ESE ENTERTAINMENT INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Nine Months Ended July 31, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

**NOTICE OF NO AUDITOR REVIEW OF THE
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company for the three and nine months ended July 31, 2024 have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

ESE ENTERTAINMENT INC.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited - Prepared by Management)

	Note		July 31, 2024		October 31, 2023
			(unaudited)		(audited)
ASSETS					
Current assets					
Cash		$	1,907,991	$	2,125,251
Receivables	**8**		1,148,765		2,285,731
Prepaid expense and deposits			434,211		148,327
Inventory			-		27,915
			3,490,967		4,587,224
Property and equipment	**9**		331,600		431,465
Investment in GR Games	**13**		349,049		331,314
Investment in GameAddik	**12**		-		3,761,567
Total assets		$	4,171,616	$	9,111,570
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	**14, 21**	$	3,787,945	$	2,195,733
Lease liabilities	**15**		28,286		110,062
Acquisition payment commitment	**6**		862,801		862,801
Loans and credit facilities	**16**		352,608		674,276
Convertible notes	**17**		615,000		2,517,507
Consideration payable	**6**		-		63,735
Deferred revenue	**21**		42,799		9,305
			5,689,439		6,433,419
EQUITY					
Share capital	**18**		53,530,330		52,288,061
Share subscriptions received			1,050		1,050
Commitment to issue shares	**5, 7, 18**		103,042		2,235,346
Contributed surplus			6,303,583		6,032,669
Accumulated other comprehensive loss			(137,234)		(11,432)
Deficit			(60,282,413)		(56,951,453)
(Deficiency) equity attributable to shareholders			(481,642)		3,594,241
Non-controlling interest			(1,036,181)		(916,090)
Total (deficiency) equity			(1,517,823)		2,678,151
		$	4,171,616	$	9,111,570

Nature and continuance of operations – Note 1

APPROVED ON BEHALF OF THE BOARD:

"Konrad Marian Wasiela"	Director	***"Robert Kang"***	Director
Konrad Marian Wasiela		Robert Kang	

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

ESE ENTERTAINMENT INC.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the Three and Nine Months Ended July 31, 2024 and 2023
(Expressed in Canadian Dollars)
(Unaudited - Prepared by Management)

	Note	For the three months ended 2024	For the three months ended July 31, 2023	For the nine months ended 2024	For the nine months ended July 31, 2023
Revenue	**21**	$ 3,921,915	$ 1,082,974	$ 5,004,296	$ 2,703,771
Cost of sales	**21**	2,430,466	1,508,381	3,196,641	2,619,744
Gross profit (loss)		1,491,449	(425,407)	1,807,655	84,027
Expenses					
Share-based payments	**18, 20**	338,067	1,168,683	1,212,460	3,967,910
Wages, benefits and consulting	**20**	1,376,838	152,585	1,789,859	737,242
General and administration		256,500	(387,068)	601,202	215,238
Advertising and promotion		250,537	80,685	427,674	234,646
Professional fees	**20**	258,262	227,363	747,110	672,955
Amortization	**9**	86,732	44,395	114,738	192,314
Filing fees, bad debts and other expense		27,407	10,839	90,610	248,944
		2,594,343	1,297,482	4,983,653	6,269,249
Loss before other items		(1,102,894)	(1,722,889)	(3,175,998)	(6,185,222)
Other items:					
Interest expense	**16, 17**	(327,759)	154,545	(355,192)	(258,968)
Interest income		21,969	-	48,974	-
Accretion expense	**17**	-	(158,749)	(97,493)	(426,387)
Gain on debt settlement		-	-	-	22,105
Gain on revaluation of consideration payable	**6**	-	57,079	15,934	437,957
Extinguishment of commitment to issue shares		1,879,381	-	1,879,381	-
Loss on sale of Investment in GameAddik		(1,822,978)	-	(1,822,978)	-
Equity income from Investment in GameAddik	**12**	155,747	-	339,452	-
Foreign exchange gain (loss)		(126,431)	48,868	(12,059)	(4,320)
		(220,071)	101,743	(3,981)	(229,613)
Net loss for the period before taxes		(1,322,965)	(1,621,146)	(3,179,979)	(6,414,835)
Income tax expense recovery		-	(113,940)	-	(63,643)
Net loss for the period from continuing operations		(1,322,965)	(1,735,086)	(3,179,979)	(6,478,478)
Net (loss) income for the period from discontinued operations, net of tax	**23**	(15,819)	144	(271,072)	(263,938)
Net loss for the period		(1,338,784)	(1,734,942)	(3,451,051)	(6,742,416)
Other comprehensive (loss) income					
(Loss) income on translation of foreign operations		(107,070)	(149,340)	(125,802)	127,967
Total comprehensive loss for the period		$ (1,445,854)	$ (1,884,282)	$ (3,576,853)	$ (6,614,449)
Net (loss) income from discontinued operations attributable to:					
Shareholders of the company		$ (8,105)	$ 88,156	$ (150,981)	$ 46,197
Non-controlling interest		(7,714)	(88,012)	(120,091)	(310,135)
Net (loss) income for the period from discontinued operations		$ (15,819)	$ 144	$ (271,072)	$ (263,938)
Net loss attributable to:					
Shareholders of the company		$ (1,331,070)	$ (1,646,930)	$ (3,330,960)	$ (6,432,281)
Non-controlling interest		(7,714)	(88,012)	(120,091)	(310,135)
Net loss for the period		$ (1,338,784)	$ (1,734,942)	$ (3,451,051)	$ (6,742,416)
Total comprehensive loss attributable to:					
Shareholders of the company		$ (1,438,140)	$ (1,796,270)	$ (3,456,762)	$ (6,304,314)
Non-controlling interest		(7,714)	(88,012)	(120,091)	(310,135)
Total comprehensive loss for the period		$ (1,445,854)	$ (1,884,282)	$ (3,576,853)	$ (6,614,449)
Basic and diluted loss per share		$ (0.02)	$ (0.02)	$ (0.04)	$ (0.08)
Basic and diluted loss per share – continuing operations		$ (0.02)	$ (0.02)	$ (0.00)	$ (0.08)
Basic and diluted (loss) income per common share – discontinued operations		$ (0.00)	$ 0.00	$ (0.04)	$ (0.00)
Basic and diluted loss per common share – continuing operations attributable to shareholders of the company		$ (0.02)	$ (0.02)	$ (0.04)	$ (0.08)
Weighted average number of common shares outstanding		81,119,366	80,370,803	81,527,974	77,592,025

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

ESE ENTERTAINMENT INC.
Condensed Interim Consolidated Statements of Changes in (Deficiency) Equity
For the Nine Months Ended July 31, 2024 and 2023
(Expressed in Canadian Dollars)
(Unaudited - Prepared by Management)

	Number of Shares	Share Capital	Share subscriptions received	Commitment to issue shares	Contributed Surplus	Accumulated other comprehensive (loss) income	Deficit	Non-Controlling Interest	Total
Balance October 31, 2022	72,505,504	$ 44,305,370	$ 8,700	$ 3,937,227	$ 5,193,753	$ (139,456)	$ (50,598,482)	$ (473,217)	$ 2,233,895
Exercise of stock options	65,000	38,250	(7,650)	-	(18,100)	-	-	-	12,500
Private placement	5,000,502	1,750,175	-	-	250,025	-	-	-	2,000,200
Share issue cost	-	(157,091)	-	-	66,350	-	-	-	(90,741)
Frenzy Earn-Out shares issued	681,860	235,242	-	-	-	-	-	-	235,242
Commitment to issue shares – Acquisition of Digital Motorsports	2,047,762	1,370,554	-	(1,370,554)	-	-	-	-	-
Deferred compensation shares issued to WPG	-	1,833,149	-	-	-	-	-	-	1,833,149
Deferred compensation shares issued to GameAddik	-	2,126,090	-	(331,327)	-	-	-	-	1,794,763
Value of warrants and convertible option on issuance of convertible note units	-	-	-	-	175,263	-	-	-	175,263
Shares issued for services	70,175	17,895	-	-	-	-	-	-	17,895
Share-based payments	-	-	-	-	189,998	-	-	-	189,998
Loss and comprehensive loss for the period	-	-	-	-	-	127,867	(6,432,281)	(310,135)	(6,614,549)
Balance July 31, 2023	80,370,803	$ 51,519,634	$ 1,050	$ 2,235,346	$ 5,857,289	$ (11,589)	$ (57,030,763)	$ (783,352)	$ 1,787,615
Balance October 31, 2023	81,052,663	$ 52,288,061	$ 1,050	$ 2,235,346	$ 6,032,669	$ (11,432)	$ (56,951,453)	$ (916,090)	$ 2,678,151
Frenzy Earn-Out shares issued	681,860	47,801	-	-	-	-	-	-	47,801
Deferred compensation shares issued to WPG	-	250,053	-	-	-	-	-	-	250,053
Deferred compensation shares issued to GameAddik	-	944,415	-	(252,922)	-	-	-	-	691,493
Extinguishment of commitment to issue shares	-	-	-	(1,879,382)	-	-	-	-	(1,879,382)
Share-based payments	-	-	-	-	270,914	-	-	-	270,914
Loss and comprehensive loss for the period	-	-	-	-	-	(125,802)	(3,330,960)	(120,091)	(3,576,853)
Balance July 31, 2024	81,734,523	$ 53,530,330	$ 1,050	$ 103,042	$ 6,303,583	$ (137,234)	$ (60,282,413)	$ (1,036,181)	$ (1,517,823)

