		
Salaries and wages	1,119,786	1,024,732
Consulting	-	-
Professional fees	(6,227)	253,147
Sponsorships and tournaments	713,031	420,537
Advertising and promotion	23,790	17,869
Office and general	97,666	145,866
Technology expenses	82,189	153,312
Amortization and depreciation	140,237	338,475
Impairment expense	457,514	385,231
Restructuring Costs	81,394	-
Interest expense	14,553	36,107
(Gain) loss on foreign exchange	19,974	(15,733)
Net income (loss) from discontinued operations	(2,147,781)	(2,309,686)



	For the year ended	
	August 31, 2022	August 31, 2021
Net cash provided by (used in) operating activities	6,491	438,394
Net cash used in financing activities	(72,409)	(86,117)
Change in cash	(65,918)	352,277
Cash, beginning of period	175,296	(176,981)
Cash, end of period	109,378	175,296

Eden Games

The Company committed to a plan to sell Eden Games, S.A. (“Eden Games”) during the second quarter of fiscal 2022, following a strategic decision to focus the Company’s resources on the key revenue streams of software-as-a-service, and advertising. Eden Games was previously part of the Company’s Gaming segment. On April 6, 2022, the Company completed the sale of Eden Games.

Accordingly, Eden Games’ results for the current and comparative periods have been presented as discontinued operations within the Consolidated Statements of Loss and Comprehensive Loss. Eden Games revenue was previously categorized as Games development.

Consideration transferred for the sale of Eden Games sales and the resulting gain on disposal was as follows:

	Amount
	\$
Consideration received or receivable:	
Cash consideration	15,357,803
Total disposal consideration	15,357,803
Carrying amount of net assets sold	(577,106)
Carrying amount attributable to non-controlling interests	208,598
Gain on disposal before income tax and reclassification of foreign currency translation reserve	14,989,295
Reclassification of foreign currency translation reserve	139,122
Gain on disposal of Eden Games	15,128,417



The net assets of Eden Games (the disposal group) as of the date of sale were as follows:

	<u>Amount</u>
	\$
Carrying amounts of assets as at the date of sale:	
Cash	647,187
Accounts and other receivables	586,309
Government remittances	566,331
Prepaid expenses and other	36,124
Right-of-use assets	16,036
Property and equipment	41,132
Intangible assets	296,235
Goodwill	345,150
Total assets of disposal group	<u>2,534,504</u>
Carrying amount of liabilities directly associated with assets as at the date of sale:	
Accounts payable	1,168,966
Accrued liabilities	750,388
Lease obligation, current	17,959
Long-term debt, current	20,085
Total liabilities of disposal group	<u>1,957,398</u>
Net assets of disposal group	<u>577,106</u>

Results of discontinued operations for Eden and the related cash flows are as follows:

	<u>For the year ended</u>	
	<u>August 31, 2022</u>	<u>August 31, 2021</u>
	\$	\$
Revenues		
Revenue	<u>4,759,711</u>	<u>3,422,202</u>
Operating expenses		
Salaries and wages	2,113,180	3,384,577
Consulting	796,570	966,372
Office and general	265,125	565,340
Amortization and depreciation	224,349	1,377,550
Share-based payments	(93)	(49)
Interest expense	7,145	41,639
(Gain) loss on foreign exchange	39,350	(135,976)
Net income (loss) from discontinued operations	<u>1,314,085</u>	<u>(2,777,251)</u>



	For the year ended	
	August 31, 2022	August 31, 2021
	\$	\$
Net cash provided by (used in) operating activities	509,166	444,640
Disposal of Eden	(647,187)	-
Net cash used in financing activities	(132,550)	(281,647)
Change in cash	(270,571)	162,993
Cash, beginning of period	270,571	107,578
Cash, end of period	-	270,571

Motorsport Group

On November 3, 2020, the Company, following a detailed strategic review in connection with the merger of Torque Esports, Frankly and WinView, announced that it has completed the sale of IDEAS+CARS, The Race Media, WTF1, Driver DataDB and Lets Go Racing (collectively the “Motorsport Group”) to Ideas + Cars Holdings Limited, a third party investment group based in the UK. As a result, the Company is eliminating its funding obligations related to the cost of maintaining and growing these auto media businesses and certain accrued liabilities. Accordingly, the operational results for this group have been presented as a discontinued operation.

Consideration transferred for the Motorsport Group was as follows:

	Amount
	\$
Consideration received or receivable:	
Accounts payable assumed	101,322
Deferred purchase consideration of LGR	333,503
Fair value of contingent consideration	1,321,281
Total disposal consideration	1,756,106
Carrying amount of net assets sold	(2,334,303)
Loss on disposal before income tax and reclassification of foreign currency translation reserve	(578,197)
Reclassification of foreign currency translation reserve	(100,734)
Loss on disposal of Motorsports	(678,931)



During the year ended August 31, 2022 the Company determined that \$194,268 in receivables retained from the disposal of Motorsports was no longer collectible and those receivables have been expensed in gain (loss) on disposal of subsidiary.

The net assets of the Motorsport Group as of the date of sale were as follows:

	<u>Amount</u>
	\$
Carrying amounts of assets as at the date of sale:	
Cash and cash equivalents	(24,348)
Restricted cash	-
Accounts and other receivables	126,590
Government remittances	25,095
Prepaid expenses and other	24,113
Property and equipment	47,416
Intangible assets	3,066,457
Total assets of disposal group	3,265,323
Carrying amount of liabilities directly associated with assets as at the date of sale:	
Accounts payable	508,881
Accrued liabilities	422,139
Total liabilities of disposal group	931,020
Net assets of disposal group	2,334,303

Results of discontinued operations for the Motorsports Group and PGL Nevada, (together, the “discontinued operations”) and the related cash flows are as follows:

	<u>For the year ended</u>	
	<u>August 31, 2022</u>	<u>August 31, 2021</u>
	\$	\$
Revenues		
Revenue	-	90,934
Operating expenses		
Salaries and wages	-	212,546
Consulting	-	267,933
Professional fees	-	24,781
Sponsorships and tournaments	-	203,637
Advertising and promotion	-	1,740
Office and general	-	7,374
Technology expenses	-	86,590
Amortization and depreciation	-	201,335
Interest expense	-	572
(Gain) loss on foreign exchange	5,256	29,535
Gain on extinguishment of liabilities	(1,105,023)	-
Net income (loss) from discontinued operations	1,099,767	(945,109)

	<u>For the year ended</u>	
	<u>August 31, 2022</u>	<u>August 31, 2021</u>
	\$	\$
Net cash provided by (used in) operating activities	-	(92,652)
Disposal of Motorsports	-	24,348
Change in cash	-	(68,304)
Cash, beginning of period	-	68,304
Cash, end of period	-	-



28. Segmented information

Information reported to the Company's Co-Chief Executives, the Chief Operating Decision Makers ("CODM"), for the purposes of resource allocation and assessment of segment performance is focused on the category of services for each type of activity. The principal categories of services are Gaming, Media, and Corporate and Other. Discontinued operations have been removed from the segment information and prior periods have been restated to conform with current year presentation. The Group's reportable segments under IFRS 8 *Operating Segments* are therefore as follows:

- Gaming - Services related to competitive organized video gaming or sporting events
- Media - Platform and advertising services provided to other broadcasters, primarily local tv and radio broadcasters
- Corporate and Other - Services provided to other businesses and other revenues

The Corporate and Other segment primarily consists of support costs not allocated to the two other segments.

The following is an analysis of the Company's revenue and results by reportable segment in fiscal 2022:

	Gaming (As Restated)	Media (As Restated)	Corporate and Other	Total (As Restated)
	\$	\$	\$	\$
Revenue				
External sales	1,906,137	39,976,476	-	41,882,613
Results				
Segment loss	(706,527)	(11,202,185)	-	(11,908,712)
Central administration costs	-	-	9,788,532	9,788,532
Other gains and losses	(6,490)	186,247	(10,312,246)	(10,132,489)
Finance costs	57	1,193	728,598	729,848
Income (loss) before tax	(700,094)	(11,389,625)	(204,884)	(12,294,603)
Income tax	-	-	-	-
Gain (Loss) for the period from:				
Discontinued operations	(6,578,152)	-	14,535,910	7,957,758
Non-controlling interest in net loss	-	-	(65,219)	(65,219)
Net income (loss)	(7,278,246)	(11,389,625)	14,265,807	(4,402,064)



The following is an analysis of the Company's revenue and results by reportable segment in fiscal 2021:

	Gaming (As Restated)	Media (As Restated)	Corporate and Other	Total (As Restated)
	\$	\$	\$	\$
Revenue				
External sales	1,401,981	31,943,287	-	33,345,268
Results				
Segment loss	849,721	(7,583,018)	-	(6,733,297)
Central administration costs	-	-	9,733,244	9,733,244
Other gains and losses	140,545	4,280,597	6,576,302	10,997,444
Finance costs	(60)	512,937	762,121	1,274,998
Loss before tax	709,236	(12,376,552)	(17,071,667)	(28,738,983)
Income tax	-	-	-	-
Gain (Loss) for the period from:				
Share of net loss of associate	-	-	(103,930)	(103,930)
Discontinued operations	(11,211,330)	-	(678,931)	(11,890,261)
Non-controlling interest in net loss	-	-	74,006	74,006
Net loss	(10,502,094)	(12,376,552)	(17,780,522)	(40,659,168)

Segment loss - Segment loss includes total revenue less operating expenses including the following: salaries and wages, consulting, professional fees, revenue sharing expense, advertising and promotion, office and general, technology expenses, amortization and depreciation and share based payments.

Central administration costs - Central administration costs include corporate operating expenses including the following: salaries and wages, consulting, professional fees, advertising and promotion, office and general, technology expenses, amortization and depreciation and share based payments.

Other gains and losses - Other gains and losses includes gain / loss on foreign exchange, loss on extinguishment of debt, gain on retained interest in former associate, transaction costs, arbitration settlement reserve, impairment expense, restructuring costs, change in fair value of investment at FVTPL, change in fair value of warrant liability and change in fair value of convertible debt.

Finance costs - Finance costs include interest expense.

Geographical breakdown

	North America (As Restated)	European Union	Total (As Restated)
	\$	\$	\$
<u>August 31, 2021</u>			
Assets	54,682,324	2,519,798	57,202,122
Long-term assets	25,535,516	108,924	25,644,440
<u>August 31, 2022</u>			
Assets	41,364,112	1,146,503	42,510,615
Long-term assets	20,451,714	-	20,451,714

29. Related party transactions and balances

(a) Key management compensation

Key management includes the Company's directors, officers and any consultants with the authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly. Compensation awarded to key management includes the following:

	For the year ended	
	August 31, 2022	August 31, 2021
	\$	\$
Total compensation paid to key management	1,390,598	2,231,871
Share based payments	963,295	1,897,855



Total compensation paid to key management is recorded in consulting fees and salaries and wages in the consolidated statement of loss and comprehensive loss for the years ended August 31, 2022, and 2021.

Amounts due to related parties as of August 31, 2022, with respect to the above fees were \$5,588 (2021 - \$33,349). The amounts due to related parties are recorded within accounts payable and accrued liabilities on the consolidated statements of loss and comprehensive loss. These amounts are unsecured, non-interest bearing and due on demand.

Commitment to former holders of WinView to proceeds from the patent portfolio enforcement action

Pursuant to the Business Combination agreement dated March 9, 2020, among the Company, Frankly Inc. and Winview Inc., the Company is required to pay to certain former Winview securities holders (“Stubholders”) fifty percent (50%) of the net license fees, damages awards or settlement amounts collected from third parties in connection with the Winview Patent Portfolio, after deduction of certain expenses. Company director, Tom Rogers is among the pool of Stubholders.

While the Company does not believe that the interests of Mr. Rogers, as Stubholder, are sufficiently material or adverse to the Company’s interests to create an actual or potential conflict of interest with respect to the management of the Winview Patent Portfolio, the Company nevertheless has formed a Patent Committee, that excludes Mr. Rogers, to make recommendations to the Company’s Board regarding matters involving the Winview Patent Portfolio.

30. Financial instruments and risk management

(a) Financial risk management objectives and policies

The Company’s activities expose it to a variety of financial risks including foreign currency risk, interest rate risk, credit risk, liquidity risk and market risk and other price risk. These financial instrument risks are actively managed by the Company under the policies approved by the Board of Directors. On an ongoing basis, the finance department actively manages market conditions with a view to minimizing the exposure of the Company to changing market factors, while at the same time limiting the funding costs to the Company. There have been no changes in objectives, policies or how the Company manages these risks.

The Board approves and monitors the risk management processes. The Board’s main objectives for managing risks are to ensure liquidity, the fulfillment of obligations and limited exposure to credit and market risks while ensuring greater returns on any surplus funds.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligation resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses information supplied by independent rating agencies where available, and if not available, the Company uses other publicly available financial information and its own records to rate its customers.



Credit risk arises from cash with banks as well as credit exposure to outstanding receivables. The carrying amounts represent the Company's maximum exposure to credit risk.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company establishes an allowance for doubtful accounts that represents its estimate of expected losses in respect to accounts receivable. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. The allowance for doubtful accounts was \$1,155,638 and \$1,084,305 as of August 31, 2022, and 2021, respectively.

The Company's accounts receivable are concentrated among customers in the media and broadcasting industry, which may be affected by adverse economic factors impacting that industry. The Company performs ongoing credit evaluations of its major customers, maintains reserves for expected credit losses, and does not require any collateral deposits.

As of August 31, 2022, one customer (2021 - one) accounted for greater than 10% of the Company's accounts receivable balance. In total, this one customer (2021 - one) accounted for 16% and 13% of the Company's accounts and other receivables balance as of August 31, 2022, and 2021, respectively. During the year ended August 31, 2022, one (2021 - one) customer represented 72% (2021 - 60%) of total revenue.

The below table reflects the aging of the Company's aging by invoice date of gross trade accounts receivable and allowance for doubtful accounts as of August 31, 2022:

	<u>Current</u>	<u>0 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>91+</u>	<u>Total</u>
Trade accounts receivable	6,805,057	202,359	428,098	305,056	2,010,049	9,750,619
Allowance for doubtful accounts	12,753	3,577	17,423	9,790	1,312,095	1,355,638
% Allowance		<u>2%</u>	<u>4%</u>	<u>3%</u>	<u>65%</u>	<u>14%</u>

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. The Company manages liquidity risk by continuously monitoring forecasted and actual cash flows and matching maturity profiles of financial assets and liabilities. The Company seeks to ensure that it has sufficient capital to meet short term financial obligations after taking into account its operating obligations and cash on hand.

The Company's policy is to seek to ensure adequate funding is available from operations and other sources, including debt and equity capital markets, as required.

	<u>< 1 year</u>	<u>1-2 years</u>
	\$	\$
Accounts payable	12,772,375	-
Accrued liabilities	3,756,758	-
Players liability account	47,455	-
Promissory notes payable	771,762	-
Convertible debt	<u>2,267,367</u>	<u>4,983,236</u>



(d) Market Risk

Market risk represents the risk of loss that may impact the Company's financial position, results of operations, or cash flows due to adverse changes in financial market prices, including interest rate risk, foreign currency exchange rate risk, and other relevant market or price risks. The Company does not use derivative instruments to mitigate this risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to fair value risk with respect to debt which bears interest at fixed rates.

Currency Risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to fluctuations of financial instruments related to cash, accounts and other receivables, and accounts payable denominated in Euros, as well as debt denominated in Canadian dollars.

(e) Fair value hierarchy

The following tables combine information about:

- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments;
- fair values of financial instruments (except financial instruments when carrying amount approximates their fair value); and
- fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques 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; or
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For the year ended August 31, 2022:

<u>Carrying value at August 31, 2022</u>	<u>FVTPL - mandatorily measured</u>	<u>Amortized cost</u>
	\$	\$
<u>Financial assets:</u>		
Cash	-	8,601,706
Restricted cash	-	47,455
Accounts and other receivables	-	8,404,009
Government remittances	-	874,334
Publisher advance	1,490,648	-
Promissory notes receivable	576,528	-
Investment at FVTPL	2,629,851	-
	<u>4,697,027</u>	<u>17,927,504</u>



Carrying value at August 31, 2022	FVTPL - mandatorily measured	FVTPL - designated	Amortized cost
	\$	\$	\$
Financial liabilities:			
Accounts payable	-	-	12,772,375
Accrued liabilities	-	-	3,756,758
Players liability account	-	-	47,455
Long-term debt	-	-	-
Promissory notes payable	-	-	771,762
Warrant liability	49,894	-	-
Convertible debt	-	7,250,603	-
Financial liabilities	49,894	7,250,603	17,348,350

For the year ended August 31, 2021:

Carrying value at August 31, 2021	FVTPL - mandatorily measured	FVTPL - designated	Amortized cost
	\$		\$
Financial assets:			
Cash	-	-	15,305,996
Restricted cash	-	-	331,528
Accounts and other receivables	-	-	8,646,807
Government remittances	-	-	1,070,216
Publisher advance	-	4,534,218	-
Promissory notes receivable	-	-	-
Investment at FVTPL	-	2,629,851	-
	-	7,164,069	25,354,547

Carrying value at August 31, 2021	FVTPL - mandatorily measured	FVTPL - designated	Amortized cost
	\$	\$	\$
Financial liabilities:			
Accounts payable	-	-	10,403,667
Accrued liabilities	-	-	5,722,470
Players liability account	-	-	331,528
Long-term debt	-	-	96,664
Promissory notes payable	-	-	821,948
Warrant liability	4,868,703	-	-
Convertible debt	-	9,951,496	-
	4,868,703	9,951,496	17,376,277



A summary of instruments, with their classification in the fair value hierarchy is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair value as of August 31, 2022</u>
	\$	\$	\$	\$
Warrant liability	-	49,894	-	49,894
Convertible debt	-	-	7,250,603	7,250,603
Publisher advance	-	-	1,490,648	1,490,648
Promissory notes receivable	-	-	576,528	576,528
Investment at FVTPL	-	-	2,629,851	2,629,851

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair value as of August 31, 2021</u>
	\$	\$	\$	\$
Warrant liability	-	4,868,703	-	4,868,703
Convertible debt	-	-	9,951,496	9,951,496
Publisher advance	-	-	4,534,218	4,534,218
Promissory notes receivable	-	-	-	-
Investment at FVTPL	-	-	2,629,851	2,629,851

During the years ended August 31, 2022, and 2021 there were no transfers of amounts between levels.

31. Restructuring charges

During 2022, a restructuring provision of \$485,498 was made primarily to cover employee related costs for headcount reductions at Corporate and at what are now discontinued operations. The remaining restructuring provision on August 31, 2022, is \$215,076 and is recorded in accrued liabilities.

32. Subsequent events

The Company has evaluated subsequent events from the balance sheet date through November 29, 2022, the date at which the consolidated financial statements were available to be issued and determined there were no additional items to be disclosed except for the transaction described below.

On September 1, 2022, the Company extended convertible debentures that were due to expire in October and November 2022 with an aggregate principal amount of US\$1,250,000. The original convertible debentures had an annual interest rate of 10% per annum and a conversion price of US\$8.90 per share.

In place of the expiring convertible debentures, the Company has issued a new convertible debenture with an aggregate principal amount of US\$1,250,000 which expires on August 31, 2025, carries an annual interest rate of 7% per annum and is convertible into common shares of the Company at a conversion price of US\$1.10 per share.

Each of the expiring convertible debentures and the replacement convertible debenture is beneficially held by a director of the Company. The participation of a director in the amendment of the convertible debentures constitutes a "related party transaction" as such term is defined by Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company is relying on an exemption from the formal valuation requirements and the minority shareholder approval requirements under MI 61-101 as the fair market value of the amendment of the convertible debentures does not exceed 25% of the market capitalization of the Company.

Subsequent to year end, the remaining \$750,000 principal value of the Company's 2020 Series convertible debt that was due to mature in November 2022 was either settled by offset against the Company's promissory notes receivable or amended. Two of the three parties holding the convertible debt agreed to allow the Company to offset principal of \$500,000 and interest of \$91,781 due at maturity against the Company's promissory notes receivable. The remaining \$250,000 principal value convertible debt was amended to extend the maturity date to February 28, 2023, with all other terms remaining unchanged.



ENGINE GAMING AND MEDIA, INC.
(formerly Engine Media Holdings, Inc.)

Consolidated Financial Statements

**For the years ended
August 31, 2021 and 2020**

(Expressed in United States Dollars)



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



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of Engine Gaming and Media, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Engine Gaming and Media, Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at August 31, 2021 and 2020, and the consolidated statements of operations and comprehensive loss, consolidated changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at August 31, 2021 and 2020, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

The consolidated financial statements of the Company as at August 31, 2021 and 2020, and for the years then ended, were audited by another auditor, in accordance with Canadian generally accepted auditing standards, whose report dated November 26, 2021, expressed an unmodified audit opinion on those consolidated financial statements.

Restatement of the Financial Statements

As discussed in Note 2 to the financial statements, the August 31, 2020 and 2021 consolidated financial statements have been restated to correct a misstatement.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the consolidated financial statements, which describe the events and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of goodwill and intangible assets acquired through business combination

Critical Audit Matter Description

We draw attention to Note 6 of the consolidated financial statements. During the year ended August 31, 2021 the Company acquired SideQik, Inc. for total consideration of \$4.2 million. As a result of the transaction, the Company acquired software, brand and customer relationships (collectively, the intangible assets). The acquisition-date fair value of the intangible assets was \$1.4 million.

During the year ended August 31, 2020 the Company acquired Frankly, Inc. and UMG Media Ltd. for total consideration of \$13.2 million and \$3.8 million respectively. The acquisition-date fair value of the intangible assets was \$4.8 million and \$1.5 million respectively.

The fair value of intangible assets were determined using an income approach. Use of the income approach required the Company to make significant assumptions about the future cash flows associated with the acquired assets, discount rates, customer attrition rates, and royalty rates. These business combinations are considered critical audit matters due to the high level of judgement and estimate around identification and valuation of goodwill and intangible assets.

knowing you.

Kreston GTA LLP is a partnership
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Critical Audit Matters (continued)

Valuation of goodwill and intangible assets acquired through business combination (continued)

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures included, amongst others, the following:

- We obtained an understanding of controls related to the business combinations process.
- We assessed whether the classification as a business combination and treatment of the various aspects of the transactions were in accordance with IFRS 3 Business Combinations.
- We performed procedures to audit the valuation and existence of material assets and the completeness and accuracy of material liabilities on the acquisition balance sheets.
- We reviewed management's assessment of the identification of intangible assets in accordance with the requirements with IFRS 3 Business Combinations.
- With assistance of valuation specialists we assessed the appropriateness of the methodology used and the reasonableness of the key assumptions including discount rate, royalty rates and others.
- We compared historical actual results to projected revenues and costs to assess the quality of management's forecasts.
- We assessed the appropriateness of the accounting and disclosures in relation to the acquisitions within the consolidated financial statements.

We are satisfied that based on the work performed, the acquisitions have been accounted for appropriately with adequate disclosures made in the consolidated financial statements.

Impairment Assessment of Intangible Assets and Goodwill

Critical Audit Matter Description

As at August 31, 2021, included in the consolidated statement of financial position are intangible assets totaling \$5.1 and goodwill \$15.6 million (August 31, 2020: \$12.3 million and \$15.6 million respectively) disclosed in Note 13 and 14 to the consolidated financial statements.

For intangible assets with useful lives, the Company is required to review these at least annually for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. The Company is also required to perform impairment assessments of goodwill annually. To perform impairment assessments, all intangible assets and goodwill are allocated to the cash generating units ("CGUs"). An impairment loss is recognized if the carrying amount of a CGU exceeds its recoverable amount. The recoverable amount of each CGU is based on the greater of fair value less costs to dispose and value in use. To determine recoverable amount, significant assumptions are used in projecting growth rates related to revenues, expenses, earning margins and discount rates in estimating and discounting future cashflows. As a result of this assessment, management recorded an impairment loss of \$5.4 million during the year ended August 31, 2021 (2020: \$10.4 million) These impairment assessments were a critical audit matter because there is considerable estimation uncertainty related to the projections of future cash flows and fair value less cost to sell calculations.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures included, amongst others, the following:

- We obtained an understanding of controls related to the impairment process.
- We assessed the appropriateness of the cash generating units identified in accordance with IAS 36.
- We reviewed management's impairment indicators memo for WinView, Inc.
- We obtained cash flow projections or fair value less cost to sell calculations for Frankly Media, Inc., UMG Media, Ltd. CGUs and of Steam Hatchet S.L., Eden Games SAS, SideQik, Inc CGUs. We assessed the appropriateness of valuation methodology used by management to calculate the recoverable amount. We also compared historical actual results to these budgeted to assess the quality of management's forecasts.
- We assessed the reasonableness of key assumptions used in management's forecast.
- With assistance of valuation specialists, we evaluated whether the discount rates and other market assumptions applied in the discounted cashflow forecasts and fair valuations were within the range adopted by other companies in the same industry.
- We assessed the adequacy of the disclosures included in the relevant notes to the financial statements.

We consider the underlying assumptions and measurement parameters to be reasonable.

Kreston GTA LLP

Chartered Professional Accountants
Markham, Canada
December 20, 2023

Engine Gaming and Media, Inc.
(formerly Engine Media Holdings, Inc.)
Consolidated Statements of Financial Position
August 31, 2021 and 2020
(Expressed in United States Dollars)



	Note	Aug 31, 2021 (As Restated) \$	Aug 31, 2020 (As Restated) \$
ASSETS			
<i>Current</i>			
Cash		15,305,996	5,243,278
Restricted cash	17	331,528	388,587
Accounts and other receivables	9	8,646,807	3,845,890
Government remittances		1,070,216	1,125,912
Publisher advance, current	9	3,197,102	-
Prepaid expenses and other		3,006,033	1,571,806
		<u>31,557,682</u>	<u>12,175,473</u>
<i>Non-Current</i>			
Publisher advance, non-current	9	1,337,116	-
Investment in associate	10	-	2,052,008
Investment at FVTPL	10	2,629,851	-
Property and equipment	11	403,811	409,389
Goodwill	12	15,594,929	15,576,762
Intangible assets	13	5,121,711	12,328,996
Right-of-use assets	14	557,022	550,478
		<u>25,644,440</u>	<u>30,917,633</u>
		<u>57,202,122</u>	<u>43,093,106</u>

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

Engine Gaming and Media, Inc.
(formerly Engine Media Holdings, Inc.)
Consolidated Statements of Financial Position



August 31, 2021 and 2020
(Expressed in United States Dollars)

	Note	Aug 31, 2021 (As Restated) \$	Aug 31, 2020 (As Restated) \$
LIABILITIES			
<i>Current</i>			
Accounts payable		10,403,667	12,455,214
Accrued liabilities		5,722,470	4,689,131
Players liability account	17	331,528	388,587
Deferred revenue		2,644,948	553,395
Lease obligation, current	16	222,583	185,671
Line of credit	18	-	4,919,507
Long-term debt, current	20	96,664	97,702
Promissory notes payable	18	821,948	3,818,920
Deferred purchase consideration		-	333,503
Warrant liability	21	4,868,703	14,135,321
Convertible debt, current	19	914,427	-
Arbitration reserve	26	6,468,330	-
Contingent performance share obligation, current	27	-	262,067
		<u>32,495,268</u>	<u>41,839,018</u>
Convertible debt, non-current	19	9,037,069	10,793,459
Lease obligation, non-current	16	364,968	386,477
Long-term debt, non-current	20	-	133,230
		<u>9,402,037</u>	<u>11,313,166</u>
		<u>41,897,305</u>	<u>53,152,184</u>
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	22	122,741,230	69,380,807
Shares to be issued	27	-	1,059,214
Contributed surplus		17,819,933	4,034,323
Foreign currency translation reserve		(2,324,025)	(2,334,275)
Deficit		(123,075,700)	(82,416,532)
		<u>15,161,438</u>	<u>(10,276,463)</u>
Non-controlling interest		143,379	217,385
		<u>15,304,817</u>	<u>(10,059,078)</u>
		<u>57,202,122</u>	<u>43,093,106</u>
Going concern	1		
Commitments and contingencies	26		
Subsequent events	31		

Approved on Behalf of Board:

"Justin Kenna"
Director

"Travis Goff"
Director

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

Engine Gaming and Media, Inc.
(formerly Engine Media Holdings, Inc.)
Consolidated Statements of Loss and Comprehensive Loss



August 31, 2021 and 2020
(Expressed in United States Dollars)

	Note	For the year ended	
		August 31, 2021 (As Restated)	August 31, 2020 (As Restated)
		\$	\$
CONTINUING OPERATIONS			
REVENUE			
Games development	7	3,422,202	2,732,846
Direct to consumer	7	453,400	363,554
Software-as-a-service	7	6,360,361	2,571,672
Advertising	7	26,656,446	4,491,356
Professional services	7	328,461	386,415
		<u>37,220,870</u>	<u>10,545,843</u>
EXPENSES			
Salaries and wages		18,020,053	6,254,017
Consulting		3,714,490	2,753,235
Professional fees		2,608,486	2,634,599
Revenue sharing expense		22,853,680	3,380,017
Sponsorships and tournaments		435,670	585,186
Advertising and promotion		1,387,370	2,513,687
Office and general		3,529,520	1,771,888
Technology expenses		2,487,569	1,062,807
Amortization and depreciation	11,13,14, 27	3,304,038	3,439,510
Share-based payments	23, 24	3,702,705	1,409,569
Interest expense		1,399,721	908,766
Loss on foreign exchange		939,235	578,900
Change in fair value of contingent consideration		-	87,702
Loss on extinguishment of debt		2,428,900	-
Gain on retained interest in former associate		(99,961)	-
Transaction costs	22	341,702	-
Non-operational professional fees		846,475	-
Arbitration settlement reserve	26	6,468,330	-
Impairment of investment in associate and advances		-	3,652,199
Impairment of goodwill and intangibles	12	5,410,417	10,432,234
Change in fair value of investment at FVTPL	10	(581,812)	-
Change in fair value of warrant liability	21	(9,037,108)	6,189,921
Change in fair value of convertible debt	19	6,066,594	(230,127)
		<u>76,226,074</u>	<u>47,424,110</u>
ASSOCIATES			
Share of net loss of associate	10	103,930	-
Net loss for the year before taxes		<u>(39,109,134)</u>	<u>(36,878,267)</u>
Income tax expense		-	-
		<u>(39,109,134)</u>	<u>(36,878,267)</u>
DISCONTINUED OPERATIONS			
Loss on disposal of Motorsports	27	(678,931)	-
Loss from discontinued operations	27	(945,109)	(5,860,211)
Net loss for the year		<u>(40,733,174)</u>	<u>(42,738,478)</u>
Net loss attributable to non-controlling interest		74,006	76,066
Net loss attributable to owners of the Company		<u>(40,659,168)</u>	<u>(42,662,412)</u>
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		10,250	(1,001,103)
Comprehensive loss for the year		<u>(40,648,918)</u>	<u>(43,663,515)</u>
LOSS PER SHARE			
Basic loss per share - continuing operations	8	(3.29)	(12.48)
Basic loss per share - discontinued operations	8	(0.14)	(1.99)
Basic and diluted loss per share	8	<u>(3.42)</u>	<u>(14.46)</u>
Weighted average number of shares outstanding - Basic	8	<u>11,874,775</u>	<u>2,949,511</u>

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

Engine Gaming and Media, Inc.
(formerly Engine Media Holdings, Inc.)
Consolidated Statements of Shareholders' Equity (Deficiency)
Years ended August 31, 2021 and 2020
(Expressed in United States Dollars)



	Share capital: Number #	Share capital: Amount \$	Shares to be issued \$	Contributed surplus \$	Foreign currency translation reserve \$	Deficit (As Restated) \$	Total equity before non- controlling interest \$	Non- controlling interest \$	Total equity (As Restated) \$
Balance, as at August 31, 2019	156,438	29,613,406	760,216	2,753,037	(1,333,172)	(39,754,120)	(7,960,633)	293,451	(7,667,182)
Impact of share consolidation	(114)	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	1,409,569	-	-	1,409,569	-	1,409,569
Shares issued on vesting of RSUs	26,666	159,895	-	(159,895)	-	-	-	-	-
Convertible debt conversion	1,739,615	5,152,023	-	-	-	-	5,152,023	-	5,152,023
Private placements, net of costs	502,562	2,694,076	-	-	-	-	2,694,076	-	2,694,076
Shares issued for debt conversion	59,654	724,231	-	-	-	-	724,231	-	724,231
Shares issued on acquisition of UMG	288,560	3,804,344	-	41,879	-	-	3,846,223	-	3,846,223
Shares issued on acquisition of Frankly	2,258,215	12,155,000	-	-	-	-	12,155,000	-	12,155,000
Shares issued on acquisition of Winview	1,759,997	7,579,000	-	-	-	-	7,579,000	-	7,579,000
Shares issued on acquisition of Driver Database	100,000	859,745	-	-	-	-	859,745	-	859,745
Shares issued on acquisition of Lets Go Racing	200,000	1,719,491	-	-	-	-	1,719,491	-	1,719,491
Common shares issued on exercise of warrants	654,543	4,919,596	-	-	-	-	4,919,596	-	4,919,596
Shares to be issued	-	-	298,998	-	-	-	298,998	-	298,998
Non-controlling interest in subsidiary	-	-	-	(10,267)	-	-	(10,267)	-	(10,267)
Net loss for the period	-	-	-	-	-	(42,662,412)	(42,662,412)	(76,066)	(42,738,478)
Foreign currency translation differences	-	-	-	-	(1,001,103)	-	(1,001,103)	-	(1,001,103)
Balance, as at August 31, 2020	7,746,136	69,380,807	1,059,214	4,034,323	(2,334,275)	(82,416,532)	(10,276,463)	217,385	(10,059,078)
Share-based payments	-	-	-	3,702,705	-	-	3,702,705	-	3,702,705
Shares issued on vesting of RSUs	277,749	1,895,891	-	(1,715,891)	-	-	180,000	-	180,000
Common shares issued on exercise of options	20,833	290,558	-	(104,303)	-	-	186,255	-	186,255

Convertible debt conversion	1,728,848	13,704,605	-	4,256,114	-	-	17,960,719	-	17,960,719
Common shares issued on private placement, net of costs	4,435,433	24,225,901	-	6,791,473	-	-	31,017,374	-	31,017,374
Warrants issued in private placement of convertible debt	-	-	-	618,916	-	-	618,916	-	618,916
EB bonus shares	6,666	54,061	-	-	-	-	54,061	-	54,061
Shares for debt	40,000	226,556	-	-	-	-	226,556	-	226,556
Common shares issued on exercise of warrants	901,060	9,000,851	-	-	-	-	9,000,851	-	9,000,851
Disposal of Motorsports	-	-	(1,059,214)	-	-	-	(1,059,214)	-	(1,059,214)
Shares issued on acquisition of SideQik	386,584	3,962,000	-	245,000	-	-	4,207,000	-	4,207,000
Non-controlling interest in subsidiary	-	-	-	(8,404)	-	-	(8,404)	-	(8,404)
Net loss for the period	-	-	-	-	-	(40,659,168)	(40,659,168)	(74,006)	(40,733,174)
Foreign currency translation differences	-	-	-	-	10,250	-	10,250	-	10,250
Balance, as at August 31, 2021	15,543,309	122,741,230	-	17,819,933	(2,324,025)	(123,075,700)	15,161,438	143,379	15,304,817

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

Engine Gaming and Media, Inc.
(formerly Engine Media Holdings, Inc.)
Consolidated Statements of Cash Flows



August 31, 2021 and 2020
(Expressed in United States Dollars)

	Note	For the year ended	
		August 31, 2021 (As Restated)	August 31, 2020 (As Restated)
		\$	\$
OPERATING ACTIVITIES			
Net loss for the period before non-controlling interest		(40,733,174)	(42,738,478)
<u>Items not affecting cash:</u>			
Amortization and depreciation	11, 13, 14	3,505,373	3,781,178
Forgiveness of government grants		-	(1,589,559)
Legal proceedings provision		6,468,330	-
Loss on disposal of Motorsports	27	678,931	-
Loss on disposal of P&E		9,767	-
Loss on extinguishment of debt	19	2,428,900	-
Gain on retained interest in former associate		(99,961)	-
Share of net loss of associate		103,930	-
Change in fair value of investment at FVTPL		(581,812)	-
Change in fair value of warrant liability	21	(9,037,108)	6,189,921
Change in fair value of convertible debt	19	6,066,594	(230,127)
Change in fair value of contingent consideration		-	87,702
Impairment of investment in associate and advances		-	3,652,199
Impairment of goodwill and intangibles	12	5,410,417	10,432,234
Accretion of debt		108,616	96,733
Share-based payments	23, 24	3,702,705	1,409,569
		(21,968,492)	(18,908,628)
<u>Changes in non-cash working capital:</u>			
Restricted cash		57,059	(65,876)
Accounts and other receivables		(4,008,628)	2,115,952
Government remittances		30,601	(414,634)
Publisher advance	9	(4,534,218)	-
Prepaid expenses and other		(1,388,709)	(163,517)
Accounts payable		(1,030,539)	3,451,613
Accrued liabilities		953,086	607,229
Players liability account		(57,059)	65,875
Deferred revenue		1,607,553	221,142
		(8,370,854)	5,817,784
		(30,339,346)	(13,090,844)
INVESTING ACTIVITIES			
Purchase of property and equipment		(188,170)	(110,380)
Cash acquired, net of cash paid in business combinations		255,852	1,458,920
Advances		-	(1,155,657)
Acquisition of intangible assets		-	(557,709)
Cash from disposal of Motorsports		24,348	-
		92,030	(364,826)
FINANCING ACTIVITIES			
Proceeds from government grants		-	1,414,764
Proceeds from line of credit		-	1,000,000
Proceeds from private placement unit offerings	22	31,017,374	3,685,785
Proceeds from convertible debentures	19	4,901,393	5,750,000
Net (payments) proceeds from promissory notes payable	18	(2,996,972)	1,111,553
Proceeds from exercise of warrants	21	6,866,735	3,574,023
Proceeds from exercise of options	23	186,255	-
Payments on lease financing	16	(228,328)	(139,937)
Payments on long-term debt	20	(162,040)	(53,736)
		39,584,417	16,342,452
Impact of foreign exchange on cash		725,617	(462,248)
Change in cash		10,062,718	2,424,534
Cash, beginning of year		5,243,278	2,818,744
Cash, end of year		15,305,996	5,243,278

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



1. Corporate information and going concern

(a) Corporate information

Engine Gaming and Media, Inc. (formerly Engine Media Holdings, Inc.) (“Engine”, “Engine Media” or the “Company”) was incorporated under the Business Corporations Act (Ontario) on April 8, 2011. The registered head office of the Company is 77 King St. West, Suite 3000, PO Box 95, TD Centre - North Tower, Toronto, Ontario, M5K 1G8, Canada.

