



Form 51-102F1

**JACKPOT DIGITAL INC.**

**Management's Discussion & Analysis  
Audited Financial Statements for the  
Year Ended December 31, 2024**

*The following discussion and analysis of the financial condition and financial position and results of operations of Jackpot Digital Inc. (the "Company" or "Jackpot") should be read in conjunction with the annual audited consolidated financial statements for the years ended December 31, 2024 and 2023 and the notes thereto. These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company's consolidated financial statements are expressed in Canadian (CDN) Dollars which is the functional currency of the company and its subsidiaries. All amounts in this MD&A are in CDN dollars unless otherwise stated.*

*The Company's common shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "JJ" and on the OTCQB under the trading symbol "JPOTF". A certain number of the Company's warrants trade on the TSX-V under the symbol "JJ.WT.C". The Company's common shares are also listed for trading on the Frankfurt Exchange under the symbol "LVH3".*

**The following information is prepared as of May 1, 2025.**

The Company is a reporting issuer in the Provinces of British Columbia and Alberta and files all public documents on [www.sedarplus.ca](http://www.sedarplus.ca).

**Forward-Looking Statements**

Certain statements contained herein are "forward-looking" and are based on the opinions and estimates of management, or on opinions and estimates provided to and accepted by management. Forward-looking statements may include, among others, statements regarding future plans, costs, projections, objectives, economic performance, or the assumptions underlying any of the foregoing. In this MD&A, words such as "may", "would", "could", "will", "likely", "enable", "feel", "seek", "project", "predict", "potential", "should", "might", "hopeful", "objective", "believe", "expect", "propose", "anticipate", "intend", "plan", "estimate", "optimistic" and similar words are used to identify forward-looking statements. Forward-looking statements are subject to a variety of significant risks and uncertainties and other factors that could cause actual events or results to differ materially from those expressed or implied. Although management believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, projections and estimations, there can be no assurance that these assumptions, projections or estimations are accurate. Readers, shareholders and investors are therefore cautioned not to place reliance on any forward-looking statements in this MD&A as the plans, assumptions, intentions, estimations, projections, expectations or factors upon which they are based might vary or might not occur. The forward-looking statements contained in this MD&A are made as of the date of this MD&A, and are subject to change after such date. The Company undertakes no obligation to update or revise any forward-looking statements, except in accordance with applicable securities laws.

**Overview**

The principal business of Jackpot is the developing and marketing of dealerless electronic table games ("ETGs") to casino operators. The Company's flagship dealerless poker product, Jackpot Blitz®, is a digital 'smart table' which brings the social benefits of multiplayer casino games such as poker, blackjack and baccarat, into the digital era.

The financial statements of the Company's wholly-owned subsidiaries, Jackpot Digital (NV), Inc. (incorporated in the USA), and Touché Capital Inc. (incorporated in British Columbia) are included in the consolidated financial statements from the date that control commenced to the date of disposal or dissolution.

The Company's office is located at Suite 575 – 510 Burrard Street, Vancouver, BC, Canada, V6C 3A8. The Company's warehouse is located at 4664 Lougheed Hwy, Unit W030, Burnaby, BC, Canada, V5C 5T5.

The Company's registered office is at Suite 3200 - 650 West Georgia Street, Vancouver, BC V6B 4P7.

The Company's audit committee consists of Messrs. Neil Spellman (Chairman), Gregory McFarlane and Alan Artunian.

The Company's registrar and transfer agent is Computershare Investor Services Inc. located at 3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, BC, Canada, V6C 3B9.

### **Selected Annual Information**

Selected annual information from the audited consolidated financial statements for the three years ended December 31, 2024, 2023 and 2022 is shown in the following table:

	2024	2023	2022
Total Revenues	\$2,165,222	\$ 2,062,107	\$1,431,220
Total COGS	1,053,856	364,812	364,297
Total Operating and Other Expenses	3,136,800	5,303,673	6,189,975
Deferred Income Tax Recovery	667,093	328,182	-
Net loss and Comprehensive Loss	(1,358,341)	(3,278,196)	(5,123,052)
Weighted Average	155,578,860	132,262,150	108,254,779
Basic and Diluted Loss per common share	(0.01)	(0.02)	(0.05)
Total Assets	7,374,879	5,952,239	3,843,650
Long term financial obligations	7,559,974	8,313,775	762,454
Cash dividends	Nil	Nil	Nil

The Company has never paid any dividends and has no plans to pay any dividends in the future. For the year ended December 31, 2024, the Company's weighted average number of common shares was 155,578,860 as compared to 132,262,150 in 2023 and as compared to 108,254,779 in 2022.