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

ESE ENTERTAINMENT INC.
Condensed Interim Consolidated Statements of Cash Flows
For the Nine Months Ended July 31, 2024 and 2023
(Expressed in Canadian Dollars)
(Unaudited - Prepared by Management)

	2024	2023
CASH FLOWS PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Loss from continuing operations for the period	$ (3,179,979)	$ (6,478,478)
Items not affecting cash:		
Accretion on convertible notes	97,493	426,387
Accretion on lease liabilities	4,140	9,993
Amortization	114,738	192,314
Income tax recovery	-	63,643
Share-based payments	1,212,460	3,967,910
Gain on revaluation of consideration payable	(15,934)	(437,957)
Extinguishment of commitment to issue shares	(1,879,382)	-
Loss on sale of Investment in GameAddik	1,822,978	-
Equity income from Investment in GameAddik	(339,452)	-
Changes in non-cash working capital items:		
Receivables	1,292,761	(396,016)
Inventory	-	557,865
Prepaid expenses and deposits	(384,535)	(2,699)
Deferred revenue	33,683	(250,671)
Accounts payable and accrued liabilities, income tax payable and shareholder loans	451,025	(1,627,016)
Net cash used in operating activities from continuing operations	(770,004)	(3,974,725)
Net cash (used in) provided by operating activities from discontinued operations	(801,563)	3,765,969
Net cash used in operating activities	(1,571,567)	(208,756)
INVESTING ACTIVITIES		
Property and equipment	-	(97,751)
Sale of investment in GameAddik	4,030,925	-
Net cash provided by (used in) investing activities from continuing operations	4,030,925	(97,751)
Net cash used in investing activities from discontinued operations	-	(2,187,225)
Net cash provided by (used in) investing activities	4,030,925	(2,284,976)
FINANCING ACTIVITIES		
Convertible note units issued for cash	-	1,175,394
Shares issued for cash, net of share issue cost	-	1,671,959
(Repayment of) proceeds from loans, net	(172,431)	390,000
Repayment of convertible notes	(2,000,000)	(625,000)
Repayment of lease liabilities	(85,916)	(85,915)
Net cash (used in) provided by financing activities from continuing operations	(2,258,347)	2,526,438
Net cash used in financing activities from discontinued operations	(248,629)	(472,605)
Net cash (used in) provided by financing activities	(2,506,976)	2,053,833
Foreign exchange effect on cash	(169,642)	98,258
Change in cash for the period	(217,260)	(341,641)
Cash, beginning of period	2,125,251	812,220
Cash, end of period	$ 1,907,991	$ 470,579

Supplemental disclosures with respect to cash flows – Note 22

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

1 Nature and Continuance of Operations

ESE Entertainment Inc. (the “Company” or “ESE”) is a global entertainment and technology company focused on gaming and esports, primarily in the business of attracting gamers and fans to its clients, such as video game developers, publishers, and brands. The Company provides a range of services to leading video game developers, publishers, and brands by providing technology, infrastructure, and fan engagement services internationally. The Company was incorporated on June 14, 2018 in British Columbia, Canada. The Company’s registered office is at 6th Floor, 905 West Pender Street, Vancouver, British Columbia, V6C 1L6 and its head office is located at 1000-409 Granville Street, Vancouver, British Columbia, V6C 1T2.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At July 31, 2024, the Company has not achieved profitable operations, has accumulated losses of $60,282,413 (October 31, 2023 - $56,951,453) since inception and expects to incur further losses in the development of its business. The above material uncertainties cast significant doubt about the Company’s ability to continue as a going concern. The Company’s continuation as a going concern is dependent upon successful results from its operating activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global changes such as the rise of higher inflation and energy prices may create further uncertainty and risk with respect to the prospects of the Company’s business. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

2 Basis of Preparation

Statement of Compliance
These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 30, 2024.

3 Accounting Policies

Basis of Measurement
These condensed interim consolidated financial statements have been prepared on an accrual basis, except for cash flow information, and are based on historical costs except for certain financial instruments which are measured at fair value. The condensed interim consolidated financial statements are presented in Canadian dollars which is the Company’s functional currency.

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited consolidated financial statements as at October 31, 2023.

Recent accounting pronouncements and changes in accounting policies
The following new standards and interpretations are not yet effective and have not been applied in preparing these consolidated financial statements. The Company will adopt the amendments on their effective dates and do not expect the amendments to have a significant impact on the consolidated financial statements.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2024.

Significant accounting judgement, estimates and uncertainties
The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and notes to the consolidated financial statements. These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimates are revised.

Critical judgement exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is as follows:

Going concern
These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern 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. If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used.

Discontinued operations
Discontinued operations are reported when a component of the Company, representing a separate major line of business or geographical area of operations with clearly distinguishable cash flows, has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. Discontinued operations are reported as a separate element on the consolidated statements of loss and comprehensive loss for both the current and comparative periods. GameAddik, Digital Motorsports and WPG have been classified and reported as discontinued operations.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment are as follows:

Valuation of receivables
Management monitors the financial stability of its customers and the environment in which they operate to make estimates regarding the likelihood that the individual trade balances will be paid. Credit risks for outstanding customer receivables are regularly assessed and allowances are recorded for estimated losses, if required.

Revenue
Significant management judgements and estimates must be made in connection with the determination of the revenue to be recognized in any accounting period. If management made different judgements or utilized different estimates for any period, material differences in the amount and timing of revenue recognized could result. Some contracts include multiple promised services or products, thus management applied judgement to determine whether promised services or products are capable of being distinct in the context of the contract. Where there are distinct performance obligations, management allocates the total consideration to the performance obligations using its best estimate of their relative fair values. Management also applied judgement to determine if the performance obligation is satisfied over time or at a point in time. For the majority of the Company's contracts, there is only one single performance obligation.

Leases
The application of IFRS 16 requires the Company to make judgments and estimates that affect the valuation of the lease liabilities and the valuation of right-of-use assets. These include the determination of contracts in the scope of IFRS 16, the lease term and the interest rate used for discounting future cash flows. The Company measures the lease liability at the present value of the lease payments using the implicit interest rate in the lease at the commencement of a new lease or when a lease is modified. If the rate cannot be readily determined, the Company evaluates its incremental borrowing cost using assumptions and estimates.

Convertible notes
The identification of convertible note components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible note at issuance and the subsequent measurement of interest on the liability component. The determination of fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates, and the presence of any derivative financial instruments. Additionally, significant judgment is required when accounting for the redemption, conversion or modification of these instruments. The key assumptions applied in the valuation include an estimated 20% market discount rate.

4 Acquisition of WPG

On April 12, 2021, the Company acquired 51% of the issued and outstanding shares of WPG. The purchase price consisted of (i) $10,000 refundable deposit (paid), (ii) $128,019 in cash on closing of the transaction (the "Closing") (paid), and (iii) issuance of 585,156 common shares of the Company. The Company (i) issued 6,664,845 common shares (the "Deferred Compensation Shares"), vesting over three years, and (ii) advanced $750,000 to WPG (the "Working Capital Amount"). The Deferred Compensation Shares are considered a post-combination expense (Note 18b). Pursuant to the agreement, WPG is not required to repay or reimburse the Company all or any portion of the Working Capital Amount.

The transaction was accounted for as a business combination, as the operations of WPG meet the definition of a business. As the transaction was accounted for as a business combination, transaction costs were expensed. The value of 49% of the outstanding shares of WPG was determined to be $1,416,078 and is accounted for as a non-controlling interest.

(Expressed in Canadian Dollars)

The following is a summary of WPG's financial information as of July 31, 2024.