With the acquisitions of Frankly Inc. (“Frankly”) and WinView, Inc. (“WinView”), on May 8, 2020, and Sideqik, Inc. on July 2, 2021 (**Note 6**), the Company focuses on accelerating new, live, immersive esports and interactive gaming experiences for consumers through its partnerships with traditional and emerging media companies and providing online interactive technology and monetization services.

On August 13, 2020, the Company consolidated its shares on the basis of 15 pre-consolidation shares for every 1 post-consolidation share.

Pursuant to shareholder approval at the October 6, 2021, shareholders’ meeting, effective October 19, 2021, the Company changed its name to Engine Gaming and Media, Inc. The Company’s common shares trade on the TSX Venture Exchange under the trading symbol GAME.V and NASDAQ under the trading symbol GAME.

Pursuant to shareholder approval at the July 15, 2020, shareholders’ meeting, effective August 13, 2020, the Company changed its name to Engine Media Holdings, Inc.

(b) Going concern

These consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern, and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material. It is not possible to predict whether the Company will be able to raise adequate financing or to ultimately attain profitable levels of operations.

The Company has not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of \$123,075,700 as of August 31, 2021 (August 31, 2020 - \$82,416,532). The recoverability of the carrying value of the assets and the Company’s continued existence is dependent upon the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary. While management has been historically successful in raising the necessary capital, it cannot provide assurance that it will be able to execute on its business strategy or be successful in future financing activities. As of August 31, 2021, the Company had a working capital deficiency of \$937,586 (August 31, 2020 - working capital deficiency of \$29,663,545) which is comprised of current assets less current liabilities. The Company also faced uncertain future impacts from COVID-19 (**Note 3(b)**).

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.



2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements for the year ended August 31, 2021 (including comparatives) were approved and authorized for issue by the board of directors on December 20, 2023.

(b) Basis of consolidation

The consolidated financial statements comprise the accounts of the Company and its controlled subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has all the following:

- (a) power over the investee.
- (b) exposure, or rights, to variable returns from its involvement with the investee; and
- (c) the ability to use its power over the investee to affect the amount of the investor’s returns.

All transactions and balances between the Company and its subsidiaries are eliminated on consolidation, including unrealized gains and losses on transactions between companies. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company’s interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The Company’s material subsidiaries as at August 31, 2021 are as follows:

<u>Name of Subsidiary</u>	<u>Country of Incorporation</u>	<u>Ownership Percentage</u>	<u>Functional Currency</u>
Frankly Inc.	Canada	100%	Canadian Dollar
UMG Media Ltd.	Canada	100%	Canadian Dollar
Eden Games S.A.	France	96%	Euro
Stream Hatchet S.L.	Spain	100%	Euro
SideQik, Inc.	USA	100%	US Dollar
WinView, Inc.	USA	100%	US Dollar

Non-controlling interests are measured initially at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition. Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Entities over which the Company exercises significant influence are associates and are accounted for by the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee. Significant influence is assumed to exist where the Company holds, directly or indirectly, at least a 20% voting interest in an entity, unless it can be clearly demonstrated that this is not the case.



Investments in associates are accounted for using the equity method, where the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss, other comprehensive income and equity movements of the investee after the date of acquisition. Any goodwill or fair value adjustment attributable to the Company's share in the equity accounted investee is included in the amount recognized as investment. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

Business combinations are accounted for using the acquisition method under IFRS 3 Business Combinations.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The measurement period is the period from the date of acquisition to the date the Company obtains complete information about facts and circumstances that existed as of the acquisition date - and is subject to a maximum of one year. The Company elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

Acquisition costs are expensed as incurred, unless they qualify to be treated as debt issue costs, or as cost of issuing equity securities.

(c) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(d) Functional and presentation currency

The functional currency of the Company is the US Dollar ("USD"). The functional currencies of the Company's subsidiaries are disclosed in **Note 2(b)**. The presentation currency of the consolidated financial statements is the US Dollar ("USD").

(e) Restatement of Consolidated Financial Statements as of and for the years ended August 31, 2021 and 2020

The restatement adjustments relate to goodwill and intangible assets of the Company's UMG, Winview and Sideqik CGUs. The as previously reported carrying values of the goodwill and intangible assets related to each CGU has been adjusted primarily to accelerate the timing of when the goodwill and intangible assets were previously impaired and revising go forward amortization as necessary.

During the years ended August 31, 2020 and 2021, the Company conducted a comprehensive review of its forecasts, considering various factors, including changes in market conditions and business outlook. The outcome of this review led to a revision of the forecasts associated with UMG, Winview, as it pertained to its non-operating patent assets, and Sideqik.

As a result of the revised forecasts, the company recognized impairment losses on goodwill and intangible assets as of the acquisition date for both UMG and Sideqik, and as of August 31, 2020 for Winview. These impairments reflect the updated assessment of the recoverable amounts, which are now lower than the carrying amounts.

The impairment losses have been recognized in the consolidated statement of loss and comprehensive loss within the impairment of goodwill and intangibles line item.

The following tables reflect the impact of the Restatement of the Company's previously reported consolidated financial statements as of and for the years ended August 31, 2021 and 2020:

Consolidated Statements of Financial Position	As of August 31, 2021		
	As previously reported	Adjustments	As Restated
	\$	\$	\$
ASSETS			
<i>Non-Current</i>			
Goodwill	18,495,121	(2,900,192)	15,594,929
Intangible assets	12,482,244	(7,360,533)	5,121,711
Total Non-Current Assets	35,905,165	(10,260,725)	25,644,440
Total Assets	67,462,847	(10,260,725)	57,202,122
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Deficit	(112,814,973)	(10,260,727)	(123,075,700)
Total Shareholders' Equity (Deficiency), before non-controlling interest	25,422,165	(10,260,727)	15,161,438
Total Shareholders' Equity (Deficiency)	25,565,544	(10,260,727)	15,304,817

Total Liabilities and Shareholders' Equity (Deficiency)	<u>67,462,847</u>	<u>(10,260,725)</u>	<u>57,202,122</u>
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For the year ended August 31, 2021

<u>Consolidated Statements of Loss and Comprehensive Loss</u>	<u>As previously reported</u>	<u>Adjustments</u>	<u>As Restated</u>
	\$	\$	\$
CONTINUING OPERATIONS			
EXPENSES			
Amortization and depreciation	4,891,097	(1,587,059)	3,304,038
Impairment of goodwill and intangibles	3,885,001	1,525,416	5,410,417
Total expenses	76,287,717	(61,643)	76,226,074
Net income (loss) for the year before discontinued operations	(39,170,777)	61,643	(39,109,134)
Net loss for the year	(40,794,817)	61,643	(40,733,174)
Net loss attributable to owners of the Company	(40,720,811)	61,643	(40,659,168)
OTHER COMPREHENSIVE INCOME (LOSS)			
Comprehensive loss for the year	(40,710,561)	61,643	(40,648,918)
INCOME (LOSS) PER SHARE			
Basic loss per share - continuing operations	(3.29)	0.01	(3.29)
Basic income (loss) per share - discontinued operations	(0.14)	-	(0.14)
Basic and diluted loss per share	(3.43)	0.01	(3.42)

Consolidated Statements of Financial Position	As of August 31, 2020		
	As previously reported	Adjustments	As Restated
	\$	\$	\$
ASSETS			
<i>Non-Current</i>			
Goodwill	18,785,807	(3,209,045)	15,576,762
Intangible assets	19,442,322	(7,113,326)	12,328,996
Total Non-Current Assets	41,240,004	(10,322,371)	30,917,633
Total Assets	53,415,477	(10,322,371)	43,093,106
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Deficit	(72,094,162)	(10,322,370)	(82,416,532)
Total Shareholders' Equity (Deficiency), before non-controlling interest	45,907	(10,322,370)	(10,276,463)
Total Shareholders' Equity (Deficiency)	263,292	(10,322,370)	(10,059,078)
Total Liabilities and Shareholders' Equity (Deficiency)	53,415,477	(10,322,371)	43,093,106
For the year ended August 31, 2020			
Consolidated Statements of Loss and Comprehensive Loss	As previously reported	Adjustments	As Restated
	\$	\$	\$
CONTINUING OPERATIONS			
EXPENSES			
Amortization and depreciation	3,549,374	(109,864)	3,439,510
Impairment of goodwill and intangibles	-	10,432,234	10,432,234
Total expenses	37,101,740	10,322,370	47,424,110
Net income (loss) for the year before discontinued operations	(26,555,897)	(10,322,370)	(36,878,267)
Net loss for the year	(32,416,108)	(10,322,370)	(42,738,478)
Net loss attributable to owners of the Company	(32,340,042)	(10,322,370)	(42,662,412)
OTHER COMPREHENSIVE INCOME (LOSS)			
Comprehensive loss for the year	(33,341,145)	(10,322,370)	(43,663,515)
INCOME (LOSS) PER SHARE			
Basic loss per share - continuing operations	(8.98)	(3.50)	(12.48)
Basic income (loss) per share - discontinued operations	(1.99)	-	(1.99)
Basic and diluted loss per share	(10.96)	(3.50)	(14.46)

3. Significant judgments, estimates and assumptions

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the consolidated financial statements. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. Significant estimates and judgments made by management in the preparation of these consolidated financial statements are outlined below.



The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There is a material uncertainty regarding the Company's ability to continue as a going concern.

(a) Significant estimates and critical judgments

Information about significant estimates and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

Note 1	Going concern
Note 30	Expected credit losses
Note 21	Valuation of warrant liability
Note 6	Business acquisitions
Note 12 and 13	Goodwill and intangible assets
Note 23 and 24	Valuation of share-based payments
Note 19	Convertible debt
Note 26	Contingencies

(b) Uncertainty about the effects of COVID-19

In December 2019, a novel strain of coronavirus ("COVID-19") emerged and has since extensively impacted global health and the economic environment. To contain the spread of COVID-19, domestic and international governments around the world enacted various measures, including orders to close all businesses not deemed "essential," quarantine orders for individuals to stay in their homes or places of residence, and to practice social distancing when engaging in essential activities. The Company anticipates that these actions and the global health crisis caused by COVID-19 will continue to negatively impact many business activities and financial markets across the globe.

In an effort to protect the health and safety of our employees, much of the Company's workforce is currently working from home. The Company has implemented business continuity plans and has increased support and resources to enable employees to work remotely and thus far has been able to operate with minimal disruption.

The global COVID-19 pandemic remains an evolving situation. The Company will continue to actively monitor the developments of the pandemic and may take further actions that could alter business operations as may be required by federal, state, local, or foreign authorities, or that management determines are in the best interests of our employees, customers, partners and shareholders. It is not clear what effects any such potential actions may have on the Company's business, including the effects on our employees, players and consumers, customers, partners, development and content pipelines, the Company's reputation, financial condition, results of operations, revenue, cash flows, liquidity or stock price.

4. Changes in significant accounting policies

Future accounting pronouncements

The following standards have not yet been adopted and are being evaluated to determine their impact on the Company:

Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract;
Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IFRS 3 - Reference to the Conceptual Framework

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or the Company is still assessing what the impact will be to the Company's financial statements.



5. Significant accounting policies

(a) Foreign currency translation

The functional currency of the Company and its subsidiaries is disclosed in **Note 2**. The presentation currency of the consolidated financial statements is the US Dollar (“USD”).

The financial statements of entities that have a functional currency different from the presentation currency are translated into US dollars as follows: assets and liabilities at the closing rate at the date of the Company’s consolidated statement of financial position and income and expenses at the average rate of the year (as this is considered a reasonable approximation of the actual rates prevailing at the transaction dates). All resulting changes are recognized in other comprehensive income (loss) as foreign currency translation adjustments, except to the extent that the translation difference is allocated to non-controlling interest.

Foreign currency transactions are translated into the functional currency of each entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an entity’s functional currency are recognized in the consolidated statements of loss.

(b) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control of its services to a customer.

The following provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms and related revenue recognition policies:

i) Games development

Game development income is derived from the development and sale of gaming applications. Revenue from game development is recognized by reference to the stage of completion. Stage of completion is measured by reference to actual costs incurred to date as a percentage of total estimated costs for each contract.

ii) Direct to Consumer

Sponsorship, tournament and event income is income directly associated with an e-sport or sporting event or tournament. Sponsorship, tournament and event income is recognized upon completion of the underlying event.



iii) *Software-as-a-service*

The Company enters into license agreements with customers for its content management system, video software, and mobile applications (Frankly), e-sports data platform (Stream Hatchet) and an influencer marketing platform (SideQik). These license agreements, generally non-cancellable, without paying a termination penalty, and multiyear, provide the customer with the right to use the Company's application solely on a Company-hosted platform or, in certain instances, on purchased encoders. The license agreements also entitle the customer to technical support.

Revenue from these license agreements is recognized ratably over the license term. Early termination fees are recognized when customer ceases use of agreed upon services prior to the expiration of their contract. These fees are recognized in full on the date the customer has completed their migration of the Company's solutions and there is no continuing service obligation to the customer.

The Company charges its customers for the optional use of its content delivery network to stream and store videos. The revenue is recognized as earned based on the actual usage because it has stand-alone value and delivery is in control of the customer. The Company also charges its customers for the use of its ad serving platform to serve ads under local advertising campaigns. The Company reports revenue as earned based on the actual usage.

iv) *Advertising*

Under national advertising agreements with advertisers, the Company sources, creates, and places advertising campaigns that run across the Company's network of publisher sites. National advertising revenue, net of third-party costs, is shared with publishers based on their respective contractual agreements. The Company invoices national advertising amounts due from advertisers and remits payments to publishers for their share. Depending on the agreement with the publisher, the obligation to remit payment to the publisher is based on either billing to the advertiser or the collection of cash from the advertiser.

National advertising revenue is recognized in the period during which the ad impressions are delivered. The Company reports revenue earned through national advertising agreements either on a net or gross basis.

Under national advertising agreements wherein the Company does not bear inventory risk and only has credit risk on its portion of the revenue, national advertising revenues are accounted for on a net basis and the publisher is identified as the customer.

In select national advertising agreements with its publishers, the Company takes on inventory risk and additional credit risk. Under these agreements, the Company either a) provides the publisher with a guaranteed minimum gross selling price per advertising unit delivered, wherein the greater of the actual selling price or guaranteed minimum selling price is used in determining the publisher's share or b) provides the publisher with a fixed rate per advertising unit delivered, wherein the publisher is paid the fixed rate per advertising unit delivered irrespective of the actual selling price. Under these national advertising agreements, national advertising revenues are accounted for on a gross basis with the advertiser identified as the customer and the publisher identified as a supplier, with amounts billed to the advertiser reported as revenue and amounts due to the publisher reported as a revenue sharing expense, within expenses.

Also included in advertising revenue is advertising revenue generated by the Company's various owned and operated properties.



v) *Professional services*

Professional services consist primarily of installation and website design services (Frankly) and data analysis report delivery (Steam Hatchet). Installation fees are contracted on a fixed-fee basis. The Company recognizes revenue as services are performed. Such services are readily available from other vendors and are not considered essential to the functionality of the service. Website design services are also not considered essential to the functionality of the product and have historically been insignificant; the fee allocable to website design is recognized as revenue as the Company performs the services.

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the net amount of commission made by the Company.

Deferred revenue consists of customer advances for Company services to be rendered that will be recognized as income in future periods.

(c) Cash and equivalents, and restricted cash

The “cash and cash equivalents” category consists of cash in banks, call deposits and other highly liquid investments with initial maturities of three months or less. Any investments in securities, investments with initial maturities greater than three months without early redemption feature and bank accounts subject to restrictions, other than restrictions due to regulations specific to a country or activity sector (exchange controls, etc.) are not presented as cash equivalents but as financial assets. Bank overdrafts that are repayable on demand and form an integral part of the Company’s cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Restricted cash is presented as a separate category on the statement of financial position and consists of cash in a bank account restricted for use in the UMG Media Ltd. and WinView Inc. businesses (**Note 17**).

(d) Accounts and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment of trade accounts receivable. A provision for impairment of trade accounts receivable is established based on a forward-looking “expected loss” impairment model. The carrying amount of the trade receivables is reduced using the provision for impairment account, and the amount of any increase in the provision for impairment is recognized in the consolidated statement of loss and comprehensive loss. When a trade receivable is uncollectible, it is written off against the provision for impairment account for trade accounts receivable. Subsequent recoveries of amounts previously written off are credited to the consolidated statement of loss and comprehensive loss.

(e) Property and equipment

Property and equipment are carried at historical cost less any accumulated depreciation and impairment losses. Historical cost includes the acquisition cost or production cost as well as the costs directly attributable to bringing the asset to the location and condition necessary for its use in operations. When property and equipment include significant components with different useful lives, they are recorded and depreciated separately. Depreciation is computed using the straight-line and declining balance methods based on the estimated useful life of the assets. Useful life is reviewed at the end of each reporting period.

After initial recognition, the cost model is applied to property and equipment. Where parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.



The Company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized in the consolidated statement of loss and comprehensive loss as an expense as incurred. Depreciation is provided at rates calculated to write off the cost of property, plant and equipment less their estimated residual value on the straight-line and declining balance methods, over the estimated useful lives, as follows.

Computer equipment	3 years, straight-line
Furniture and fixtures	5 years, straight-line
Leasehold improvements	Term of the lease, plus one renewal

(f) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

(g) Intangible assets

Intangible assets include acquired software used in production or administration and brand names and customer relationships that qualify for recognition as an intangible asset in a business combination. They are accounted for using the cost model whereby capitalized costs are amortized on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date.

The useful lives of the intangibles are as follows:

Software	3-5 years
Brands	1-20 years
Customer relationships	1-10 years
Patents	5 years
Application platforms	3 years

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Subsequent expenditure on brands is expensed as incurred. Costs associated with maintaining computer software (expenditure relating to patches and other minor updates as well as their installation), are expensed as incurred.

Patents and Application platforms with a finite useful life that are acquired in an asset acquisition are initially recognized on the basis of their relative fair value at the acquisition date. These assets are amortized on a straight-line basis over their useful life, which is generally up to 5 years. Amortization is calculated over the cost of the asset less its residual value. Amortization expense is recognized on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Other intangible assets, such as brands, that are acquired by the Company are stated at cost less accumulated amortization and impairment losses. Expenditures on internally generated brands, mastheads or editorial pages, publishing titles, customer lists and items similar in substance is recognized in the consolidated statement of loss and comprehensive loss as an expense as incurred.

Research costs are expensed when incurred. Development costs are capitalized when the feasibility and profitability of the project can be reasonably considered certain. Expenditure on development activities, whereby research findings are applied to a plan or design to produce new or substantially improved products and processes, is capitalized if the product or process is technically and commercially feasible and the Company has sufficient resources to complete development. The expenditure capitalized includes the cost of materials, direct labor and an appropriate proportion of overheads. Other development expenditure is recognized in the consolidated statement of loss and comprehensive loss as an expense as incurred. Capitalized development expenditure is stated at cost less accumulated amortization and impairment losses.



(h) Impairment of property and equipment, intangible assets and goodwill

i) *Timing of impairment testing*

The carrying values of property and equipment and finite life intangible assets are assessed at the reporting date as to whether there is any indication that the assets may be impaired. Goodwill and indefinite life intangible assets are tested for impairment annually or when there is an indication that the asset may be impaired.

ii) *Impairment testing*

If any indication of impairment exists or when the annual impairment testing for an asset is required, the Company estimates the recoverable amount of the asset or cash generating unit (“CGU”) to which the asset relates to determine the extent of any impairment loss. The recoverable amount is the higher of an asset’s or CGU’s fair value less costs of disposal and its value in use (“VIU”) to the Company. In assessing VIU, estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs of disposal, recent market transactions are considered, if available. If the recoverable amount of an asset or a CGU is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of loss and comprehensive loss.

For impaired assets, excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset’s recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of loss and comprehensive loss. Impairment losses relating to goodwill cannot be reversed.

(i) Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.



The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under any residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Company applies IAS 36 Impairment to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'property and equipment' policy.



Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “other expenses” in profit or loss.

As a practical expedient, IFRS 16 Leases permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(j) Financial instruments

Financial assets

Recognition and Initial Measurement

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

Classification and Subsequent Measurement

On initial recognition, financial assets and liabilities are classified as subsequently measured at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash, restricted cash, accounts and other receivables and advances.
- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.



- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. None of the Company's assets fall under this category.
- Designated at fair value through profit or loss - On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss.

Business Model Assessment

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

Contractual Cash Flow Assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions, and forecasts of future economic conditions.

The Company applies the simplified approach for accounts receivable. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.



Derecognition of Financial Assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial Liabilities

Recognition and Initial Measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, except for financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

- Amortized cost - Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, or commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's accounts payable, accrued liabilities, players liability account, lease obligation, line of credit, long-term debt, promissory notes payable and deferred purchase consideration do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

- Financial liabilities recorded at FVTPL - Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above, or they are derivatives or they are designated as such on initial recognition. The Company's warrants that are not issued in exchange for goods or services and have characteristics of derivative financial liabilities as a result of the warrants having an exercise price in a currency different from the functional currency of the Company, are measured as financial liabilities at FVTPL. The Company's convertible debt is designated as financial liabilities at FVTPL.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included or deducted from the initial carrying amount of the asset or the liability.



Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition of financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any noncash assets transferred or liabilities assumed, is recognized in profit or loss.

Fair value measurement

The Company categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs used in the measurement.

- Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.
- Level 2: This level includes valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1.
- Level 3: This level includes valuations based on inputs which are unobservable.

Offsetting

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

(k) Short-term employee benefits

Short-term employee benefits include wages, salaries, compensated absences, profit-sharing and bonuses. Short-term employee benefit obligations are measured on an undiscounted basis and are recognized in salaries and wages expense as the related service is provided or capitalized if the service rendered is in connection with the creation of an asset. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.



(l) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and differences relating to investments in subsidiaries, associates, and jointly controlled entities to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(m) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares, share purchase options, and equity classified warrants are recognized as a deduction from equity, net of any tax effects. When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a deduction from total equity.

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the Company's shareholders. Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in profit or loss as accrued.

The Company's warrants having an exercise price in the functional currency of the Company that are not issued in exchange for good and services are equity measured and the fair value at grant date for these warrants is classified within contributed surplus.

(n) Share-based payment

The share-based payment plan allows Company employees and consultants to acquire shares of the Company. The fair value of share-based payment awards granted is recognized within share-based payments expense with a corresponding increase in equity.

Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value is measured at grant date and each tranche is recognized on a straight-line basis over the period during which the share purchase options vest. The fair value of the share-based payment awards granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the awards were granted such as stock price, term, and stock volatility. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of awards, for which the related service and non-market vesting conditions are expected to be met.



For each Restricted Share Units (“RSU”) granted, the Company recognizes an expense equal to the market value of a common share at the date of grant and for each common share option granted, the Company recognizes an expense equal to the fair value of the option estimated using a Black Scholes model at grant date, based on the number of RSUs/options expected to vest, recognized over the term of the vesting period, with a corresponding increase to contributed surplus. Share based payments expense is adjusted for subsequent changes in management’s estimate of the number of RSUs/options that are expected to vest. The effect of these changes is recognized in the period of the change.

For equity-settled share-based payment transactions, including share options and RSUs granted to officers and directors of the Company and warrants granted to advisors in a financing transaction, the Company measures the goods or services received, and the corresponding increase in contributed surplus, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which cases, the Company measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

(o) Discontinued operations and assets held for sale

A non-current asset or a group of assets and liabilities is a disposal group when the carrying amount will be recovered principally through its divestiture and not by continuing utilization. To meet this definition, the asset must be available for immediate sale, and divestiture must be highly probable. Non-current assets or disposal groups classified as held for sale are measured at the lower of carrying amounts and fair value less costs to sell.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

Discontinued operations are presented on a single line of the consolidated statements of loss and comprehensive loss for the periods reported, comprising the earnings after tax of discontinued operations until divestiture and the gain or loss after tax on sale or fair value measurement, less costs to sell the assets and liabilities making up the discontinued operations. In addition, the cash flows generated by the discontinued operations are presented on one separate line of the statement of consolidated cash flows for the periods presented.

(p) Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(q) Government grants

Government grants are recognized when it is probable that the grant will be received, and all conditions of the grant are complied with. When the grant is in the form of a forgivable loan, the loan is initially recognized as a deferred income liability. The Company then relieves the deferred income liability on a systematic and rational basis in those periods over which the entity recognizes the expenses that the grant is intended to offset. The Company recognizes the impact of the loan forgiveness as an offset against related expense.

Assistance for operating expenses is recorded as a reduction of expenses when the assistance is receivable.



A forgivable loan from government is treated as government assistance when there is reasonable assurance that the Company will meet the terms for forgiveness of the loan. If there is no reasonable assurance that the entity will meet the terms for forgiveness of the loan, the loan is recognized as a liability in accordance with IFRS 9 Financial Instruments. The liability would become a government grant (forgivable loan) when there is reasonable assurance that the entity will meet the terms for forgiveness.

6. Acquisitions

(a) UMG Media Ltd.

On December 31, 2019, the Company acquired all issued and outstanding shares of UMG Media Ltd. (“UMG”) which was carried out by way of a plan of arrangement under the Business Corporations Act (Alberta). UMG shareholders received, on an exchange ratio of 0.0643205, common shares of the Company. In total, the Company issued 288,560 shares (the “Consideration Shares”) in exchange for the UMG securities exchanged pursuant to the transaction, including the securities issued pursuant to the UMG Private Placement (defined below) (a total of 54,157 of these Engine Media Shares were issued to the UMG Private Placement shareholders and the remainder were issued to the former UMG Shareholders). In addition, each outstanding option and warrant to purchase a UMG Share was exchanged for an option or warrant, as applicable, to purchase an Engine Media share, based upon the exchange ratio.

All transaction costs associated with this acquisition have been expensed. If the acquisition of UMG had occurred at the beginning of the Company’s fiscal year (September 1, 2019), the loss attributed to UMG’s operations for the year ended August 31, 2020, would have been \$3,519,046, with revenue of \$491,323. The loss attributed to UMG’s operations from the acquisition date of December 31, 2019, to August 31, 2020, was \$1,875,539, with revenue of \$314,948.

The acquisition was accounted for using the acquisition method of accounting under IFRS 3, Business Combinations, which requires that the Company recognize the identifiable assets acquired and the liabilities assumed at their fair values on the date of acquisition.

The purchase price allocation is as follows:

Consideration paid	# Issued	Amount
Common shares	288,560	\$ 3,804,344
Options and warrants exchanged	26,553	41,879
		\$ 3,846,223
Fair value of identifiable assets acquired		
Cash		\$ (82,528)
Restricted cash		112,901
Accounts and other receivables		76,052
Prepaid and other current assets		88,877
Property and equipment		313,622
Right-of-use asset		388,996
Intangible assets - Application platforms (Useful life - 5 years)		560,000
Intangible assets - Brand (Useful life - 6 years)		510,000
Intangible assets - Customer lists (Useful life - 3 years)		460,000
Goodwill		3,209,045
Accounts payable and accrued liabilities		(761,766)
Lease liabilities		(420,863)
Players liability account		(112,902)
Promissory notes		(430,745)
Deferred revenue		(64,466)
		\$ 3,846,223



The Engine Media common shares issued were valued based on the closing price on the TSX Venture exchange on December 31, 2019.

Significant judgments and assumptions related to the valuation and useful lives of certain classes of assets acquired are as follows:

i) Intangible assets, application platforms

UMG had certain proprietary technology used in its platform, which the Company expects will contribute to future cash flow. The fair value of the software intangible asset was determined based on the relief from royalty method under the income approach. The software intangible asset was valued using Level 3 inputs which consisted of the following key inputs: (i) revenue projections; (ii) royalty rate of 7%; (iii) technology replacement rate of 5 years; and (iv) discount rate of 17.5%. This asset is amortized on a straight-line basis over the estimated useful life of five years.

ii) Intangible assets, brand

UMG had established itself as a recognized brand in its industry and is well known amongst gaming enthusiasts and the esports community. The Company expects the brand will contribute to future cash flow. The fair value of the brand intangible asset was determined based on the relief from royalty method under the income approach. The brand intangible asset was valued using Level 3 inputs which consisted of the following key inputs: (i) revenue projections with long term growth rate of 3%; (ii) royalty rate of 2%; and (iv) discount rate of 18.5%. This asset is amortized on a straight-line basis over the estimated useful life of six years.

iii) Intangible assets, customer lists

UMG had an established customer list which is expected to result in future sales. The fair value of the customer list intangible asset was determined based on the cost approach. The customer list intangible asset was valued using Level 3 inputs which consisted of the following key inputs: (i) number of active users; (ii) user acquisition cost; (iii) time to recreate of 1.5 years; (iv) obsolescence rate of 10% and (v) discount rate of 16.5%. This asset is amortized on a straight-line basis over the estimated useful life of three years.

iv) Goodwill

The difference between the acquisition date fair value of the consideration transferred and the values assigned to the assets acquired and liabilities assumed represents goodwill of \$3,209,045. The goodwill is not expected to be deductible for tax purposes.

The goodwill recorded represents the following:

- Cost savings and operating synergies expected to result from combining the operations of UMG with those of the Company
- Intangible assets that do not qualify for separate recognition such as the assembled workforce



(b) Frankly Inc.