For the year ended December 31, 2024, the Company has recorded revenues of \$2,165,222 (2023: \$2,062,107) (2022: \$1,431,220) which includes Electronic gaming tables of \$1,183,535 (2023: \$1,565,188) (2022: \$1,401,220) and Table sales of \$981,687 (2023: \$496,919) (2022: \$30,000).

For the year ended December 31, 2024, the Company has recorded total operating and other expenses of \$3,136,800 (2023: \$5,303,673) (2022: \$6,189,975).

### **Highlights for the Year**

During the year ended December 31, 2024 and up to the date of this MD&A, the Company saw an increase in the deployment of its Jackpot Blitz® electronic table games (ETGs) across several jurisdictions in the US, and expanded its land-based order book for the ETGs. Additionally, the Company made significant progress in repaying certain debt obligations.

The Company:

- extinguished royalty payments totalling US\$300,000 and all future royalty payments to 52 Gaming, LLC ("52 Gaming") by the issuance of 3,000,000 common shares of the Company at the price of \$0.14 per share and 2,000,000 share purchase warrants exercisable at \$0.14 per share for a period of five years.
- renegotiated and partially repaid its debt totalling \$2,963,503 to certain debentureholders during 2024, resulting in a gain on extinguishment of debenture of \$4,113,312, and during Q1 2025, the Company further renegotiated its debt and repaid the amount of \$2,061,091 to the debentureholders representing full and final settlement.
- Signed multiple new licensing agreements to install tables at casinos across North America, significantly expanding the Company's footprints. This now includes California, Louisiana, Michigan, Minnesota, Mississippi, Montana, New Mexico, New York, Oregon, Saskatchewan, U.S. Virgin Islands, as well as several international jurisdictions.
- commenced land-based deployments of its Next Generation Jackpot Blitz® machine.
- signed a master agreement with Loto-Quebec, Loto-Québec is a crown corporation and sole operator of casinos and gaming halls in the Canadian province of Québec.
- ordered 100 additional units from its manufacturing partner to fulfill casino demand.
- completed convertible debenture financing totalling gross proceeds of \$8,932,103 which will be utilized towards repayment of outstanding liabilities, regulatory licensing fees and related expenses in multiple jurisdictions to facilitate the widespread placement of Jackpot Blitz®, and for general working capital.
- exhibited its Jackpot Blitz® dealerless poker machines at Global Gaming Expo (G2E), North America's largest gaming tradeshow and convention.
- sold 11 Jackpot Blitz units, resulting in approximately \$1,089,410 in revenues.
- signed a Master Services Agreement with the Saskatchewan Indian Gaming Authority ("SIGA"). SIGA operates seven casinos and Playnow.com in the Canadian Province of Saskatchewan. SIGA intends to initially install Jackpot Blitz® machines at its Dakota Dunes Casino, located in Saskatoon.
- successfully completed several land-based casino installations of its Next-Generation Jackpot Blitz(R) tables at casinos in California, Michigan, Minnesota, Montana, New Mexico, and Washington State, marking the beginning of a new era of annual recurring revenue from land-based casinos for the Company.

- entered into two separate distribution agreements, aimed at expansion into the Asian casino market, as well as the Oklahoma tribal casino market.
- reported revenue of \$2,165,222 for the year ended December 31, 2024 as compared to \$2,062,107 during the corresponding period in 2023, a 5% increase from the 2023 period, which is attributable to the increase of table sales.
- completed the installation of two Jackpot Blitz™ tables with Royal Caribbean Cruise Lines. Royal Caribbean represents a significant growth opportunity for Jackpot's cruise ship business segment, with the potential to install across the entire fleet.

## **Results of Operations**

During March 2025, the Company successfully installed two of its Jackpot Blitz® electronic dealerless poker tables ("Jackpot Blitz® ETGs"), which are now live at Chumash Casino Resort located in Santa Ynez, California.

During March 2025, the Company together with its Canadian distributors R2 Gaming Inc., signed a master leasing agreement with Société des casinos du Québec Inc., the casino division of Loto-Québec. The initial order from Loto-Québec is for twelve (12) Jackpot Blitz® ETGs and successfully installed twelve (12) Jackpot Blitz® ETGs which are now live across four different properties of Loto-Québec.

During February 2025, the Company received license approval from the Maine Gambling Control Unit (MGCU). This is the Company's first state-issued license it has received in the United States. This state license allows the Company to install its casino machines throughout all of Maine.