	July 31, 2024 $
Current assets	3,418
Non-current assets	-
Current liabilities	(545,586)
Non-current liabilities	(1,504,614)
Revenue	4,180,637
Net loss	(245,084)
Total comprehensive loss	(244,870)
Accumulated other comprehensive loss	(9,347)

On August 31, 2023, WPG sold its two European operating subsidiaries, WPG Racing Solutions SRL and Foresight Resolution SRL for gross proceeds of $2. $133,701 was recognized as loss on disposal. During the nine months ended July 31, 2024, WPG has ceased all operations and is treated as a discontinued operation.

5 Acquisition of Digital Motorsports

On September 15, 2021, the Company acquired 100% of the issued and outstanding shares of Digital Motorsports ("DMS"). The purchase price consisted of (i) $1,681,250 in cash on closing of the transaction (the "Closing") (paid), (ii) issuance of 941,500 common shares of the Company (issued), and (iii) up to 8,473,500 contingent earn-out shares (the "DMS Contingent Shares") to be issued in six equal installments, with the first installment issued on October 14, 2021, subject to DMS generating revenue greater than €2,587,005 for the prior four quarters, assessed every six months between closing and January 1, 2027. The Company also advanced working capital, which DMS is not required to repay.

The transaction was accounted for as a business combination, as the operations of DMS meet the definition of a business. As the transaction was accounted for as a business combination, transaction costs were expensed.

The fair value of the 941,500 common shares issued ($950,915) was determined based on the share price of the Company on the date of acquisition. The estimated fair value of the 8,473,500 DMS Contingent Shares ($5,664,314) was determined as the present value based on the share price of the Company on the date of acquisition and discounted using a WACC rate of 31% to account for the timing of the future share issuances. The calculation was based on the assumption that the revenue threshold would be met, given the revenue forecast prepared by management.

(Expressed in Canadian Dollars)

The changes in the number of DMS Contingent Shares to be issued and commitment to issue shares during the year ended October 31, 2023, and nine months ended July 31, 2024 are as follows:

	Number of DMS Contingent Shares	Commitment to issue shares
Balance, October 31, 2022	5,649,000	$ 3,249,935
Issued	(2,047,762)	(1,370,554)
Balance, October 31, 2023	3,601,238	1,879,381
Extinguishment of commitment to issue shares	(3,601,238)	(1,879,381)
Balance, July 31, 2024	-	$ -

As of October 31, 2023, the Company decided to discontinue the business of Digital Motorsports. During the nine months ended July 31, 2024, the Company recognized an extinguishment of commitment to issue shares of $1,879,381 (2023 - $nil), as operations of DMS have ceased and the DMS Contingent Shares installments can no longer be earned.

6 Acquisition of Frenzy

On November 12, 2021, the Company completed the acquisition of 100% of the issued and outstanding shares of Frenzy, a European esports media and technology company. The acquisition of Frenzy is a key addition to ESE's ability to produce, host, execute events and content for both esports and non-esports customers. The acquisition included key equipment, operators, and distribution channels that allow ESE to expand its service offerings and capacity for new media business.

The purchase price consisted of (i) $1,380,044 in cash paid on the closing of the transaction which includes a working capital adjustment (paid); (ii) $1,183,123 in cash payable six months following closing; (iii) 656,606 common shares of the Company issued on closing (issued); and (iv) a minimum of 1,363,720 common shares (the "Frenzy Earn Out Shares") to be issued in four equal instalments, subject to Frenzy generating revenue (as defined) greater than 7,460,950 Polish Zloty ("PLN") for the prior four quarters, assessed every six months following closing. The Company has also agreed to discharge a loan owed by Frenzy in the amount of $118,754 concurrently with closing.

The transaction was accounted for as a business combination, as the operations of Frenzy meet the definition of a business. As the transaction was accounted for as a business combination, transaction costs were expensed.

The fair value of the 656,606 common shares issued ($866,720) was determined based on the share price of the Company on the date of acquisition. The estimated fair value of the 1,363,720 Frenzy Earn Out Shares ($1,223,446) was determined as the present value based on the share price of the Company on the date of acquisition and discounted using a WACC rate of 31% to account for the timing of the future share issuances. The calculation was based on the assumption that the revenue threshold would be met, given the revenue forecast prepared by management. As the number of the Frenzy Earn Out Shares to be issued is contingent on the share prices of the Company on the earn out dates and the Company has an obligation to make a cash payment if the shares are not issued, the Frenzy Earn Out Shares meet the definition of a financial liability and is recorded as such and revalued on each subsequent reporting date with the changes in the fair value recorded in profit and loss.

(Expressed in Canadian Dollars)

The changes in the consideration payable during the year ended October 31, 2023, and nine months ended July 31, 2024 are as follows:

Balance, October 31, 2022	$	890,787
Second tranche of Frenzy Earn Out Shares issued		(235,242)
Third tranche of Frenzy Earn Out Shares issued		(95,460)
Gain on revaluation of consideration payable		(496,350)
Balance, October 31, 2023		63,735
Fourth tranche of Frenzy Earn Out Shares issued		(47,801)
Gain on revaluation of consideration payable		(15,934)
Balance, July 31, 2024	$	-

The Frenzy acquisition payment commitment at July 31, 2024, was $862,801 (October 31, 2023 – $862,801). There was no change in the Frenzy acquisition payment commitment during the year ended October 31, 2023 and nine months ended July 31, 2024.

7 Acquisition of GameAddik

On February 1, 2022, the Company completed the acquisition of 100% of the issued and outstanding shares of GameAddik, a Canadian technology and data company focused on gaming and esports, primarily in the business of attracting gamers and fans to its clients, such as video game developers, publishers, and brands. The acquisition of GameAddik allowed ESE to bring a new revenue channel of video game advertising to expand its service offerings. GameAddik creates and executes its performance technology software to generate users and increase the reach of video games for its customers, which are primarily video game developers.

The technology developed and utilized by GameAddik includes unified campaign management, multi-engine search campaigns, and programmatic display and video advertising. The Company has developed methods for tracking and reporting ad performance across diverse channels and devices while using built-in ad verification to protect budget from fraud. In addition, it utilizes automated bidding and optimization for data-driven results and other tools to improve quality and delivery. The technology is used for precision targeting, including the ability to limit operating systems, browsers, and devices, to provide downloads or registrations to its customers' video games.

The purchase price consisted of: (i) $2,061,000 in cash to be paid on closing or within 5 days of closing (paid); (ii) $2,751,000 in cash to be paid 6 months from closing, plus working capital adjustment of $2,378,394 (paid); and (iii) 7,377,143 common shares of ESE (the "Consideration Shares") (issued). The Company will have the right to repurchase 6,497,959 of the Consideration Shares for nominal consideration if revenues of GameAddik do not reach $5,000,000 for 2022 and $6,250,000 for the 2023 and 2024 fiscal years. 5,378,887 of the Consideration Shares are considered a post-combination expense (Note 18b), and 1,119,072 of the Consideration Shares are considered an acquisition cost.

The transaction was accounted for as a business combination, as the operations of GameAddik meet the definition of a business. As the transaction was accounted for as a business combination, transaction costs were expensed. The goodwill resulting from the allocation of the purchase price to the total fair value of net liabilities represented the sales and growth potential of GameAddik.

The fair value of the 879,184 common shares issued ($1,213,274) was determined based on the share price of the Company on the date of acquisition. The estimated fair value of the 1,119,072 Consideration Shares ($1,040,906) was determined as the present value based on the share price of the Company on the date of acquisition and discounted using a WACC rate of 31% to account for the timing of the future share issuances. The calculation was based on the assumption that the revenue threshold would be met, given the revenue forecast prepared by management. The changes in the GameAddik acquisition payment commitment during the year ended October 31, 2023 and nine months ended July 31, 2024 are as follows:

(Expressed in Canadian Dollars)

Balance, October 31, 2022	$	2,129,394
Payment		(2,129,394)
Balance, October 31, 2023, and July 31, 2024	$	-

The Company sold 70% of the issued and outstanding shares of GameAddik in August 2023, and 30% of the issued and outstanding shares of GameAddik in July 2024 (see Note 12).

8 Receivables

		July 31, 2024		**October 31, 2023**
Sales taxes receivable	$	3,526	$	343,196
GameAddik holdback (Note 23)		548,159		1,079,573
Sublease receivable (Note 15)		25,751		103,007
Trade accounts receivable		571,329		759,955
Receivables	$	1,148,765	$	2,285,731

Subsequent to July 31, 2024, the Company received the balance of the GameAddik holdback receivable.