On May 8, 2020, the Company acquired all issued and outstanding shares of Frankly Inc. (“Frankly”) which was carried out by way of a court-approved plan of arrangement under the Business Corporations Act (British Columbia). Frankly shareholders received one share of the Company’s common shares for each share of Frankly. In total, the Company issued 2,258,215 shares in exchange for the Frankly securities exchanged pursuant to the transaction. In addition, each outstanding option, RSU and warrant to purchase a Frankly share was exchanged for an option, RSU or warrant, as applicable, to purchase a Company share, based upon the exchange ratio.

All transaction costs associated with this acquisition were expensed. If the acquisition of Frankly had occurred at the beginning of the Company’s fiscal year (September 1, 2019), the loss attributed to Frankly’s operations for the year ended August 31, 2020, would have been \$8,350,289, with revenue of \$23,165,702. The loss attributed to Frankly’s operations from the acquisition date of May 8, 2020, to August 31, 2020, was \$2,266,289, with revenue of \$6,404,736.

The acquisition was accounted for using the acquisition method of accounting under IFRS 3, Business Combinations, which requires that the Company recognize the identifiable assets acquired and the liabilities assumed at their fair values on the date of acquisition. The estimated fair values were preliminary and based on the information that was available as of that date. The Company has since finalized the purchase price allocation with no change to the preliminary amounts.

The purchase price allocation is as follows:

Consideration paid	# Issued	Amount
Common shares	2,258,215	\$ 12,155,000
Warrants exchanged	1,055,036	2,157,000
Settlement of a pre-existing relationship		(1,099,999)
		\$ 13,212,001
Fair value of identifiable assets acquired		
Cash		1,241,511
Accounts and other receivables		5,368,562
Prepaid and other current assets		444,690
Property and equipment		40,152
Intangible assets - Software (Useful life - 3 years)		2,000,000
Intangible assets - Brand (Useful life - 1 year)		100,000
Intangible assets - Customer contracts (Useful life - 10 years)		2,700,000
Goodwill		14,895,595
Accounts payable and accrued liabilities		(9,590,547)
Deferred revenue		(148,949)
Line of credit		(3,839,013)
		\$ 13,212,001



The Engine Media common shares issued were valued based on the closing price on the TSX Venture exchange on May 8, 2020. The warrants were valued using the Black Scholes method.

Significant judgments and assumptions related to the valuation and useful lives of certain classes of assets acquired are as follows:

i) *Intangible assets, software*

Frankly had certain proprietary technology used in its products, which the Company expects will contribute to future cash flow. The fair value of the software intangible asset was determined based on the relief from royalty method under the income approach. The software intangible asset was valued using Level 3 inputs which consisted of the following key inputs: (i) revenue projections; (ii) royalty rate of 3%; (iii) technology replacement rate of 5 years; and (iv) discount rate of 18%. This asset is amortized on a straight-line basis over the estimated useful life of three years.

ii) *Intangible assets, customer contracts*

Frankly had established relationships with media companies which are expected to result in future sales. The fair value of the customer relationships intangible asset was determined based on the excess earnings method under the income approach. The customer relationships intangible asset was valued using Level 3 inputs which consisted of the following key inputs: (i) cash flow projections with long term growth rate of 3%; (ii) customer attrition rate of 10%; (iii) charges for use of assets; and (iv) discount rate of 21.5%. This asset is amortized on a straight-line basis over the estimated useful life of ten years.

iii) *Goodwill*

The difference between the acquisition date fair value of the consideration transferred and the values assigned to the assets acquired and liabilities assumed represents goodwill of \$14,895,595. The goodwill is not expected to be deductible for tax purposes.

The goodwill recorded represents the following:

- Cost savings and operating synergies expected to result from combining the operations of Frankly with those of the Company
- Intangible assets that do not qualify for separate recognition such as the assembled workforce

(c) WinView, Inc.

On May 8, 2020, the Company acquired all issued and outstanding shares of WinView, Inc. (“WinView”) which was carried out pursuant to a statutory merger. The Company issued 1,759,997 shares in exchange for the WinView securities exchanged pursuant to the transaction. In addition, WinView shareholders are entitled to contingent consideration based on a portion of any future licensing revenue from its patent portfolio.

If the acquisition of WinView had occurred at the beginning of the Company’s fiscal year (September 1, 2019), the loss attributed to WinView’s operations for the year ended August 31, 2020, would have been \$6,034,836, with revenue of \$68,813. The loss attributed to WinView’s operations from the acquisition date of May 8, 2020, to August 31, 2020, was \$1,557,248, with revenue of \$51,422.

IFRS 3 - Business Combinations (“IFRS 3”) was amended in October 2018 to clarify the definition of a business and added an optional concentration test to assess when a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The Company concluded that the value of the WinView assets acquired is substantially concentrated in the patent portfolio, and therefore the acquisition of WinView was accounted for as an asset acquisition.



For an asset acquisition, the Company's accounting policy is to recognize a liability for contingent consideration when the related activity occurs. Accordingly, a liability was not recorded for the contingent consideration as at August 30, 2020.

The purchase price allocation is as follows:

Consideration paid	# Issued	Amount
Common shares	1,759,997	\$ 7,579,000
		\$ 7,579,000
Fair value of identifiable assets acquired		
Cash		\$ 359,190
Restricted cash		201,540
Prepaid and other current assets		174,313
Intangible assets - Patents (Useful life - 5 years)		9,430,265
Accounts payable and accrued liabilities		(699,053)
Players liability account		(201,540)
Government grants - PPP Loan		(174,795)
Promissory notes		(1,423,738)
Deferred revenue		(87,182)
		\$ 7,579,000

The Company common shares issued for the acquisition of Winview were subject to lock-up restrictions to be discharged 10% at 120 days, another 15% at 180 days, another 15% at 270 days, another 20% at 360 days and the remaining 40% at 390 days, in each case following the closing date. The Company common shares issued were valued based on the closing price on TSX Venture exchange on May 8, 2020, reduced by a discount for lack of marketability of twenty percent.

(d) Acquisitions of WTF1, Lets Go Racing and DriverDB

During the year ended August 31, 2020, the Company completed three acquisitions in its motorsports division that were disposed on November 3, 2020, as a result of a strategic business review that began in October 2020.

The Company acquired certain assets of WTF1 on April 2, 2020, for a purchase price of \$557,709. The acquisition was accounted for as an asset acquisition. The purchase price was allocated to the assets acquired on a relative fair value basis. The amount allocated to software is being amortized over three years.

On June 3, 2020, the Company completed the acquisition of Lets Go Racing pursuant to a share purchase agreement dated June 2, 2020. Purchase consideration comprised of £50,000 (\$63,274) in cash, 200,000 common shares of the Company and deferred cash consideration of £265,000 (\$333,503). Of the deferred cash consideration, £100,000 (\$125,850) is due 120 days following closing and £165,000 (\$207,653) is due 240 days following closing. Total purchase consideration discussed above amounted to \$2,116,267. The acquisition was accounted for as an asset acquisition. The purchase price was allocated to software and is being amortized over three years.

On June 3, 2020, the Company completed the acquisition of DriverDB in exchange for the issuance of 100,000 common shares of the Company pursuant to a share purchase agreement dated June 1, 2020. The common shares were valued at \$859,745. The acquisition was accounted for as an asset acquisition. The purchase price was allocated to the assets acquired on a relative fair value basis. The amount allocated to software is being amortized over three years.



(e) Acquisition of SideQik, Inc

On July 2, 2021, the Company acquired all issued and outstanding shares of SideQik, Inc. (“SideQik”) which was carried out pursuant to a statutory reverse-triangular merger. The Company issued 386,584 shares and 23,939 RSUs in exchange for the SideQik securities exchanged pursuant to the transaction.

The acquisition of Sideqik (combined with a prior acquisition of Stream Hatchet) brings technology and customers that are expected to expand Engine’s advertising and media offerings.

All transaction costs associated with this acquisition were expensed. If the acquisition of SideQik had occurred at the beginning of the Company’s fiscal year (September 1, 2020), the loss attributed to SideQik’s operations for the year ended August 31, 2021, would have been \$1,130,080, with revenue of \$2,148,987. The loss attributed to SideQik’s operations from the acquisition date to August 31, 2021, was \$383,167, with revenue of \$412,981.

The acquisition was accounted for using the acquisition method of accounting under IFRS 3, Business Combinations, which requires that the Company recognize the identifiable assets acquired and the liabilities assumed at their fair values on the date of acquisition. The estimated fair values are preliminary and based on the information that was available as of that date.

The purchase price allocation is as follows:

Consideration paid	# Issued	Amount
Common shares	386,584	\$ 3,962,000
RSUs	23,939	\$ 245,000
		\$ 4,207,000
Fair value of identifiable assets acquired		
Cash		\$ 255,852
Accounts and other receivables		817,557
Prepaid and other current assets		69,631
Property and equipment		12,730
Intangible assets - Software (Useful life - 5 years)		910,000
Intangible assets - Brand (Useful life - 10 years)		210,000
Intangible assets - Customer relationships (Useful life - 10 years)		310,000
Goodwill		2,900,193
Accounts payable		(292,571)
Accrued liabilities		(502,392)
Deferred revenue		(484,000)
		\$ 4,207,000

The Company common shares issued for the acquisition of SideQik were subject to lock-up restrictions to be discharged 16 2/3% at 180 days from the closing date, and thereafter another 16 2/3% on the 15th of each subsequent month with the restriction being fully liquidated at the end of the 12th month. The Company’s common shares issued were valued based on the closing price on TSX Venture exchange on July 2, 2021, reduced by a discount for lack of marketability of fifteen percent.



Significant judgments and assumptions related to the valuation and useful lives of certain classes of assets acquired are as follows:

i) Intangible assets, software

The fair value of the software intangible asset was determined based on the relief from royalty method under the income approach. The software intangible asset was valued using Level 3 inputs which consisted of the following key inputs: (i) revenue projections; (ii) royalty rate of 7.5%; (iii) tax rate of 25.5% (iv) discount rate of 20%. This asset is amortized on a straight-line basis over the estimated useful life of five years.

ii) Intangible assets, brand

The fair value of the brand intangible asset was determined based on the relief from royalty method under the income approach. The brand intangible asset was valued using Level 3 inputs which consisted of the following key inputs: (i) cash flow projections with long term growth rate of 3%; (ii) royalty rate of 0.5%; (iii) tax rate of 25.5%; and (iv) discount rate of 20.0%. This asset is amortized on a straight-line basis over the estimated useful life of ten years.

iii) Intangible assets, customer relationships

SideQik has created custom partnerships with clients to build out integrations with proprietary brand tools which are expected to result in future sales. The fair value of the customer relationships intangible asset was determined based on the excess earnings method under the income approach. The customer relationships intangible asset was valued using Level 3 inputs which consisted of the following key inputs: (i) cash flow projections with long term growth rate of 3%; (ii) customer attrition rate of 15%; and (iii) discount rate of 22.0%; (iv) tax rate of 25.5%. This asset is amortized on a straight-line basis over the estimated useful life of ten years.

iv) Goodwill

The difference between the acquisition date fair value of the consideration transferred and the values assigned to the assets acquired and liabilities assumed represents goodwill of \$2,900,193. The goodwill is not expected to be deductible for tax purposes.

The goodwill recorded represents the following:

- Cost savings and operating synergies expected to result from combining the operations of SideQik with those of the Company.
- Intangible assets that do not qualify for separate recognition such as the assembled workforce.



7. Revenue

Revenue streams and disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by service lines.

For the year ended August 31,

	<u>2021</u>	<u>2020</u>
	\$	\$
Games development	3,422,202	2,732,846
Direct to consumer	453,400	363,554
Software-as-a-service	6,360,361	2,571,672
Advertising	26,656,446	4,491,356
Professional services	328,461	386,415
	<u>37,220,870</u>	<u>10,545,843</u>

8. Net income (loss) per share

Basic net income (loss) per share is calculated using the weighted-average number of common shares outstanding during each period. Diluted net income (loss) per share assumes the conversion, exercise or issuance of all potential common share equivalents unless the effect is to reduce the loss or increase the income per share. For purposes of this calculation, stock options, warrants and RSU's are considered to be potential common shares and are only included in the calculation of diluted net income (loss) per share when their effect is dilutive.

Due to the net loss incurred during the years ended August 31, 2021, and 2020, all outstanding options, RSU's and warrants were excluded from diluted weighted-average common shares outstanding as their effect was anti-dilutive. Weighted average common shares outstanding for the years ended August 31, 2021, and 2020 were 11,874,775 and 2,949,511, respectively.

9. Accounts and other receivables and publisher advances

(a) Accounts and other receivables

The Company's accounts and other receivables are comprised of the following:

	<u>August 31,</u>	<u>August 31,</u>
	2021	2020
	\$	\$
Trade accounts receivable	9,677,725	4,690,922
Other receivables	53,387	29,406
Allowance for doubtful accounts	(1,084,305)	(874,438)
Total accounts and other receivables	<u>8,646,807</u>	<u>3,845,890</u>



A continuity of the Company's allowance for doubtful accounts is as follows:

	August 31, 2021	August 31, 2020
	\$	\$
Allowance for doubtful accounts, beginning of year	(874,438)	-
Acquisition of Frankly	-	(887,763)
Acquisition of SideQik	(140,896)	-
Provision, bad debt expense	(72,636)	-
Writeoffs	3,665	13,325
Allowance for doubtful accounts, end of year	(1,084,305)	(874,438)

(b) Publisher advance

On February 7, 2021, the Company's subsidiary Frankly Media LLC, amended its commercial agreement with its largest publisher, which secured a long-term extension. One of the key terms of the amended agreement required the Company to advance \$6 million of revenue sharing payments to the publisher under the following schedule:

- (i) \$4 million within one day of execution of the amendment.
- (ii) \$1 million on or before February 28, 2021; and
- (iii) \$1 million on or before March 31, 2021.

The advance is to be recouped through additional withholding on future advertising revenue share payments made to the publisher, beyond Frankly's share, and is effective for amounts billed for periods February 1, 2021, forward.

As of August 31, 2021, \$6 million had been advanced to the publisher and \$1,465,782 had been recouped through the process explained above. As of August 31, 2021, a net amount of \$4,534,218 was outstanding on the advance and the current portion of the advance was \$3,197,102.

The breakout of the publisher advance into current and non-current portions is based on an estimate of advertising billings over the next twelve months and the resulting additional withholding on the related advertising revenue share payments.

10. Investment in associate and investment at FVTPL

	Investment in associate	Investment at FVTPL
	\$	\$
Balance, August 31, 2020	2,052,008	-
Share of loss in One Up	(103,930)	-
Discontinue use of equity method on retained interest in former associate	(1,948,078)	2,048,039
Change in fair value of investment at FVTPL	-	581,812
Balance, August 31, 2021	-	2,629,851

On August 25, 2020, the Company acquired a 20.48% interest in One Up Group, LLC ("One Up"). One Up operates a mobile app which allows gamers to organize and play one-on-one matches with other gamers and compete for money.



The Company accounted for this investment as an investment in associate under the equity method from acquisition through January 5, 2021. The Company's share in the loss of One Up for the period from September 1, 2020, to January 5, 2021, amounted to \$103,930.

On January 5, 2021, the Company's interest in One Up was reduced to 18.62% as a result of One Up closing a financing round. In accordance with IAS 28, the Company discontinued the use of the equity method on January 5, 2021, the date at which its investment ceased being an associate. The difference between the fair value of the Company's retained interest in One Up and its carrying value on January 5, 2021, amounted to \$99,961, which is recognized as a gain on retained interest in former associate on the Company's statement of loss and comprehensive loss.

The fair value of the Company's investment in One Up is estimated at each reporting period, with reference to valuations underlying privately placed financing transactions closed by One Up and is classified with a level 3 in the fair value hierarchy (**Note 30**).



11. Property and equipment

Cost	Leasehold improvements	Computer equipment	Furniture and fixtures	Total
	\$	\$	\$	\$
August 31, 2019	54,465	209,126	123,298	386,889
Acquisition of UMG	166,193	116,668	30,761	313,622
Acquisition of Frankly	-	34,461	5,691	40,152
Additions	-	116,028	8,762	124,790
Disposals	-	(14,410)	-	(14,410)
Effect of foreign exchange	995	24,467	4,579	30,041
August 31, 2020	221,653	486,340	173,091	881,084
August 31, 2020	221,653	486,340	173,091	881,084
Acquisition of SideQik	-	11,399	1,331	12,730
Additions	-	170,305	17,865	188,170
Disposals	-	(14,244)	-	(14,244)
Disposal of Motorsports	(2,631)	(47,645)	(18,118)	(68,394)
Foreign exchange	(171)	(2,548)	(1,125)	(3,844)
August 31, 2021	218,851	603,607	173,044	995,502
Accumulated depreciation	Leasehold improvements	Computer equipment	Furniture and fixtures	Total
	\$	\$	\$	\$
August 31, 2019	51,847	181,089	68,700	301,636
Depreciation	4,998	102,241	34,066	141,305
Foreign exchange	672	24,178	3,904	28,754
August 31, 2020	57,517	307,508	106,670	471,695
August 31, 2020	57,517	307,508	106,670	471,695
Depreciation	5,949	117,092	26,150	149,191
Disposals	-	(4,477)	-	(4,477)
Disposal of Motorsports	-	(11,068)	(9,910)	(20,978)
Foreign exchange	(99)	(2,824)	(817)	(3,740)
August 31, 2021	63,367	406,231	122,093	591,691
Net book value	Leasehold improvements	Computer equipment	Furniture and fixtures	Total
	\$	\$	\$	\$
August 31, 2020	164,136	178,832	66,421	409,389
August 31, 2021	155,484	197,376	50,951	403,811



12. Goodwill

	Aug 31, 2021 <u>(As Restated)</u> \$	Aug 31, 2020 <u>(As Restated)</u> \$
Balance, beginning of year	<u>15,576,762</u>	<u>651,354</u>
Acquisition of UMG	-	3,209,045
Impairment of UMG	-	(3,209,045)
Acquisition of Frankly	-	14,895,595
Acquisition of SideQik	<u>2,900,193</u>	-
Impairment of SideQik	<u>(2,900,193)</u>	-
Effect of foreign exchange	<u>18,167</u>	<u>29,813</u>
Balance, end of year	<u>15,594,929</u>	<u>15,576,762</u>

a) *Frankly*

The Company tested the Frankly CGU goodwill balance of \$14,895,595 (2020 - \$14,895,595) as of August 31, 2021, for impairment. When assessing whether or not there is an impairment, the recoverable amount of the CGU was determined based on a value in use calculation. The calculation used a ten-year projected and discounted cash flow model using a discount rate of 20.5% and a long-term growth rate of 3%. The recoverable value was concluded after making adjustments to the discounted cash flow model for cash or any other non-operating assets or liabilities as of the measurement date. The concluded recoverable value was then compared to carrying value of the CGU. No impairment charge was determined to be necessary.

The recoverable amounts for the Stream Hatchet, and Eden Games CGUs below were based on fair value less costs of disposal, estimated using a guideline public company method which is a market-based approach. The fair value measurement was categorized as a Level 3 fair value based on inputs in the valuation technique used.

Revenue multiples from publicly traded companies operating within the same industry and location and having similar business activities to the Company were utilized, after adjusting for differences in size, margins and growth rates when compared to the Company and its CGUs. These adjusted multiples of 3x for Stream Hatchet and 3.5x for Eden Games were applied to the financial metrics of the CGU to determine indicative enterprise values. Recoverable amounts were determined after an adjustment for costs of disposal, estimated at 5% of indicative enterprise values. No impairment charge was determined to be necessary for the Stream Hatchet and Eden Games CGUs.

b) *UMG*

During the year ended August 31, 2020, the Company conducted a comprehensive review of its forecasts, considering various factors, including changes in market conditions and business outlook. The outcome of this review led to a revision of the forecasts associated with UMG.

As a result of the revised forecasts, the company recognized impairment losses on intangible assets and goodwill as of the acquisition date. This impairment reflects the updated assessment of the recoverable amounts, which are now lower than the carrying amounts.

The impairment losses recognized have been recognized in the consolidated statement of loss and comprehensive loss. For the year ended August 31, 2020, the breakdown of impairment losses between intangible assets and goodwill was \$719,706 and \$3,209,045, respectively. As the resulting fair value less cost to sell was determined to be \$0, the impairment losses were limited to the lesser of the carrying value of the UMG CGU or the intangible assets and goodwill as of the measurement date. Intangible assets were further impaired as of August 31, 2021 for \$385,231. The results for UMG are reflected in the Company's Gaming segment.

c) *Sideqik*

During the year ended August 31, 2021, the Company conducted a comprehensive review of its forecasts, considering various factors, including changes in market conditions and business outlook. The outcome of this review led to a revision of the forecasts associated with Sideqik.

As a result of the revised forecasts, the company recognized impairment losses on intangible assets and goodwill as of the acquisition date. This impairment reflects the updated assessment of the recoverable amounts, which are now lower than the carrying amounts.

The impairment losses recognized have been recognized in the consolidated statement of loss and comprehensive loss. For the year ended August 31, 2021, the breakdown of impairment losses between intangible assets and goodwill was 1,419,662 and 2,900,193, respectively. As the resulting fair value less cost to sell was determined to be \$0, the impairment losses were limited to the lesser of the carrying value of the Sideqik CGU or the intangible assets and goodwill as of the measurement date.



13. Intangible assets

Cost	Patents (As Restated)	Application Platforms (As Restated)	Software (As Restated)	Brand (As Restated)	Customer Lists and Contracts (As Restated)	Total (As Restated)
	\$	\$	\$	\$	\$	\$
August 31, 2019	-	760,323	5,055,798	1,662,993	477,592	7,956,706
Acquisition of UMG	-	560,000	-	510,000	460,000	1,530,000
Impairment of UMG	-	(263,422)	-	(239,902)	(216,382)	(719,706)
Acquisition of Frankly	-	-	2,000,000	100,000	2,700,000	4,800,000
Acquisition of WinView	9,430,265	-	-	-	-	9,430,265
Impairment of Winview	(6,503,483)	-	-	-	-	(6,503,483)
Acquisition of WTF1	-	-	557,709	-	-	557,709
Acquisition of Driver DB	-	-	854,158	-	-	854,158
Acquisition of Lets Go Racing	-	-	2,116,267	-	-	2,116,267
Foreign exchange	-	2,479	180,043	37,482	34,362	254,366
August 31, 2020	2,926,782	1,059,380	10,763,975	2,070,573	3,455,572	20,276,282
Disposal of Motorsports	-	-	(3,598,869)	(201,627)	(222,650)	(4,023,146)
Acquisition of SideQik	-	-	910,000	210,000	310,000	1,430,000
Impairment of SideQik	-	-	(901,960)	(209,072)	(308,630)	(1,419,662)
Impairment of UMG	-	(152,011)	-	(149,975)	(83,244)	(385,230)
Impairment of Winview	(705,331)	-	-	-	-	(705,331)
Foreign exchange	-	16,974	255,577	81,759	11,063	365,373
August 31, 2021	2,221,451	924,343	7,428,723	1,801,658	3,162,111	15,538,286

Accumulated amortization	Patents (As Restated)	Application Platforms (As Restated)	Software (As Restated)	Brand (As Restated)	Customer Lists and Contracts (As Restated)	Total (As Restated)
	\$	\$	\$	\$	\$	\$
August 31, 2019	-	628,277	2,634,338	673,302	296,061	4,231,978
Amortization	628,684	127,681	2,205,781	348,858	180,182	3,491,186
Foreign exchange	-	1,960	68,882	28,675	124,605	224,122
August 31, 2020	628,684	757,918	4,909,001	1,050,835	600,848	7,947,286
Amortization	492,449	107,158	1,711,771	422,842	418,904	3,153,124
Disposal of Motorsports	-	-	(532,412)	(201,627)	(222,650)	(956,689)
Foreign exchange	-	13,560	229,650	34,385	(4,741)	272,854
August 31, 2021	1,121,133	878,636	6,318,010	1,306,435	792,361	10,416,575

Net book value	Patents (As Restated)	Application Platforms (As Restated)	Software (As Restated)	Brand (As Restated)	Customer Lists and Contracts (As Restated)	Total (As Restated)
	\$	\$	\$	\$	\$	\$
August 31, 2020	2,298,098	301,462	5,854,974	1,019,738	2,854,724	12,328,996
August 31, 2021	1,100,318	45,707	1,110,713	495,223	2,369,750	5,121,711

a) *Winview*

During the year ended August 31, 2020, the Company conducted a comprehensive review of its forecasts, considering various factors, including changes in market conditions and business outlook. The outcome of this review led to a revision of the forecasts associated with Winview.

As a result of the revised forecasts, the company recognized impairment losses on intangible assets as of August 31, 2020. This impairment reflects the updated assessment of the recoverable amounts, which are now lower than the carrying amounts.

The impairment losses recognized have been recognized in the consolidated statement of loss and comprehensive loss. During the years ended August 31, 2020 and 2021, the Company recognized patent impairment expense amounting to \$6,503,483 and \$705,331, respectively. As the resulting fair value less cost of disposal was determined to be \$0, the impairment losses were limited to the lesser of the carrying value of the Winview CGU or the intangible assets as of each measurement date.



14. Right-of-use assets

	August 31, 2021	August 31, 2020
	\$	\$
Balance, beginning of year	550,478	-
Additions to right-of-use assets on adoption of IFRS 16, September 1, 2019	-	258,756
Acquisition of UMG	-	388,996
Acquired	210,178	36,375
Depreciation	(203,058)	(148,687)
Effect of foreign exchange	(576)	15,038
Balance, end of year	557,022	550,478

Right of use assets consist primarily of leases for corporate office facilities and are amortized on a monthly basis over the term of the lease, or useful life, if shorter.

15. Income taxes

The Company had no income tax expense or benefit for the year ended August 31, 2021.

(a) Reconciliation of the effective tax rate

The reconciliation of the combined federal and provincial statutory income tax rate of 26.5% (2020 - 26.5%) to the effective tax rate is as follows:

	2021 (As Restated)	2020 (As Restated)
	\$	\$
Income (loss) before income taxes	(40,733,174)	(42,738,478)
Statutory income tax rate	26.5%	26.5%
Expected income tax (benefit)	(10,794,291)	(11,325,697)
Reconciling items:		
Foreign rate differential	(243,335)	443,749
Stock-based compensation and other non-deductible expenses	1,318,852	484,247
True up of prior period balances	1,323,876	-
Deferred tax assets not recognized	8,394,898	10,397,701
Income tax expense	-	-



(b) Deferred income taxes

The Company had the following temporary differences that would ordinarily give rise to deferred taxes:

	<u>2021</u>	<u>2020</u>
	\$	\$
<u>Deferred tax assets</u>		
Net operating losses	1,664,801	1,340,296
<u>Deferred tax liabilities</u>		
Intangible assets	(1,391,070)	(919,340)
Other - Canada	-	(14,052)
Other - United States	(273,731)	(318,712)
Convertible Debt	-	(88,192)
Net deferred tax asset	<u>-</u>	<u>-</u>

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

Unrecognized Deductible Temporary Differences

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

	<u>2021</u>	<u>2020</u>
	\$	\$
Intangible assets	28,362,021	25,826,171
Net operating losses	153,954,414	133,010,627
Net capital losses	2,156,922	-
Property and equipment	483,175	552,680
Share issuance costs	206,655	67,250
Convertible debt	2,385,606	-
Other	8,802,009	8,998,673
	<u>196,350,802</u>	<u>168,455,401</u>

The Company's net operating losses expire in the manner discussed below. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect to these items because it cannot be determined as probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

As of August 31, 2021, the Company has net operating loss carryforwards related to its domestic and international operations of approximately \$159.8 million; \$114.2 million of which have expiration periods ranging between 10 to 20 years, and \$45.6 million have an indefinite carryforward period. Certain of these foreign, federal and state net operating loss carryforwards may be subject to Internal Revenue Code Section 382 or similar provisions, which impose limitations on their utilization. Net-capital losses were incurred in the year on the disposal of Motorsports group in the amount of \$2,156,922. These losses can be carried forward indefinitely.



16. Lease liabilities

Lease liabilities are measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The continuity of the lease liabilities is presented in the table below:

	<u>Equipment</u>	<u>Office lease</u>	<u>Total</u>
	\$	\$	\$
Balance, August 31, 2019	-	-	-
Additions to right-of-use assets on adoption of IFRS 16, September 1, 2019	-	258,756	258,756
Acquisition of UMG	-	401,441	401,441
Acquired	36,375	-	36,375
Interest expense	(918)	(139,019)	(139,937)
Payments	-	15,513	15,513
Balance, August 31, 2020	<u>35,457</u>	<u>536,691</u>	<u>572,148</u>
Acquired	-	210,178	210,178
Interest expense	1,971	32,226	34,197
Payments	(13,380)	(214,948)	(228,328)
Effect of foreign exchange	-	(644)	(644)
Balance, August 31, 2021	<u>24,048</u>	<u>563,503</u>	<u>587,551</u>
	<u>Equipment</u>	<u>Office lease</u>	<u>Total</u>
	\$	\$	\$
<u>As of August 31, 2020:</u>			
Less than one year	11,409	174,262	185,671
Greater than one year	24,048	362,429	386,477
Total lease obligation	<u>35,457</u>	<u>536,691</u>	<u>572,148</u>
	<u>Equipment</u>	<u>Office lease</u>	<u>Total</u>
	\$	\$	\$
<u>As of August 31, 2021:</u>			
Less than one year	12,174	210,409	222,583
Greater than one year	11,874	353,094	364,968
Total lease obligation	<u>24,048</u>	<u>563,503</u>	<u>587,551</u>

The future minimum undiscounted lease payments as of August 31, 2021, are presented below:

	<u>Total</u>
	\$
Current	250,216
2 years	176,513
3 years	160,696
4 years	52,089
Total undiscounted lease obligation	<u>639,514</u>

17. Players liability account

The Players liability account consists of UMG and Winview cash deposited by players, plus any prize winnings, less any fees for match game play and withdrawal requests processed to date. As of August 31, 2021, and 2020, the players liability account balance is the total amount payable if all players were to request closure of their accounts.

18. Promissory notes payable and other borrowings

(a) Promissory notes

The Company has promissory notes with a balance of \$200,000 (August 31, 2020 - \$200,000) that are unsecured, due on demand, and bear interest at 18%. As of August 31, 2021, interest of \$139,644 has been accrued (August 31, 2020 - \$83,435).



The Company, through its WinView subsidiary, has a secured promissory note outstanding for amounts due for the provision of services by the noteholder. As of August 31, 2021, \$482,304 was due under the note (August 31, 2020 - \$1,527,582). The note is secured by the assets of WinView, bears interest at 8%, and is currently due. As of August 31, 2021, no interest is accrued on this note (August 31, 2020 - \$63,612).

(b) Paycheck Protection Program (the “PPP”) loans

In April and May 2020, the Company entered into promissory notes (the “Notes”) with three banks. The Notes evidence loans to the Company of \$1,589,559 pursuant to the PPP of the CARES Act administered by the U.S. Small Business Administration (the “SBA”). In accordance with the requirements of the CARES Act, the Company used the proceeds from the loans exclusively for qualified expenses under the PPP, including payroll costs, rent and utility costs, as further detailed in the CARES Act and applicable guidance issued by the SBA.

Interest will accrue on the outstanding balance of the Notes at a rate of 1.00% per annum. However, the Company expects to apply for and receive forgiveness of up to all amounts due under the Notes, in an amount equal to the sum of qualified expenses under the PPP during the twenty-four weeks following disbursement.

Subject to any forgiveness granted under the PPP, the Notes are scheduled to mature in April 2022 and require 18 equal monthly payments of principal and interest beginning November 2020. The Notes may be prepaid at any time prior to maturity with no prepayment penalties. The Notes provide for customary events of default, including, among others, those relating to failure to make payments, bankruptcy, breaches of representations, significant changes in ownership, and material adverse effects. The Company’s obligations under the Notes are not secured by any collateral.

Upon the receipt of the proceeds of \$1,589,559 from the Notes, the Company accounted for the Notes as a grant in the form of forgivable loan and recorded the amount as a deferred income liability. The liability was reduced as the Company recognized expenses which qualified for forgiveness of the loan. As of August 31, 2020, the Company had incurred greater than \$1,589,559 of qualifying expenses and therefore had a remaining deferred income liability of \$nil. The Company recognized the impact of the loan forgiveness as an offset against related salaries and wages expense, in the consolidated statement of loss and comprehensive loss for the year ended August 31, 2020.

(c) Frankly line of credit

On January 7, 2020, the Company’s Frankly Media LLC subsidiary (“Frankly Media”) entered an agreement with an arm’s length lender, EB Acquisition Company, LLC (the “Lender”), whereby the Lender agreed, subject to the terms and conditions thereof, to provide Frankly Media with a revolving term line of credit in the principal amount of up to \$5 million (the “EB Loan”).

The EB Loan had a one-year term, extendable for a second year upon the mutual agreement of Lender and Frankly Media; and was secured by a security interest in Frankly Media’s assets, as well as a guarantee by the Company, secured against the Company’s assets.

On December 1, 2020, the EB Loan was amended (the “Amended EB Loan”). The amendment extended the maturity date by one year and added a conversion feature to \$1 million of the \$5 million principal outstanding. The conversion feature allowed the holder to convert \$1 million into common shares of the Company at a conversion price of \$11.25 per common share. On February 24, 2021, the Company extinguished the Amended EB Loan and issued the Lender a convertible debenture in the principal amount of \$5 million (the “EB CD”). The EB CD is convertible into units of the Company at a conversion price of \$10.25 per unit, with each unit comprised of one common share and one-half of a warrant, with each whole warrant exercisable into a common share at an exercise price of \$15.00 per share for a period of three years from the issuance of the EB CD. The EB CD has a term of three years.



The Company determined the EB Loan was substantially modified on December 1, 2020 and the Amended EB Loan was substantially modified on February 24, 2021 (**Note 19**).

The carrying value of the line of credit as of August 31, 2021, was \$0 (August 31, 2020 - \$4,919,507).