During February 2025, Seneca Gaming & Entertainment ("Seneca") located in Salamanca, New York, U.S.A. increased its order by two additional Jackpot Blitz® machines, for a total order of four (4) machines pursuant to the software license and equipment lease agreement that was signed during August 2024. Seneca initially ordered two (2) of the Company's Jackpot Blitz® ETGs.

During January 2025, the Company successfully installed one (1) Jackpot Blitz® ETG, which is now live at Acropolis Gaming Lounge located in Kingston, Jamaica.

During January 2025, the Company successfully installed one (1) Jackpot Blitz® ETG, which is now live at Dakota Dunes Casino located in Whitecap, Saskatchewan, Canada.

During January 2025, the Company successfully installed two (2) Jackpot Blitz® ETGs at Grand Casino Mille Lacs Resort, located in Onamia, Minnesota.

During January 2025, the Company successfully installed two (2) Jackpot Blitz® ETGs at Isleta Resort & Casino, located in Albuquerque, New Mexico, U.S.A.

During January 2025, Northern Waters Casino & Resort nestled in the Northwoods of the Upper Peninsula of Michigan in Watersmeet, Michigan, ordered two (2) additional Jackpot Blitz ETGs in addition to the initial installation of two (2) Jackpot Blitz® ETGs during June 2024, for a total installation of four (4) Jackpot Blitz ETGs at the property.

During December 2024, the Company received approval from the Alcohol and Gaming Commission of Ontario ("AGCO") to be licensed as a registered Gaming Related-Supplier (the "Supplier License") under the Gaming Control Act in the Province of Ontario.

During December 2024, the Company signed a Letter of Intent to install two (2) of the Company's Jackpot Blitz® ETGs at Boomtown Casino & Hotel New Orleans ("Boomtown Casino"), located in the historic French Quarter in New Orleans, Louisiana. The installation is subject to Jackpot obtaining customary regulatory and licensing approvals.

During October 2024, the Company successfully completed the installation of one (1) Jackpot Blitz® ETG at Diamond Bay Hotel, located in Nha Trang City, Khanh Hoa Province, Vietnam. pursuant to the signed purchase agreement.

During September 2024, the Company received approval from the Saskatchewan Liquor and Gaming Authority ("SLGA") to act as a registered supplier of gaming supplies and services to regulated casinos in the Canadian province of Saskatchewan.

During September 2024, the Company successfully completed the installation of four (4) Jackpot Blitz® ETGs at Gold Country Casino Resort, located in Oroville, California.

During September 2024, the Company signed a software and license agreement to install one (1) of the Company's Jackpot Blitz® dealerless poker machines at Treasure Island Resort & Casino located in Welch, Minnesota, USA.

During July 2024, the Company successfully completed the installation of two (2) Jackpot Blitz® ETGs at Odawa Casino, located in Petoskey, Michigan.

During June 2024, the Company successfully completed the installation of two (2) Jackpot Blitz® ETGs on board a cruise ship of the Royal Caribbean Cruises Ltd. ("RCL").

During May 2024, the Company successfully completed the installation of four (4) additional Jackpot Blitz® ETGs at Speaking Rock Entertainment, located in El Paso, Texas, USA pursuant to the signed purchase agreement.

During May 2024, the Company successfully completed the installation of one (1) Jackpot Blitz® ETG at Gray Wolf Peak Casino, located in Missoula, Montana, USA pursuant to the signed licensing agreement.

During May 2024, the Company successfully completed the installation of one (1) Jackpot Blitz® ETG at Glacier Peaks Casino, located in Browning, Montana, USA pursuant to the signed licensing agreement.

During May 2024, the Company successfully completed the installation of one (1) Jackpot Blitz® ETG at Lucky Dog Casino, located in Skokomish, Washington, USA pursuant to the signed licensing agreement.

During April 2024, the Company successfully completed the installation of one (1) Jackpot Blitz® ETG at Chukchansi Gold Resort & Casino, located in Coarsegold, California, USA pursuant to the signed licensing agreement.

During March 2024, the Company successfully completed the installation of four (4) Jackpot Blitz® ETG at Speaking Rock Entertainment, located in El Paso, Texas, USA pursuant to the signed purchase agreement.

During March 2024, the Company signed a distribution agreement with A&W Enterprises, LLC ("A&W Enterprises") to distribute, install and service the Company's Jackpot Blitz® ETG throughout tribal casinos in the State of Oklahoma and other regions in the United States.