(Expressed in Canadian Dollars)

9 Property and Equipment

	Equipment	Software	Right of Use Asset	Total
Cost as at October 31, 2022	$ 1,494,021	$ 54,063	$ 1,521,276	$ 3,069,360
Additions – continuing operations	3,992	4,159	-	8,151
Additions – discontinued operations	56,113	-	264,138	320,251
Sale of GameAddik	(757,902)	-	(1,238,018)	(1,995,920)
Disposals and write-off – continuing operations	(73,978)	-	(431,979)	(505,957)
Disposals and write-off – discontinued operations	(249,327)	-	(115,417)	(364,744)
Foreign exchange	61,914	9,549	-	71,463
Cost as at October 31, 2023	534,833	67,771	-	602,604
Disposals and write-off – discontinued operations	-	(5,542)	-	(5,542)
Foreign exchange	40,817	4,001	-	44,818
Cost as at July 31, 2024	$ 575,650	$ 66,230	$ -	641,880

	Equipment	Software	Right of Use Asset	Total
Accumulated amortization as at October 31, 2022	$ 248,146	$ 3,603	$ 317,393	$ 569,142
Amortization – continuing operations	90,240	4,463	135,960	230,663
Amortization – discontinued operations	79,397	-	186,477	265,874
Sale of GameAddik	(126,810)	-	(199,496)	(326,306)
Disposals and write-off – continuing operations	(25,069)	-	(309,249)	(334,318)
Disposals and write-off – discontinued operations	(109,553)	-	(131,085)	(240,638)
Foreign exchange	5,967	755	-	6,722
Accumulated amortization as at October 31, 2023	162,318	8,821	-	171,139
Amortization – continuing operations	98,724	16,014	-	114,738
Disposals and write-off – discontinued operations	-	(524)	-	(524)
Foreign exchange	23,402	1,525	-	24,927
Accumulated amortization as at July 31, 2024	$ 284,444	$ 25,836	$ -	$ 310,280
Net Book Value as at October 31, 2023	$ 372,515	$ 58,950	$ -	$ 431,465
Net Book Value as at July 31, 2024	$ 291,206	$ 40,394	$ -	$ 331,600

(Expressed in Canadian Dollars)

10 Intangible Assets

		Customer Relationships	Brand and Media Presence		Total
Cost as at October 31, 2022	$	1,366,000	$ 3,365,000	$	4,731,000
Write-off - discontinued operations		(136,000)	(575,000)		(711,000)
Sale of GameAddik		(1,230,000)	(2,790,000)		(4,020,000)
Cost as at October 31, 2023 and July 31, 2024	$	-	$ -	$	-
Accumulated amortization and impairment as at October 31, 2022	$	442,658	$ 575,000	$	1,017,658
Amortization – discontinued operations		321,260	-		321,260
Write-off – discontinued operations		(136,000)	(575,000)		(711,000)
Sale of GameAddik		(627,918)	-		(627,918)
Accumulated amortization and impairment as at October 31, 2023 and July 31, 2024	$	-	$ -	$	-
Net Book Value as at October 31, 2023 and July 31, 2024	$	-	$ -	$	-

11 Goodwill

Balance, October 31, 2022	$	3,160,975
Acquired pursuant to acquisition of Frenzy		-
Acquired pursuant to acquisition of GameAddik		-
Impairment		-
Sale of GameAddik		(3,160,975)
Balance, October 31, 2023 and July 31, 2024	$	-

12 Investment in GameAddik

On August 5, 2023, the Company entered into a definitive share purchase agreement (the “SPA”) with an affiliate of BlackPines Capital Partners Ltd., (“BlackPines” or the “Purchaser”) for the sale of 70% of the issued and outstanding shares (the “Transaction”) of GameAddik. The remaining 30% of the issued and outstanding shares of GameAddik were retained by the Company. The Transaction was completed on August 13, 2023. As a result of this transaction, the Company’s ownership of GameAddik decreased from 100% to 30%, which led to a loss of control and deconsolidation of GameAddik from the Company’s consolidated financial statements. GameAddik has been recognized as discontinued operations (see Note 23). The Company retained significant influence over GameAddik, resulting in GameAddik being recorded on the Company’s consolidated financial statements as an investment in associate.

Fair value of the remaining 30% of GameAddik based on consideration received	$	3,612,567
Net assets of GameAddik remaining (30%)		2,446,074
Gain on revaluation of assets	$	1,166,493

(Expressed in Canadian Dollars)

On July 18, 2024, the Company sold its remaining 30% interest in GameAddik to BlackPines. As consideration for the sale, the Company received: (i) cash consideration of $4,030,925 and (ii) addition of $34,469 to its holdback receivable. The Company incurred $1,787,533 in transaction costs.

Balance, October 31, 2022,	$	-
Fair value of initial cost		3,612,567
Equity income		149,000
Balance, October 31, 2023		3,761,567
Equity income		339,452
Balance, July 18, 2024		4,101,019
Consideration received		4,065,574
Less: Transaction costs		(1,787,533)
Loss on sale of investment in GameAddik		(1,822,978)

13 Investment in GR Games

During the year ended October 31, 2021, the Company made a deposit to GR Games SP. Z O.O. ("GR Games"), a private entity in Poland, for the purchase of 50,000 "Series B" shares in GR Games. The Company received the share certificate in the year ended October 31, 2022.

14 Accounts Payable and Accrued Liabilities

		July 31, 2024		**October 31, 2023**
Trade payables	$	1,800,301	$	1,281,590
Interest payable (Note 17)		97,408		136,803
Due to WPGI		24,227		56,842
Accrued liabilities		1,866,009		720,498
Accounts payable and accrued liabilities	$	3,787,945	$	2,195,733

(Expressed in Canadian Dollars)

15 Lease Liabilities

Balance, October 31, 2022	$	1,242,956
Cash flows		
Principal payments – continuing operations		(134,887)
Principal payments – discontinued operations		(139,201)
Interest payments – continuing operations		(13,849)
Interest payments – discontinued operations		(145,910)
Non-cash changes		
Interest expense – continuing operations		13,849
Interest expense – discontinued operations		145,910
Derecognition		240,110
Sale of GameAddik		(1,098,916)
Balance, October 31, 2023		110,062
Cash flows		
Principal payments – continuing operations		(81,776)
Interest payments – continuing operations		(4,140)
Non-cash changes		
Interest expense – continuing operations		4,140
Balance, July 31, 2024		28,286
Less: Current portion		(28,286)
Non-current portion	$	-

The Company has the following lease liabilities:

- A premise lease entered into by WPG in February 2021 with expiry of January 2024 and 34 monthly payments of $3,634 with an interest rate of 5.45%. The lease included two rent free months (January 2023 and January 2024). During the year ended October 31, 2023, WPG terminated and derecognized the lease. As at July 31, 2024, and October 31, 2023, the net carrying amount of the right-of-use asset from the WPG premise lease was $Nil.
- A premise lease entered into by Digital Motorsports in April 2021. The lease with expiry of December 2025 and monthly lease payments of €1,500 for the first 12 months and €2,000 for the remainder of the term with an interest rate of 12%. During the year ended October 31, 2023, DMS terminated and derecognized the lease. As at July 31, 2024, and October 31, 2023, the net carrying amount of the right-of-use asset from the DMS premise lease was $Nil.
- A premise lease entered into by ESE Holdings in November 2021 expiring in October 2024, has 36 monthly payments of $9,546 with an interest rate of 7.45%. During the year ended October 31, 2023, the Company subleased the premise out to a subtenant (see Note 8). As at July 31, 2024, and October 31, 2023, the net carrying amount of the right-of-use asset from the ESE Holdings premise lease was $Nil.
- A premise lease entered into by GameAddik in October 2020 with an expiry in September 2026, had 72 monthly payments of $3,988, increasing by 3% each year, with an interest rate of 8.45%. During the year ended October 31, 2023, due to the sale of GameAddik, the Company derecognized the lease liability and the associated right-of-use asset. As at July 31, 2024, and October 31, 2023, the net carrying amount of the right-of-use asset from the GameAddik premise lease was $Nil.
- A premise lease entered into by GameAddik in January 2020 with an expiry in January 2030 had 120 monthly payments of $11,667 with an interest rate of 9.95%. In September 2022, the lease was modified to increase the lease space. The modified lease was to expire in January 2030 and had 89

monthly payments of $18,302 with an interest rate of 13.20%. During the year ended October 31, 2023, due to the sale of GameAddik, the Company derecognized the lease liability and the associated right-of-use asset. As at July 31, 2024 and October 31, 2023, the net carrying amount of the right-of-use asset from the GameAddik premise lease was $Nil.

As at July 31, 2024, the Company's undiscounted minimum lease payments is expected to be $28,638.