19. Convertible debt

The continuity of convertible debt for the year ended August 31, 2021, is as follows:

	<u>2019</u> <u>Series</u> \$	<u>2020</u> <u>Series</u> \$	<u>Amended EB</u> <u>Loan</u>	<u>EB CD</u>	<u>Total</u> \$
Balance, August 31, 2019	12,532,723	-	-	-	12,532,723
Issuances	-	8,828,550	-	-	8,828,550
Conversion - common shares issued	(5,152,023)	-	-	-	(5,152,023)
Conversion - warrants issued	(5,037,535)	-	-	-	(5,037,535)
Interest expense	358,123	-	-	-	358,123
Accrued interest on conversion	(317,508)	11,917	-	-	(305,591)
Effect of foreign exchange	(200,661)	-	-	-	(200,661)
Change in fair value	(61,250)	(168,877)	-	-	(230,127)
Balance, August 31, 2020	<u>2,121,869</u>	<u>8,671,590</u>	<u>-</u>	<u>-</u>	<u>10,793,459</u>
	<u>2019</u> <u>Series</u> \$	<u>2020</u> <u>Series</u> \$	<u>Amended EB</u> <u>Loan</u>	<u>EB CD</u>	<u>Total</u> \$
Balance, August 31, 2020	2,121,869	8,671,590	-	-	10,793,459
Issuances	-	4,282,477	-	-	4,282,477
Exchange of EB Loan for Amended EB Loan	-	-	5,043,103	-	5,043,103
Exchange of Amended EB Loan for EB CD	-	-	(4,931,813)	7,394,022	2,462,209
Conversion - common shares issued	(1,500,214)	(12,204,391)	-	-	(13,704,605)
Conversion - warrants issued	(1,103,661)	(4,256,114)	-	-	(5,359,775)
Interest expense	54,126	398,183	138,710	250,000	841,019
Accrued interest on conversion / interest payments	(101,247)	(256,300)	(250,000)	-	(607,547)
Effect of foreign exchange	134,562	-	-	-	134,562
Change in fair value	1,308,993	5,461,682	-	(704,081)	6,066,594
Balance, August 31, 2021	<u>914,428</u>	<u>2,097,127</u>	<u>-</u>	<u>6,939,941</u>	<u>9,951,496</u>



	<u>2019</u> <u>Series</u>	<u>2020</u> <u>Series</u>	<u>Amended EB</u> <u>Loan</u>	<u>EB CD</u>	<u>Total</u>
	\$	\$	\$	\$	\$
As of August 31, 2021:					
Less than one year	914,428	-	-	-	914,428
Greater than one year	-	2,097,127	-	6,939,941	9,037,068
Total convertible debt obligation	914,428	2,097,127	-	6,939,941	9,951,496

(a) Conversions during the years ended August 31, 2021, and 2020

2019 Series

During the year ended August 31, 2021, 2019 Series convertible debentures with a principal amount of CAD\$1,315,000 (2020 - CAD\$13,047,122) were converted into 175,331 units (2020 - 1,739,615), and as a result, the Company issued 175,331 common shares and 175,331 warrants (2020 - 1,739,615 common shares and 1,739,615 warrants). The fair value of the convertible debentures at the time of conversion was estimated using the binomial lattice model with the below assumptions:

Share price of CAD\$11.65 - \$14.15 (2020 - CAD\$7.05 - \$18.00); term of 1.36 - 1.90 years (2020 - 1.85 and 2.52); conversion price and warrant exercise price of CAD\$7.50 (2020 - CAD\$7.50); interest rate of 6% (2020 - 6%); expected volatility of 98.5% - 179% (2020 - 168.65% - 181.93%); risk-free interest rate of 0.21% - 0.27% (2020 - 0.26% - 0.96%); exchange rate of 0.7651 - 0.8286 (2020 - 0.6899 - 0.7651); and an expected dividend yield of 0% for both years. The fair value assigned to these convertible debentures was \$2,603,875 (2020 - \$10,189,558).

This value was split between common shares and liability measured warrants as \$1,500,214 (2020 - \$5,152,023) and \$1,103,661 (2020 - \$5,037,535), respectively.

2020 Series

During the year ended August 31, 2021, 2020 Series convertible debentures with a principal amount of \$11,651,393 (2020 - nil) were converted or settled into 1,553,518 units, and as a result, the Company issued 1,553,518 common shares and 1,134,305 warrants. The fair value of the convertible debentures at the time of conversion or settlement was estimated using the binomial lattice model with the below assumptions:

Share price of \$7.79 - \$9.92; term of 1.44 - 1.77 years; conversion price of \$7.50; warrant exercise price of \$15.00, interest rate of 10%; expected volatility of 95% - 98.5%; risk-free interest rate of 0.09% - 0.13%; and an expected dividend yield of 0%. The fair value assigned to these convertible debentures was \$16,460,505.

This value was split between common shares and equity measured warrants as \$12,204,391 and \$4,256,114, respectively.

(b) Issuances during the year ended August 31, 2021

During the year ended August 31, 2021, 2020 Series convertible debentures with a principal amount of \$2,901,393 were issued for gross proceeds of \$2,901,393. In addition, in November 2020, \$2,000,000 of convertible debentures from the Company's standby convertible debenture facility were issued along with 224,719 warrants for gross proceeds of \$2,000,000 (**Note 19(f)**). Of the gross proceeds of \$2,000,000, \$1,381,084 was allocated to the convertible debt and \$618,916 was allocated to the 224,719 warrants issued (**Note 19(f)**). The total fair value recorded to convertible debt for issuances above amounted to \$4,282,477.



On December 1, 2020, the EB Loan was amended (**Note 18(c)**). The amendment extended the maturity date by one year and added a conversion feature to \$1,000,000 of the \$5,000,000 principal outstanding. The conversion feature allowed the holder to convert \$1,000,000 into common shares of the Company at a conversion price of \$11.25 per common share. On February 24, 2021, the Company extinguished the Amended EB Loan and issued the Lender a convertible debenture in the principal amount of \$5,000,000. The EB CD is convertible into units of the Company at a conversion price of \$10.25 per unit, with each unit comprised of one common share and one-half of a warrant, with each whole warrant exercisable into a common share at an exercise price of \$15.00 per share for a period of three years from the issuance of the EB CD. The EB CD has a term of three years.

The fair value of the Amended EB Loan on December 1, 2020, was \$5,043,103. The carrying value of the former EB Loan on December 1, 2020, consisted of \$5,000,000 in principal and \$76,412 in accrued interest, for total carrying value on the amendment date of \$5,076,412. As a result, a gain on extinguishment of debt of \$33,309 was recognized. The fair value of the EB CD on the date of issuance of February 24, 2021, was \$7,394,022. The fair value of the Amended EB Loan on February 24, 2021, was \$4,931,813. As a result, a loss on extinguishment of debt of \$2,462,209 was recognized. The above two transactions resulted in a loss on extinguishment of debt of \$2,428,900.

(c) 2019 Series

As of August 31, 2021, the fair value of the 2019 Series convertible debentures was estimated using the binomial lattice model with the below assumptions:

2019 Series	August 31, 2021 (CAS)	August 31, 2020 (CAS)
Share price	8.42	11.65
Conversion price	7.50	7.50
Warrant exercise price	7.50	7.50
Term, in years	.85 - .94	1.85 - 1.94
Interest rate	6%	6%
Expected volatility	90.00%	179.00%
Risk-free interest rate	0.25% - 0.26%	0.25%
Exchange rate	0.7947	0.7651
Expected dividend yield	0%	0%

(d) 2020 Series

The 2020 Series debentures will mature twenty-four (24) months from the date of issuance and bear interest at a rate of 5% per annum (subject to adjustment as described below), payable on maturity. At the Company's option, interest under the 2020 Series debentures is payable in kind in common shares at an issue price which would be based on the trading price of the common shares at the time of such interest payment. The interest rate under the 2020 Series debentures will increase from 5% to 10% per annum on a prospective basis on December 19, 2020, if a public offering has not occurred by that date.



The 2020 Series debenture holders may convert all or a portion of the principal amount of the debentures into units (“Units”) of the Company at a price (the “Conversion Price”) equal to the lesser of (a) \$11.25 per Unit, and (b) if such conversion occurs after a public offering of securities by the Company (the “Public Offering”), a fifteen percent (15%) discount to the public offering price, provided that such conversion price shall not be less than \$7.50 per Unit.

Notwithstanding the foregoing, if by December 19, 2020, the Company has not obtained registration rights in the United States to allow sale in the United States of the common shares (“Common Shares”) of the Company and the exercise of warrants (the “Warrants”) of the Company to be issued pursuant to the conversion of the 2020 Series debentures, holders of 2020 Series debentures may convert such debentures into Units at \$7.50 per Unit. As of December 19, 2020, the Company had not obtained registration rights in the United States. As such, the conversion price is \$7.50 per Unit and the interest rate increased to 10% on December 19, 2020.

Each Unit is comprised of one common share and one-half of one Warrant, with each Warrant exercisable into one common share of the Company at an exercise price of \$15.00 per share for a period of three years from the issuance of the 2020 Series debentures. Under certain circumstances, the Company shall be entitled to call for the exercise of any outstanding Warrants in the event that the closing trading price of the Company common shares on the NASDAQ is above \$30.00 per share for fifteen (15) consecutive trading days.

In the event that the Company’s common shares are listed for trading on the NASDAQ Capital Market and the Company completes a Public Offering for an aggregate amount of at least US\$30,000,000, the Company may cause the 2020 Series debentures to be converted at the Conversion Price by the Company delivering a notice to the holder not less than a minimum of 30 days and a maximum 60 days prior to the forced conversion date.

(e) 2020 Series - One Up

These convertible debentures (the “2020 Series One Up” debentures) have identical terms as the 2020 Series debentures except that the minimum conversion price of \$7.50 per Unit (as described above) will be US\$9.50 per Unit. The 2020 Series One Up convertible debentures had a fair value at issuance of \$3,078,550.

(f) 2020 Series - Standby

In September 2020, the Company entered into an \$8,000,000 stand-by convertible debenture facility (the “2020 Series Standby” debentures). The 2020 Series Standby Debenture has substantially similar terms as the 2020 Series debentures, except (i) the references to a minimum \$7.50 conversion price (as described above) have been changed to \$8.90; and (ii) the 2020 Series Standby debentures are only convertible into common shares of the Company, not units.

In November 2020, the Company issued 224,719 warrants in connection with this first draw of \$2,000,000 of the Standby Debentures, with each warrant exercisable into one common share the Company at an exercise price of \$15.00 per share for a period of two years, subject to the same acceleration clause as the warrants underlying the 2020 Series debentures.

The remaining \$6,000,000 of convertible debentures that are issuable under this facility have substantially similar terms as the 2020 Series debentures, including conversion into units consisting of one share and one-half warrant, provided that the conversion price of any additional convertible debentures will be based on the market price of the common shares at the time of such subscriptions and are subject to TSX-V approval.



As of August 31, 2021, the fair value of the 2020 Series convertible debentures was estimated using the binomial lattice model with the below assumptions:

2020 Series	August 31, 2021 (US\$)	August 31, 2020 (US\$)
Share price	6.66	8.92
Conversion price	8.90	7.50 - 9.50
Warrant exercise price	-	15.00
Term, in years	1.26	1.97 - 1.98
Interest rate	10%	5% and 10%
Expected volatility	90.00%	200.00%
Risk-free interest rate	0.10%	0.14%
Expected dividend yield	0%	0%

(g) EB CD

On February 24, 2021, the Company extinguished the Amended EB Loan and issued the Lender a convertible debenture in the principal amount of \$5 million (the "EB CD"). The EB CD is convertible into units of the Company at a conversion price of \$10.25 per unit, with each unit comprised of one common share and one-half of a warrant, with each whole warrant exercisable into a common share at an exercise price of \$15.00 per share for a period of three years from the issuance of the EB CD. The EB CD has a term of three years.

As of August 31, 2021, the fair value of the EB CD convertible debenture was estimated using the binomial lattice model with the below assumptions:

EB CD	August 31, 2021 (US\$)	August 31, 2020 (US\$)
Share price	6.66	-
Conversion price	10.25	-
Warrant exercise price	15.00	-
Term, in years	1.26	-
Interest rate	10%	-
Expected volatility	90.00%	-
Risk-free interest rate	0.30%	-
Expected dividend yield	0%	-

Financial assets / financial liabilities	Valuation technique	Key Inputs	Relationship and sensitivity of unobservable inputs to fair value to fair value
Convertible debt	The fair value of the convertible debentures as of August 31, 2021 has been calculated using a binomial lattice methodology.	<i>Key observable inputs</i>	The estimated fair value would increase (decrease) if:
		Share price CAD\$8.42 (USD \$6.66)	The share price was higher (lower)
		Risk-free interest rate (0.10% to 0.30%)	The risk-free interest rate was higher (lower)
		Dividend yield (0%)	The dividend yield was lower (higher)
		<i>Key unobservable inputs</i>	
		Credit spread (1.14% to 8.45%)	The credit spread was lower (higher)
		Discount for lack of marketability (0%)	The discount for lack of marketability was lower (higher)
Convertible debt	The fair value of the convertible debentures as of August 31, 2020 has been calculated using a binomial lattice methodology.	<i>Key observable inputs</i>	The estimated fair value would increase (decrease) if:
		Share price (USD \$8.92)	The share price was higher (lower)
		Risk-free interest rate (0.14%)	The risk-free interest rate was higher (lower)
		Dividend yield (0%)	The dividend yield was lower (higher)

Key unobservable inputs

Credit spread (18.35%)

The credit spread was lower (higher)

Discount for lack of
marketability (47%)

The discount for lack of marketability
was lower (higher)

20. Long-term debt

The Company has an unsecured, non-interest bearing loan that matures on June 30, 2022. The loan bears interest at 0% per annum. As of August 31, 2021, the present value of the loan was \$96,664 (2020 - \$230,932), with accretion of \$28,123 (2020 - \$16,239) having been charged to interest expense on the Company's consolidated statements of loss and comprehensive loss for the years then ended. A discount rate of 10% was used for both years.

Scheduled repayments are: €90,000 (\$106,330) as of August 31, 2021, all of which is current.



21. Warrants

Liability measured warrants having CAD exercise price

The following table reflects the continuity of the Company's liability measured warrants for the years ended August 31, 2021, and 2020:

	<u>Amount</u>
	\$
Balance at August 31, 2020	14,135,321
Issued on conversion of convertible debt	1,103,661
Exercised	(2,134,116)
Change in fair value	(9,037,108)
Foreign exchange	800,945
Balance, August 31, 2021	4,868,703
	<u>Amount</u>
	\$
Balance at August 31, 2019	296,795
Issued in acquisition of Frankly	2,157,000
Issued on conversion of convertible debt	5,037,535
Issued in private placement of units	991,709
Exercised	(1,345,573)
Change in fair value	6,189,921
Foreign exchange	807,934
Balance, August 31, 2020	14,135,321



The following table reflects the continuity of the Company's outstanding liability measured warrants for the years ended August 31, 2021, and 2020:

	Number of warrants #	Weighted-average exercise price CAD \$
Outstanding, August 31, 2020	2,405,369	9.60
Issued on conversion of convertible debt	175,331	7.50
Exercised	(901,060)	9.27
Expired	(226,797)	13.43
Outstanding as at August 31, 2021	1,452,843	8.96

	Number of warrants #	Weighted-average exercise price CAD \$
Outstanding, August 31, 2019	29,318	448.50
Issued	1,990,890	8.45
Issued on acquisition of UMG	9,943	174.18
Issued in acquisition of Frankly	1,055,036	9.69
Exercised	(654,543)	7.50
Expired	(25,275)	551.26
Outstanding as at August 31, 2020	2,405,369	9.60

The following table reflects the liability measured warrants issued and outstanding as of August 31, 2021:

Expiry date	Number outstanding	Warrants outstanding	
		Average exercise price CAD	Average remaining contractual life (years)
March 13, 2022	123,159	10.50	0.53
December 20, 2022	29,066	27.00	1.30
March 20, 2023	27,777	13.50	1.55
March 30, 2023	46,909	13.50	1.58
March 31, 2023	17,222	13.50	1.58
May 27, 2023	130,304	13.50	1.74
July 8, 2024	445,982	7.50	2.85
July 25, 2024	401,624	7.50	2.90
August 8, 2024	230,800	7.50	2.94
	1,452,843	\$ 8.96	2.47



As of August 31, 2021, the fair value of the 1,452,843 liability measured warrants outstanding (August 31, 2020 - 2,405,369) was determined to be \$4,868,703 (August 31, 2020 - \$14,135,321) as calculated using the Black Scholes option pricing model with the following range of assumptions: 0.53 - 2.94 years (August 31, 2020 - 0.23 - 3.94) as expected average life; share price of CAD\$8.42 (August 31, 2020 - CAD\$11.65); exercise price of CAD\$7.50 - CAD\$27.00 (August 31, 2020 - CAD\$7.50 - CAD\$205.20); 70% - 90% expected volatility (August 31, 2020 - 115% - 136%); risk free interest rate of 0.28% - 0.63% (August 31, 2020 - 0.23% - 0.32%); and an expected dividend yield of 0%.

If all liability measured warrants outstanding and exercisable as of August 31, 2021, were exercised, the Company would receive cash from exercise of approximately CAD\$13.0 million.

(a) Liability measured warrants exercised during the year ended August 31, 2021

During the year ended August 31, 2021, the holders of 901,060 warrants exercised their right to convert the warrants into the Company's common shares at an exercise price of CAD\$7.50 - \$9.75. As a result of the underlying exercise of warrants, the Company received \$6,866,735 in cash proceeds and the intrinsic value of the underlying warrants at the date of exercise of \$2,134,116 was transferred to share capital, for a total addition to share capital of \$9,000,851.

(b) Liability measured warrants issued during the year ended August 31, 2021

During the year ended August 31, 2021, the Company issued 175,331 warrants (August 31, 2020 - 1,739,613) in connection with conversion of convertible debt (**Note 19(a) - 2019 Series**), and nil warrants (August 31, 2020 - 251,277) in connection with the private placement of units (**Note 22(c)**), for a total number of 175,331 warrants issued (August 31, 2020 - 1,990,890 warrants issued, excluding warrants issued in connection with acquisitions as highlighted in the continuity above).

(c) Liability measured warrants issued on conversion of convertible debt

2019 Series

During the year ended August 31, 2021, the Company issued 175,331 warrants (August 31, 2020 - 1,739,613) in conjunction with the conversion of convertible debt. The fair value of the 175,331 warrants (August 31, 2020 - 1,739,613) issued was determined to be \$1,103,661 (August 31, 2020 - \$5,037,535) as calculated using the Black Scholes option pricing model with the following assumptions:

A 3.36 - 3.90 years as expected average life (August 31, 2020 - 3.92 to 4.91); share price of CAD\$9.50 - \$12.33 (August 31, 2020 - CAD\$7.05 - \$25.65); exercise price of CAD\$7.50 (August 31, 2020 - CAD\$7.50); 98.5% - 136% expected volatility (August 31, 2020 - 136%); risk free interest rate of 0.25% - 0.54% (August 31, 2020 - 0.28% and 1.71%); and an expected dividend yield of 0% for both years.

Volatility is calculated using a weighted approach based on the changes in the Company's historical stock price. The final fair value allocated to the warrants on conversion of convertible debt is based on a relative fair value allocation between the common shares issued and warrants issued on conversion.



Equity measured warrants having USD exercise price

The following table reflects the continuity of the Company's equity measured warrants for the year ended August 31, 2021. There were no equity measured warrants outstanding as of August 31, 2020:

	<u>Amount</u>
	\$
Balance at August 31, 2020	-
Issued on conversion of convertible debt	4,256,114
Issued in private placement of convertible debt	618,916
Issued in private placement of units	7,373,806
Issued in private placement of units - transaction costs	(582,333)
Balance, August 31, 2021	11,666,503

The following table reflects the continuity of the Company's outstanding equity measured warrants for the year ended August 31, 2021:

	<u>Number of</u>	<u>Weighted-average</u>
	<u>warrants</u>	<u>exercise price</u>
	#	USD
		\$
Outstanding, August 31, 2020	-	-
Issued on conversion of convertible debt	1,134,305	15.0
Issued in private placement of convertible debt	224,719	15.00
Issued in private placement of units	2,377,272	15.00
Outstanding as at August 31, 2021	3,736,296	15.00



The following table reflects the equity measured warrants issued and outstanding as of August 31, 2021:

Expiry date	Number outstanding	Warrants outstanding	
		Average exercise price USD	Average remaining contractual life (years)
November 20, 2022	224,719	15.00	1.22
January 8, 2024	1,868,787	15.00	2.36
January 22, 2024	522,898	15.00	2.39
February 24, 2024	1,058,227	15.00	2.48
August 19, 2024	49,999	15.00	2.97
September 15, 2024	11,666	15.00	3.04
	3,736,296	\$ 15.00	2.34

If all equity measured warrants outstanding and exercisable as of August 31, 2021, were exercised, the Company would receive cash from exercise of approximately \$56.0 million.

(a) Equity measured warrants issued during the year ended August 31, 2021

During the year ended August 31, 2021, the Company issued 1,134,305 warrants (August 31, 2020 - nil) in connection with conversion of convertible debt (**Note 19(a) - 2020 Series**), 224,719 warrants (August 31, 2020 - nil) in connection with the private placement of convertible debentures (**Note 19(f)**) and 2,377,272 warrants (August 31, 2020 - nil) in connection with the private placement of units (**Note 22(e)**), for a total number of 3,736,296 warrants issued (August 31, 2020 - nil).

(b) Equity measured warrants issued on conversion of convertible debt

2020 Series

During the year ended August 31, 2021, the Company issued 1,134,305 warrants (August 31, 2020 - nil) in conjunction with the conversion of convertible debt. The fair value of the 1,134,305 warrants issued was determined to be \$4,256,114 as calculated using the Black Scholes option pricing model with the following assumptions:

A 3.00 - 3.50 years expected average life; share price of \$7.79 - \$11.17; exercise price of \$15.00; 98.5% expected volatility; risk free interest rate of 0.29% - 0.57%; and an expected dividend yield of 0%.

Volatility is calculated using a weighted approach based on the changes in the Company's historical stock price. The final fair value allocated to the warrants on conversion of convertible debt is based on a relative fair value allocation between the common shares and equity measured warrants.

(c) Equity measured warrants issued on private placement of standby convertible debentures

During the year ended August 31, 2021, the Company issued 224,719 warrants in connection with the private placement of convertible debentures under its standby convertible debenture facility (**Note 19(f)**). The fair value of the 224,719 warrants issued was determined to be \$618,916 as calculated using the Black Scholes option pricing model with the following assumptions:

A 2 years expected average life; share price of \$5.63; exercise price of \$15.00; 200% expected volatility; risk free interest rate of 0.16%; and an expected dividend yield of 0%.

Volatility is calculated using a weighted approach based on the changes in the Company's historical stock price. The final fair value allocated to the warrants on conversion of convertible debt is based on a relative fair value allocation between the common shares issued and warrants issued on conversion.



(d) Equity measured warrants issued on private placement of units

During the year ended August 31, 2021, the Company issued 2,377,272 warrants (August 31, 2020 - nil) in conjunction with the private placement of units. Of the 2,377,272 warrants issued, 191,387 were issued to finders as fees for services. The fair value of the 2,377,272 warrants issued (August 31, 2020 - nil) was determined to be \$7,373,806 (August 31, 2020 - \$nil) as calculated using the Black Scholes option pricing model with the following assumptions:

A 3.00 year expected average life (August 31, 2020 - nil); share price of \$7.79 - \$10.00 (August 31, 2020 - nil); exercise price of \$15.00 (August 31, 2020 - nil); 98.5% expected volatility (August 31, 2021 - nil); risk free interest rate of 0.29% - 0.43% (August 31, 2020 - nil); and an expected dividend yield of 0%.

Of the \$7,373,806 total fair value, \$6,603,243 was the fair value of the 2,185,885 warrants issued for proceeds, with \$770,563 being the fair value of the 191,387 warrants issued to finders. The amount recorded in contributed surplus of \$6,791,473 represents the fair value of warrants issued of \$7,373,806 less \$582,333 for transaction costs allocated to the warrants issued.

Volatility is calculated using a weighted approach based on the changes in the Company's historical stock price. The final fair value allocated to the warrants on the issuance of the units is based on a relative fair value allocation between the common shares issued and warrants issued.

22. Share capital

(a) Authorized

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

(b) Issued and outstanding, common shares

	<u>Shares</u> #	<u>Consideration</u> \$
Balance, August 31, 2019	156,438	29,613,406
Impact of share consolidation	(114)	-
Shares issued on vesting of RSUs	26,666	159,895
Convertible debt conversion	1,739,615	5,152,023
Private placements, net of costs	502,562	2,694,076
Shares issued for debt conversion	59,654	724,231
Shares issued on acquisition of UMG	288,560	3,804,344
Shares issued on acquisition of Frankly	2,258,215	12,155,000
Shares issued on acquisition of Winview	1,759,997	7,579,000
Shares issued on acquisition of Driver Database (Note 6)	100,000	859,745
Shares issued on acquisition of Lets Go Racing (Note 6)	200,000	1,719,491
Common shares issued on exercise of warrants	654,543	4,919,596
Balance, August 31, 2020	7,746,136	69,380,807
	<u>Shares</u> #	<u>Consideration</u> \$
Balance, August 31, 2020	7,746,136	69,380,807
Shares issued on vesting of RSUs	277,749	1,895,891
Common shares issued on exercise of options	20,833	290,558
Convertible debt conversion	1,728,848	13,704,605
Common shares issued on private placement, net of costs	4,435,433	24,225,901
EB bonus shares	6,666	54,061
Shares for debt	40,000	226,556
Common shares issued on exercise of warrants	901,060	9,000,851
Shares issued on acquisition of SideQik	386,584	3,962,000
Balance, August 31, 2021	15,543,309	122,741,230



(c) Activity for the year ended August 31, 2021

Private Placement of units

In January and February 2021, the Company closed on the issuance of 4,371,767 units (the “Units”) for gross proceeds of \$32,788,253 of non-brokered private placements. Each Unit consists of one common share of the Company and one-half of one common share purchase warrant (a “Warrant”). Each whole Warrant entitles the holder to acquire one additional share of the Company at a price of \$15.00 per share for a period of 3 years provided that: (i) if the common shares are listed for trading on NASDAQ, (ii) the Company completes an offering of securities under a short form prospectus for an aggregate amount of at least \$30,000,000, and (iii) the closing price of the common shares on NASDAQ is \$30.00 or greater for a period of 15 consecutive trading days, then the Company may accelerate the expiry date of the Warrants to the 30th day after the date written notice is provided to the holders.

The Company paid cash commissions to eligible finders under the offering of \$1,681,477 and regulatory and legal fees of \$89,402. Net cash proceeds from the offering amounted to \$31,017,374.

In addition to the cash finder’s fees discussed above, the Company issued the following securities as partial payment of commissions to finders: 63,666 Units; and 159,554 finders warrants, with each finder warrant exercisable into a common share at an exercise price of US\$15.00 per share for 3 years subject to the same acceleration terms described above.

The total number of common shares issued as a result of the private placements totaled 4,435,433, which was comprised of 4,371,767 Units issued for proceeds and 63,666 Units issued as partial payment to finders. The total number of warrants issued totaled 2,377,272, which was comprised of warrants issued as part of the Units issued of 2,217,718 (50% of Units issued) and 159,554 finders warrants issued.

A summary of amounts recorded in connection with private placement and their effect on financial statement line items is noted below:

	<u>Proceeds</u>	<u>Shares</u>	<u>Impact on share capital</u>	<u>Warrants</u>	<u>Impact on contributed surplus</u>
	\$	#	\$	#	\$
Units issued in private placement	32,788,253	4,371,767	26,185,009	2,185,885	6,603,244
Cash commissions	(1,681,477)	-	(1,345,736)	-	(335,741)
Regulatory and legal fees	(89,402)	-	(71,522)	-	(17,880)
Finders’ units issued	-	63,666	383,720	31,833	93,775
Finders’ units considered as transaction costs	-	-	(383,720)	-	(93,775)
Finders’ warrants issued	-	-	-	159,554	676,787
Finders’ warrants considered as transaction costs	-	-	(541,850)	-	(134,937)
	<u>31,017,374</u>	<u>4,435,433</u>	<u>24,225,901</u>	<u>2,377,272</u>	<u>6,791,473</u>

The fair value allocated between the common shares and warrants on the issuance of the Units is based on a relative fair value allocation between the common shares issued and warrants issued. Refer to equity measured warrants note for discussion of the key assumptions used in valuation of the warrants as part of the relative fair value allocation.



Other activity

During the year ended August 31, 2021, the Company had the following additional activity to share capital: (i) issued 277,749 common shares upon vesting of an equal number of RSUs (**Note 24**); (ii) issued 20,833 common shares upon the exercise of vested stock options, (iii) issued 1,728,848 common shares in connection with conversion of convertible debt (**Note 19(a)**), (iv) issued 901,060 common shares in connection with the exercise of warrants (**Note 21(a)**); (v) issued 40,000 common shares for cancellation of \$226,556 of debt (shares for debt); and (vi) issued 6,666 common shares valued at \$54,061 as an amendment fee to the lender in connection with the Amended EB Loan (the “EB Bonus Shares”). In addition to the EB Bonus Shares, the Company paid the lender a cash fee of \$100,000. The amendment fees were recorded within interest expense as the Amended EB Loan and the subsequently the EB CD is being accounted for at FVTPL; (vii) issued 386,584 common shares with a fair value of \$3,962,000 in connection with the acquisition of SideQik, Inc (**Note 6**).

Activity for the year ended August 31, 2020

During the year ended August 31, 2020, the Company issued 26,666 common shares upon vesting of an equal number of RSUs (**Note 24**), issued 1,739,615 common shares in connection with conversion of convertible debt (**Note 19**), and issued 502,562 common shares in connection with a series of non-brokered private placements as follows:

On December 18, 2019, the Company closed a non-brokered private placement at a price of CAD\$18.75 (\$14.25) per unit. The Company issued 58,133 units for gross proceeds of CAD\$1,090,000 (\$830,907). Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Company for a period of 36 months from the date of issuance of the warrant, at an exercise price of CAD\$27.00 per share. The proceeds were allocated to the common shares and warrants using the relative fair value method, with \$612,745 being allocated to the 58,133 common shares issued and the remaining \$218,162 allocated to the 29,067 warrants issued (**Note 21**).

During the third quarter of 2020 the Company closed a non-brokered private placement at a price of CAD\$9.00 per unit in four tranches. The Company issued a total of 444,429 units for gross proceeds of CAD\$3,999,860 (\$2,875,593). Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Company for a period of 36 months from the date of issuance of the warrant, at an exercise price of CAD\$13.50 per share. The proceeds were allocated to the common shares and warrants using the relative fair value method, with \$2,102,047 being allocated to the 444,429 common shares issued and the remaining \$773,546 allocated to the 222,214 warrants issued (**Note 21**).

On March 20, 2020, the Company issued 46,300 common shares in settlement of select trade payables through a shares for debt placement amounting to CAD\$900,003 (\$632,522). The fair value of the shares issued were based on market price on the date of settlement. In addition, on June 13, 2020, the Company issued 13,354 common shares in settlement of select trade payables through a shares for debt placement amounting to CAD\$125,000 (\$91,709).



On December 31, 2019, the Company issued 288,560 common shares with a fair value of \$3,804,344 in connection with the acquisition of UMG (Note 6). On May 8, 2020, the Company issued 2,258,215 common shares with a fair value of \$12,155,000 in connection with the acquisition of Frankly (Note 6). On May 8, 2020, the Company issued 1,759,997 common shares with a fair value of \$7,579,000 in connection with the acquisition of Winview (Note 6).

On June 3, 2020, the Company issued 100,000 common shares with a fair value of \$859,745 in connection with the acquisition of DriverDB (Note 6). On June 3, 2020, the Company issued 200,000 common shares with a fair value of \$1,719,491 in connection with the acquisition of Lets Go Racing (Note 6).

During the year ended August 31, 2020, the Company issued 654,543 common shares in connection with the exercise of warrants. In connection with these exercises, amounts recorded to share capital of \$4,919,596 are comprised of exercise proceeds of \$3,574,023 and intrinsic value of warrants on exercise of \$1,345,573 (Note 21).

23. Stock options

On October 6, 2021, the Company adopted an amended and restated equity incentive plan (“Omnibus Plan”), which amends and restates the equity incentive plan which was previously established as of July 15, 2020. Under the amendments, there were no changes in the terms of previously issued awards. Under the Omnibus Plan, the total number of common shares reserved and available for grant and issuance pursuant to stock options shall not exceed 10% of the then issued and outstanding shares.

Options may be exercisable over periods of up to 10 years as determined by the Board of Directors of the Company and the exercise price shall not be less than the closing price of the shares on the day preceding the award date, subject to regulatory approval. The following table reflects the continuity of stock options for the years ended August 31, 2021, and 2020:

	Number of stock options #	Weighted-average		Remaining contractual term (yrs.)
		Exercise price \$	Grant-date fair value \$	
Balance, Aug. 31, 2019	6,971	166.20	49.86	5.84
Issued on acquisition of UMG	16,606	63.30	2.32	
Issued on acquisition of Frankly	64,659	9.22	5.07	
Granted	169,995	7.91	4.38	
Expired/Cancelled	(5,110)	185.97	55.79	
Balance, Aug 31, 2020	253,121	12.73	4.39	4.31
Balance, August 31, 2020	253,121	12.73	4.39	4.31
Granted	487,466	11.77	8.16	
Issued on exercise of options	(20,833)	7.91	4.38	
Expired/Cancelled	(26,816)	27.20	6.51	
Balance, Aug 31, 2021	692,938	11.64	7.06	4.46
Exercisable as at Aug 31, 2021	209,950	13.01	4.30	2.35



The following tables reflect the stock options issued and outstanding as of August 31, 2021:

Expiry date	Outstanding options	CAD	Weighted average exercise price USD	Weighted average remaining contractual term (Years)
December 10, 2021	1,564	93.30	71.84	0.28
June 30, 2022	4,428	153.45	118.15	0.83
April 1, 2023	84,165	11.25	7.91	1.58
October 31, 2023	64,997	11.25	7.91	2.17
January 29, 2025	46	106.50	76.43	3.42
August 25, 2025	340	106.50	76.43	3.99
September 23, 2025	11	106.50	76.43	4.07
February 10, 2026	1,443	106.50	76.43	4.45
May 19, 2026	4	106.50	76.43	4.72
May 23, 2026	9	106.50	76.43	4.73
June 24, 2026	375,188	15.04	12.21	4.82
July 1, 2026	10,000	14.87	12.00	4.84
July 2, 2026	57,762	15.08	12.21	4.84
August 20, 2026	32,500	7.78	6.05	4.97
March 3, 2027	1,256	106.50	76.43	5.51
July 31, 2027	159	106.50	76.43	5.92
November 3, 2027	133	106.50	76.43	6.18
November 7, 2029	46,251	7.50	5.38	8.19
April 20, 2030	666	7.05	5.06	8.64
December 2, 2030	1,333	9.50	7.38	9.26
June 14, 2031	10,683	14.20	11.69	9.79
	692,938	14.86	11.64	4.46

Of the 692,938 options outstanding as of August 31, 2021 (2020 - 253,121), 209,950 are exercisable as of August 31, 2021 (2020 - 191,730).