During March 2024, the Company signed a distribution agreement with Jade Entertainment and Gaming Technologies, Inc. ("Jade Group"), a diversified slots and gaming machine distributor with a presence in key Asian casino markets. The partnership is aimed at accelerating sales and deployment of Jackpot Digital's revolutionary Jackpot Blitz® electronic multiplayer dealerless poker machines in casinos throughout Asia.

During March 2024, the Company successfully completed the deployment of three (3) newly designed land-based Jackpot Blitz® ETGs at Jackson Rancheria Casino Resort ("Jackson Rancheria"), located in Jackson, California pursuant to the signed licensing agreement.

During February 2024, the Company signed a licensing agreement with the Saskatchewan Indian Gaming Authority ("SIGA") to install the Company's Jackpot Blitz® ETGs.

As of December 31, 2024, the Company's operations employed 15 people (December 31, 2023: 17 people) consisting of staff and management. As of the date of this MD&A, the Company's operations employ 18 people consisting of staff and management. In addition, the Company has eleven (11) independent consultants with consulting service agreements.

At the Company's Annual General Meeting which was held on December 3, 2024 in Vancouver, BC, the shareholders received the Audited Consolidated Financial Statements for the fiscal year ended December 31, 2023 and the Independent Auditor's report thereon; fixed the number of Directors for the ensuing year at four; re-elected Jake H. Kalpakian, Neil Spellman, Gregory T. McFarlane and Alan Artunian as Directors of the Company; re-appointed the Company's Independent Auditor, Smythe LLP, Chartered Professional Accountants, for the ensuing year; authorized the Directors to fix the remuneration to be paid to the Auditor, and re-approved the Company's 10% Rolling Stock Option Plan.

The Company is involved in a litigation initiated by a third party in connection with an alleged patent infringement. The claim specifically relates to two secondary software features and does not include and will not affect the Company's primary source of revenue generated from its Jackpot Blitz® tables. The revenues related to the alleged claim are not material and are expected to remain inconsequential going forward. Furthermore, a vast majority of territories referenced in the action do not operate or even offer one of the two specified alleged infringed software features. The Company is of the opinion the claim is without merit and intends to vigorously defend itself. The Company has filed a Statement of Defence. As of the date of this MD&A, the litigation remains pending.

Pursuant to the asset purchase agreement dated February 10, 2021 between the Company and 52 Gaming, LLC, the Company entered into an agreement with 52 Gaming to extinguish all current royalty payments totaling US\$300,000, as well as all future royalty payment obligations. On January 23, 2025, the Company issued to 52 Gaming 3,000,000 common shares of the Company at the price of \$0.14 per share, and 2,000,000 share purchase warrants, exercisable at the price of \$0.14 per share for a period of five (5) years, which represents the full and final settlement of all the Company's royalty payment obligations to 52 Gaming. The securities are subject to a hold period in accordance with applicable securities laws.

### ***Electronic Table Games***

The previously announced partnership with a leading global gaming equipment manufacturer enables Jackpot to reduce the production cost of the Jackpot Blitz® ETGs and streamline the manufacturing and delivery process, allowing the Company to ship its product to new clients in a timely manner.

The Company is focused on expansion of the Jackpot Blitz® ETG order book during 2025. The Company made its first-ever deployment of the next-generation version of Jackpot Blitz® in Q1 2024, which has been re-designed to meet the specific requirements needed by the land-based casino market with feature functionalities such as Ticket-In-Ticket-Out ("TITO") and Slot Accounting System ("SAS") protocol integration.

The ongoing expansion of the Company's Jackpot Blitz® ETG footprint continues to focus on: (i) the US Tribal land-based casino market; and (ii) the US corporate land-based casino market.

The Company categorizes its ETG customers in three markets: cruise ships, North American casinos and other markets.

#### **Cruise Ships**

- the cruise ship industry operates their casinos in international waters.
- during 2021, the Company acquired certain assets of 52 Gaming thereby fortifying its poker ETG monopoly in the cruise ship industry. 52 Gaming, based in North Carolina, manufactured and

licensed its electronic poker tables ("ETGs") to the cruise ship industry. This transaction has solidified Jackpot's position as the leading Electronic Table Game supplier for the cruise ship industry.

- the Company typically leases ETGs on a monthly recurring basis to cruise ship companies and generates revenues according to the gross rakes, fees and side games offered.
- Carnival Corporation ("Carnival") is the largest operator of the Company's ETGs.
- the Company has in place a Software License and Equipment Lease Agreement (the "Agreement") with Royal Caribbean International ("RCI") to be the third cruise ship operator to offer the Jackpot Blitz® ETGs in their casinos. The Company submitted software for RCI's User Acceptance Testing ("UAT") for launch of the Jackpot Blitz® ETG on an RCI ship. The Company installed two Jackpot Blitz® ETGs on RCI cruise ship during Q3 2024.