16 Loans and Credit Facilities

	Loans	Facilities	Total
Balance, October 31, 2022	$ 858,090	$ 1,533,719	$ 2,391,809
Loans received	437,290	-	437,290
Repayment of loan – continuing operations	(572,027)	-	(572,027)
Exchanged to convertible note (Note 17)	(500,000)	-	(500,000)
Credit facility received – continuing operations	-	1,326,448	1,326,448
Credit facility received – discontinued operations	-	4,510,000	4,510,000
Repayment of credit facility – continuing operations	-	(1,264,602)	(1,264,602)
Repayment of credit facility – discontinued operations	-	(5,085,000)	(5,085,000)
Net exchange difference	120,291	(14,933)	105,358
Sale of GameAddik	-	(675,000)	(675,000)
Balance, October 31, 2023	343,644	330,632	674,276
Loans received – continuing operations	199,102	-	199,102
Repayment of loan – continuing operations	(371,533)	-	(371,533)
Credit facility received – discontinued operations	-	336,304	336,304
Repayment of credit facility – discontinued operations	-	(584,933)	(584,933)
Interest – continuing operations	110,624	-	110,624
Net exchange difference	(17,376)	6,144	(11,232)
Balance, July 31, 2024	264,461	88,147	352,608
Less: Current portion	(264,461)	(88,147)	(352,608)
Non-current portion	$ -	$ -	$ -

During the year ended October 31, 2021, a loan payable of $583,718 was assumed upon acquisition of Frenzy. The loan accrues interest at the WIBOR 1-year rate plus 2.25% per annum. The loan matured on December 31, 2022. As at July 31, 2024, the amount outstanding was $164,602 (October 31, 2023 - $343,644).

During the year ended October 31, 2021, WPG obtained a revolving demand credit facility of $400,000 which bore interest at Royal Bank Prime plus 2% for loans made in Canadian dollars, and at Royal Bank US Base Rate plus 2% for loans made in US dollars. The facility is secured by a general security agreement in all personal property of WPG, a first ranking security interest in all accounts receivable of WPG, and a guarantee and postponement of claim in the amount of $300,000 signed by the Company. During the year ended October 31, 2023, the Company drew $1,326,448 and repaid $1,264,602. During the nine months ended July 31, 2024, the Company drew $336,304 and repaid $584,933. As at July 31, 2024, the amount drawn from the credit facility was $88,147 (October 31, 2023 - $330,632). On May 22, 2024, the Company entered into a forbearance agreement with the Royal Bank of Canada for repayment of WPG's revolving demand credit facility. Pursuant to the forbearance agreement, the Company agreed to the following payment schedule:

- $100,000 within five business days of execution of the forbearance agreement (paid);
- $100,000 by August 30, 2024 (paid);

- $100,000 by September 30, 2024 (paid); and
- The balance of any outstanding fees and interest accrued by September 30, 2024 (paid).

During the year ended October 31, 2022, GameAddik obtained a revolving demand credit facility of $2,000,000 which bears interest at National Bank Prime plus 1% for loans in Canadian currency. The facility was secured by a general security agreement with a first ranking security interest in all accounts receivable of GameAddik. During the year ended October 31, 2023, the Company drew $4,510,000 and repaid $5,085,000. As at August 13, 2023, the amount drawn from the credit facility was $675,000, which was derecognized due to the sale of GameAddik.

During the year ended October 31, 2022, the Company obtained a $500,000 promissory note, inclusive of a $25,000 discount for gross proceeds of $475,000. The loan was secured by cash and cash equivalents of the Company in the amount of $250,000. On January 31, 2023, the $500,000 promissory note was amended and exchanged for a convertible note with a principal amount of $500,000 (Note 17).

During the year ended October 31, 2023, the Company obtained a $100,000 promissory note. The loan was to mature on November 28, 2024, was unsecured, and bore interest at a simple rate of 10% per annum. During the year ended October 31, 2023, the loan and accrued interest of $7,261 was repaid.

During the year ended October 31, 2023, Frenzy obtained a PLN150,000 promissory note. The loan accrued interest at the WIBOR 3-month rate plus 2% per annum. During the year ended October 31, 2023, the loan and accrued interest was repaid.

During the year ended October 31, 2023, the Company obtained $290,000 in promissory notes from a related party. The loans were to mature in 2 years and bore simple interest at 10% per annum payable quarterly. During the year ended October 31, 2023, the loans and accrued interest of $5,775 were repaid.

During the nine months ended July 31, 2024, Frenzy obtained an aggregate of PLN585,000 promissory notes. During the nine months ended July 31, 2024, Frenzy repaid PLN305,000 of the promissory notes. These loans accrue interest at the WIBOR 3-month rate plus 2% per annum and $99,859 remains outstanding as of July 31, 2024.

17 Convertible Notes

Balance, October 31, 2022	$	2,806,965
Additions, net of issuance costs, transaction fees and issuance discount		1,498,537
Repayments		(2,432,148)
Accretion expense		511,839
Loss on extinguishment		132,314
Balance, October 31, 2023		2,517,507
Repayments		(2,000,000)
Accretion expense		97,493
Balance, July 31, 2024	$	615,000

On February 16, 2022, the Company raised gross proceeds of $1,575,000 through the issuance of 1,575 convertible note units at a price of $1,000 per unit. Each unit consisted of $1,000 in principal amount of an unsecured convertible note and 250 common share purchase warrants of the Company. The convertible note was to mature on February 16, 2024 bearing interest at a simple rate of 10% per annum. Interest was payable quarterly on the last business day of each quarter, commencing on March 31, 2022. The entire principal amount of the convertible note was convertible at the election of the holder into common shares of the Company at a conversion price of $1.60 per share at any time prior to the maturity date. The accrued but unpaid interest was also convertible into common shares at a conversion price equal to the greater of (i) $1.60 and (ii) the market price of the Company's common shares on the conversion date. Each warrant was exercisable into one common share of the Company at a price of $1.60 per share expiring two years from closing.

The Company paid cash finders' fees of $37,560 and issued 23,100 Agent's warrants. Each Agent's warrant was exercisable at $1.60 per share expiring two years from closing. The Agent's warrants were fair valued at $12,871 using the Black-Scholes option valuation model.

The fair value of the liability component of the convertible note on inception was estimated at $1,351,947 based on an estimated 20% market discount rate less $43,289 pro-rata portion of the $50,431 transaction costs. The residual value of $223,053 and $7,142 of transaction costs was allocated to the equity components, being the common share purchase warrants and conversion feature. During the year ended October 31, 2023, the Company repaid $639,000 of the principal amount of the convertible notes and accrued interest of $148,749. During the nine months ended July 31, 2024, the Company repaid $500,000 of the principal amount of the convertible notes and accrued interest of $31,893. During the nine months ended July 31, 2024, the Company accrued interest of $60,642. The remaining convertible debentures were extended to February 16, 2025 bearing simple interest at 10%.

On April 8, 2022, April 14, 2022 and April 21, 2022, the Company raised gross proceeds of $1,680,000 through the issuance of 1,680 convertible note units at a price of $1,000 per unit. Each unit consisted of $1,000 in principal amount of an unsecured convertible note and 313 common share purchase warrants of the Company. The convertible notes matured on April 7, 2024, April 13, 2024 and April 20, 2024, respectively, and bore interest at a simple rate of 10% per annum. Interest was payable quarterly on the last business day of each quarter, commencing on June 30, 2022. Each warrant was exercisable into one common share of the Company at a price of $1.60 per share expiring two years from closing.

The Company paid cash finders' fees of $117,530 and issued 73,457 Agent's warrants. Each Agent's warrant was exercisable at $1.60 per share expiring two years from closing. The Agent's warrants were fair valued at $25,260 using the Black-Scholes option valuation model.

The fair value of the liability component of the convertible notes on inception was estimated at $1,442,104 based on an estimated 20% market discount rate less $122,570 pro-rata portion of the $142,790 transaction costs. The residual value of $237,896 and $20,220 of transaction costs was allocated to the equity components, being the common share purchase warrants and conversion feature. During the year ended October 31, 2023, the Company repaid $1,000 of the principal amount of the convertible notes and accrued interest of $128,104. During the nine months ended July 31, 2024, the Company repaid $1,500,000 of the principal amount of the convertible notes and accrued interest of $191,718. During the nine months ended July 31, 2024, the Company accrued interest of $123,573.

On January 16, 2023, the Company raised gross proceeds of $1,250,000 through the issuance of 1,250 convertible note units at a price of $1,000 per unit. Each unit was comprised of one secured convertible debenture having a principal amount of $1,111 and 2,500 common share purchase warrants of the Company. The aggregate principal amount of the debentures issued pursuant to the offering was $1,388,889, inclusive of a 10% original issue discount. The convertible note was to mature on January 16, 2025. On the one-year anniversary of the closing date, the principal amount then outstanding increased by 10%. Each warrant is exercisable into one common share of the Company at a price of $0.70 per share expiring two years from closing. The Company incurred cash transaction costs of $76,200.