24. Restricted share units

The Omnibus Plan allows the Company to award restricted share units to officers, employees, directors and consultants of the Company and its subsidiaries upon such conditions as the Board may establish, including the attainment of performance goals recommended by the Company's compensation committee. The purchase price for common shares of the Company issuable under each Restricted Share Unit ("RSU") award, if any, shall be established by the Board at its discretion. Common shares issued pursuant to any RSU award may be made subject to vesting conditions based upon the satisfaction of service requirements, conditions, restrictions, time periods or performance goals established by the board.

The TSXV requires the Company to fix the number of common shares to be issued in settlement of awards that are not options. The maximum number of common shares available for issuance pursuant to the settlement of RSUs shall be an aggregate of 1,548,174 common shares.



The Company's outstanding RSUs are as follows:

	<u>Number</u>
	#
Balance, August 31, 2019	-
Issued on acquisition of Frankly	50,037
Granted	379,001
Vested	(26,666)
Cancelled	-
Balance, August 31, 2020	402,372
Balance, August 31, 2020	402,372
Issued on acquisition of SideQik	23,939
Granted	353,467
Vested	(277,749)
Cancelled	(11,855)
Balance, August 31, 2021	490,174

Activity for the year ended August 31, 2021

During the year ended August 31, 2021, the Company granted 353,467 RSUs pursuant to the Company's incentive plan to a former officer and key management employees. The fair value of these RSUs was estimated based on the closing price of CAD\$7.94 - CAD\$14.61 for a total fair value on date of grant of CAD\$3,547,104. Of the 377,406 RSUs granted, 75,944 were severance compensation to a former officer. As these RSUs were issued as severance compensation, the grant date fair value of CAD\$713,874 (\$550,896) was recognized on the grant date. The Company issued 23,939 RSUs as purchase consideration related to the SideQik, Inc. acquisition with a fair value of \$245,000. The remaining RSUs will be recognized as share-based compensation expense over the vesting period, which is generally three years.

Activity for the year ended August 31, 2020

On April 1, 2020, the Company granted 26,666 RSUs to compensate directors, officers and key employees, which vested immediately. On August 13, 2020, the Company granted 352,335 RSUs to compensate directors and officers. The director RSUs vest at the end of one year, and the officer RSUs vest over three years. The remaining 50,037 RSUs were granted on May 8, 2020, in connection with the acquisition of Frankly. These RSUs have a vesting period of three years from the original date of the grant.

The fair value of RSUs granted on April 1, 2020, was estimated based on a closing price of CAD\$8.55 (US\$6.01) for a total fair value on date of grant of CAD\$228,000 (\$159,895). As these RSUs had immediate vesting, the fair value was recognized in full on the date of grant as stock-based compensation expense and 26,666 common shares were issued. The fair value of RSUs granted on August 13, 2020, was estimated based on a closing price of CAD\$8.40 (US\$6.34) for a total fair value on date of grant of CAD\$2,959,614 (\$2,232,997). The fair value of these RSUs will be recognized as stock-based compensation expense over the vesting period. The fair value of the RSUs granted on May 8, 2020, in connection with the acquisition of Frankly will be recognized as stock-based compensation expense over the vesting period.

During the year ended August 31, 2021, share-based compensation expense for the Company's RSUs was \$3,037,366 (2020 - \$479,663).



25. Capital management

The Company considers its capital to be its shareholders' equity.

As of August 31, 2021, the Company had shareholders' equity before non-controlling interests of \$15,161,438 (2020 - \$(10,276,463)). The Company's objective when managing its capital is to seek continuous improvement in the return to its shareholders while maintaining a moderate to high tolerance for risk. The objective is achieved by prudently managing the capital generated through internal growth and profitability, through the use of lower cost capital, including raising share capital or debt when required to fund opportunities as they arise.

The Company may also return capital to shareholders through the repurchase of shares, pay dividends or reduce debt where it determines any of these to be an effective method of achieving the above objective. The Company does not use ratios in the management of its capital. There have been no changes to management's approach to managing its capital during the years ended August 31, 2021, and 2020.

26. Commitments and contingencies

Litigation and Arbitration

In April 2020, the Company announced its renegotiation of the acquisition of Allinsports. The revised purchase agreement provided for the acquisition of 100% of Allinsports in exchange for the issuance of 966,667 common shares of the Company and other consideration, including payments of \$1,200,000 as a portion of the purchase consideration. In September 2020, the Company advised the shareholders of Allinsports that closing conditions of the transaction, including the requirement to provide audited financial statements, had not been satisfied.

In response, in November 2020, the shareholders of Allinsports commenced arbitration in Alberta, Canada seeking, among other things, to compel the Company to complete the acquisition of Allinsports without the audited financial statements, and to issue 966,667 common shares of the Company to those shareholders. As alternative relief, the shareholders of Allinsports sought up to US\$20,000,000 in damages. As of August 31, 2020 the Company had recorded an impairment against the entire balance of advances to Allinsports, amounting to \$2,625,657. A hearing in this matter was held in May of 2021, and by a decision dated September 30, 2021, the Arbitrator determined that the closing of the transaction had previously occurred and directed the Company to issue the 966,667 common shares. The Company is pursuing regulatory approval to issue the shares and is also pursuing relief against the Allinsports shareholders for various alleged breaches of the share purchase agreement. The Company recognized a liability for the arbitration ruling of \$6,468,330, which represents the fair value of the common shares directed to be delivered as of August 31, 2021. The liability is recorded as Arbitration reserve on the Company's Consolidated Statements of Financial Position. This liability will be adjusted to fair value at the end of each reporting period.

Separately, in April of 2021, the Company received a copy of a complaint filed by 3CI Holdings, LLP in the Circuit Court for the 11th Judicial Circuit for Miami-Dade naming Allinsports, A1 Simulation LLC (an entity purported to be a subsidiary of Allinsports), and the Company, seeking to hold the parties, including Company, responsible for unpaid rent under a lease agreement between 3CI's predecessors in interest and A1 Simulation, and seeking damages of at least \$2,890,000. On July 6, 2021, the Company filed motion to dismiss the complaint in this matter.

On January 21, 2021, eight former shareholders of Winview filed a Complaint in Delaware Chancery Court against four Winview directors (David Lockton, et al. v. Thomas S. Rogers, et al.) alleging that the defendants breached their fiduciary duties in connection with the sale of Winview to Engine. The relief sought includes rescission of the sale of Winview to Engine and compensatory damages. The defendants have filed a motion to dismiss the claims in this matter. Neither the Company nor Winview have been named as parties to this action. Under the March 9, 2020, Business Combination Agreement pursuant to which the Company acquired Winview, the Company agreed to indemnify Winview's directors for any claims arising out of their service as directors for Winview.

On July 15, 2021, a complaint was filed against Winview Inc. by Bleacher League Entertainment, Inc. in the United States District Court for the District of Delaware, alleging that Winview had violated two of Bleacher's patents covering an interactive themed baseball game and seeking damages and other relief. The parties have entered into an agreement resolving this matter and in connection therewith, on November 8, 2021, the plaintiff terminated the pending action by filing a notice of voluntary dismissal with prejudice.



In July of 2021, Winview Inc. filed separate patent infringement lawsuits against DraftKings Inc. and FanDuel, Inc in the United States District Court for the District of New Jersey, alleging that Sportsbook and Daily Fantasy Sports offerings of DraftKings and FanDuel infringe four of Winview's patents. These actions seek the recovery of damages and other appropriate relief. FanDuel filed a partial motion to dismiss two of the claims alleged in Winview's complaint. Winview has responded and the motion is pending. DraftKings filed a motion to dismiss Winview's complaint, which was withdrawn without prejudice after Winview filed an amended complaint. While potential damages may be significant if these lawsuits are wholly or partially successful, at this time the Company cannot predict the outcome of the suits or determine the extent of potential damages if they are successful in whole or in part.

The outcomes of pending litigations in which the Company is involved are necessarily uncertain as are the Company's expenses in prosecuting and defending these actions. From time to time the Company may modify litigation strategy and/or the terms on which it retains counsel and other professionals in connection with such actions, which may affect the outcomes of and/or the expenses incurred in connection with such actions.

The Company is subject to various other claims, lawsuits and other complaints arising in the ordinary course of business. The Company records provisions for losses when claims become probable and the amounts are estimable. Although the outcome of such matters cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material adverse effect on the Company's financial condition, operations, or liquidity.

27. Discontinued operations

On November 3, 2020, the Company, following a detailed strategic review in connection with the merger of Torque Esports, Frankly and WinView, announced that it has completed the sale of IDEAS+CARS, The Race Media, WTF1, Driver DataDB and Lets Go Racing (collectively the "Motorsport Group") to Ideas + Cars Holdings Limited, a third party investment group based in the UK. As a result, the Company is eliminating its funding obligations related to the cost of maintaining and growing these auto media businesses and certain accrued liabilities. Accordingly, the operational results for this group have been presented as a discontinued operation.

Consideration transferred for the Motorsport Group was as follows:

	Amount
	\$
Consideration received or receivable:	
Accounts payable assumed	101,322
Deferred purchase consideration of LGR	333,503
Fair value of contingent consideration	1,321,281
Total disposal consideration	1,756,106
Carrying amount of net assets sold	(2,334,303)
Loss on disposal before income tax and reclassification of foreign currency translation reserve	(578,197)
Reclassification of foreign currency translation reserve	(100,734)
Loss on disposal of Motorsports	(678,931)



The net assets of the Motorsport Group as of the date of sale were as follows:

	<u>Amount</u>
	\$
Carrying amounts of assets as at the date of sale:	
Cash and cash equivalents	(24,348)
Restricted cash	-
Accounts and other receivables	126,590
Government remittances	25,095
Prepaid expenses and other	24,113
Property and equipment	47,416
Intangible assets	3,066,457
Total assets of disposal group	3,265,323
Carrying amount of liabilities directly associated with assets as at the date of sale:	
Accounts payable	508,881
Accrued liabilities	422,139
Total liabilities of disposal group	931,020
Net assets of disposal group	2,334,303

The operating results of the Motorsports Group and PGL Nevada, (together, the “discontinued operations”) for the years ended August 31, 2021, and 2020 are presented as follows:

	<u>For the year ended</u>	
	<u>Aug 31, 2021</u>	<u>Aug 31, 2020</u>
	\$	\$
Revenues		
Advertising revenue	90,934	562,534
Operating expenses		
Salaries and wages	212,546	815,304
Consulting	267,933	1,014,940
Professional fees	24,781	219,369
Sponsorships and tournaments	203,637	3,697,046
Advertising and promotion	1,740	30,808
Office and general	7,374	155,464
Technology expenses	86,590	163,534
Amortization and depreciation	201,335	341,668
Share-based payments	-	-
Interest expense	572	1,162
(Gain) loss on foreign exchange	29,535	(16,550)
Net loss from discontinued operations	(945,109)	(5,860,211)



The net cash flows from discontinued operations for the years ended August 31, 2021, and 2020 are as follows:

	For the year months ended	
	Aug 31, 2021	Aug 31, 2020
	\$	\$
Net cash provided by (used in) operating activities	(92,652)	85,693
Disposal of Motorsports	24,348	-
Change in cash	(68,304)	85,693
Cash, beginning of period	68,304	(17,389)
Cash, end of period	-	68,304

28. Segmented information

Information reported to the Company's Co-Chief Executives, the Chief Operating Decision Makers ("CODM"), for the purposes of resource allocation and assessment of segment performance is focused on the category of services for each type of activity. The principal categories of services are Gaming, Media, and Corporate and Other. The Group's reportable segments under IFRS 8 Operating Segments are therefore as follows:

- Gaming - Services related to competitive organized video gaming or sporting events
- Media - Platform and advertising services provided to other broadcasters, primarily local tv and radio broadcasters
- Corporate and Other - Services provided to other businesses and other revenues

The Corporate and Other segment primarily consists of support costs not allocated to the two other segments.

The following is an analysis of the Company's revenue and results by reportable segment in fiscal 2021:

	Gaming (As Restated)	Media (As Restated)	Corporate and Other	Total (As Restated)
	\$	\$	\$	\$
Revenue				
External sales	5,277,583	31,943,287	-	37,220,870
Results				
Segment loss	(7,506,449)	(7,583,018)	-	(15,089,467)
Central administration costs	-	-	9,733,244	9,733,244
Other gains and losses	1,925,873	4,280,597	6,576,302	12,782,772
Finance costs	124,663	512,937	762,121	1,399,721
Loss before tax	(9,556,985)	(12,376,552)	(17,071,667)	(39,005,204)
Income tax	-	-	-	-
Gain (Loss) for the year from:				
Share of net loss of associate	-	-	(103,930)	(103,930)
Discontinued operations	(945,109)	-	(678,931)	(1,624,040)
Non-controlling interest in net loss	-	-	74,006	74,006
Net loss	(10,502,094)	(12,376,552)	(17,780,522)	(40,659,168)



The following is an analysis of the Company's revenue and results by reportable segment in fiscal 2020:

	Gaming (As Restated)	Media	Corporate and Other	Total (As Restated)
	\$	\$	\$	\$
Revenue				
External sales	4,140,731	6,404,736	376	10,545,843
Results				
Segment loss	(4,733,518)	(833,891)	376	(5,567,033)
Central administration costs			9,691,639	9,691,639
Other gains and losses	10,448,799	(14,011)	10,276,041	20,710,829
Finance costs	102,596	241,520	564,650	908,766
Loss before tax	(15,284,913)	(1,061,400)	(20,531,954)	(36,878,267)
Income tax	-	-	-	-
Gain (Loss) for the year from:				
Discontinued operations	(5,859,384)	-	(827)	(5,860,211)
Non-controlling interest in net loss	-	-	76,066	76,066
Net loss	(21,144,297)	(1,061,400)	(20,456,715)	(42,662,412)

Geographical breakdown

	North America (As Restated)	United Kingdom	European Union	Total (As Restated)
	\$	\$	\$	\$
<u>August 31, 2020</u>				
Assets	37,908,431	2,896,583	2,288,092	43,093,106
Long-term assets	27,342,377	2,507,761	1,067,495	30,917,633
<u>August 31, 2021</u>				
Assets	54,682,324	-	2,519,798	57,202,122
Long-term assets	25,535,516	-	108,924	25,644,440

29. Related party transactions and balances

(a) Key management compensation

Key management includes the Company's directors, officers and any consultants with the authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly. Compensation awarded to key management includes the following:

	For the year ended	
	Aug 31, 2021	Aug 31, 2020
	\$	\$
Total compensation paid to key management	2,231,871	929,958
Share based payments	1,897,855	1,409,569



Total compensation paid to key management is recorded in consulting fees and salaries and wages in the consolidated statement of loss and comprehensive loss for the years ended August 31, 2021, and 2020.

Amounts due to related parties as at August 31, 2021 with respect to the above fees were \$33,349 (2020 - \$275,502). The amounts due to related parties are recorded within accounts payable and accrued liabilities on the consolidated statements of loss and comprehensive loss. These amounts are unsecured, non-interest bearing and due on demand.

Commitment to former holders of WinView to proceeds from the patent portfolio enforcement action

Pursuant to the Business Combination agreement dated March 9, 2020, among the Company, Frankly Inc. and Winview Inc., the Company is required to pay to certain former Winview securities holders (“Stubholders”) fifty percent (50%) of the net license fees, damages awards or settlement amounts collected from third parties in connection with the Winview Patent Portfolio, after deduction of certain expenses. Certain directors of the Company are among the pool of Stubholders.

30. Financial instruments and risk management

(a) Financial risk management objectives and policies

The Company’s activities expose it to a variety of financial risks including foreign currency risk, interest rate risk, credit risk, and liquidity risk. These financial instrument risks are actively managed by the Company under the policies approved by the Board of Directors. On an ongoing basis, the finance department actively manages market conditions with a view to minimizing the exposure of the Company to changing market factors, while at the same time limiting the funding costs to the Company.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses information supplied by independent rating agencies where available, and if not available, the Company uses other publicly available financial information and its own records to rate its customers.

Credit risk arises from cash with banks as well as credit exposure to outstanding receivables. The carrying amounts represent the Company’s maximum exposure to credit risk.

The Company’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company establishes an allowance for doubtful accounts that represents its estimate of expected losses in respect to accounts receivable. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. The allowance for doubtful accounts was \$1,084,305 and \$874,438 as of August 31, 2021, and 2020, respectively.



The Company's accounts receivable are concentrated among customers in the media and broadcasting industry, which may be affected by adverse economic factors impacting that industry. The Company performs ongoing credit evaluations of its major customers, maintains reserves for expected credit losses, and does not require any collateral deposits.

As of August 31, 2021, one customer (2020 - one) accounted for greater than 10% of the Company's accounts receivable balance. In total, this one customer (2020 - one) accounted for 13% of the Company's accounts and other receivables balance as of August 31, 2021, and 2020. During the year ended August 31, 2021, one (2020 - three) customer represented 60% (2020 - 50%) of total revenue.

The below table reflects the aging of the Company's aging by invoice date of gross trade accounts receivable and allowance for doubtful accounts as of August 31, 2021:

	<u>0 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>91+</u>	<u>Total</u>
Trade accounts receivable	7,376,270	210,815	265,377	1,825,263	9,677,725
Allowance for doubtful accounts	3,000	1,500	1,500	1,078,305	1,084,305
% Allowance	0%	1%	1%	59%	11%

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. The Company manages liquidity risk by continuously monitoring forecasted and actual cash flows and matching maturity profiles of financial assets and liabilities. The Company seeks to ensure that it has sufficient capital to meet short term financial obligations after taking into account its operating obligations and cash on hand.

The Company's policy is to seek to ensure adequate funding is available from operations and other sources, including debt and equity capital markets, as required.

	<u>< 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>
	\$	\$	\$
Accounts payable	10,403,665	-	-
Accrued liabilities	5,722,470	-	-
Players liability account	331,528	-	-
Lease obligation	222,583	364,968	-
Long-term debt	96,664	-	-
Promissory notes payable	821,948	-	-
Convertible debt	914,428	2,097,127	6,939,941

(d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to fair value risk with respect to debt which bears interest at fixed rates.



(e) Foreign exchange rates

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to fluctuations of financial instruments related to cash, accounts and other receivables, and accounts payable denominated in Euros and GBP, as well as debt denominated in Canadian dollars.

(f) Fair value hierarchy

The following tables combine information about:

- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments;
- fair values of financial instruments (except financial instruments when carrying amount approximates their fair value); and
- fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable.

For the year ended August 31, 2021:

Carrying value at August 31, 2021	FVTPL - mandatorily measured \$	FVOCI - mandatorily measured \$	FVOCI - designated \$	Amortized cost \$
<u>Financial assets:</u>				
Cash and cash equivalents	-	-	-	15,305,996
Restricted cash	-	-	-	331,528
Accounts and other receivables	-	-	-	8,646,807
Government remittances	-	-	-	1,070,216
Publisher advance	-	-	-	4,534,218
Investment at FVTPL	2,629,851	-	-	-
	2,629,851	-	-	29,888,765

Carrying value at August 31, 2021	FVTPL - mandatorily measured \$	FVTPL - designated \$	Amortized cost \$
<u>Financial liabilities:</u>			
Accounts payable	-	-	10,403,667
Accrued liabilities	-	-	5,722,470
Players liability account	-	-	331,528
Line of credit	-	-	-
Long-term debt	-	-	96,664
Promissory notes payable	-	-	821,948
Deferred purchase consideration	-	-	-
Warrant liability	4,868,703	-	-
Convertible debt	-	9,951,496	-
	4,868,703	9,951,496	17,376,277



For the year ended August 31, 2020:

Carrying value at August 31, 2020	FVTPL - mandatorily measured \$	FVOCI - mandatorily measured \$	FVOCI - designated \$	Amortized cost \$
Financial assets:				
Cash and cash equivalents	-	-	-	5,243,278
Restricted cash	-	-	-	388,587
Accounts and other receivables	-	-	-	3,845,890
Government remittances	-	-	-	1,125,912
Publisher advance	-	-	-	-
Investment at FVTPL	-	-	-	-
	-	-	-	10,603,667

Carrying value at August 31, 2020	FVTPL - mandatorily measured \$	FVTPL - designated \$	Amortized cost \$
Financial liabilities:			
Accounts payable	-	-	12,455,214
Accrued liabilities	-	-	4,689,131
Players liability account	-	-	388,587
Line of credit	-	-	4,919,507
Long-term debt	-	-	230,932
Promissory notes payable	-	-	3,818,920
Deferred purchase consideration	-	-	333,503
Warrant liability	14,135,321	-	-
Convertible debt	-	10,793,459	-
	14,135,321	10,793,459	26,835,794

A summary of instruments, with their classification in the fair value hierarchy is as follows:

	Level 1 \$	Level 2 \$	Level 3 \$	Fair value of August 31, 2021 \$
Warrant liability	-	4,868,703	-	4,868,703
Convertible debt	-	-	9,951,496	9,951,496
Investment at FVTPL	-	-	2,629,851	2,629,851

	Level 1 \$	Level 2 \$	Level 3 \$	Fair value as of August 31, 2020 \$
Warrant liability	-	14,135,321	-	14,135,321
Convertible debt	-	-	10,793,459	10,793,459



31. Subsequent events

The Company has evaluated subsequent events from the balance sheet date through November 26, 2021, the date at which the consolidated financial statements were available to be issued and determined there were no additional items to be disclosed.

ITEM 19. EXHIBITS

Exhibit

No. Item	Description of Exhibit
1.1	Notice of Articles dated October 19, 2021
1.2	Certificate of Change of Name, dated October 19, 2021
2.1	Description of Common Shares
4.1	Arrangement Agreement between the Company and GameSquare Esports Inc., dated December 7, 2022 (incorporated by reference to Exhibit 99.1 to the Company's Form 6-K furnished to the SEC on December 27, 2022)
4.2	Equity Distribution Agreement among the Company, Canaccord Genuity LLC, Oppenheimer & Co. Inc., and B. Riley Securities, Inc., dated August 10, 2021 (incorporated by reference to Exhibit 99.1 to the Company's Form 6-K furnished to the SEC on August 11, 2021)
4.3	Engine Media Holdings, Inc. Omnibus Equity Incentive Plan
8.1	List of Subsidiaries of the Company
12.1	Certification of the Chief Executive Officer pursuant to rule 13a-14(a) of the Securities Exchange Act of 1934
12.2	Certification of the Chief Financial Officer pursuant to rule 13a-14(a) of the Securities Exchange Act of 1934
13.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1	Consent of Kreston GTA LLP
101.INS	Inline XBRL Instant Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File - (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

The Registrant hereby certifies that it meets all of the requirements for filing on Form 20-F/A and that it has duly caused and authorized the undersigned to sign this Registration Statement on its behalf.

ENGINE GAMING AND MEDIA, INC.

Date: December 20, 2023

By: /s/ Michael Munoz

Name: Michael Munoz

Title: Chief Financial Officer



**BC Registry
Services**

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

CERTIFIED COPY

Of a Document filed with the Province of
British Columbia Registrar of Companies

Notice of Articles
BUSINESS CORPORATIONS ACT


CAROL PREST

This Notice of Articles was issued by the Registrar on: October 19, 2021 12:00 AM Pacific Time

Incorporation Number: C1280310

Recognition Date and Time: Continued into British Columbia on December 18, 2020 04:00 PM Pacific Time

NOTICE OF ARTICLES

Name of Company:

ENGINE GAMING AND MEDIA, INC.

REGISTERED OFFICE INFORMATION

Mailing Address:

800 - 885 WEST GEORGIA STREET
VANCOUVER BC V6C 3H1
CANADA

Delivery Address:

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VANCOUVER BC V6C 3H1
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:

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Page: 1 of 3

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:

Rutkowski, Lawrence R.

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2402 ALTO CERRO CIRCLE
SAN DIEGO CA 92109
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Last Name, First Name, Middle Name:

Rogers, Tom

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UNITED STATES

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Last Name, First Name, Middle Name:

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UNITED STATES

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ATLANTA GA 30305
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UNITED STATES**Delivery Address:**25 ORCHARD DRIVE
WOODBURY NY 11797
UNITED STATES

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Cline-Thomas, Rudolph

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NEW YORK NY 10013
UNITED STATES**Delivery Address:**372 BROADWAY
NEW YORK NY 10013
UNITED STATES

Page: 2 of 3

Last Name, First Name, Middle Name:

Ratner, Hank

Mailing Address:1 STORE HILL ROAD, UNIT 115
OLD WESTBURY NY 11568
UNITED STATES**Delivery Address:**1 STORE HILL ROAD, UNIT 115
OLD WESTBURY NY 11568
UNITED STATES

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	Common Shares	Without Par Value Without Special Rights or Restrictions attached
2.	No Maximum	Preferred Shares	Without Par Value With Special Rights or Restrictions attached

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Incorporation No. C1280310

BUSINESS CORPORATIONS ACT

ARTICLES

OF

Engine Media Holdings, Inc.

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Incorporation No. C1280310

BUSINESS CORPORATIONS ACT

ARTICLES

OF

Engine Media Holdings, Inc.

(the “Company”)

PART 1–INTERPRETATION

1.1 Definitions

Without limiting Article 1.2, in these Articles, unless the context requires otherwise:

- (a) “**adjourned meeting**” means the meeting to which a meeting is adjourned under Article 8.6 or 8.9;
- (b) “**board**” and “**directors**” mean the board of directors of the Company for the time being;
- (c) “**Business Corporations Act**” means the *Business Corporations Act*, S.B.C. 2002, c.57, and includes its regulations;
- (d) “**Company**” means Engine Media Holdings, Inc.;
- (e) “**Interpretation Act**” means the *Interpretation Act*, R.S.B.C. 1996, c. 238; and
- (f) “**trustee**”, in relation to a shareholder, means the personal or other legal representative of the shareholder, and includes a trustee in bankruptcy of the shareholder.

1.2 Business Corporations Act definitions apply

The definitions in the *Business Corporations Act* apply to these Articles.

1.3 Interpretation Act applies

The *Interpretation Act* applies to the interpretation of these Articles as if these Articles were an enactment.

1.4 Conflict in definitions

If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles.

1.5 Conflict between Articles and legislation

If there is a conflict between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

PART 2 – SHARES AND SHARE CERTIFICATES

2.1 Form of share certificate

Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

2.2 Shareholder Entitled to Certificate or Acknowledgement

Unless the shares are uncertificated shares, each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgement of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all.

2.3 Sending of share certificate

Any share certificate to which a shareholder is entitled may be sent to the shareholder by mail and neither the Company nor any agent is liable for any loss to the shareholder because the certificate sent is lost in the mail or stolen.

2.4 Replacement of worn out or defaced certificate

If the directors are satisfied that a share certificate is worn out or defaced, they must, on production to them of the certificate and on such other terms, if any, as they think fit:

- (a) order the certificate to be cancelled; and
- (b) issue a replacement share certificate.

2.5 Replacement of lost, stolen or destroyed certificate

If a share certificate is lost, stolen or destroyed, a replacement share certificate must be issued to the person entitled to that certificate if the directors receive:

- (a) proof satisfactory to them that the certificate is lost, stolen or destroyed; and
- (b) any indemnity the directors consider adequate.

2.6 Splitting share certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name 2 or more certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the certificate so surrendered, the Company must cancel the surrendered certificate and issue replacement share certificates in accordance with that request.

2.7 Shares may be uncertificated

Notwithstanding any other provisions of this Part, the directors may, by resolution, provide that:

- (a) the shares of any or all of the classes and series of the Company's shares may be uncertificated shares; or
-

- (b) any specified shares may be uncertificated shares.

PART 3 – ISSUE OF SHARES

3.1 Directors authorized to issue shares

The directors may, subject to the rights of the holders of the issued shares of the Company, issue, allot, sell, grant options on or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices that the directors, in their absolute discretion, may determine.

3.2 Company need not recognize unregistered interests

Except as required by law or these Articles, the Company need not recognize or provide for any person's interests in or rights to a share unless that person is the shareholder of the share.

PART 4 – SHARE TRANSFERS

4.1 Recording or registering transfer

A transfer of a share of the Company must not be registered

- (a) unless a duly signed instrument of transfer in respect of the share has been received by the Company and the certificate (or acceptable documents pursuant to Article 2.5 hereof) representing the share to be transferred has been surrendered and cancelled; or
- (b) if no certificate has been issued by the Company in respect of the share, unless a duly signed instrument of transfer in respect of the share has been received by the Company.

4.2 Form of instrument of transfer

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time.

4.3 Signing of instrument of transfer

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer, or, if no number is specified, all the shares represented by share certificates deposited with the instrument of transfer:

- (a) in the name of the person named as transferee in that instrument of transfer; or
- (b) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the share certificate is deposited for the purpose of having the transfer registered.

4.4 Enquiry as to title not required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

4.5 Transfer fee

There must be paid to the Company, in relation to the registration of any transfer, the amount determined by the directors from time to time.

PART 5 – ACQUISITION OF SHARES

5.1 Company authorized to purchase shares

Subject to the special rights and restrictions attached to any class or series of shares, the Company may, if it is authorized to do so by the directors, purchase or otherwise acquire any of its shares.

5.2 Company authorized to accept surrender of shares

The Company may, if it is authorized to do so by the directors, accept a surrender of any of its shares.

5.3 Company authorized to convert fractional shares into whole shares

The Company may, if it is authorized to do so by the directors, convert any of its fractional shares into whole shares in accordance with, and subject to the limitations contained in, the *Business Corporations Act*.

PART 6 – BORROWING POWERS

6.1 Powers of directors

The directors may from time to time on behalf of the Company:

- (a) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;
- (b) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person, and at any discount or premium and on such other terms as they consider appropriate;
- (c) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- (d) mortgage or charge, whether by way of specific or floating charge, or give other security on the whole or any part of the present and future assets and undertaking of the Company.

PART 7 – GENERAL MEETINGS

7.1 Annual general meetings

Unless an annual general meeting is deferred or waived in accordance with section 182(2)(a) or (c) of the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual general meeting.

7.2 When annual general meeting is deemed to have been held

If all of the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 7.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

7.3 Calling of shareholder meetings

The directors may, whenever they think fit, call a meeting of shareholders.

7.4 Notice for meetings of shareholders

The Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting and to each director, unless these Articles otherwise provide, at least the following number of days before the meeting:

- (a) if and for so long as the Company is a public company, 21 days;
- (b) otherwise, 10 days.

7.5 Record date for notice

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

- (a) if and for so long as the Company is a public company, 21 days;
- (b) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

7.6 Record date for voting

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set as provided above, the record date for determining the shareholders entitled to vote at the meeting shall be 5:00 p.m. the day before the meeting.

7.7 Failure to give notice and waiver of notice

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting.

7.8 Notice of special business at meetings of shareholders

If a meeting of shareholders is to consider special business within the meaning of Article 8.1, the notice of meeting must:

- (a) state the general nature of the special business; and
- (b) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:
 - (i) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice, and
 - (ii) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

PART 8 – PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

8.1 Special business

At a meeting of shareholders, the following business is special business:

- (a) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting or the election or appointment of directors;
 - (b) at an annual general meeting, all business is special business except for the following:
 - (i) business relating to the conduct of or voting at the meeting,
 - (ii) consideration of any financial statements of the Company presented to the meeting,
 - (iii) consideration of any reports of the directors or auditor,
 - (iv) the setting or changing of the number of directors,
 - (v) the election or appointment of directors,
 - (vi) the appointment of an auditor,
 - (vii) the setting of the remuneration of an auditor,
 - (viii) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution, and
 - (ix) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.
-

8.2 Special resolution

The votes required for the Company to pass a special resolution at a meeting of shareholders is two-thirds of the votes cast on the resolution.

8.3 Quorum

Subject to the special rights and restrictions attached to the shares of any affected class or series of shares, the quorum for the transaction of business at a meeting of shareholders is one or more persons, present in person or by proxy.

8.4 Other persons may attend

The directors, the president, if any, the secretary, if any, and any lawyer or auditor for the Company are entitled to attend any meeting of shareholders, but if any of those shareholders do attend a meeting of shareholders, that person is not to be counted in the quorum, and is not entitled to vote at the meeting, unless that person is a shareholder or proxy holder entitled to vote at the meeting.

8.5 Requirement of quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote at the meeting is present at the commencement of the meeting.

8.6 Lack of quorum

If, within 1/2 hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

- (a) in the case of a general meeting convened by requisition of shareholders, the meeting is dissolved; and
- (b) in the case of any other meeting of shareholders, the shareholders entitled to vote at the meeting who are present, in person or by proxy, at the meeting may adjourn the meeting to a set time and place.

8.7 Chair

The following individual is entitled to preside as chair at a meeting of shareholders:

- (a) the chair of the board, if any;
- (b) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

8.8 Alternate chair

At any meeting of shareholders, the directors present must choose one of their number to be chair of the meeting if: (a) there is no chair of the board or president present within 15 minutes after the time set for holding the meeting; (b) the chair of the board and the president are unwilling to act as chair of the meeting; or (c) if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting. If, in any of the foregoing circumstances, all of the directors present decline to accept the position of chair or fail to choose one of their number to be chair of the meeting, or if no director is present, the shareholders present in person or by proxy must choose any person present at the meeting to chair the meeting.