#### North American Casinos

- the North American casino industry is regulated at the federal, state, provincial and/or tribal levels as individual jurisdictions. Each jurisdiction approves the gaming equipment used in their casinos, usually in the form of a gaming or vendor licenses. The Company must obtain gaming licenses directly or through a distributor to expand its ETG business in North America.
- the Company and its U.S. subsidiary, Jackpot Digital (NV), Inc. ("SubCo"), hold gaming licenses or permits in the following U.S. jurisdictions: California, Louisiana, Michigan, Minnesota, Montana, New Mexico, New York, Oregon, Texas, and Washington. In Canada, the Company is licensed by the Alcohol & Gaming Commission of Ontario, the New Brunswick Department of Public Safety, Gaming, Liquor & Security, and the Saskatchewan Liquor and Gaming Authority. In addition, the Company and SubCo currently have several license applications pending with various gaming regulators across North America. Furthermore, the Company, through its distribution partner, has signed a master agreement with Loto-Quebec.
- the Company typically leases ETGs on a monthly recurring basis to North American casino customers sharing revenue from the rakes generated by the ETGs.
- the Company has signed additional Agreements and/or Binding Letters of Intent with numerous entities in Canada and the United States which are contingent on the Company receiving license approvals by the relevant regulatory bodies.

#### Other Markets

- markets outside cruise ships and North American casinos are considered on a case-by-case basis, depending on the revenue potential, practicality of deploying and supporting the Company's ETGs in other countries/continents, and other considerations.
- the Company may opt to lease or sell ETGs in other markets.
- the Company has signed Sales/Service and/or Distribution agreements and/or Binding Letters of Intent with several entities in other markets.
- the Company has installed one Jackpot Blitz® ETG at the *Il Palazzo* land-based casino in San Lorenzo, Paraguay.

#### **Research and Development**

The Company is continuously developing new hardware and software components for the Jackpot Blitz® ETG and other products in the development pipeline. During the year ended December 31, 2024 the Company incurred \$472,180 on salaries and benefits in respect to Research and Development ("R&D"). This cost was incurred primarily to develop new software features and improve the hardware with the aim to reduce cost and improve the efficiency of the Jackpot Blitz® ETG. Furthermore, during the year ended December 31, 2024, the Company incurred \$115,601 for the design and certification fees of the next generation model of the Jackpot Blitz® ETG and incurred \$nil for the purchase of parts which were capitalized as the intellectual property and the prototypes, respectively.

During September 2024, the Company engaged with a software development firm to outsource and develop technologies which would aid the next generation Jackpot Blitz® ETGs to enter certain North American jurisdictions. Completion of work is expected in Q2 2025 and will allow additional installation of the Jackpot Blitz® ETGs in certain jurisdictions.

During June 2024, the Company is in discussion with a leading global gaming equipment manufacturer to ensure continued supply of the next generation Jackpot Blitz® ETGs to casinos worldwide and continues efforts to reduce product cost.

During June 2024, the Company re-engaged with GLI to obtain necessary certifications for the Canadian jurisdictions for the Company's next generation Jackpot Blitz® which includes Saskatchewan which has received certification in Q3 2024. Jackpot Blitz went through lab testing and received GLI certification in Quebec and the product is currently undergoing lab testing in Ontario, which will allow additional installation of the Jackpot Blitz® in Canadian provinces in the near future.

During October 2023, the Company obtained GLI certifications for the Company's next generation Jackpot Blitz® which includes GLI-11 – Gaming Devices in Casinos; GLI-12 – Progressive Gaming Devices in Casinos; GLI-13 – On-Line Monitoring and Control Systems; GLI-21 – Client -Server Systems and GLI-24 – Electronic Table Game Systems.

During 2025, the Company's R&D efforts plan to continue the development of new hardware and software components for the Jackpot Blitz® ETGs in order to enhance the marketability of the Company's product.

### ***Consulting, Advisory, Marketing and Other Agreements***

During September 2023, the Company entered into a special partnership agreement with a third party to provide an iGaming platform for use by the Company, under certain terms and conditions. The agreement provides for a revenue sharing payment stream between the parties.

During March 2024, the Company engaged a Consultant to provide his services to the Company in the marketing and selling of the Company's Jackpot Blitz® electronic table games in the Western US region until January 2025 at the rate of US\$6,600 per month.