The fair value of the liability component of the convertible note on inception was estimated at $1,225,094 based on an estimated 20% market discount rate less $67,213 pro-rata portion of the $76,200 transaction costs and issuance discount of $138,889. The residual value of $163,795 and $8,987 of transaction costs was allocated to the equity components, being the common share purchase warrants and conversion feature.

During the year ended October 31, 2023, the Company repaid $1,388,889 of the principal amount of the convertible notes and recognized a loss on extinguishment of convertible note of $132,314 due to the early repayment.

On January 31, 2023, the Company amended a $500,000 promissory note that it obtained during the year ended October 31, 2022 (Note 16). Pursuant to the terms of the amendment, the promissory note was exchanged for a convertible note having a principal amount of $500,000, and the lender was issued 1,144,578 common share purchase warrants of the Company. The convertible note matured on August 5, 2023 and bore interest at a simple rate of 10% per annum. Interest was payable on March 31, 2023, June 30, 2023 and on the maturity date. Each warrant is exercisable into one common share of the Company at a price of $0.70 per share expiring two years from the amendment date.

The fair value of the liability component of the convertible notes on inception was estimated at $479,545 based on an estimated 20% market discount rate. The residual value of $20,455 was allocated to the equity components, being the common share purchase warrants and conversion feature. During the year ended October 31, 2023, the Company repaid $500,000 of the principal amount of the convertible notes and accrued interest of $18,647.

A deferred income tax recovery of $49,748 was recorded against the equity components of the convertible notes during the year ended October 31, 2023.

During the three and nine months ended July 31, 2024, $nil and $97,493 (2023 - $158,749 and $426,387) of accretion and $63,016 and $184,215 (2023 - $105,091 and $272,345) of interest expense was recorded on the convertible notes. As at July 31, 2024, $97,408 (October 31, 2023 - $136,803) of accrued interest is recorded in accounts payable and accrued liabilities (Note 14).

18 Share Capital

a) Authorized
Unlimited common shares, without par value.

b) Issued
During the year ended October 31, 2023:

On December 30, 2022, January 23, 2023 and January 27, 2023, the Company closed three tranches of a non-brokered private placement financing of a total of 5,000,502 units of the Company at a price of $0.40 per unit for gross proceeds of $2,000,200. Each unit consists of one common share and one-half of one common share purchase warrant of the Company. Within the unit, a value of $0.35 was attributed to the common share and $0.05 to the warrant using the residual value method. Each warrant is exercisable into one common share of the Company at a price of $0.70 per share expiring three years from closing.

The Company paid cash finders' fees of $90,741 and issued a total of 226,851 Agent's warrants. Each Agent's warrant is exercisable at $0.40 per share expiring three years from closing. The Agent's warrants were fair valued at $66,350 using the Black-Scholes option valuation model with the following assumptions: Weighted average share price at the time of issuance $0.45; weighted average risk-free interest rate of 3.46%; weighted average expected life of three years; weighted average dividend rate – 0%; weighted average forfeiture rate – 0% and weighted average annualized volatility of 100%. Since the Company does not have enough history of trading prices, the Company utilized annualized volatility of comparable startup companies.

2,047,762 DMS Contingent Shares were issued in February 2023 (Note 5).

681,860 Frenzy Earn Out Shares were issued in April 2023 (Note 6). The fair value of the common shares was determined to be $235,242.

On April 18, 2023, the Company issued 70,175 common shares for the settlement of $17,895 of accounts payable and accrued liabilities.

681,860 Frenzy Earn Out Shares were issued in October 2023 (Note 6). The fair value of the common shares was determined to be $95,460.

During the year ended October 31, 2023, 65,000 stock options were exercised for total proceeds of $20,150. The Company also transferred $18,100 from contributed surplus. The weighted average share price on the date of exercise was $0.38 per share.

During the year ended October 31, 2023, the fair value of the Deferred Compensation Shares issued to WPG recorded in share capital and share-based payments was $2,146,682. The fair value was determined based on the share price of the Company on the date of issuance adjusted for the reverse vesting terms.

During the year ended October 31, 2023, the fair value of the GameAddik Consideration Shares recorded in share capital was $2,485,524 and the vesting of post-combination expense Consideration Shares recorded as share-based payments was $2,154,197.

During the nine months ended July 31, 2024:

681,860 Frenzy Earn Out Shares were issued in May 2024 (Note 6). The fair value of the common shares was determined to be $47,801.

During the nine months ended July 31, 2024, the fair value of the Deferred Compensation Shares issued to WPG recorded in share capital and share-based payments was $250,053. The fair value was determined based on the share price of the Company on the date of issuance adjusted for the reverse vesting terms.

During the nine months ended July 31, 2024, the fair value of the GameAddik Consideration Shares recorded in share capital was $944,415 and the vesting of post-combination expense Consideration Shares recorded as share-based payments was $691,493.

c) Stock Options

The Company adopted a stock option plan under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The options can be granted for a maximum of ten years and vest as determined by the Board of

(Expressed in Canadian Dollars)

Directors. The exercise price of each option granted may not be less than the price as permitted by the stock exchange.

On April 10, 2024, the Company granted 750,000 stock options to an officer, an employee and consultants of the Company. The stock options entitle the holder thereof the right to purchase one common share for each option at $0.12 per share expiring on April 10, 2027. The stock options vested immediately. The fair value of the stock options of $60,000 was determined using the Black-Scholes option valuation model.

On October 3, 2023, the Company granted 1,250,000 stock options to an officer, an employee and consultants of the Company. The stock options entitle the holder thereof the right to purchase one common share for each option at $0.13 per share expiring on October 3, 2028. The stock options vested immediately. The fair value of the stock options of $125,000 was determined using the Black Scholes option valuation model.

On September 22, 2023, the Company granted 1,700,000 stock options to an officer, a consultant, directors and employees of the Company. The stock options entitle the holder thereof the right to purchase one common share for each option at $0.155 per share expiring on September 22, 2028. The stock options vested immediately. The fair value of the stock options of $187,000 was determined using the Black Scholes option valuation model.

On May 4, 2023, the Company granted 350,000 stock options to consultants of the Company. The stock options entitle the holder thereof the right to purchase one common share for each option at $0.24 per share expiring on May 4, 2028. The stock options vested immediately. The fair value of the stock options of $63,000 was determined using the Black Scholes option valuation model.

On December 28, 2022, the Company granted 550,000 stock options to consultants and an employee of the Company. The stock options entitle the holder thereof the right to purchase one common share for each option at $0.32 per share expiring on December 28, 2027. 375,000 of the stock options vested immediately, and the remainder vests upon the satisfaction of performance conditions. The fair value of the stock options of $132,000 was determined using the Black Scholes option valuation model. The share-based compensation for the 175,000 stock options that vest upon the satisfaction of performance conditions was recorded based on the probability and expected timing of when the stock options will ultimately vest.

During the three and nine months ended July 31, 2024, the Company recorded $3,275 and $70,233 (2023 – $73,419 and $189,998) in share-based compensation related to stock options.

The fair value of each option grant during the year ended October 31, 2023 and nine months ended July 31, 2024 was estimated using the Black-Scholes option pricing model with assumptions as follows:

	2024	**2023**
Weighted average exercise price	$0.12	$0.18
Weighted average grant date share price	$0.12	$0.17
Risk-free interest rate	4.11%	4.04%
Expected life	3 years	5 years
Expected volatility	105%	100%
Dividend rate	0%	0%
Fair value	$0.08	$0.13

The following table summarized the continuity of the Company's stock options:

(Expressed in Canadian Dollars)

	Number of Stock Options Outstanding	Weighted Average Exercise Price
Balance, October 31, 2022	6,885,000	$ 0.68
Granted	3,850,000	0.18
Cancelled	(3,330,000)	0.89
Exercised	(65,000)	0.31
Balance, October 31, 2023	7,340,000	0.32
Granted	750,000	0.12
Balance, July 31, 2024	8,090,000	$ 0.30

As at July 31, 2024, the Company had stock options outstanding enabling holders to acquire the following:

Number of Options Outstanding	Number of Options Vested	Exercise price per option	Expiry date
1,305,000	1,305,000	$0.25	August 17, 2025
585,000	585,000	$0.91	March 16, 2027
250,000	250,000	$0.50	August 2, 2027
200,000	200,000	$0.50	August 19, 2027
50,000	50,000	$0.48	September 14, 2027
350,000	350,000	$0.51	September 16, 2027
500,000	500,000	$0.51	September 19, 2027
250,000	250,000	$0.51	October 27, 2027
550,000	375,000	$0.32	December 28, 2027
350,000	350,000	$0.24	May 4, 2028
1,700,000	1,700,000	$0.155	September 22, 2028
1,250,000	1,250,000	$0.13	October 3, 2028
750,000	750,000	$0.12	April 10, 2027
8,090,000	7,915,000		

d) Share Purchase Warrants

The following table summarized the continuity of the Company's share purchase warrants:

	Number of Share Purchase Warrants	Weighted Average Exercise Price
Balance, October 31, 2022	8,895,420	$ 1.83
Issued	6,769,827	0.70
Expired	(6,318,100)	1.95
Balance, October 31, 2023	9,347,147	0.93
Expired	(2,577,320)	1.54
Balance, July 31, 2024	6,769,827	$ 0.70

(Expressed in Canadian Dollars)

As at July 31, 2024, the Company had share purchase warrants outstanding enabling holders to acquire the following:

Number of Share Purchase Warrants	Exercise price per warrant	Expiry date
3,125,000	$0.70	January 16, 2025
1,144,578	$0.70	January 31, 2025
248,687	$0.70	December 30, 2025
1,186,330	$0.70	January 23, 2026
1,065,232	$0.70	January 27, 2026
6,769,827		

e) Agent's Warrants

The following table summarized the continuity of the Company's Agent's Warrants:

	Number of Agent's Warrants	Weighted Average Exercise Price
Balance, October 31, 2022	704,592	1.35
Granted	226,851	0.40
Expired	(608,035)	1.31
Balance, October 31, 2023	323,408	0.76
Expired	(96,557)	1.60
Balance, July 31, 2024	226,851	$0.69

As at July 31, 2024, the Company had agent's warrants outstanding enabling holders to acquire the following:

Number of Agent's Warrants	Exercise price per warrant	Expiry date
24,928	$0.40	December 30, 2025
149,041	$0.40	January 23, 2026
52,882	$0.40	January 27, 2026
226,851		

(Expressed in Canadian Dollars)

f) Restricted Share Units

On April 10, 2024, the Company granted 6,650,000 restricted share units to officers, directors, employees and consultants of the Company. The restricted share units vest on April 10, 2025.

The following table summarized the continuity of the Company's Restricted Share Units:

	Number of Restricted Share Units
Balance, October 31, 2022 and 2023	-
Granted	6,650,000
Balance, July 31, 2024	6,650,000

During the three and nine months ended July 31, 2024, the Company recorded $161,337 and $200,681 (2023 – $Nil and $Nil) in share-based compensation related to restricted share units.

g) Nature and Purpose of Reserves

Share Subscriptions Received
The share subscriptions received reserve is used to recognize share subscription proceeds that the Company has received in advance of share issuances.

Commitment to Issue Shares
The commitment to issue shares reserve is used to recognize the value of common shares that the Company is obligated to issue.

Contributed Surplus
The contributed surplus reserve is used to recognize the grant date fair value of options, warrants and restricted share units issued but not exercised, and the value of the convertible option on issuance of convertible notes.

Accumulated Other Comprehensive (Loss) Income
The accumulated other comprehensive (loss) income reserve is used to recognize exchange differences arising from foreign currency translation adjustments of subsidiaries that have a functional currency other than the Canadian dollar.

Non-Controlling Interest
The non-controlling interest reserve is used to recognize the non-controlling interest of the Company's subsidiaries and the associated income or loss.

19 Financial Instruments

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Fair Value:

As at July 31, 2024, the Company believes that the carrying values of cash, receivables, accounts payable and accrued liabilities, lease liabilities, convertible notes, acquisition payment commitment, and loans and credit facilities approximate their fair values because of their nature and relatively short maturity dates or durations. The investment in GR Games is measured at fair value under Level 3 fair value hierarchy and considerable payable is measured at fair value with reference to level 2 inputs within the fair value hierarchy.

As there is no quoted market price in an active market for the Company's investment in GR Games, the investment is currently measured at the fair value equivalent to the cost basis of the shares. There are no indicators during the current period and prior year that the value of the shares might not be representative of fair value.

The Company's financial instruments are exposed to certain financial risks which are in common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. The following note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them.

General Objectives, Policies and Processes

The Board of Directors have overall responsibility for the determination of the Company's risk management objectives and policies and have delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors are kept apprised on the process and would monitor the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The Company's risk exposures and the impact on the Company's consolidated financial statements are summarized below.

Financial risk factors

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash, holdback receivable and trade accounts receivable. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Trade accounts receivable balances are monitored on an ongoing basis. The Company maintains an allowance for expected credit losses to provide for the estimated amount of doubtful accounts. The allowance for expected credit losses is based on management's assessment of a customer's credit quality as well as subjective factors and trends, including the aging of receivable balances. The Company considers a financial asset not recoverable when the customer is more than 120 days past due and information obtained from the customer and other external factors indicate that the customer is unlikely to pay its creditors in full. Financial assets (and the related allowances) are normally written off, either partially or in full, when there is no realistic prospect of recovery. The Company applied the simplified model and determined the lifetime expected credit losses as at July 31, 2024 was $34,921 (October 31, 2023 – $88,373).

Interest rate risk
The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to floating rate of interest. The Company pays interest on its convertible notes at a fixed rate of 10% per annum. The loan payable assumed upon acquisition of Frenzy accrues interest at WIBOR 1-year rate plus 2.25% per annum and therefore the Company is exposed to interest rate risk on its loan payable.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in the note.

The Company monitors its ability to meet its short-term administrative expenditures by matching investment income received to expenditures to be incurred. All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

On October 7, 2019, the Company obtained a credit facility of $50,000 which bears interest at prime rate plus 3% which is secured by the CEO of the Company. As at July 31, 2024 and October 31, 2023, the Company had not utilized any of the credit facility.

During the year ended October 31, 2021, WPG obtained a revolving demand credit facility of $400,000 which bears interest at Royal Bank Prime plus 2% for loans made in Canadian currency, and at Royal Bank US Base Rate plus 2% for loans made in US Currency. The facility is secured by a general security agreement in all personal property of WPG, a first ranking security interest in all accounts receivable of WPG, and a guarantee and postponement of claim in the amount of $300,000 signed by the Company. As at July 31, 2024, the amount drawn from the credit facility is $88,147.

As at July 31, 2024, the Company had a cash balance of $1,907,991 and receivables of $1,148,765 to settle current liabilities of $5,689,439. The Company intends to raise adequate funds to meet its liquidity needs for the next twelve months via cash flows from operations, private placement or the sale of over-performing investments.

Contractual cash flow requirements as at July 31, 2024 were as follows:

	< 1 year $	**1 – 2 years $**	**2 – 5 years $**	**>5 years $**	**Total $**
Accounts payable and accrued liabilities	3,787,945	-	-	-	3,787,945
Lease liabilities	28,286	-	-	-	28,286
Acquisition payment commitment	862,801	-	-	-	862,801
Credit facilities	88,147	-	-	-	88,147
Loans payable	264,461	-	-	-	264,461
Convertible notes	615,000	-	-	-	615,000
Total	5,646,640	-	-	-	5,646,640

Foreign currency risk
The Company may be exposed to foreign currency risk on fluctuations related to cash, receivables, accounts payable and accrued liabilities, lease liabilities and loans and credit facilities that are denominated in a foreign currency.

As at July 31, 2024, the Company held cash denominated in Polish Zloty of PLN641,587 (October 31, 2023 – PLN934,381), receivables of PLN1,557,647 (October 31, 2023 – PLN1,408,176), accounts payable and accrued liabilities of PLN2,360,441 (October 31, 2023 – PLN2,117,510), and loans and credit facilities of PLN757,663 (October 31, 2023 – PLN948,251) translated at PLN1 for every CDN$0.35. These factors expose the Company to foreign currency exchange rate risk, which could have a material adverse effect on the profitability of the Company. A 10% change in the exchange rate would change other comprehensive income/loss by approximately $32,100.

As at July 31, 2024, the Company had cash denominated in US dollars of $2,363 (October 31, 2023 – $7,002), receivables of $20,576 (October 31, 2023 - $153,912), accounts payable and accrued liabilities of $324,660 (October 31, 2023 - $293,006) and loans and credit facilities of $20,287 (October 31, 2023 - $456) translated at $1 for every CDN$1.38. These factors expose the Company to foreign currency exchange rate risk, which could have a material adverse effect on the profitability of the Company. A 10% change in the exchange rate would change other comprehensive income/loss by approximately $45,100.

The Company currently does not plan to enter into foreign currency future contracts to mitigate this risk.