8.9 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

8.10 Notice of adjourned meeting

It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

8.11 Motion need not be seconded

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

8.12 Manner of taking a poll

Subject to Article 8.13, if a poll is duly demanded at a meeting of shareholders:

- (a) the poll must be taken
 - (i) at the meeting, or within 7 days after the date of the meeting, as the chair of the meeting directs, and
 - (ii) in the manner, at the time and at the place that the chair of the meeting directs;
- (b) the result of the poll is deemed to be a resolution of, and passed at, the meeting at which the poll is demanded; and
- (c) the demand for the poll may be withdrawn.

8.13 Demand for a poll on adjournment

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

8.14 Demand for a poll not to prevent continuation of meeting

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

8.15 Poll not available in respect of election of chair

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

8.16 Casting of votes on poll

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

8.17 Chair must resolve dispute

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the same, and his or her determination made in good faith is final and conclusive.

8.18 Chair has no second vote

In case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a casting or second vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

8.19 Declaration of result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting.

8.20 Meetings by telephone or other communications medium

A shareholder or proxy holder who is entitled to participate in a meeting of shareholders may do so in person, or by telephone or other communications medium, if all shareholders and proxy holders participating in the meeting are able to communicate with each other; provided, however, that nothing in this Section shall obligate the Company to take any action or provide any facility to permit or facilitate the use of any communications medium at a meeting of shareholders. If one or more shareholders or proxy holders participate in a meeting of shareholders in a manner contemplated by this Article 8.20:

- (a) each such shareholder or proxy holder shall be deemed to be present at the meeting; and
- (b) the meeting shall be deemed to be held at the location specified in the notice of the meeting.

PART 9 – ALTERATIONS AND RESOLUTIONS

9.1 Alteration of Authorized Share Structure

Subject to Article 9.2 and the *Business Corporations Act*, the Company may by resolution of the directors:

- (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
 - (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
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- (c) if the Company is authorized to issue shares of a class of shares with par value:
 - (i) decrease the par value of those shares,
 - (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares,
 - (iii) subdivide all or any of its unissued or fully paid issued shares with par value into shares of smaller par value, or
 - (iv) consolidate all or any of its unissued or fully paid issued shares with par value into shares of larger par value;
- (d) subdivide all or any of its unissued or fully paid issued shares without par value;
- (e) change all or any of its unissued or fully paid issued shares with par value into shares without par value or all or any of its unissued shares without par value into shares with par value;
- (f) alter the identifying name of any of its shares;
- (g) consolidate all or any of its unissued or fully paid issued shares without par value; or
- (h) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*.

9.2 Change of Name

The Company may by resolution of the directors authorize an alteration to its Notice of Articles in order to change its name or adopt or change any translation of that name.

9.3 Other Alterations or Resolutions

If the *Business Corporations Act* does not specify:

- (a) the type of resolution and these Articles do not specify another type of resolution, the Company may by resolution of the directors authorize any act of the Company, including without limitation, an alteration of these Articles; or
- (b) the type of shareholders' resolution and these Articles do not specify another type of shareholders' resolution, the Company may by ordinary resolution authorize any act of the Company.

PART 10 – VOTES OF SHAREHOLDERS

10.1 Voting rights

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint registered holders of shares under Article 10.3:

- (a) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote at the meeting has one vote; and
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- (b) on a poll, every shareholder entitled to vote has one vote in respect of each share held by that shareholder that carries the right to vote on that poll and may exercise that vote either in person or by proxy.

10.2 Trustee of shareholder may vote

A person who is not a shareholder may vote on a resolution at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting in relation to that resolution, if, before doing so, the person satisfies the chair of the meeting at which the resolution is to be considered, or satisfies all of the directors present at the meeting, that the person is a trustee for a shareholder who is entitled to vote on the resolution.

10.3 Votes by joint shareholders

If there are joint shareholders registered in respect of any share:

- (a) any one of the joint shareholders, but not both or all, may vote at any meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (b) if more than one of the joint shareholders is present at any meeting, personally or by proxy, the joint shareholder present whose name stands first on the central securities register in respect of the share is alone entitled to vote in respect of that share.

10.4 Trustees as joint shareholders

Two or more trustees of a shareholder in whose sole name any share is registered are, for the purposes of Article 10.3, deemed to be joint shareholders.

10.5 Representative of a corporate shareholder

If a corporation that is not a subsidiary of the Company is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

- (a) for that purpose, the instrument appointing a representative must
 - (i) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least 2 business days before the day set for the holding of the meeting, or
 - (ii) unless the notice of the meeting provides otherwise, be provided, at the meeting, to the chair of the meeting; and
 - (b) if a representative is appointed under this Article 10.5,
 - (i) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder, and
 - (ii) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.
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10.6 When proxy provisions do not apply

Articles 10.7 to 10.13 do not apply to the Company if and for so long as it is a public company.

10.7 Appointment of proxy holder

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint a proxy holder to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

10.8 Alternate proxy holders

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

10.9 When proxy holder need not be shareholder

A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

- (a) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 10.5;
- (b) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; or
- (c) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting.

10.10 Form of proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

(Name of Company)

The undersigned, being a shareholder of the above named Company, hereby appoints or, failing that person,, as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders to be held on the day of and at any adjournment of that meeting.

Signed this day of,

.....
Signature of shareholder



10.11 Provision of proxies

A proxy for a meeting of shareholders must:

- (a) be received at the registered office of the Company or at any other place specified in the notice calling the meeting for the receipt of proxies, at least the number of business days specified in the notice or, if no number of days is specified, 2 business days before the day set for the holding of the meeting; or
- (b) unless the notice of the meeting provides otherwise, be provided at the meeting to the chair of the meeting.

10.12 Revocation of proxies

Subject to Article 10.13, every proxy may be revoked by an instrument in writing that is:

- (a) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (b) provided at the meeting to the chair of the meeting.

10.13 Revocation of proxies must be signed

An instrument referred to in Article 10.12 must be signed as follows:

- (a) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her trustee; or
- (b) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 10.5.

10.14 Validity of proxy votes

A vote given in accordance with the terms of a proxy is valid despite the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- (a) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (b) by the chair of the meeting, before the vote is taken.

10.15 Production of evidence of authority to vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

10.16 Chair May Determine Validity of Proxy

Unless prohibited by applicable law, the chair of any meeting of shareholders may determine whether or not a proxy deposited for use at the meeting, which may not strictly comply with the requirements of this Article 10 as to form, execution, accompanying documentation, time of filing or otherwise, shall be valid for use at the meeting and any such determination made in good faith shall be final, conclusive and binding upon the meeting.

PART 11 – DIRECTORS

11.1 First directors; number of directors

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*. The number of directors, excluding additional directors appointed under Article 12.7, is set at:

- (a) subject to paragraphs (b) and (c), the number of directors that is equal to the number of the Company's first directors;
- (b) if the Company is a public company, the greater of three and the number most recently elected by ordinary resolution (whether or not previous notice of the resolution was given); and
- (c) if the Company is not a public company, the number most recently elected by ordinary resolution (whether or not previous notice of the resolution was given).

11.2 Change in number of directors

If the number of directors is set under Articles 11.1(b) or 11.1(c):

- (a) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;
- (b) if, contemporaneously with setting that number, the shareholders do not elect or appoint the directors needed to fill vacancies in the board of directors up to that number, then the directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

11.3 Directors' acts valid despite vacancy

An act or proceeding of the directors is not invalid merely because fewer directors have been appointed or elected than the number of directors set or otherwise required under these Articles.

11.4 Qualifications of directors

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

11.5 Remuneration of directors

The directors are entitled to the remuneration, if any, for acting as directors as the directors may from time to time determine. If the directors so decide, the remuneration of the directors will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to a director in such director's capacity as an officer or employee of the Company.

11.6 Reimbursement of expenses of directors

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

11.7 Special remuneration for directors

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

11.8 Gratuity, pension or allowance on retirement of director

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependents and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

PART 12 – ELECTION AND REMOVAL OF DIRECTORS

12.1 Election at annual general meeting

At every annual general meeting and in every unanimous resolution contemplated by Article 7.2:

- (a) the shareholders entitled to vote at the annual general meeting for the election of directors may elect, or in the unanimous resolution appoint, a board of directors consisting of up to the number of directors for the time being set under these Articles; and
- (b) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (a), but are eligible for re-election or re-appointment.

12.2 Consent to be a director

No election, appointment or designation of an individual as a director is valid unless:

- (a) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;
- (b) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or
- (c) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

12.3 Failure to elect or appoint directors

If:

- (a) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 7.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or
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- (b) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 7.2, to elect or appoint any directors;

then each director in office at such time continues to hold office until the earlier of:

- (c) the date on which his or her successor is elected or appointed; and
- (d) the date on which he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

12.4 Directors may fill casual vacancies

Any casual vacancy occurring in the board of directors may be filled by the remaining directors.

12.5 Remaining directors' power to act

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or for the purpose of summoning a meeting of shareholders to fill any vacancies on the board of directors or for any other purpose permitted by the *Business Corporations Act*.

12.6 Shareholders may fill vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, and the directors have not filled the vacancies pursuant to Article 12.5 above, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

12.7 Additional directors

Notwithstanding Articles 11.1 and 11.2, between annual general meetings or unanimous resolutions contemplated by Article 7.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 12.7 must not at any time exceed:

- (a) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or
- (b) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 12.7.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 12.1(a), but is eligible for re-election or re-appointment.

12.8 Ceasing to be a director

A director ceases to be a director when:

- (a) the term of office of the director expires;
 - (b) the director dies;
 - (c) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
 - (d) the director is removed from office pursuant to Articles 12.9 or 12.10.
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12.9 Removal of director by shareholders

The Shareholders may, by special resolution, remove any director before the expiration of his or her term of office, and may, by ordinary resolution, elect or appoint a director to fill the resulting vacancy. If the shareholders do not contemporaneously elect or appoint a director to fill the vacancy created by the removal of a director, then the directors may appoint, or the shareholders may elect or appoint by ordinary resolution, a director to fill that vacancy.

12.10 Removal of director by directors

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

12.11 Nominations of directors

- (a) Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company.
 - (b) Nominations of persons for election to the board may be made at any annual meeting of shareholders or at any special meeting of shareholders (if one of the purposes for which the special meeting was called was the election of directors):
 - (i) by or at the direction of the board, including pursuant to a notice of meeting;
 - (ii) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the *Business Corporations Act*, or a requisition of the shareholders made in accordance with the provisions of the *Business Corporations Act*; or
 - (iii) by any person (a "**Nominating Shareholder**"): (A) who, at the close of business on the date of the giving of the notice provided for below in this Article 12.11 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth below in this Article 12.11.
 - (c) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof (as provided for in Article 12.11(d)) in proper written form to the secretary of the Company at the principal executive offices of the Company.
 - (d) To be timely, a Nominating Shareholder's notice to the secretary of the Company must be given:
 - (i) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the "**Notice Date**") on which the first public announcement (as defined below) of the date of the annual meeting was made, notice by the Nominating Shareholder may be given not later than the close of business on the tenth (10th) day after the Notice Date in respect of such meeting; and
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- (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.

- (c) To be in proper written form, a Nominating Shareholder's notice to the secretary of the Company must set forth:
 - (i) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person during the past five years; (C) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; (D) a statement as to whether such person would be "independent" of the Company (as such term is defined under Applicable Securities Laws (as defined below)) if elected as a director at such meeting and the reasons and basis for such determination; (E) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such Nominating Shareholder and beneficial owner, if any, and their respective affiliates and associates, or others acting jointly or in concert therewith, on the one hand, and such nominee, and his or her respective associates, or others acting jointly or in concert therewith, on the other hand; and (F) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined below); and
 - (ii) as to the Nominating Shareholder giving the notice: (A) any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Company; (B) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of the record by the Nominating Shareholder as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, and (C) any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined below).
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- (f) The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.
 - (g) The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the provisions set forth in this Article 12.11 and, if any proposed nomination is not in compliance with such provisions, to declare that such defective nomination shall be disregarded.
 - (h) For purposes of this Article 12.11:
 - (i) **"Affiliate"**, when used to indicate a relationship with a person, means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified person;
 - (ii) **"Applicable Securities Laws"** means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada;
 - (iii) **"Associate"**, when used to indicate a relationship with a specified person, means:
 - A. any corporation or trust of which such person beneficially owns, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all voting securities of such corporation or trust for the time being outstanding,
 - B. any partner of that person,
 - C. any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity,
 - D. a spouse of such specified person,
 - E. any person of either sex with whom such specified person is living in a conjugal relationship outside marriage, or
 - F. any relative of such specified person or of a person mentioned in clauses D or E of this definition if that relative has the same residence as the specified person;
 - (iv) **"Derivatives Contract"** means a contract between two parties (the **"Receiving Party"** and the **"Counterparty"**) that is designed to expose the Receiving Party to economic benefits and risks that correspond substantially to the ownership by the Receiving Party of a number of shares in the capital of the Company or securities convertible into such shares specified or referenced in such contract (the number corresponding to such economic benefits and risks, the **"Notional Securities"**), regardless of whether obligations under such contract are required or permitted to be settled through the delivery of cash, shares in the capital of the Company or securities convertible into such shares or other property, without regard to any short position under the same or any other Derivatives Contract. For the avoidance of doubt, interests in broad-based index options, broad-based index futures and broad-based publicly traded market baskets of stocks approved for trading by the appropriate governmental authority shall not be deemed to be Derivatives Contracts;
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- (v) “**owned beneficially**” or “**owns beneficially**” means, in connection with the ownership of shares in the capital of the Company by a person:
- A. any such shares as to which such person or any of such person’s Affiliates or Associates owns at law or in equity, or has the right to acquire or become the owner at law or in equity, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, upon the exercise of any conversion right, exchange right or purchase right attaching to any securities, or pursuant to any agreement, arrangement, pledge or understanding whether or not in writing,
 - B. any such shares as to which such person or any of such person’s Affiliates or Associates has the right to vote, or the right to direct the voting, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, pursuant to any agreement, arrangement, pledge or understanding whether or not in writing,
 - C. any such shares which are beneficially owned, directly or indirectly, by a Counterparty (or any of such Counterparty’s Affiliates or Associates) under any Derivatives Contract (without regard to any short or similar position under the same or any other Derivatives Contract) to which such person or any of such person’s Affiliates or Associates is a Receiving Party; provided, however, that the number of shares that a person owns beneficially pursuant to this clause in connection with a particular Derivatives Contract shall not exceed the number of Notional Securities with respect to such Derivatives Contract; provided, further, that the number of securities owned beneficially by each Counterparty (including their respective Affiliates and Associates) under a Derivatives Contract shall for purposes of this clause be deemed to include all securities that are owned beneficially, directly or indirectly, by any other Counterparty (or any of such other Counterparty’s Affiliates or Associates) under any Derivatives Contract to which such first Counterparty (or any of such first Counterparty’s Affiliates or Associates) is a Receiving Party and this proviso shall be applied to successive Counterparties as appropriate, and
 - D. any such shares which are owned beneficially within the meaning of this definition by any other person with whom such person is acting jointly or in concert with respect to the Company or any of its securities; and
- (vi) “**public announcement**” shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com.
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- (i) Notwithstanding any other provision of this Article 12.11, notice given to the secretary of the Company pursuant to this Article 12.11 may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the secretary of the Company for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid, provided that receipt of confirmation of such transmission has been received) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the secretary at the address of the principal executive offices of the Company; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.
- (j) Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this Article 12.11.

PART 13 – PROCEEDINGS OF DIRECTORS

13.1 Meetings of directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the board held at regular intervals may be held at the place and at the time that the board may by resolution from time to time determine.

13.2 Chair of meetings

Meetings of directors are to be chaired by:

- (a) the chair of the board, if any;
- (b) in the absence of the chair of the board, the president, if any, if the president is a director; or
- (c) any other director chosen by the directors if:
 - (i) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting,
 - (ii) neither the chair of the board nor the president, if a director, is willing to chair the meeting, or
 - (iii) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

13.3 Voting at meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

13.4 Meetings by telephone or other communications medium

A director may participate in a meeting of the directors or of any committee of the directors in person, or by telephone or other communications medium, if all directors participating in the meeting are able to communicate with each other. A director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation. A director who participates in a meeting in a manner contemplated by this Article 13.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

13.5 Who may call extraordinary meetings

A director may call a meeting of the board at any time. The secretary, if any, must on request of a director, call a meeting of the board.

13.6 Notice of extraordinary meetings

Subject to Articles 13.7 and 13.8, if a meeting of the board is called under Article 13.5, reasonable notice of that meeting, specifying the place, date and time of that meeting, must be given to each of the directors:

- (a) by mail addressed to the director's address as it appears on the books of the Company or to any other address provided to the Company by the director for this purpose;
- (b) by leaving it at the director's prescribed address or at any other address provided to the Company by the director for this purpose; or
- (c) orally, by delivery of written notice or by telephone, voice mail, e-mail, fax or any other method of legibly transmitting messages.

13.7 When notice not required

It is not necessary to give notice of a meeting of the directors to a director if:

- (a) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed or is the meeting of the directors at which that director is appointed;
- (b) the director has filed a waiver under Article 13.9; or
- (c) the director attends such meeting.

13.8 Meeting valid despite failure to give notice

The accidental omission to give notice of any meeting of directors to any director, or the non- receipt of any notice by any director, does not invalidate any proceedings at that meeting.

13.9 Waiver of notice of meetings

Any director may file with the Company a notice waiving notice of any past, present or future meeting of the directors and may at any time withdraw that waiver with respect to meetings of the directors held after that withdrawal.

13.10 Effect of waiver

After a director files a waiver under Article 13.9 with respect to future meetings of the directors, and until that waiver is withdrawn, notice of any meeting of the directors need not be given to that director unless the director otherwise requires in writing to the Company.

13.11 Quorum

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is a majority of the directors.

13.12 If only one director

If, in accordance with Article 11.1, the number of directors is one, the quorum necessary for the transaction of the business of the directors is one director, and that director may constitute a meeting.

PART 14 – COMMITTEES OF DIRECTORS

14.1 Appointment of committees

The directors may, by resolution:

- (a) appoint one or more committees consisting of the director or directors that they consider appropriate;
- (b) delegate to a committee appointed under paragraph (a) any of the directors' powers, except:
 - (i) the power to fill vacancies in the board,
 - (ii) the power to change the membership of, or fill vacancies in, any committee of the board, and
 - (iii) the power to appoint or remove officers appointed by the board; and
- (c) make any delegation referred to in paragraph (b) subject to the conditions set out in the resolution.

14.2 Obligations of committee

Any committee formed under Article 14.1, in the exercise of the powers delegated to it, must:

- (a) conform to any rules that may from time to time be imposed on it by the directors; and
 - (b) report every act or thing done in exercise of those powers to the earliest meeting of the directors to be held after the act or thing has been done.
-

14.3 Powers of board

The board may, at any time:

- (a) revoke the authority given to a committee, or override a decision made by a committee, except as to acts done before such revocation or overriding;
- (b) terminate the appointment of, or change the membership of, a committee; and
- (c) fill vacancies in a committee.

14.4 Committee meetings

Subject to Article 14.2(a):

- (a) the members of a directors' committee may meet and adjourn as they think proper;
- (b) a directors' committee may elect a chair of its meetings but, if no chair of the meeting is elected, or if at any meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
- (c) a majority of the members of a directors' committee constitutes a quorum of the committee; and
- (d) questions arising at any meeting of a directors' committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting has no second or casting vote.

PART 15 – OFFICERS

15.1 Appointment of officers

The board may, from time to time, appoint a president, secretary or any other officers that it considers necessary or desirable, and none of the individuals appointed as officers need be a member of the board.

15.2 Functions, duties and powers of officers

The board may, for each officer:

- (a) determine the functions and duties the officer is to perform;
- (b) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
- (c) from time to time revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

15.3 Remuneration

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the board thinks fit and are subject to termination at the pleasure of the board.

PART 16 – CERTAIN PERMITTED ACTIVITIES OF DIRECTORS

16.1 Other office of director

A director may hold any office or place of profit with the Company (other than the office of auditor of the Company) in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

16.2 No disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise.

16.3 Professional services by director or officer

Subject to compliance with the provisions of the *Business Corporations Act*, a director or officer of the Company, or any corporation or firm in which that individual has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such corporation or firm is entitled to remuneration for professional services as if that individual were not a director or officer.

16.4 Remuneration and benefits received from certain entities

A director or officer may be or become a director, officer or employee of, or may otherwise be or become interested in, any corporation, firm or entity in which the Company may be interested as a shareholder or otherwise, and, subject to compliance with the provisions of the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other corporation, firm or entity.

PART 17 – INDEMNIFICATION

17.1 Indemnification of directors

The directors must cause the Company to indemnify its directors and former directors, and their respective heirs and personal or other legal representatives to the greatest extent permitted by Division 5 of Part 5 of the *Business Corporations Act*.

17.2 Deemed contract

Each director is deemed to have contracted with the Company on the terms of the indemnity referred to in Article 17.1.

PART 18 – AUDITOR

18.1 Remuneration of an auditor

The directors may set the remuneration of the auditor of the Company without the prior approval of the shareholders.

18.2 Waiver of appointment of an auditor

The Company shall not be required to appoint an auditor if all of the shareholders of the Company, whether or not their shares otherwise carry the right to vote, resolve by a unanimous resolution to waive the appointment of an auditor. Such waiver may be given before, on or after the date on which an auditor is required to be appointed under the *Business Corporations Act*, and is effective for one financial year only.

PART 19 – DIVIDENDS

19.1 Declaration of dividends

Subject to the rights, if any, of shareholders holding shares with special rights as to dividends, the directors may from time to time declare and authorize payment of any dividends the directors consider appropriate.

19.2 No notice required

The directors need not give notice to any shareholder of any declaration under Article 19.1.

19.3 Directors may determine when dividend payable

Any dividend declared by the directors may be made payable on such date as is fixed by the directors.

19.4 Dividends to be paid in accordance with number of shares

Subject to the rights of shareholders, if any, holding shares with special rights as to dividends, all dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

19.5 Manner of paying dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of paid up shares or fractional shares, bonds, debentures or other debt obligations of the Company, or in any one or more of those ways, and, if any difficulty arises in regard to the distribution, the directors may settle the difficulty as they consider expedient, and, in particular, may set the value for distribution of specific assets.

19.6 Dividend bears no interest

No dividend bears interest against the Company.

19.7 Fractional dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

19.8 Payment of dividends

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed:

- (a) subject to paragraphs (b) and (c), to the address of the shareholder;
-

- (b) subject to paragraph (c), in the case of joint shareholders, to the address of the joint shareholder whose name stands first on the central securities register in respect of the shares; or
- (c) to the person and to the address as the shareholder or joint shareholders may direct in writing.

19.9 Receipt by joint shareholders

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

PART 20 – ACCOUNTING RECORDS

20.1 Recording of financial affairs

The board must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the provisions of the *Business Corporations Act*.

PART 21 – EXECUTION OF INSTRUMENTS

21.1 Who may attest seal

The Company's seal, if any, must not be impressed on any record except when that impression is attested by the signature or signatures of:

- (a) any 2 directors;
- (b) any officer, together with any director;
- (c) if the Company has only one director, that director; or
- (d) any one or more directors or officers or persons as may be determined by resolution of the directors.

21.2 Sealing copies

For the purpose of certifying under seal a true copy of any resolution or other document, the seal must be impressed on that copy and, despite Article 21.1, may be attested by the signature of any director or officer.

21.3 Execution of documents not under seal

Any instrument, document or agreement for which the seal need not be affixed may be executed for and on behalf of and in the name of the Company by any one director or officer of the Company, or by any other person appointed by the directors for such purpose.

PART 22 – NOTICES

22.1 Method of giving notice

Unless the *Business Corporations Act* or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (a) mail addressed to the person at the applicable address for that person as follows:
 - (i) for a record mailed to a shareholder, the shareholder's registered address,
 - (ii) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class, or
 - (iii) in any other case, the mailing address of the intended recipient;
- (b) delivery at the applicable address for that person as follows, addressed to the person:
 - (i) for a record delivered to a shareholder, the shareholder's registered address,
 - (ii) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class,
 - (iii) in any other case, the delivery address of the intended recipient;
- (c) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
- (d) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;
- (e) physical delivery to the intended recipient; or
- (f) such other manner of delivery as is permitted by applicable legislation governing electronic delivery.

22.2 Deemed receipt of mailing

A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 22.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

22.3 Certificate of sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 22.1, prepaid and mailed or otherwise sent as permitted by Article 22.1 is conclusive evidence of that fact.

22.4 Notice to joint shareholders

A notice, statement, report or other record may be provided by the Company to the joint registered shareholders of a share by providing the notice to the joint registered shareholder first named in the central securities register in respect of the share.

22.5 Notice to trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (a) mailing the record, addressed to them:
 - (i) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description, and
 - (ii) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (b) if an address referred to in Article 22.5(a)(ii) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

PART 23 – RESTRICTION ON SHARE TRANSFER

23.1 Application

Article 23.2 does not apply to the Company if and for so long as it is a public company.

23.2 Consent required for transfer

No shares may be sold, transferred or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

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PART 24 - SPECIAL RIGHTS AND RESTRICTIONS

24.1 Preferred shares issuable in series

The Preferred shares may include one or more series and, subject to the *Business Corporations Act*, the directors may, by resolution, if none of the shares of that particular series are issued, alter the Articles of the Company and authorize the alteration of the Notice of Articles of the Company, as the case may be, to do one or more of the following:

- (a) determine the maximum number of shares of that series that the Company is authorized to issue, determine that there is no such maximum number, or alter any such determination;
- (b) create an identifying name for the shares of that series, or alter any such identifying name; and
- (c) attach special rights or restrictions to the shares of that series, or alter any such special rights or restrictions.

Full Name and Signature of Director

Date of Signing

Per:

/s/ Lou Schwartz

18 December 2020

Authorized Signatory



**CERTIFICATE
OF
CHANGE OF NAME**

BUSINESS CORPORATIONS ACT

I Hereby Certify that ENGINE MEDIA HOLDINGS, INC. changed its name to ENGINE GAMING AND MEDIA, INC. on October 19, 2021 at 12:00 AM Pacific Time.

*Issued under my hand at Victoria, British Columbia
On October 19, 2021*

A handwritten signature in black ink, appearing to read "Carol Prest".

CAROL PREST
Registrar of Companies
Province of British Columbia
Canada



ELECTRONIC CERTIFICATE

DESCRIPTION OF SECURITIES REGISTERED UNDER SECTION 12 OF THE EXCHANGE ACT

As of the date of the Annual Report on Form 20-F/A of which this Exhibit 2.1 is a part, Engine Gaming and Media, Inc. (the “Company”) had the following securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 (the “Exchange Act”):

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares	GAME	Nasdaq Stock Market LLC

Common Shares:

The following description of our Common Shares is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our articles (the “Articles”), as amended, which are filed as an exhibit to the Annual Report on Form 20-F/A of which this Exhibit 2.1 is a part.

We have 16,027,267 Common Shares issued and outstanding as of November 29, 2022, and we are authorized to issue an unlimited number of Common Shares, without par value.

Basic Rights of our Common Shares

The holders of Common Shares are entitled to one vote per share on all matters voted on by shareholders, including the election of directors. All our Common Shares rank equally as to dividends (as may be declared from time to time by our board of directors from funds available for distribution to holders), voting power and participation in assets. Upon liquidation, dissolution or winding up of the Company, holders of our Common Shares are entitled to receive pro rata the assets of the Company, if any, remaining after payments of all debts and liabilities.

Our Common Shares are not subject to liability to further capital calls by the Company. There are no provisions in our Articles discriminating against any existing or prospective shareholder as a result of such shareholder owning a substantial number of our Common Shares, and non-resident or foreign holders of our Common Shares are not limited in having, holding or exercising the voting rights associated with Common Shares. Also, no provision or rights exist in our Articles regarding our Common Shares in connection with exchange, redemption, retraction, purchase for cancellation, surrender or sinking or purchase funds.

Pre-emptive Rights

Our Common Shares do not contain any pre-emptive purchase rights to any of our securities.

Transferability of Common Shares

Our Articles do not impose restrictions on the transfer of Common Shares by a shareholder. We will not, however, register a transfer of Common Shares until: (1) we receive a duly signed instrument in respect of the transfer of Common Shares; (2) a share certificate, if any, representing the transferred Common Shares has been surrendered to us; and (3) if a non-transferable written acknowledgment of the shareholder’s right to obtain a share certificate has been issued by the Company in respect of the Common Shares to be transferred, that acknowledgement has been surrendered to us.

Action(s) to change Rights attaching to our Common Shares

Provisions as to the modification, amendment or variation of shareholder rights for holders of our Common Shares are contained in the British Columbia Business Corporation Act (“BCBCA”). The BCBCA requires a “special resolution” of shareholders for specific corporate actions, including certain alterations of our share capital, with such “special resolution” requiring an affirmative two-thirds vote of shareholders (rather than a simple majority) for passage. No right or special right attached to any of our issued shares may be prejudiced or interfered with unless the shareholders holding shares of such class or series of shares to which the right or special right is attached consent by a separate “special resolution” of those shareholders.

Change of Control restrictions for our Common Shares

Our Articles do not contain provisions that would have an effect of delaying, deferring or preventing a change in control of the Company which would operate with respect to a merger, acquisition or corporate restructuring involving the Company or any of its subsidiaries.

Ownership disclosure threshold for our Common Shares

Our Articles do not have any specific threshold requiring disclosure of ownership by holders of our Common Shares. However, Canadian securities regulators do require disclosure of shareholder ownership by any shareholder owning more than 10% of our outstanding Common Shares.

ENGINE MEDIA HOLDINGS, INC.
OMNIBUS EQUITY INCENTIVE PLAN

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**ENGINE MEDIA HOLDINGS, INC.
OMNIBUS EQUITY INCENTIVE PLAN**

Engine Media Holdings, Inc. (the “**Corporation**”) hereby amends and restates its Omnibus Equity Incentive Plan (the “**Plan**”) for certain qualified directors, officers, employees, Consultants (as defined herein) and service providers providing ongoing services to the Corporation and its Affiliates (as defined herein) that can have a significant impact on the Corporation’s long-term results.

**ARTICLE 1
DEFINITIONS**

1.1 Definitions.

Where used herein or in any amendments hereto or in any communication required or permitted to be given hereunder, the following terms shall have the following meanings, respectively, unless the context otherwise requires:

“**Affiliates**” has the meaning given to this term in the *Securities Act* (Ontario), as such legislation may be amended, supplemented or replaced from time to time;

“**Associate**”, where used to indicate a relationship with a Participant, means (i) any partner of that Participant and (ii) the spouse of that Participant and that Participant’s children, as well as that Participant’s relatives and that Participant’s spouse’s relatives, if they share that Participant’s residence;

“**Awards**” means Options, RSUs, DSUs granted to a Participant pursuant to the terms of the Plan;

“**Black-Out Period**” means a period of time when pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons designated by the Corporation;

“**Board**” has the meaning ascribed thereto in Section 2.2(a) hereof;

“**Business Day**” means a day other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in Toronto, Ontario, Canada, for the transaction of banking business;

“**California Option**” means an Option granted to a California Participant;

“**California Participant**” has the meaning ascribed thereto in Article 9 hereof;

“**Cash Equivalent**” means the amount of money equal to the Market Value multiplied by the number of vested RSUs in the Participant’s Account, net of any applicable taxes in accordance with Section 8.2, on the RSU Settlement Date;

“**Change in Control**” means the occurrence of any of the following events: (i) the acquisition, directly or indirectly, by any Person or group of Persons acting jointly or in concert, within the meaning of National Instrument 62-104 - Takeover Bids and Issuer Bids (or any successor instrument thereto), of a beneficial interest in voting or equity securities of the Corporation, together with all voting or equity securities of the Corporation at the time held beneficially, directly or indirectly by such person or persons acting jointly or in concert, equal to more than 50% of the votes associated with the outstanding voting securities of the Corporation; (ii) a merger, consolidation, plan of arrangement or reorganization of the Corporation that results in the beneficial, direct or indirect transfer of more than 50% of the total voting power of the resulting entity’s outstanding securities to a person, or group of persons acting jointly and in concert, who are different from the person(s) that have, beneficially, directly or indirectly, more than 50% of the total voting power prior to such transaction; (iii) any sale, lease, exchange or other transfer (in one transaction or series of related transactions) of all or substantially all of the Corporation’s property and assets, or (iv) the Corporation’s shareholders approving any plan or proposal for the liquidation or dissolution of the Corporation;

“**Code of Conduct**” means any code of conduct adopted by the Corporation, as modified from time to time;

“**Committee**” has the meaning ascribed thereto in Section 2.2(a) hereof;

“**Consultant**” means a “Consultant” as defined by the TSXV; provided that such consultant (i) is a natural person, (ii) provides bona fide services to the Corporation and (iii) whose services are not in connection with the offer or sale of securities in a capital-raising transaction, and do not directly or indirectly promote or maintain a market for the Corporation’s securities;

“**Corporation**” means Engine Media Holdings, Inc., a corporation existing under the *Business Corporations Act* (British Columbia), as amended from time to time;

“**Date of Grant**” means, for any Award, the date specified by the Board at the time it grants the Award or if no such date is specified, the date upon which the Award was granted.