On July 5, 2024 ("Commencement Date"), the Company entered into a software agreement with an arm's length party to develop sports squares games software for the Company, under certain terms and conditions. The total consideration to the arm's length party is US\$96,000 and will be paid as follows: a) 50%, US\$48,000 (Forty Eight Thousand United States Dollars) within 10 (ten) Business days upon Commencement Date; b) 25%, US\$24,000 (Twenty Four Thousand United States Dollars) after 8 (eight) weeks following the Commencement Date, provided that the Company demonstrates significant project advancement to the Customer's satisfaction; c) 25%, US\$24,000 (Twenty Four Thousand United States Dollars) within 10 (ten) Business Days following the Acceptance Date of the transfer of the Licensed Software with the source code and all the related Licensed Materials by the Company to the Customer; and d) Annual Software Support Fees. During the year ended December 31, 2024, the Company paid the arm's length party US\$48,000 pursuant to the software agreement.



During September 2024, the Company entered into a consulting agreement with an arm's length party to provide strategic and advisory services to the Company for a period of twelve months at the rate of US\$12,500 per month. The Consultant was also paid an upfront fee of US\$364,000 under the agreement.

During September 2024, the Company entered into a letter agreement with an arm's length party to promote and market the Company's electronic table games. The total compensation shall be US\$150,000 and 350,000 stock options exercisable at \$0.08 per share for a period of three years.

During October 2024, the Company entered into a consulting agreement with an arm's length party to provide market intelligence and assist the Company with its communication strategy for a period of six months at the rate of \$7,500 per month.

### **Revenues**

For the year ended December 31, 2024, the Company has recorded table sales revenue of \$981,687 (December 31, 2023: \$496,919) and Electronic gaming tables of \$1,183,535 (December 31, 2023: \$1,565,188). The increase in total revenues is attributable to the increase in table sales, and the decrease in Electronic gaming tables revenue is attributable to the removal of certain tables.

### **Cost of Sales**

For the year ended December 31, 2024, the cost of sales was \$1,053,856 as compared to cost of sale of \$364,812 during the year ended December 31, 2023. The increase in cost of sales is mainly due to the increase in table maintenance cost and cost of table sales.

### **Gross Profits**

For the year ended December 31, 2024, the Company has recorded gross profits of \$1,111,366 as compared to gross profits of \$1,697,295 during the year ended December 31, 2023. The decrease of gross profit is attributable to the increase in cost of sales.

### **Expenses**

For the year ended December 31, 2024, operating and other expenses were \$3,136,800 as compared to \$5,303,673 during the year ended December 31, 2023. The decrease in operating and other expenses is mainly due to the gain on extinguishment of debentures during the year ended 2024.

During the year ended December 31, 2024, the Company had:

- Interest and finance expense of \$1,953,500 as compared to \$1,382,051 during the year ended December 31, 2023. The increase is mainly due to the issuance of convertible debentures.
- Impairment loss on gaming systems of \$363,383 as compared to \$50,842 during the year ended December 31, 2023. The increase is mainly due to the removal of certain tables.
- Management fees of \$626,000 as compared to \$396,000 during the year ended December 31, 2023. The increase is mainly due to the incentive bonuses.
- Consulting fees of \$592,853 as compared to \$481,219 during the year ended December 31, 2023. The increase is mainly due to more consultants hired in 2024.
- Salaries and benefits of \$1,276,745 as compared to \$1,607,204 during the year ended December 31, 2023. The decrease is mainly due to the British Columbia Interactive Digital Media Tax Credit received in 2024.

### **Net Loss and Comprehensive Loss**

During the year ended December 31, 2023, the Company had a net loss and comprehensive loss of \$1,358,341 or \$0.01 per share (weighted average) as compared to a net loss and comprehensive loss of \$3,278,196 or \$0.02 per share (weighted average) during the year ended December 31, 2023. During the

year ended December 31, 2024, the Company's weighted average number of common shares was 155,578,860 as compared to 132,262,150 during the year ended December 31, 2023.

### **Liquidity and Capital Resources**

The Company requires to have access to capital to be able to meet the Company's expenses, pay its liabilities promptly, and expand its operations to increase its revenues. New funding for the Company may or may not be available to the Company. Should the Company's revenues decline or should the Company lose its major customer, then it will be difficult for the Company to raise additional funds.