(Expressed in Canadian Dollars)

20 Related Party Transactions

Related party transactions are comprised of services rendered by directors and/or officers of the Company or by a company with a director and/or officer in common. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

Key Management Compensation: Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and include the Company's executive officers and members of the Board of Directors. Key management compensation consisted of the following:

	Three months ended July 31,		Nine months ended July 31,	
	2024	**2023**	**2024**	**2023**
Wages, Benefits and Consulting fees				
Konrad Wasiela CEO	$ 60,000	$ 60,000	$ 180,000	$ 180,000
Andrea Lieuwen, CFO	37,500	50,000	95,500	150,000
	97,500	110,000	275,500	330,000
Share-based payments incurred with directors and officers	84,689	3,970	127,104	28,226
Legal fees, included in professional fees				
Segev LLP, of which Ron Segev, Director is a principal partner	33,785	11,732	70,181	136,999
	$ 215,974	$ 125,702	$ 472,785	$ 495,225

Included in accounts payable and accrued liabilities at July 31, 2024 is $20,607 (October 31, 2023 - $2,411) in unpaid legal fees owing to a company with a director in common. Included in prepaid expense and deposits at July 31, 2024 is $12,500 (October 31, 2023 - $Nil) in prepaid wages. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, unless otherwise noted.

(Expressed in Canadian Dollars)

21 Segmented Information and Revenue Disclosures

Segmented information

The Company operates in the industry segments of digital media and entertainment. Information for the segments as at and for the nine months ended July 31, 2024 is as follows:

	Digital media and entertainment	Corporate	Discontinued operations	Total
Types of products and services from which each reportable segment derives its revenues	Contract revenue – advertising and events	Activities not directly attributable to an operating segment		
Total assets	$ 1,803,367	$ 2,340,602	$ 27,647	$ 4,171,616
Total liabilities	$ 1,121,180	$ 3,998,446	$ 569,813	$ 5,689,439
Revenue	$ 5,004,296	$ -	$ 4,228,763	$ 9,233,059
Net loss from continuing operations	$ (252,296)	$ (2,927,683)	$ -	$ (3,179,979)

Information for the segments as at October 31, 2023 and for the nine months ended July 31, 2023 as follows:

	Digital media and entertainment	Corporate	Discontinued operations	Total
Types of products and services from which each reportable segment derives its revenues	Contract revenue – advertising and events	Activities not directly attributable to an operating segment		
Total assets	$ 1,714,103	$ 6,992,480	$ 404,987	$ 9,111,570
Total liabilities	$ 1,130,666	$ 4,363,399	$ 939,354	$ 6,433,419
Investment in GameAddik	$ -	$ 3,761,567	$ -	$ 3,761,567
Revenue	$ 2,703,771	$ -	$ 33,928,789	$ 36,632,560
Net loss from continuing operations	$ (297,978)	$ (6,180,500)	$ -	$ (6,478,478)

Information about geographical areas

The Company's non-current assets are allocated to geographic segments as at July 31, 2024 and October 31, 2023 as follows:

	July 31, 2024	October 31, 2023
Canada	$ 331,600	$ 3,761,567
Poland	349,049	757,761
Romania	-	5,018
Total non-current assets	$ 680,649	$ 4,524,346

(Expressed in Canadian Dollars)

The Company's net loss from continuing operations is allocated to geographic segments for the nine months ended July 31, 2024 and 2023 as follows:

	2024	2023
Canada	$ (2,942,657)	$ (6,180,500)
Poland	(237,332)	(297,978)
Net loss from continuing operations	$ (3,179,979)	$ (6,478,478)

The Company's revenues of $5,004,296 are 100% allocated to the geographic region of Poland for the nine months ended July 31, 2024 (2023 - $2,703,771).

Disaggregation of revenue

Revenue for the nine months ended July 31, 2024 was $5,004,296 (2023 - $2,703,771). Gross profit for the nine months ended July 31, 2024 was $1,807,655 (2023 - $84,027).

During the nine months ended July 31, 2024, the Company recognized as revenue $Nil (2023 - $268,519) which was included in deferred revenue at the beginning of the period.

22 Supplemental Disclosures with Respect to Cash Flows

	Nine months ended July 31,	
	2024	2023
Supplemental cash-flow disclosures		
Interest paid – continuing operations	$ 227,751	$ 9,993
Interest paid – discontinued operations	$ -	$ 71,220
Taxes paid – continuing operations	$ -	$ -
Taxes paid – discontinued operations	$ -	$ 679,537
Non-cash investing and financing activities		
Fair value of stock options and warrants exercised	$ -	$ 18,100
Fair value of agent's warrants issued	$ -	$ 66,350
Fair value of deferred compensation shares issued to GameAddik	$ 944,415	$ 2,126,090
Fair value of Frenzy Earn-Out Shares issued	$ 47,801-	$ 235,242
Fair value of shares issued for commitment to issue shares	$ 252,922	$ 1,833,149

(Expressed in Canadian Dollars)

23 Discontinued Operations

On August 5, 2023, the Company entered into the Transaction for the sale of 70% of the issued and outstanding shares of GameAddik. The remaining 30% of the issued and outstanding shares of GameAddik were retained by the Company. The Transaction was completed on August 13, 2023.

The purchase price consisted of (i) $7,349,750 in cash paid on the closing of the transaction, which includes a purchase price adjustment, and (ii) a 15% holdback of $1,079,573 for certain indemnification obligations of the Company under the SPA. The holdback was to be released to the Company in two equal tranches on each of the 6-month (received) and 12-month anniversaries of the closing, respectively, subject to any outstanding or pending claims for indemnification. During the nine months ended July 31, 2024, the Company received $566,063 of the holdback receivable. As part of the transaction costs in connection with the Transaction, the Company paid ZDK Holdings Ltd., DBA Kepler Acquisitions Group a fee of 2% of the transaction value for providing M&A advisory services in connection with the Transaction.

The following tables outline the net assets disposed of, the consideration received and the gain on sale of GameAddik. The remaining 30% of the net assets of GameAddik were revalued based on the transaction price and recognized as an Investment in GameAddik.

GameAddik

Cash	$	7,349,750
Holdback receivable		1,079,573
Fair value of consideration received		8,429,323
Allocated to the net assets disposed (70% basis):		
Cash		512,371
Receivables		3,009,138
Prepaids		66,398
Equipment and right-of-use assets		1,168,731
Customer relationships		421,458
Brand and media presence		1,953,000
Goodwill		2,212,682
Accounts payable and accrued liabilities		(1,692,083)
Credit facility		(472,500)
Lease liability		(769,242)
Provision for income taxes		(65,061)
Deferred tax liability		(637,386)
Total net assets disposed		5,707,506
Less: transaction costs		(1,408,261)
Gain on sale of GameAddik	$	1,313,556

As at October 31, 2023, the Company decided to discontinue the business of Digital Motorsports. As at April 30, 2024, the Company had decided to discontinue the business of WPG. GameAddik, Digital Motorsports and WPG are considered to be discontinued operations for the Company, as each represented a separate major line of business and has been discontinued. GameAddik, Digital Motorsports and WPG's net (loss) income and cash flows have been presented in these consolidated financial statements as discontinued operations.

(Expressed in Canadian Dollars)

The results of operations for GameAddik, Digital Motorsports and WPG are presented as discontinued operations for the nine months ended July 31, 2024 and 2023 as shown below:

	For the nine months ended July 31, 2024			
	GameAddik	**Digital Motorsports**	**WPG**	**Total**
Revenue	$ -	$ 48,126	$ 4,180,637	$ 4,228,763
Cost of sales	-	(53,521)	(4,304,923)	(4,358,444)
Gross Loss	-	(5,395)	(124,286)	(129,681)
Expenses	-	(20,593)	(113,357)	(133,950)
Other items	-	-	(7,441)	(7,441)
Net loss for the period from discontinued operations	-	(25,988)	(245,084)	(271,072)
Other comprehensive (loss) income	-	(272)	214	(58)
Comprehensive loss for the period from discontinued operations	$ -	$ (26,260)	$ (244,870)	$ (271,130)

	For the nine months ended July 31, 2023			
	GameAddik	**Digital Motorsports**	**WPG**	**Total**
Revenue	$ 18,557,804	$ 3,305,737	$ 12,065,248	$ 33,928,789
Cost of sales	(13,359,832)	(3,100,564)	(12,152,654)	(28,613,050)
Gross (Loss) Profit	5,197,972	205,173	(87,406)	5,315,739
Expenses	(3,678,650)	(768,575)	(384,400)	(4,831,625)
Other items	(199,642)	(8,859)	(155,719)	(364,220)
Income (loss) for the period before taxes	1,319,680	(572,261)	(627,525)	119,894
Provision for income taxes	(378,429)	-	(5,403)	(383,832)
Net income (loss) for the period from discontinued operations	941,251	(572,261)	(632,928)	(263,938)
Other comprehensive (loss) income	-	(26,939)	238	(26,701)
Comprehensive income (loss) for the period from discontinued operations	$ 941,251	$ (599,200)	$ (632,690)	$ (290,639)