“**DSU**” means a deferred share unit, which is a bookkeeping entry equivalent in value to a Share credited to a Participant’s Account in accordance with Article 4 hereof;

“**DSU Agreement**” means a written letter agreement between the Corporation and a Participant evidencing the grant of DSUs and the terms and conditions thereof, substantially in the form of Appendix “B”;

“**DSU Redemption Notice**” has the meaning ascribed thereto in Section 4.3(a) hereof;

“**Eligible Director**” means members of the Board who, at the time of execution of a Grant Agreement, and at all times thereafter while they continue to serve as a member of the Board, are not officers, senior executives or other employees of the Corporation or a Subsidiary, Consultants or service providers providing ongoing services to the Corporation and its Affiliates;

“**Eligible Participants**” has the meaning ascribed thereto in Section 2.3(a) hereof;

“**Employment Agreement**” means, with respect to any Participant, any written employment agreement between the Corporation or an Affiliate and such Participant;

“**Exercise Notice**” means a notice in writing signed by a Participant and stating the Participant’s intention to exercise a particular Award, if applicable;

“**Grant Agreement**” means an agreement evidencing the grant to a Participant of an Award, including an Option Agreement, a DSU Agreement, a RSU Agreement or an Employment Agreement;

“**Insider**” has the meaning given to the term in TSXV Corporate Finance Manual, as same may be amended, supplemented or replaced from time to time;

“**Market Value**” means at any date when the market value of Shares of the Corporation is to be determined, the closing price of the Shares on the Trading Day prior to the date of grant on the principal stock exchange on which the Shares are listed, less any discount permitted by the rules or policies of the TSXV, or if the Shares of the Corporation are not listed on any stock exchange, the value as is determined solely by the Board, acting reasonably and in good faith;

“**Option**” means an option granted by the Corporation to a Participant entitling such Participant to acquire a designated number of Shares from treasury at the Option Price, but subject to the provisions hereof;

“**Option Agreement**” means a written letter agreement between the Corporation and a Participant evidencing the grant of Options and the terms and conditions thereof, substantially in the form set out in Appendix “A”;

“**Option Price**” has the meaning ascribed thereto in Section 3.3 hereof;

“**Option Term**” has the meaning ascribed thereto in Section 3.4 hereof;

“**Participants**” means Eligible Participants that are granted Awards under the Plan;

“**Participant’s Account**” means an account maintained for each Participant’s participation in DSUs and/or RSUs under the Plan;

“**Performance Criteria**” means criteria established by the Board which, without limitation, may include criteria based on the Participant’s personal performance and/or the financial performance of the Corporation and/or of its Affiliates, and that may be used to determine the vesting of the Awards, when applicable;

“**Performance Period**” means the period determined by the Board pursuant to Section 5.3 hereof;

“**Person**” means an individual, corporation, company, cooperative, partnership, trust, unincorporated association, entity with juridical personality or governmental authority or body, and pronouns which refer to a Person shall have a similarly extended meaning;

“**Plan**” means this Omnibus Equity Incentive Plan, as amended and restated from time to time;

“**Restriction Period**” means the period determined by the Board pursuant to Section 5.3 hereof;

“**RSU**” means a right awarded to a Participant to receive a payment in the form of Shares as provided in Article 5 hereof and subject to the terms and conditions of this Plan;

“**RSU Agreement**” means a written letter agreement between the Corporation and a Participant evidencing the grant of RSUs and the terms and conditions thereof, substantially in the form of Appendix “C”;

“**RSU Settlement Date**” has the meaning determined in Section 5.6(a)(i);

“**RSU Settlement Notice**” means a notice by a Participant to the Corporation electing the desired form of settlement of vested RSUs.

“**RSU Vesting Determination Date**” has the meaning described thereto in Section 5.5 hereof;

“**Share Compensation Arrangement**” means a stock option, stock option plan, employee stock purchase plan, long-term incentive plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to one or more full-time employees, directors, officers, insiders, service providers or Consultants of the Corporation or a Subsidiary including a share purchase from treasury by a full-time employee, director, officer, insider, service provider or Consultant which is financially assisted by the Corporation or a Subsidiary by way of a loan, guarantee or otherwise;

“**Shares**” means the common shares in the capital of the Corporation;

“**Subsidiary**” means a corporation, company, partnership or other body corporate that is controlled, directly or indirectly, by the Corporation;

“**Tax Act**” means the *Income Tax Act* (Canada) and its regulations thereunder, as amended from time to time.

“**Termination Date**” means the date on which a Participant ceases to be an Eligible Participant;

“**Trading Day**” means any day on which the TSXV is opened for trading;

“**TSXV**” means the TSX Venture Exchange; and

“**Vested Awards**” has the meaning described thereto in Section 6.2(b) hereof.

ARTICLE 2
PURPOSE AND ADMINISTRATION OF THE PLAN; GRANTING OF AWARDS

2.1 Purpose of the Plan.

- (a) The purpose of the Plan is to permit the Corporation to grant Awards to Eligible Participants, subject to certain conditions as hereinafter set forth, for the following purposes:
 - (i) to increase the interest in the Corporation's welfare of those Eligible Participants, who share responsibility for the management, growth and protection of the business of the Corporation or a Subsidiary;
 - (ii) to provide an incentive to such Eligible Participants to continue their services for the Corporation or a Subsidiary and to encourage such Eligible Participants whose skills, performance and loyalty to the objectives and interests of the Corporation or a Subsidiary are necessary or essential to its success, image, reputation or activities;
 - (iii) to reward the Participants for their performance of services while working for the Corporation or a Subsidiary; and
 - (iv) to provide a means through which the Corporation or a Subsidiary may attract and retain able Persons to enter its employment.

2.2 Implementation and Administration of the Plan.

- (a) The Plan shall be administered and interpreted by the Board or, if the Board by resolution so decides, by a committee appointed by the Board (the "**Committee**") and consisting of not less than three (3) members of the Board. If a Committee is appointed for this purpose, all references to the term "**Board**" will be deemed to be references to the Committee.
- (b) The Board may, from time to time, as it may deem expedient, adopt, amend and rescind rules and regulations for carrying out the provisions and purposes of the Plan, subject to any applicable rules of the TSXV. Subject to the provisions of the Plan, the Board is authorized, in its sole discretion, to make such determinations under, and such interpretations of, and take such steps and actions in connection with, the proper administration of the Plan as it may deem necessary or advisable. The interpretation, construction and application of the Plan and any provisions hereof made by the Board shall be final and binding on all Eligible Participants.
- (c) No member of the Board or of the Committee shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan or any Award granted hereunder.
- (d) Any determination approved by a majority of the Board shall be deemed to be a determination of that matter by the Board.

2.3 Eligible Participants.

- (a) The Persons who shall be eligible to receive Awards (“**Eligible Participants**”) shall be bona fide directors, officers, senior executives and other employees of the Corporation or a Subsidiary, Consultants and service providers providing ongoing services to the Corporation and its Affiliates, who the Board may determine from time to time, in its sole discretion, to hold key positions in the Corporation or a Subsidiary. In determining Awards to be granted under the Plan, the Board shall give due consideration to the value of each Eligible Participant’s present and potential future contribution to the Corporation’s success. For greater certainty, a Person whose employment with the Corporation or a Subsidiary has ceased for any reason, or who has given notice or been given notice of such cessation, whether such cessation was initiated by such employee, the Corporation or such Subsidiary, as the case may be, shall cease to be eligible to receive Awards hereunder as of the date on which such Person provides notice to the Corporation or the Subsidiary, as the case may be, in writing or verbally, of such cessation, or on the Termination Date for any cessation of a Participant’s employment initiated by the Corporation.
- (b) Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect an Eligible Participant’s relationship or employment with the Corporation.
- (c) Notwithstanding any express or implied term of this Plan to the contrary, the granting of an Award pursuant to the Plan shall in no way be construed as a guarantee of employment by the Corporation to the Participant.

2.4 Shares Subject to the Plan.

- (a) Subject to adjustment pursuant to provisions of Article 7 hereof, the total number of Shares reserved and available for grant and issuance pursuant to Options shall not exceed 10% of the issued and outstanding Shares, less the number of Shares reserved for issuance under all other Share Compensation Arrangements of the Corporation.
- (b) For so long as the Corporation is listed on the TSXV or on another exchange that requires the Corporation to fix the number of Shares to be issued in settlement of DSUs and RSUs, the maximum number of Shares available for issuance pursuant to the settlement of DSUs and RSUs shall be 1,548,174 Shares.
- (c) The aggregate number of Shares issuable to Insiders at any time, under all of the Corporation’s Share Compensation Arrangements, shall not exceed 10% of the Corporation’s issued and outstanding Shares.
- (d) The aggregate number of Shares for which Awards may be issued to any one Participant in any 12-month period shall not exceed 5% of the outstanding Shares, calculated on the date an Award is granted to the Participant, unless the Corporation obtains disinterested shareholder approval as required by the policies of the TSXV. The aggregate number of Shares for which Awards may be issued to any one Consultant within any 12-month period shall not exceed 2% of the outstanding Shares, calculated on the date an Award is granted to the Consultant. The aggregate number of Shares for which Options may be issued to any Persons retained to provide Investor Relations Activities (as defined by the TSXV) within any 12-month period shall not exceed 2% of the outstanding Shares, calculated on the date an Option is granted to such Persons.
- (e) Subject to adjustment pursuant to provisions of Article 7 hereof, the aggregate number of Shares (i) issued to Insiders under the Plan or any other proposed or established Share Compensation Arrangement within any 12-month period and (ii) issuable to Insiders at any time under the Plan or any other proposed or established Share Compensation Arrangement, shall in each case not exceed ten percent (10%) of the total issued and outstanding Shares of the Corporation (on a non-diluted basis) from time to time.
- (f) the Board shall not make grants of Awards to Directors if, after giving effect to such grants of Awards, the aggregate number of Shares issuable to Directors, at the time of such grant, under all of the Corporation’s Share Compensation Arrangements would exceed 2% of the issued and outstanding Shares on a non-diluted basis, provided that such limit shall not apply to (i) Awards taken in lieu of any cash retainer or meeting director fees, and (ii) a one-time initial grant to a Director upon such Director joining the Board.

2.5 Granting of Awards.

- (a) Any Award granted under the Plan shall be subject to the requirement that, if at any time counsel to the Corporation shall determine that the listing, registration or qualification of the Shares subject to such Award, if applicable, upon any securities exchange or under any law or regulation of any jurisdiction, or the consent or approval of any securities exchange or any governmental or regulatory body, is necessary as a condition of, or in connection with, the grant or exercise of such Award or the issuance or purchase of Shares thereunder, if applicable, such Award may not be accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Board. Nothing herein shall be deemed to require the Corporation to apply for or to obtain such listing, registration, qualification, consent or approval.
- (b) Any Award granted under the Plan shall be subject to the requirement that, the Corporation has the right to place any restriction or legend on any securities issued pursuant to this Plan including, but in no way limited to placing a legend to the effect that the securities have not been registered under the *United States Securities Act of 1933* and may not be offered or sold in the United States unless registration or an exemption from registration is available.

ARTICLE 3 **OPTIONS**

3.1 Nature of Options.

An Option is an option granted by the Corporation to a Participant entitling such Participant to acquire, for each Option issued, one Share from treasury at the Option Price, but subject to the provisions hereof.

3.2 Option Awards.

Subject to the provisions set forth in this Plan and any shareholder or regulatory approval which may be required, the Board shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive Options under the Plan, (ii) fix the number of Options, if any, to be granted to each Eligible Participant and the date or dates on which such Options shall be granted, (iii) determine the price per Share to be payable upon the exercise of each such Option (the "**Option Price**") and the relevant vesting provisions (including Performance Criteria, if applicable) and Option Term, the whole subject to the terms and conditions prescribed in this Plan, in any Option Agreement and any applicable rules of the TSXV. Unless otherwise set forth in the Option Agreement or outlined under Article 6.2, the vesting of Options will not commence before the 1st anniversary from the Date of Grant.

3.3 Option Price.

The Option Price for Shares that are the subject of any Option shall be fixed by the Board when such Option is granted, but shall not be less than the Market Value of such Shares at the time of the grant.

3.4 Option Term.

- (a) The Board shall determine, at the time of granting the particular Option, the period during which the Option is exercisable, commencing on the date such Option is granted to the Participant and ending as specified in this Plan, or in the Option Agreement, but in no event shall an Option expire on a date which is later than ten (10) years from the date the Option is granted (“Option Term”). Unless otherwise determined by the Board, all unexercised Options shall be cancelled at the expiry of such Options.
- (b) Should the expiration date for an Option fall within a Black-Out Period or within ten (10) Business Days following the expiration of a Black-Out Period, such expiration date shall be automatically extended without any further act or formality to that date which is the tenth Business Day after the end of the Black-Out Period, such tenth Business Day to be considered the expiration date for such Option for all purposes under the Plan. Notwithstanding Section 7.2 hereof, the ten (10) Business Day-period referred to in this Section 3.4 may not be extended by the Board.

3.5 Exercise of Options.

- (a) Subject to the provisions of this Plan, a Participant shall be entitled to exercise an Option granted to such Participant at any time prior to the expiry of the Option Term, subject to vesting limitations which may be imposed by the Board at the time such Option is granted.
- (b) Prior to its expiration or earlier termination in accordance with the Plan, each Option shall be exercisable as to all or such part or parts of the optioned Shares and at such time or times and/or pursuant to the achievement of such Performance Criteria and/or other vesting conditions as the Board at the time of granting the particular Option, may determine in its sole discretion. For greater certainty, no Option shall be exercised by a Participant during a Black-Out Period.

3.6 Method of Exercise and Payment of Purchase Price.

- (a) Subject to the provisions of the Plan and the alternative exercise procedures set out herein, an Option granted under the Plan may be exercisable (from time to time as provided in Section 3.5 hereof) by the Participant (or by the liquidator, executor or administrator, as the case may be, of the estate of the Participant) by delivering a fully completed Exercise Notice to the Corporation at its registered office to the attention of the Corporate Secretary of the Corporation (or the individual that the Corporate Secretary of the Corporation may from time to time designate), together with a bank draft, certified cheque or other form of payment acceptable to the Corporation in an amount equal to the aggregate Option Price of the Shares to be purchased pursuant to the exercise of the Options.
- (b) Where Shares are to be issued to the Participant pursuant to the terms of this Section 3.6, as soon as practicable following the receipt of the Exercise Notice and, if Options are exercised only in accordance with the terms of Section 3.6(a), the required bank draft, certified cheque or other acceptable form of payment, the Corporation shall duly issue such Shares to the Participant as fully paid and non-assessable.
- (c) Upon the exercise of an Option pursuant to Section 3.6(a), the Corporation shall, as soon as practicable after such exercise but no later than ten (10) Business Days following such exercise, forthwith cause the transfer agent and registrar of the Shares to either:
 - (i) deliver to the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) a certificate in the name of the Participant representing in the aggregate such number of Shares as the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall have then paid for and as are specified in such Exercise Notice; or
 - (ii) in the case of Shares issued in uncertificated form, cause the issuance of the aggregate number of Shares the Participant (or the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall have then paid for and as are specified in such Exercise Notice to be evidenced by a book position on the register of the shareholders of the Corporation to be maintained by the transfer agent and registrar of the Shares.

3.7 Option Agreements.

Options shall be evidenced by an Option Agreement or included in an Employment Agreement, in such form not inconsistent with the Plan as the Board may from time to time determine, provided that the substance of Article 3 and Article 6 hereof be included therein. The Option Agreement shall contain such terms that may be considered necessary in order that the Option will comply with any provisions respecting options in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the corporation.

ARTICLE 4
DEFERRED SHARE UNITS

4.1 Nature of DSUs.

A DSU is an Award to an Eligible Director, subject to restrictions and conditions as the Board may determine at the time of grant. Conditions may be based on continuing service to the Corporation and/or achievement of pre-established vesting conditions.

4.2 DSU Awards.

- (a) Each Eligible Director may receive all or a portion of his or her annual retainer fee in the form of a grant of DSUs in each fiscal year. The number of DSUs shall be calculated as the applicable portion of the Eligible Director's annual retainer fee divided by the Market Value. At the discretion of the Board, fractional DSUs will not be issued and any fractional entitlements will be rounded down to the nearest whole number.
- (b) The DSUs are structured so as to be considered to be a plan described in section 7 of the Tax Act or any successor to such provision.
- (c) Subject to the vesting and other conditions and provisions set forth herein and in the DSU Agreement, the Board shall determine whether each DSU awarded to a Participant shall entitle the Participant: (i) to receive one Share issued from treasury; (ii) to receive the Cash Equivalent of one Share; or (iii) to elect to receive either One Share from treasury, the Cash Equivalent of One Share or a combination of cash and Shares.

4.3 Redemption of DSUs.

- (a) Each Eligible Director shall be entitled to redeem his or her DSUs during the period commencing on the Business Day immediately following the Termination Date and ending on the date that is two years following the Termination Date, or a shorter such redemption period set out in the relevant DSU Agreement, by providing a written notice of settlement to the Corporation setting out the number of DSUs to be settled and the particulars regarding the registration of the Shares issuable upon settlement (the "**DSU Redemption Notice**"). In the event of the death of an Eligible Director, the Notice of Redemption shall be filed by the administrator or liquidator of the estate of the Eligible Director.
- (b) If a DSU Redemption Notice is not received by the Corporation on or before the 90th day following the Termination Date, the Eligible Director shall be deemed to have delivered a DSU Redemption Notice and the Corporation shall redeem all of the Eligible Director's DSUs in exchange for Shares to be delivered to the Eligible Director, administrator or liquidator of the estate of the Eligible Director or the cash equivalent of the shares, as applicable.

- (c) For the purposes of determining the number of Shares from treasury to be issued or cash equivalent value to be delivered to an Eligible Director upon redemption of DSUs pursuant to Section 4.3, such calculation will be made on the date the Corporation receives, or is deemed to receive, the DSU Redemption Notice and be the whole number of Shares equal to the whole number of DSUs then recorded in the Eligible Director's Account which the Eligible Director requests or is deemed to request to redeem pursuant to the DSU Redemption Notice. Shares issued from treasury or the cash equivalent provided will be issued in consideration for the past services of the Eligible Director to the Corporation and the entitlement of the Eligible Director under this Plan shall be satisfied in full by such issuance of Shares.
- (d) Subject to Section 4.3(e), settlement of DSUs shall take place promptly following the Corporation's receipt or deemed receipt of the DSU Redemption Notice through delivery of a share certificate to the Eligible Director, the entry of the Eligible Director's name on the share register for the Shares or the cash equivalent of the shares.
- (e) Notwithstanding any other provision of this Plan, in the event that (i) a DSU Redemption Notice is received during a Black-Out Period or other trading restriction imposed by the Corporation; or (ii) the Eligible Director has not delivered a DSU Redemption Notice and the 90th day following the Termination Date falls during a Black-Out Period or other trading restriction imposed by the Corporation, then settlement of the applicable DSUs shall be automatically extended to the tenth (10th) Business Day following the date that such Black-Out Period or other trading restriction is lifted, terminated or removed.

4.4 DSU Agreements.

DSUs shall be evidenced by a DSU Agreement or included in an Employment Agreement, in such form not inconsistent with the Plan as the Board may from time to time determine, provided that the substance of Article 4 and Article 6 hereof be included therein. The DSU Agreement shall contain such terms that may be considered necessary in order that the DSU will comply with any provisions respecting deferred share units in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the corporation.

ARTICLE 5 RESTRICTED SHARE UNITS

5.1 Nature of RSUs.

A RSU is an Award entitling the recipient to acquire Shares, at such purchase price as determined by the Board, subject to such restrictions and conditions as the Board may determine at the time of grant. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established performance goals and objectives.

5.2 RSU Awards.

- (a) Subject to the provisions herein set forth and any shareholder or regulatory approval which may be required, the Board shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive RSUs under the Plan, (ii) fix the number of RSUs, if any, to be granted to each Eligible Participant and the date or dates on which such RSUs shall be granted, and (iii) determine the relevant conditions and vesting provisions (including the applicable Performance Period and Performance Criteria, if any) and Restriction Period of such RSUs, the whole subject to the terms and conditions prescribed in this Plan and in any RSU Agreement.

- (b) The Board shall have the authority to determine any vesting terms applicable to the grant of RSUs, provided that the terms comply with Section 409A, with respect to a U.S. Taxpayer.
- (c) The RSUs are structured so as to be considered to be a plan described in section 7 of the Tax Act or any successor to such provision.
- (d) Subject to the vesting and other conditions and provisions set forth herein and in the RSU Agreement, the Board shall determine whether each RSU awarded to a Participant shall entitle the Participant: (i) to receive one Share issued from treasury; (ii) to receive the Cash Equivalent of one Share; or (iii) to elect to receive either One Share from treasury, the Cash Equivalent of One Share or a combination of cash and Shares.
- (e) RSUs shall be settled by the Participant at any time beginning on the first Business Day following their RSU Vesting Determination Date but no later than the RSU Settlement Date.

5.3 Restriction Period.

The applicable restriction period in respect of a particular RSU award shall be determined by the Board. For Eligible Participants subject to the *Income Tax Act* (Canada), the Restriction Period of a particular RSU in all cases shall end no later than December 31 of the calendar year which is three (3) years after the calendar year in which the Award is granted (“**Restriction Period**”). For example, the Restriction Period for a grant made in June 2018 shall end no later than December 31, 2021. Subject to the Board’s determination, any vested RSUs with respect to a Restriction Period will be paid to Participants in accordance with Article 5, no later than the end of the Restriction Period. Unless otherwise determined by the Board, all unvested RSUs shall be cancelled on the RSU Vesting Determination Date (as such term is defined in Section 5.5) and, in any event, no later than the last day of the Restriction Period.

5.4 Performance Criteria and Performance Period.

- (a) For each award of RSUs, the Board shall establish the period in which any Performance Criteria and other vesting conditions must be met in order for a Participant to be entitled to receive Shares in exchange for all or a portion of the RSUs held by such Participant (the “**Performance Period**”), provided that such Performance Period may not expire after the end of the Restriction Period, being no longer than three (3) years after the calendar year in which the Award was granted.
- (b) The Board will issue Performance Criteria prior to the Date of Grant to which such Performance Criteria pertain. The Performance Criteria may be based upon the achievement of corporate, divisional or individual goals, and may be applied to performance relative to an index or comparator group, or on any other basis determined by the Board. Following the Date of Grant, the Board may modify the Performance Criteria as necessary to align them with the Corporation’s corporate objectives, subject to any limitations set forth in an RSU Agreement or an employment or other agreement with a Participant. The Performance Criteria may include a threshold level of performance below which no payment will be made (or no vesting will occur), levels of performance at which specified payments will be made (or specified vesting will occur) and a maximum level of performance above which no additional payment will be made (or at which full vesting will occur), all as set forth in the applicable RSU Agreement.

5.5 RSU Vesting Determination Date.

The vesting determination date means the date on which the Board determines if the Performance Criteria and/or other vesting conditions with respect to a RSU have been met (the “**RSU Vesting Determination Date**”), and as a result, establishes the number of RSUs that become vested, if any. For greater certainty, the RSU Vesting Determination Date must fall after the end of the Performance Period, if any, but no later than the last day of the Restriction Period each of which will not occur before the 1st anniversary from the Date of Grant, unless provided for under the RSU Agreement or under a situation outlined in Article 6.2.

5.6 Settlement of RSUs.

- (a) Except as otherwise provided in the RSU Agreement,
 - (i) all of the vested RSUs covered by a particular grant shall be settled as soon as practicable and in any event within ten (10) Business Days following their RSU Vesting Determination Date and, subject to Section 5.2 no later than the end of the Restriction Period (the “**RSU Settlement Date**”).
 - (ii) subject to Section 5.2(e), a Participant is entitled to deliver to the Corporation, on or before the RSU Settlement Date, an RSU Settlement Notice in respect of any or all vested RSUs held by such Participant.
- (b) Subject to Section 5.6(d), settlement of RSUs shall take place promptly following the RSU Settlement Date and, subject to Section 5.2(e), shall take the form set out in the RSU Settlement Notice through:
 - (i) in the case of settlement of RSUs for their Cash Equivalent, delivery of a cheque to the Participant representing the Cash Equivalent;
 - (ii) in the case of settlement of RSUs for Shares, delivery of a share certificate to the Participant or the entry of the Participant’s name on the share register for the Shares; or
 - (iii) in the case of settlement of the RSUs for a combination of Shares and the Cash Equivalent, a combination of (a) and (b) above.
- (c) If an RSU Settlement Notice is not received by the Corporation on or before the RSU Settlement Date, settlement shall take the form of Shares issued from treasury as set out in Section 5.7(b).
- (d) Notwithstanding any other provision of this Plan, in the event that an RSU Settlement Date falls during a Black-Out Period or other trading restriction imposed by the Corporation and the Participant has not delivered an RSU Settlement Notice, then such RSU Settlement Date shall be automatically extended to the tenth (10th) Business Day following the date that such Black-Out Period or other trading restriction is lifted, terminated or removed.

5.7 Determination of Amounts.

- (a) **Cash Equivalent of RSUs.** For purposes of determining the Cash Equivalent of RSUs to be made pursuant to Section 5.6, such calculation will be made on the RSU Settlement Date and shall equal the Market Value on the RSU Settlement Date multiplied by the number of vested RSUs in the Participant’s Account which, subject to Section 5.2(e), the Participant desires to settle in cash pursuant to the RSU Settlement Notice.
- (b) **Payment in Shares; Issuance of Shares from Treasury.** For the purposes of determining the number of Shares from treasury to be issued and delivered to a Participant upon settlement of RSUs pursuant to Section 5.6, such calculation will be made on the RSU Settlement Date and be the whole number of Shares equal to the whole number of vested RSUs then recorded in the Participant’s Account which, subject to Section 5.2(e), the Participant desires to settle pursuant to the RSU Settlement Notice. Shares issued from treasury will be issued in consideration for the past services of the Participant to the Corporation and the entitlement of the Participant under this Plan shall be satisfied in full by such issuance of Shares.

5.8 RSU Agreements.

RSUs shall be evidenced by a RSU Agreement or included in an Employment Agreement, in such form not inconsistent with the Plan as the Board may from time to time determine, provided that the substance of Article 6 hereof be included therein. The RSU Agreement shall contain such terms that may be considered necessary in order that the RSU will comply with any provisions respecting restricted share units in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the corporation.

ARTICLE 6 **GENERAL CONDITIONS**

6.1 General Conditions applicable to Awards.

Each Award, as applicable, shall be subject to the following conditions:

- (a) **Employment** - The granting of an Award to a Participant shall not impose upon the Corporation or a Subsidiary any obligation to retain the Participant in its employ in any capacity. For greater certainty, the granting of Awards to a Participant shall not impose any obligation on the Corporation to grant any awards in the future nor shall it entitle the Participant to receive future grants.
- (b) **Rights as a Shareholder** - Neither the Participant nor such Participant's personal representatives or legatees shall have any rights whatsoever as shareholder in respect of any Shares covered by such Participant's Awards until the date of issuance of a share certificate to such Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) or the entry of such person's name on the share register for the Shares. Without in any way limiting the generality of the foregoing, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such share certificate is issued or entry of such person's name on the share register for the Shares.
- (c) **Conformity to Plan** - In the event that an Award is granted or a Grant Agreement is executed which does not conform in all particulars with the provisions of the Plan, or purports to grant Awards on terms different from those set out in the Plan, the Award or the grant of such Award shall not be in any way void or invalidated, but the Award so granted will be adjusted to become, in all respects, in conformity with the Plan.
- (d) **Non-Transferability** - Except as set forth herein, Awards are not transferable and assignable. Awards may be exercised only by:
 - (i) the Participant to whom the Awards were granted; or
 - (ii) with the Corporation's prior written approval and subject to such conditions as the Corporation may stipulate, such Participant's family or retirement savings trust or any registered retirement savings plans or registered retirement income funds of which the Participant is and remains the annuitant; or
 - (iii) upon the Participant's death, by the legal representative of the Participant's estate; or
 - (iv) upon the Participant's incapacity, the legal representative having authority to deal with the property of the Participant;

provided that any such legal representative shall first deliver evidence satisfactory to the Corporation of entitlement to exercise any Award. A person exercising an Award may subscribe for Shares only in the person's own name or in the person's capacity as a legal representative.

6.2 General Conditions applicable to Awards.

Each Award shall be subject to the following conditions:

- (a) **Termination for Cause.** Upon a Participant ceasing to be an Eligible Participant for “**cause**”, all unexercised, vested or unvested Awards granted to such Participant shall terminate on the effective date of the termination as specified in the notice of termination. For the purposes of the Plan, the determination by the Corporation that the Participant was discharged for cause shall be binding on the Participant. “**Cause**” shall include, among other things, gross misconduct, theft, fraud, breach of confidentiality or breach of the Corporation’s Code of Conduct and any reason determined by the Corporation to be cause for termination.
- (b) **Permanent Disability.** In the case of a Participant’s termination of employment/service due to permanent disability, Awards will be treated as follows:
 - (i) **Options:** Upon a Participant ceasing to be an Eligible Participant by reason of permanent disability, (i) any unvested Option shall terminate and become void immediately, and (ii) any vested Option will cease to be exercisable on the earlier of the ninety (90) days from the date on which the Participant ceases his or her employment or service relationship with the Corporation by reason of permanent disability, and the expiry date of the Award set forth in the Option Agreement, after which the Option will expire. For clarity, any Option that would vest within 12 months of the Participant ceasing to be an Eligible Participant as per this Section 6.2(b)(i) will vest. Notwithstanding this, any unvested Options with Performance Criteria attached to them will have the performance measured based on a pro-rata Performance Period up to the Termination Date with any Options earned based on Performance Criteria vesting and all Options not meeting the Performance Criteria forfeited. If the Participant is determined to have breached any post-employment restrictive covenants in favour of the Corporation within a 12-month period following the Termination Date, then any Awards held by the Participant, whether vested or unvested, will immediately expire and the Participant shall pay to the Corporation any “**in-the-money**” amounts realized upon exercise of Awards following the Termination Date.
 - (ii) **RSUs/DSUs:** Except as otherwise determined by the Board from time to time, at its sole discretion, upon a Participant ceasing to be an Eligible Participant as a result of permanent disability, all unvested RSUs in the Participant’s Account as of such date relating to a Restriction Period in progress shall remain outstanding and in effect until the applicable RSU Vesting Determination Date. DSUs will immediately vest.
- (c) **Resignation.** In the case of a Participant ceasing to be an Eligible Participant due to such Participant’s resignation, subject to any later expiration dates determined by the Board, all Awards shall expire on the earlier of ninety (90) days after the effective date of such resignation, or the expiry date of the Award, to the extent such Awards were vested and exercisable by the Participant on the effective date of such resignation and all unexercised unvested Awards granted to such Participant shall terminate on the effective date of such resignation.
- (d) **Termination or Cessation.** In the case of a Participant ceasing to be an Eligible Participant for any reason (other than for “**cause**”, resignation or death) subject to any later expiration dates determined by the Board, all Awards shall expire on the earlier of ninety (90) days after the effective date of such cessation, or the expiry date of the Award, to the extent such Awards were vested and exercisable by the Participant on the effective date of such cessation and all unexercised unvested Awards granted to such Participant shall terminate on the effective date of such cessation.

- (e) **Death.** If a Participant dies while in his or her capacity as an Eligible Participant, all unvested Awards will immediately vest and all Awards will expire one hundred eighty (180) days after the death of such Participant.
- (f) **Change in Control.** If a Participant is terminated without “cause” or resigns for good reason during the 12 month period following the consummation of a Change in Control, then any unvested Awards will immediately vest and may be exercised within thirty (30) days of such date. Notwithstanding this, any unvested Options or RSUs with Performance Criteria attached to them will have the performance measured based on a pro-rata Performance Period up to the Termination Date with any Options or RSUs earned based on Performance Criteria vesting and all Options or RSUs not meeting the Performance Criteria forfeited. Any Options that become exercisable pursuant to this Section 6.2(f) shall remain open for exercise until the earlier of their expiry date as set out in the Award Agreement and the date that is thirty (30) days after such termination or dismissal.
- (g) **Clawback.** It is a condition of each grant of an Award that if the Corporation’s financial statements (the “**Original Statements**”) are required to be restated (other than as a result of a change in accounting policy by the Corporation or under International Financial Reporting Standards applicable to the Corporation) within three years following which such Original Statements were received by shareholders at the Corporation’s then most recent annual general meeting of shareholders, and such restated financial statements (the “**Restated Statements**”) disclose, in the opinion of the Board, acting reasonably, materially worse financial results than those contained in the Original Statements, then the Board may, in its sole discretion, to the full extent permitted by governing law and to the extent it determines that such action is in the best interest of the Corporation, and in addition to any other rights that the Corporation or an Affiliate may have at law or under any agreement, take any or all of the following actions, as applicable: (i) require the Participant to reimburse the Corporation for any amount paid to the Participant in respect of an Award in cash in excess of the amount that should otherwise have been paid in respect of such Award had the determination of such compensation been based upon the Restated Statements, less, in any event, the amount of tax withheld pursuant to the Tax Act or other relevant taxing authority in respect of the amount paid in cash in the year of payment; (ii) cancel and terminate any one or more unvested Awards on or prior to the applicable maturity or vesting dates, or cancel or terminate any outstanding Awards which have vested in the twelve (12) months prior to the date on which the Board determines that the Corporation’s Original Statements are required to be restated (a “**Relevant Equity Recoupment Date**”); and/or (iii) require payment to the Corporation of the value of any Shares of the Corporation acquired by the Participant pursuant to an Award granted in the twelve (12) months prior to a Relevant Equity Recoupment Date (less any amount paid by the Participant) to acquire such Shares and less the amount of tax withheld pursuant to the Tax Act or other relevant taxing authority in respect of such Shares).
- (h) **Any Award granted hereunder that is canceled or expires prior to the vesting thereof, or if vested, is canceled or expires prior to, as applicable, exercise, redemption or settlement thereof, shall no longer be deemed or counted as an outstanding Award hereunder.**

6.3 Unfunded Plan.

Unless otherwise determined by the Board, this Plan shall be unfunded. To the extent any Participant or his or her estate holds any rights by virtue of a grant of Awards under this Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Corporation. Notwithstanding the foregoing, any determinations made shall be such that the Plan continuously meets the requirements of paragraph 6801(d) of the Income Tax Regulations, adopted under the *Income Tax Act* (Canada) or any successor provision thereto.