The Company intends to seek equity and/or debt financing through private placements and/or public offerings and/or loans. In the past, the Company has been successful in securing equity and debt financings in order to conduct its operations uninterrupted. While the Company does not give any assurances whatsoever that in the future it will continue being successful in securing equity and/or debt financings in order to conduct its operations uninterrupted, it is the Company's intention to pursue these methods for future funding of the Company.

As at December 31, 2024, the Company's total assets were \$7,374,879 as compared to \$5,952,239 for the corresponding period in 2023. The Company's total liabilities were \$14,224,936 as compared to \$16,303,611 for the corresponding period in 2023. The Company has not paid any dividends and does not plan to pay any dividends in the future.

### **Financing Activities and Capital Expenditures**

During the year ended December 31, 2024, the Company received \$5,215,009 cash from financing activities as compared \$3,242,908 cash received from financing activities during the corresponding period of 2023.

### **Operating Activities**

During the year ended December 31, 2024, the Company used \$3,988,996 of cash in operating activities as compared to \$2,472,675 of cash used in operating activities during the corresponding period of 2023.

### **Investing Activities**

During the year ended December 31, 2024, the Company received \$133,409 cash from investing activities as compared to \$770,026 of cash used in investing activities during the corresponding period of 2023.

### **Capitalization**

In order for the Company to increase its revenues, the Company must reduce or preferably eliminate its outstanding debts as soon as possible, must increase the production of its ETGs, and must dedicate more resources to marketing and promotion of the Company's products and services.

During the year ended December 31, 2024, the Company has incurred a net loss and comprehensive loss of \$1,358,341 (December 31, 2023: \$3,278,196), has limited revenues, has outstanding liabilities and has no assurances that sufficient funding will be available to continue its operations for an extended period of time.

During the year ended December 31, 2024 and up to the date of this MD&A, the following transactions occurred:

- (i) The Company issued to a Lender 500,000 common shares of the Company at a deemed price of \$0.07 as bonus shares in connection with a debenture issuance for US\$1,400,000.

- (ii) During January 2025, the Company issued 3,000,000 common shares of the Company at the price of \$0.14 per share and 2,000,000 share purchase warrants at the price of \$0.14 per share to purchase additional common shares in relation to the royalty buy-out with 52 Gaming LLC.
- (iii) During September 2024, the Company issued 20,000 common shares of the Company at \$0.07 per share in relation to conversion of certain convertible debenture for the principal amount of \$20,000.
- (iv) During May, June, July and August 2024, the Company issued an aggregate of 52,454,722 common shares of the Company at \$0.075 per share in relation to conversion of certain convertible debentures for the principal amount of \$3,934,104.
- (v) During July 2024, pursuant to a private placement announced on May 3, 2024, Jackpot closed the third & final tranche and issued convertible debentures totaling \$2,770,210 (the "Debentures"). The Debentures bear interest at the rate of 10% per annum and will mature on July 30, 2029. The convertible debentures are convertible at \$0.075 per common share in the first year and at \$0.10 in subsequent years. In addition, the Company issued an aggregate of 36,936,137 share purchase warrants exercisable at \$0.10 per for a period of five years.
- (vi) During June 2024, pursuant to a private placement announced on May 3, 2024, Jackpot closed the second tranche and issued convertible debentures totaling \$2,987,658 (the "Debentures"). The Debentures bear interest at the rate of 10% per annum and will mature on June 17, 2029. The convertible debentures are convertible at \$0.075 per common share in the first year and at \$0.10 in subsequent years. In addition, the Company issued an aggregate of 39,835,440 share purchase warrants exercisable at \$0.10 per for a period of five years.
- (vii) During May 2024, pursuant to a private placement announced on May 3, 2024, Jackpot closed the first tranche and issued convertible debentures totaling \$3,174,235 (the "Debentures"). The Debentures bear interest at the rate of 10% per annum and will mature on May 29, 2029. The convertible debentures are convertible at \$0.075 per common share in the first year and at \$0.10 in subsequent years. In addition, the Company issued an aggregate of 42,323,133 share purchase warrants exercisable at \$0.10 per for a period of five years. The finder's fee payable is \$5,000 in cash and 66,667 broker warrants exercisable at \$0.10 per common share for two years.

### **Warrants**

As at December 31, 2024, there were 275,785,311 warrants outstanding with a weighted average price of \$0.11 per warrant price (December 31, 2023: 164,565,705 warrants outstanding with a weighted average price of \$0.16 per warrant). Subsequent to year ended December 31, 2024, a total of 2,000,000 warrants exercisable at 0.14 per share were granted and 207,857 warrants exercisable at the prices ranging from \$0.10 to \$0.50 per share expired unexercised. As of the date of this MD&A, a total of 277,577,454 warrants are outstanding.