ARTICLE 7
ADJUSTMENTS AND AMENDMENTS

7.1 Adjustment to Shares Subject to Outstanding Awards.

- (a) In the event of any subdivision of the Shares into a greater number of Shares at any time after the grant of an Award to a Participant and prior to the expiration of the term of such Award, the Corporation shall deliver to such Participant, at the time of any subsequent exercise or vesting of such Award in accordance with the terms hereof, in lieu of the number of Shares to which such Participant was theretofore entitled upon such exercise or vesting of such Award, but for the same aggregate consideration payable therefor, such number of Shares as such Participant would have held as a result of such subdivision if on the record date thereof the Participant had been the registered holder of the number of Shares to which such Participant was theretofore entitled upon such exercise or vesting of such Award.
- (b) In the event of any consolidation of Shares into a lesser number of Shares at any time after the grant of an Award to any Participant and prior to the expiration of the term of such Award, the Corporation shall deliver to such Participant at the time of any subsequent exercise or vesting of such Award in accordance with the terms hereof in lieu of the number of Shares to which such Participant was theretofore entitled upon such exercise or vesting of such Award, but for the same aggregate consideration payable therefor, such number of Shares as such Participant would have held as a result of such consideration if on the record date thereof the Participant had been the registered holder of the number of Shares to which such Participant was theretofore entitled upon such exercise or vesting of such Award.
- (c) If, at any time after the grant of an Award to any Participant and prior to the expiration of the term of such Award, the Corporation shall make a distribution, without the receipt of consideration, to all holders of Shares or other securities in the capital of the Corporation, or cash, evidences of indebtedness or other assets of the Corporation (excluding an ordinary course dividend in cash or shares, but including for greater certainty shares or equity interests in a subsidiary or business unit of the Corporation or one of its subsidiaries or cash proceeds of the disposition of such a subsidiary or business unit), or should the Corporation effect any transaction or change having a similar effect, then the price or the number of Shares to which the Participant is entitled upon exercise or vesting of Award shall be adjusted to take into account such distribution, transaction or change. The Board shall determine the appropriate adjustments to be made in such circumstances in order to maintain the Participants' economic rights in respect of their Awards in connection with such distribution, transaction or change.

7.2 Amendment or Discontinuance of the Plan.

- (a) The Board may amend the Plan or any Award at any time without the consent of the Participants provided that such amendment shall:
 - (i) not adversely alter or impair any Award previously granted except as permitted by the provisions of Article 7 hereof;
 - (ii) be in compliance with applicable law and subject to any regulatory approvals including, where required, the approval of the TSXV; and
 - (iii) be subject to shareholder approval, where required by law, the requirements of the TSXV or the provisions of the Plan, provided that shareholder approval shall not be required for the following amendments and the Board may make any changes which may include but are not limited to:
 - (A) amendments of a general “**housekeeping**” or clerical nature that, among others, clarify, correct or rectify any ambiguity, defective provision, error or omission in the Plan; and
 - (B) changes that alter, extend or accelerate the terms of vesting or settlement applicable to any Award provided that for Options it does not entail an extension beyond the original Expiry Date;

The Committee may, by resolution, but subject to applicable regulatory approvals, decide that any of the provisions hereof concerning the effect of termination of the Participant's employment shall not apply for any reason acceptable to the Committee.

- (b) Notwithstanding Section 7.2(a)(iii), the Board shall be required to obtain shareholder approval to make the following amendments:
- (i) any change to the maximum number of Shares issuable from treasury under the Plan, except such increase by operation of Section 2.4 and in the event of an adjustment pursuant to Article 7;
 - (ii) any amendment which reduces the exercise price of any Award, as applicable, after such Awards have been granted or any cancellation of an Award and the substitution of that Award by a new Award with a reduced price, except in the case of an adjustment pursuant to Article 7, provided that disinterested shareholder approval will be obtained for any reduction in the exercise price if the Participant is an Insider of the Corporation at the time of the proposed amendment;
 - (iii) any amendment which extends the expiry date of any Award, or the Restriction Period of any RSU beyond the original expiry date, except in case of an extension due to a Black-Out Period;
 - (iv) any amendment which would have the potential of broadening or increasing participation by Insiders;
 - (v) any amendment which would permit any Award granted under the Plan to be transferable or assignable by any Participant other than for normal estate settlement purposes;
 - (vi) any amendment which increases the maximum number of Shares that may be (i) issuable to Insiders, Associates of such Insiders, Consultants or Persons retained to provide Investor Relations Activities at any time; or (ii) issued to Insiders, Associates of such Insiders, Consultants or Persons retained to provide Investor Relations Activities under the Plan; and any other proposed or established Share Compensation Arrangement in a one-year period, except in case of an adjustment pursuant to Article 7;
 - (vii) increase limits imposed on the participation of non-employee directors that are not officers or employees of the Corporation;
 - (viii) otherwise cause the Plan to cease to comply with any tax or regulatory requirement, including for these purposes any approval or other requirement; or
 - (ix) any amendment to the amendment provisions of the Plan, provided that Shares held directly or indirectly by Insiders benefiting from the amendments in Sections (ii) and (iii) shall be excluded when obtaining such shareholder approval.
- (c) The Board may, subject to regulatory approval, discontinue the Plan at any time without the consent of the Participants provided that such discontinuance shall not materially and adversely affect any Awards previously granted to a Participant under the Plan.

7.3 Change in Control

- (a) If a Change in Control occurs, and unless otherwise provided in an Award Agreement or a written employment contract between the Corporation and a Participant and except as otherwise set out in this Section 7.3(a), the Board, may provide that: (1) the successor corporation or entity will assume each Award or replace it with a substitute Award on terms substantially similar to the existing Award; (2) the Awards will be surrendered for a cash payment made by the successor corporation or entity equal to the Fair Market Value thereof; or (3) any combination of the foregoing will occur, provided that the replacement of any Option with a substitute Option shall, at all times, comply with the provisions of subsection 7(1.4) of the Tax Act, and the replacement of any Award with a substitute Option, substitute DSU or substitute RSU shall be such that the substitute Award shall continuously be governed by section 7 of the Tax Act.
- (b) If within 12 months following a Change in Control, and unless otherwise provided in an Award Agreement or a written employment contract between the Corporation and a Participant, a Participant's service, consulting relationship, or employment with the Corporation, or the continuing entity is terminated without cause, or the Participant resigns from his or her employment as a result of either (i) the Corporation requiring the Participant to be based at a location in excess of one hundred (100) kilometers from the location of the Participant's principal job location or office immediately prior to a Change in Control; or (ii) a reduction in the Participant's base salary, or a substantial reduction in the Participant's target compensation under any incentive compensation plan, as in effect as of the date of a Change in Control, then the vesting of all Awards then held by such Participant (and, if applicable, the time during which such Awards may be exercised) will have all of their Options, Deferred Share Units or Restricted Share Units, as applicable, immediately vest. In the event that an Award is subject to vesting upon the attainment of Performance Criteria, then the number of Options or Restricted Share Units that shall immediately vest will be determined by multiplying the Award Agreement by the pro rata Performance Criteria achieved by the Termination Date.

ARTICLE 8 **MISCELLANEOUS**

8.1 Use of an Administrative Agent and Trustee.

The Board may in its sole discretion appoint from time to time one or more entities to act as administrative agent to administer the Awards granted under the Plan and to act as trustee to hold and administer the assets that may be held in respect of Awards granted under the Plan, the whole in accordance with the terms and conditions determined by the Board in its sole discretion. The Corporation and the administrative agent will maintain records showing the number of Awards granted to each Participant under the Plan.

8.2 Tax Withholding.

- (a) Notwithstanding any other provision of this Plan, all distributions, delivery of Shares or payments to a Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) under the Plan shall be made net of applicable source deductions. If the event giving rise to the withholding obligation involves an issuance or delivery of Shares, then, the withholding obligation may be satisfied by (a) having the Participant elect to have the appropriate number of such Shares sold by the Corporation, the Corporation's transfer agent and registrar or any trustee appointed by the Corporation pursuant to Section 8.1 hereof, on behalf of and as agent for the Participant as soon as permissible and practicable, with the proceeds of such sale being delivered to the Corporation, which will in turn remit such amounts to the appropriate governmental authorities, or (b) any other mechanism as may be required or appropriate to conform with local tax and other rules.
- (b) Notwithstanding the first paragraph of this Section 8.2, the applicable tax withholdings may be waived where the Participant directs in writing that a payment be made directly to the Participant's registered retirement savings plan in circumstances to which regulation 100(3) of the regulations of the Tax Act apply.

8.3 Reorganization of the Corporation.

The existence of any Awards shall not affect in any way the right or power of the Corporation or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Corporation's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Corporation or to create or issue any bonds, debentures, shares or other securities of the Corporation or the rights and conditions attaching thereto or to affect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

8.4 Governing Laws.

The Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

8.5 Severability.

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

8.6 Effective Date of the Plan.

The Plan was approved by the Board on June 9, 2020 and will be effective upon receipt of shareholder and TSXV approvals (the "Effective Date") until the date it is terminated by the Board in accordance with the Plan.

ARTICLE 9 CALIFORNIA PARTICIPANTS

Notwithstanding any other provision contained in this Plan or in any Grant Agreement, this Article 9 shall apply to all Participants that receive Awards issued in reliance on Section 25102(o) of the California Corporations Code (each, a "California Participant").

9.1 Termination of Employment.

Unless a California Participant's employment is terminated for Cause, the right to exercise a California Option awarded under the Plan in the event of termination of employment continues until the earlier of: (i) the expiry date set forth in the applicable Option Agreement or (ii) (A) if termination was caused by death or Permanent Disability, at least six months from the date of termination and (B) if termination was caused other than by death or Permanent Disability, at least thirty days from the date of termination.

For purposes of Section 9.1, "Permanent Disability" shall mean the inability of the California Participant, in the opinion of a qualified physician acceptable to the Corporation, to perform the major duties of the California Participant's position with the Corporation because of the sickness or injury of the California Participant.

9.2 Issuance of Securities

All securities granted pursuant to the Plan must be granted within ten years from the earlier of the date on which this Plan was adopted by the Board or the date this Plan was approved by the shareholders of the Corporation.

9.3 Approval of Plan

The Plan shall be approved by a majority of the outstanding securities of the Corporation entitled to vote by the later of (a) a period beginning twelve months before and ending twelve months after the date of adoption thereof by the Board or (b) the first issuance of any security pursuant to the Plan in the State of California (within the meaning of Section 25008 of the California Corporations Code). Securities granted pursuant to the Plan prior to security holder approval of the Plan shall become exercisable no earlier than the date of shareholder approval of the Plan and such securities shall be rescinded if such security holder approval is not received in the manner described in the preceding sentence. Notwithstanding the foregoing, while the Corporation is a foreign private issuer, as defined by Rule 3b-4 of the United States Exchange Act of 1934, as amended, shall not be required to comply with this Section 9.3 provided that the aggregate number of California Participants granted securities under all incentive plans and agreements and issued securities under all purchase and bonus plans and agreements does not exceed thirty five.

ARTICLE 10 PLAN PROVISIONS APPLICABLE TO U.S. TAXPAYERS

10.1 General.

The provisions of this Article 10 apply to Awards held by a U.S. Taxpayer to the extent such Awards are subject to U.S. Taxation. The following provisions apply, notwithstanding anything to the contrary in the Plan. All capitalized terms used in this Article 10 and not defined herein, shall have the meaning attributed to them in the Plan.

10.2 Definitions.

- (a) “**Code**” means the United States Internal Revenue Code of 1986, as amended, and any applicable United States Treasury Regulations and other binding regulatory guidance thereunder.
- (b) “**Section 409A**” means section 409A of the Code.
- (c) “**Separation From Service**” shall mean the separation from service with the Corporation within the meaning of U.S. Treas. Regs. § 1.409A-1(h). Whether a Separation from Service has occurred is determined based on whether the facts and circumstances indicate that the Corporation and the Participant reasonably anticipated that no further services would be performed after a certain date or that the level of bona fide services the Participant would perform after such date (whether as an employee or independent contractor) would permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding thirty six (36) month period (or the full period of services to the Corporation if the Participant has been providing services to the Corporation less than thirty six (36) months)). Separation from service shall not be deemed to occur while the Participant is on military leave, sick leave or other bona fide leave of absence if the period does not exceed six (6) months or, if longer, so long as the Participant retains a right to reemployment with the Corporation under an applicable statute or by contract. For this purpose, a leave is bona fide only if, and so long as, there is a reasonable expectation that the Participant will return to perform services for the Corporation. Notwithstanding the foregoing, a twenty-nine (29) month period of absence will be substituted for such six (6) month period if the leave is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of no less than six (6) months and that causes the Participant to be unable to perform the duties of his or her position of employment. For this purpose, the Corporation includes all entities would be considered a single employer for purposes of U.S. Treasury Regulations; provided that, in applying those regulations, the language “at least 50 percent” shall be used instead of “at least 80 percent” each place it appears therein. Notwithstanding the foregoing, with respect to a Participant who is a non-employee director, a “Separation from Service” shall mean a complete severance of a director’s relationship as a director of the Corporation and as an independent contractor of the Corporation. A director may have a Separation from Service upon resignation as a director even if the director then becomes an officer or employee of the Corporation.
- (d) “**Specified Employee**” means a US Taxpayer who meets the definition of “specified employee,” as defined in Section 409A(a)(2)(B)(i) of the Code.
- (e) “**US Taxpayer**” means a Participant whose compensation from the Corporation is subject to Section 409A.

10.3 Compliance with Section 409A.

Notwithstanding any provision of the Plan to the contrary, it is intended that any payments under the Plan either be exempt from or comply with Section 409A, and all provisions of the Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. Each payment made in respect of Restricted Share Units and Deferred Share Units shall be deemed to be a separate payment for purposes of Section 409A. Each US Taxpayer is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of such US Taxpayer in connection with the Plan (including any taxes and penalties under Section 409A), and neither the Corporation nor any of its subsidiaries shall have any obligation to indemnify or otherwise hold such US Taxpayer (or any beneficiary) harmless from any or all of such taxes or penalties.

- (a) **Option Awards.** When determining the Option Price for any Option Award granted to a US Taxpayer, the “Market Value” shall be determined in the manner defined in Section 1.1 but without any discount permitted by the rules or policies of the TSXV.
- (b) **DSU Awards.** Notwithstanding Article 4, a DSU which becomes payable on account of a Termination Date shall be payable by reason of such circumstance only if the circumstance is a Separation from Service; and if such payment has become payable on account of a Separation from Service, such payment shall be made as soon as administratively practicable but in all events by the 60th day following the Separation from Service (without regard to any DSU Redemption Notice given by the Participant); provided that if the payment is to be made to any Participant who is determined to be a Specified Employee, such payment shall not be paid before the date which is six months after such Specified Employee’s Separation from Service (or, if earlier, the date of death of such Specified Employee). Following any applicable six month delay of payment, all such delayed payments shall be made to the Specified Employee in a lump sum on the earliest possible payment date.
- (c) **RSU Awards.** Notwithstanding Article 5, an RSU which becomes payable upon an RSU Vesting Determination Date shall be made as soon as administratively practicable but in all events by the 60th day following the RSU Vesting Determination Date (without regard to any RSU Settlement Notice given by the Participant). In the case of any termination event that qualifies for accelerated vesting and payment under Section 6.2, an RSU that is not otherwise exempt from Section 409A shall be payable by reason of such circumstance only if the circumstance is a Separation from Service; and if such payment has become payable on account of a Separation from Service, such payment shall be made as soon as administratively practicable but in all events by the 60th day following the Separation from Service (without regard to any RSU Settlement Notice given by the Participant); provided that if the payment is to be made to any Participant who is determined to be a Specified Employee, such payment shall not be paid before the date which is six months after such Specified Employee’s Separation from Service (or, if earlier, the date of death of such Specified Employee). Following any applicable six month delay of payment, all such delayed payments shall be made to the Specified Employee in a lump sum on the earliest possible payment date.

- (d) **Special Requirement for Option Awards Intended to Qualify as ISOs.** An Option Award granted to a US Taxpayer that is intended to qualify as an “incentive stock option” (“ISO”) within the meaning of section 422 of the Code shall be subject to the following requirements:
- (i) The maximum number of Shares available for issuance of ISOs shall be 400,000 Shares.
 - (ii) An ISO may be granted only to employees (including a director or officer who is also an employee) of the Corporation (or of any parent or subsidiary of the Corporation). For purposes of this Article 9, the term “employee” shall mean a person who is an employee for purposes of the Code and the terms “parent” and “subsidiary” shall have the meanings set forth in sections 424(e) and 424(f) of the Code.
 - (iii) The Corporation will not grant ISOs in which the aggregate fair market value (determined as of the date of grant) of the Shares with respect to which ISOs are exercisable for the first time by any US Taxpayer during any calendar year (under this Plan and all other plans of the Corporation and of any parent or subsidiary of the Corporation) exceeds US\$100,000 or any limitation subsequently set forth in section 422(d) of the Code.
 - (iv) When determining the Option Price for any ISO, the “Market Value” shall be determined in the manner defined in Section 1.1 but without any discount permitted by the rules or policies of the TSXV; provided, however, that, in the case of the grant of an ISO to a US Taxpayer who, at the time such ISO is granted, is a ten percent (10%) shareholder, the exercise price payable per Share upon exercise of such ISO will be not less than 110% of the Market Value of a Share on the date of grant of such ISO.
 - (v) An ISO will terminate and no longer be exercisable no later than ten years after the date of grant of such ISO; provided, however, that in the case of a grant of an ISO to a US Taxpayer who, at the time such ISO is granted, is a ten percent (10%) shareholder, such ISO will terminate and no longer be exercisable no later than five years after the date of grant of such ISO. The foregoing term limits shall apply even if the expiry date falls within a Black-Out Period, notwithstanding anything in the contrary in Section 3.4(b).
 - (vi) If a US Taxpayer who has been granted ISOs ceases to be employed by the Corporation (or by any parent or subsidiary of the Corporation) for any reason, whether voluntary or involuntary, other than death, permanent disability or cause, such ISO shall be exercisable by the US Taxpayer (to the extent such ISO was vested on the date of cessation of employment) at any time prior to the earlier of (i) the date that is three months after the date of cessation of employment or (ii) the expiration of the term of such ISO. If a US Taxpayer who has been granted ISOs ceases to be employed by the Corporation (or by any parent or subsidiary of the Corporation) because of the death or permanent disability of such US Taxpayer, such US Taxpayer, such US Taxpayer’s personal representatives or administrators, or any person or persons to whom such ISO is transferred by will or the applicable laws of descent and distribution, may exercise such ISO (to the extent such ISO was vested on the date of death or permanent disability, as the case may be) at any time prior to the earlier of (i) the date that is one year after the date of death or permanent disability, as the case may be, or (ii) the expiration of the term of such ISO. If a US Taxpayer who has been granted ISOs ceases to be employed by the Corporation (or by any parent or subsidiary of the Corporation) for cause, the right to exercise such ISO will terminate on the date of cessation of employment, unless otherwise determined by the directors. For purposes of this Article 9, the term “permanent disability” has the meaning assigned to that term in section 422(e)(3) of the Code.
 - (vii) An ISO granted to a US Taxpayer may be exercised during such person’s lifetime only by such US Taxpayer.
 - (viii) An ISO granted to a US Taxpayer may not be transferred, assigned or pledged by such US Taxpayer, except by will or by the laws of descent and distribution.
 - (ix) No ISO will be granted more than ten years after the earlier of the date this Plan is adopted by the Board or the date this Plan is approved by the shareholders of the Corporation.

**APPENDIX “A”
FORM OF OPTION AGREEMENT
ENGINE MEDIA HOLDINGS, INC.**

OPTION AGREEMENT

This Stock Option Agreement (the “**Option Agreement**”) is entered into between Engine Media Holdings, Inc. (the “**Corporation**”), and the optionee named below (the “**Optionee**”) pursuant to and on the terms and subject to the conditions of the Corporation’s Omnibus Equity Incentive Plan (the “**Plan**”). Capitalized terms used and not otherwise defined in this Option Agreement shall have the meanings set forth in the Plan.

The terms of the option (the “**Option**”), in addition to those terms set forth in the Plan, are as follows:

1. **Optionee.** The Optionee is ► and the address of the Optionee is currently ►.
2. **Number of Shares.** The Optionee may purchase up to ► Shares of the Corporation (the “**Option Shares**”) pursuant to this Option, as and to the extent that the Option vests and becomes exercisable as set forth in section 6 of this Option Agreement.
3. **Option Price.** The exercise price is Cdn \$ ► per Option Share (the “**Option Price**”).
4. **Date Option Granted.** The Option was granted on ►.
5. **Term of Option.** The Option terminates on ►. (the “**Expiry Date**”).
6. **Vesting.** The Option to purchase Option Shares shall vest and become exercisable as follows:
►
7. **Exercise of Options.** In order to exercise the Option, the Optionee shall notify the Corporation in the form annexed hereto as Schedule “A”, whereupon the Corporation shall use reasonable efforts to cause the Optionee to receive a certificate representing the relevant number of fully paid and non-assessable Shares in the Corporation.
8. **Transfer of Option.** The Option is not-transferable or assignable except in accordance with the Plan.
9. **U.S. Securities Laws.** If the Options and the Shares are not registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws, the Options may not be exercised in the “United States” (as defined in Rule 902 of Regulation S under the U.S. Securities Act) unless an exemption from the registration requirements of the U.S. Securities Act is available. Any Shares issued to Optionee in the United States that have not been registered under the U.S. Securities Act will be deemed “restricted securities” (as defined in Rule 144(a)(3) of the U.S. Securities Act) and bear a restrictive legend to such effect.
10. **Inconsistency.** This Option Agreement is subject to the terms and conditions of the Plan and, in the event of any inconsistency or contradiction between the terms of this Option Agreement and the Plan, the terms of the Plan shall govern.
11. **Severability.** Wherever possible, each provision of this Option Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Option Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Option Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

12. **Entire Agreement.** This Option Agreement and the Plan embody the entire agreement and understanding among the parties and supersede and pre-empt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.
13. **Successors and Assigns.** This Option Agreement shall bind and enure to the benefit of the Optionee and the Corporation and their respective successors and permitted assigns.
14. **Time of the Essence.** Time shall be of the essence of this Agreement and of every part hereof.
15. **Governing Law.** This Agreement and the Option shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
16. **Counterparts.** This Option Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

[Remainder of this page left intentionally blank; Signature page follows]

By signing this Agreement, the Optionee acknowledges that the Optionee has been provided a copy of and has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Agreement.

IN WITNESS WHEREOF the parties hereof have executed this Option Agreement as of the _____ day of , 20__.

ENGINE MEDIA HOLDINGS, INC.

Per: _____

Name: ▶

Title: ▶

Witness

[Insert Participant's Name]

SCHEDULE "A" TO APPENDIX "A"
ELECTION TO EXERCISE STOCK OPTIONS

TO: ENGINE MEDIA HOLDINGS, INC. (the "Corporation")

The undersigned Optionee hereby elects to exercise Options granted by the Corporation to the undersigned pursuant to a Grant Agreement dated **►, 20►** under the Corporation's Omnibus Equity Incentive Plan (the "**Plan**"), for the number Shares set forth below. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Plan.

Number of Shares to be Acquired:

Option Price (per Share): \$

Aggregate Purchase Price:

Amount enclosed that is payable on account of any source deductions relating to this Option exercise (contact the Corporation for details of such amount): \$

Or check here if alternative arrangements have been made with the Corporation;

and hereby tenders a certified cheque, bank draft or other form of payment confirmed as acceptable by the Corporation for such aggregate purchase price, and, if applicable, all source seductions, and directs such Shares to be registered in the name of _____.

In connection with such exercise the undersigned represents, warrants and covenants to the Corporation (and acknowledges that the Corporation is relying thereon) that **(check one)**:

- [] 1. The undersigned is not a U.S. person (the definition of which includes, but is not limited to, a person resident in the United States, a partnership or corporation organized or incorporated under the laws of the United States, and a trust or estate of which any trustee, executor or administrator is a U.S. person), the undersigned was not offered the Shares in the United States and the Option is not being exercised within the United States or for the account or benefit of a U.S. person. The terms "**United States**" and "**U.S. person**" are as defined in Rule 902 of Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"); or
- [] 2. The undersigned represents, warrants and covenants to the Corporation that:
- (a) The Optionee, upon exercise of Options, is acquiring Shares as principal and for the account of the Optionee.
 - (b) In issuing the Shares to the Optionee upon the exercise of Options, the Corporation is relying on the representations and warranties of the Optionee contained herein to support the conclusion of the Corporation that the issuance of Shares upon the exercise of Options does not require registration under the U.S. Securities Act or to be qualified under the securities laws of any state of the United States.

- (c) The Optionee acknowledges that it is not acquiring the Common Shares as a result of “general solicitation” or “general advertising” (as such terms are used in Regulation D under the U.S. Securities Act), including without limitation, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or on the internet, or broadcast over radio or television or on the internet, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.
- (d) The Optionee understands and agrees that the Shares have not been and will not be registered under the U.S. Securities Act and the Shares are being offered and sold by the Corporation in reliance upon an exemption from registration under the U.S. Securities Act.
- (e) Neither the Options nor the Shares issued upon the exercise of Options have been or will be registered under the U.S. Securities Act or any state securities laws. The Option may not be exercised in the United States unless exempt from such registration requirements. Shares issued to the Optionee in the United States will be deemed “restricted securities” (as defined in Rule 144 of the U.S. Securities Act) and bear a restrictive legend to such effect.
- (f) Each certificate representing Shares issued to the Optionee upon the exercise of Options shall bear a legend in substantially the following form:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”). THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT PROVIDED BY (I) RULE 144 OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE LAWS AND REGULATIONS GOVERNING THE OFFER AND SALE OF SECURITIES, AND THE HOLDER HAS, PRIOR TO SUCH SALE, FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE CORPORATION. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES.”

provided that, if Shares issued upon the exercise of Options are being sold under clause (B) above, the legend may be removed by providing a declaration to the Corporation’s transfer agent in such form as the Corporation may from time to time prescribe together with such documentation as the Corporation or its transfer agent may require (which may include an opinion of counsel of recognized standing reasonably satisfactory to the Corporation), to the effect that the sale of the securities is being made in compliance with Rule 904 of Regulation S under the U.S. Securities Act; and

provided further, that, if the Shares issued upon the exercise of Options are being sold pursuant to Rule 144 of the U.S. Securities Act, if available, the legend may be removed by delivery to the Corporation and the Corporation’s transfer agent an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation, to the effect that the legend is no longer required under applicable requirements of the U.S. Securities Act.

- (g) The Optionee acknowledges that the Corporation may have federal, state, provincial or local tax withholding and reporting obligations and consents to such actions by the Corporation as may reasonably be required to comply with such obligations in connection with the exercise of Options. The acceptance and exercise of Options and the sale of Shares issued pursuant to the exercise of Options may have consequences under federal, provincial and other tax and securities laws which may vary depending on the individual circumstances of the Optionee. Accordingly, the Optionee acknowledges that the Optionee has consulted, as the Optionee considers necessary, personal legal and tax advisors in connection with the Options and the Optionee's dealings with respect to the Options or the Shares to be issued upon exercise of the Options.

The foregoing representations, warranties and covenants are made by the undersigned with the intent that they be relied upon in determining whether the Shares issuable upon the exercise of Options may be issued under applicable securities laws. The undersigned undertakes to notify the Corporation immediately of any change in any representation, warranty or other information relating to the undersigned set forth herein which takes place prior to the date of issuance of the Shares.

By executing this Election to Exercise Stock Options, the undersigned hereby confirms that the undersigned has read the Plan and agrees to be bound by the provisions of the Plan.

[Remainder of this page left intentionally blank; Signature page follows]

I hereby agree to file or cause the Corporation to file on my behalf, on a timely basis, all insider reports and other reports that I may be required to file under applicable securities laws. I understand that this request to exercise my Options is irrevocable.

DATED this ► day of ►, ►.

Signature of Participant

Name of Participant (Please Print)

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**APPENDIX “C”
FORM OF RSU AGREEMENT**

ENGINE MEDIA HOLDINGS, INC.

RESTRICTED SHARE UNIT AGREEMENT

This restricted share unit agreement (“**RSU Agreement**”) is entered into between Engine Media Holdings, Inc. (the “**Corporation**”) and the Participant named below (the “**Recipient**”) of the restricted share units (“**RSUs**”) pursuant to the Corporation’s Omnibus Equity Incentive Plan (the “**Plan**”). Capitalized terms used and not otherwise defined in this RSU Agreement shall have the meanings set forth in the Plan.

The terms of the RSUs, in addition to those terms set forth in the Plan, are as follows:

1. **Recipient.** The Recipient is ► and the address of the Recipient is currently ►.
2. **Grant of RSUs.** The Recipient is hereby granted ► RSUs.
3. **Settlement.** The RSUs shall be settled as follows:

(Select one of the following three options):
 - (a) One Share issued from treasury per RSU.
 - (b) Cash Equivalent of one Share per RSU.
 - (c) Either (a), (b), or a combination thereof, at the election of the Board.
4. **Restriction Period.** In accordance with Section 5.3 of the Plan, the restriction period in respect of the RSUs granted hereunder, as determined by the Board, shall commence on ► and terminate on ►.
5. **Performance Criteria.** ►.
6. **Performance Period.** ►.
7. **Vesting.** The RSUs will vest as follows:

►.
8. **Transfer of RSUs.** The RSUs granted hereunder are not-transferable or assignable except in accordance with the Plan.
9. **U.S. Securities Laws.** If the Shares issuable upon the vesting of the RSUs are not registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws, the Shares may not be issued in the “United States” (as defined in Rule 902 of Regulation S under the U.S. Securities Act) unless an exemption from the registration requirements of the U.S. Securities Act is available. Any Shares issued to a Recipient in the United States that have not been registered under the U.S. Securities Act will be deemed “restricted securities” (as defined in Rule 144(a)(3) of the U.S. Securities Act) and bear a restrictive legend to such effect.
10. **Inconsistency.** This RSU Agreement is subject to the terms and conditions of the Plan and, in the event of any inconsistency or contradiction between the terms of this RSU Agreement and the Plan, the terms of the Plan shall govern.

11. **Severability.** Wherever possible, each provision of this RSU Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this RSU Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this RSU Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.
12. **Entire Agreement.** This RSU Agreement and the Plan embody the entire agreement and understanding among the parties and supersede and pre-empt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.
13. **Successors and Assigns.** This RSU Agreement shall bind and enure to the benefit of the Recipient and the Corporation and their respective successors and permitted assigns.
14. **Time of the Essence.** Time shall be of the essence of this Agreement and of every part hereof.
15. **Governing Law.** This RSU Agreement and the RSUs shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
16. **Counterparts.** This RSU Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

By signing this RSU Agreement, the Participant acknowledges that he or she has been provided with, has read and understands the Plan and this RSU Agreement.

IN WITNESS WHEREOF the parties hereof have executed this RSU Agreement as of the ► day of ►, 20►.

ENGINE MEDIA HOLDINGS, INC.

Per: _____
Name: ►
Title: ►

Witness

[Insert Participant's Name]

List of Subsidiaries

As of the date of the Annual Report on Form 20-F/A of which this Exhibit 8.1 is a part, the following is a list of the subsidiaries of Engine Gaming and Media, Inc.:

Subsidiaries	Jurisdiction of Incorporation
Frankly Inc.	Canada
Stream Hatchet S.L	Spain
UMG Media Ltd.	Canada
WinView, Inc.	USA
SideQik Inc.	USA
Frankly Co.	USA
Frankly Media	USA
UMG Events LLC	USA
Crowd Control Studies Inc.	USA
UMG Events (Ontario) Ltd.	Canada
Vemba Media Technologies Private Limited	India

CERTIFICATION REQUIRED BY RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Justin Kenna, certify that:

1. I have reviewed this annual report on Form 20-F/A of Engine Gaming and Media, Inc. (the "Issuer");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Issuer as of, and for, the periods presented in this report;
4. The Issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Issuer and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the Issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the Issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Issuer's internal control over financial reporting.
5. The Issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Issuer's auditor and the audit committee of the Issuer's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Issuer's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Issuer's internal control over financial reporting.

Date: December 20, 2023

By: */s/ Justin Kenna*

Justin Kenna
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION REQUIRED BY RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Michael Munoz, certify that:

1. I have reviewed this annual report on Form 20-F/A of Engine Gaming and Media, Inc. (the "Issuer");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Issuer as of, and for, the periods presented in this report;
4. The Issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Issuer and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the Issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the Issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Issuer's internal control over financial reporting.
5. The Issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Issuer's auditor and the audit committee of the Issuer's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Issuer's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Issuer's internal control over financial reporting.

Date: December 20, 2023

By: */s/ Michael Munoz*

Michael Munoz
Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Engine Gaming and Media, Inc. (the "Company") on Form 20-F/A for the period ended August 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Justin Kenna, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

December 20, 2023

/s/ Justin Kenna

Justin Kenna
Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Engine Gaming and Media, Inc. and will be retained by Engine Gaming and Media, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Engine Gaming and Media, Inc. (the “Company”) on Form 20-F/A for the period ended August 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael Munoz, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

December 20, 2023

/s/ Michael Munoz

Michael Munoz
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to Engine Gaming and Media, Inc. and will be retained by Engine Gaming and Media, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.



Consent of Independent Auditor

December 20, 2023

To: Whom it may concern:

Consent of Independent Registered Public Accounting Firm

We hereby consent to the use in this Amended Annual Report on Form 20-F (the “Annual Report”) of Engine Gaming and Media, Inc. (formerly, Engine Media Holdings, Inc.) (the “Company”) of:

- our report dated December 20, 2023, relating to the consolidated financial statements of the Company as at and for the years ended August 31, 2022 and 2021; and
- our report dated December 20, 2023, relating to the consolidated financial statements of the Company as at and for the years ended August 31, 2021 and 2020;

each of which is included in the financial statement exhibits to the Company’s Annual Report.

Kreston GTA LLP

Chartered Professional Accountants
Markham, Canada
December 20, 2023

knowing you.

Kreston GTA LLP is a partnership
registered in Ontario, Canada.

8953-8965 Woodbine Avenue
Markham, Ontario, L3R 0J9

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