Should any warrants be exercised by any party, then any funds received by the Company shall be used for general working capital purposes. However, there are no assurances whatsoever that any warrants will be exercised.

### **Stock Options**

As at December 31, 2024, there were 9,308,316 stock options available for granting under the 10% Rolling Stock Option Plan (December 31, 2023: 1,310,112). As at December 31, 2024, there were 9,305,000 stock options outstanding with a weighted average exercise price of \$0.10 per share (December 31, 2023: 12,029,161 stock options outstanding with a weighted average exercise price of \$0.13 per share). Subsequent to the year-end, a total of 3,955,000 stock options previously granted to directors, officers, employees and consultants exercisable at \$0.10 expired unexercised, and a total of 1,790,000 stock options

exercisable at \$0.10 have been granted to a consultant. As of the date of this MD&A, a total of 7,140,000 stock options are outstanding.

There were no stock options exercised during the year ended December 31, 2024.

Should any outstanding stock options be exercised by any party, then any funds received by the Company shall be used for general working capital purposes. However, there are no assurances whatsoever that any stock options will be exercised.

## LOANS PAYABLE AND DEBENTURES\*

### Loans

	December 31, 2024	December 31, 2023
Company Received	\$nil	\$330,000
Company Repaid	\$nil	\$330,000
Accrued Interest	\$nil	\$24,000

### Non-Convertible Debentures

	December 31, 2024	December 31, 2023
Company Received	\$nil	\$nil
Company Repaid	\$1,691,118	\$538,997
Accrued Interest	\$284,524	\$413,967

### Convertible Debentures

	December 31, 2024	December 31, 2023
Company Received	\$8,927,103	\$4,493,223
Company Repaid	\$1,671,748	\$404,850
Accrued Interest	\$841,307	\$380,305

\* For more detailed information regarding Loans Payable and Debentures, please refer to the Company's Audited Consolidated Financial Statements for the year ended December 31, 2024 and 2023.

On March 23, 2023, the Company entered into a subsequent amendment agreement whereby the maturity date of the Debentures has been extended from July 1, 2023 to July 1, 2025.

In connection with the Non-convertible secured debentures, Convertible debentures (2016) and Convertible debenture (August 2018), the Company entered into Third and Fourth Amendment Agreements with the lenders in June and August 2023. Under these agreements, the lenders agreed to a new payment schedule, effective from July 31, 2023 and terminating on July 1, 2025, subject to certain terms and conditions. The aggregate new payment schedule is as follows: 1) US\$700,000 by August 15, 2023 (paid); 2) US\$1,300,000 by July 1, 2024 (paid); and 3) the remaining outstanding principal plus 20% of all accrued and unpaid interest by July 1, 2025.

On August 4, 2023, Jackpot made its first payment to the debentureholders in the aggregate amount of US\$700,000.

On June 20, 2024, Jackpot made its second payment to the debentureholders in the aggregate amount of US\$1,300,000.

On September 13, 2024, a Fifth Amendment Agreement was entered into with the lenders. Under the terms of the Agreement, the Company made a payment of US\$900,000 to the debentureholders on September 18, 2024 whereby US\$2,774,358 of accrued interest was forgiven, leaving a principal and interest balance owing of approximately US\$1,800,000. The Company had the option to make a payment of US\$1,300,000 by November 1, 2024. The Company was unable to make the payment of US\$1,300,000 by November 1, 2024. On February 27, 2024 a Sixth Amendment Agreement was entered into and a final payment of US\$1,435,000 was made on March 7, 2025 which represents the full and final payment of the debentures.

During March 2025, the Company issued a debenture for US\$1,400,000, bears interest at the rate of 18% per annum and maturing on May 7, 2026. As consideration, the Company issued to the Lender 500,000 common shares of the Company at a deemed price of \$0.07 as bonus shares.

On March 25, 2025, the Company entered into secured non-revolving lines of credit agreements with two separate lenders in the aggregate principal amount of up to US\$4,000,000, subject to certain terms and conditions (the "LOC Agreements"). Under the LOC Agreements, the Company can draw advances from the LOC Agreements until January 1, 2027. All advances must be paid by December 31, 2028. In the event of default on the principal or interest payments under the LOC Agreements, the lenders may have the option to convert all or a portion of the outstanding principal and accrued interest in the capital of the Company, at a discounted market price determined on the date of the news release announcing the conversion.

On April 14, 2025, the Company announced that it intends to conduct an unsecured convertible debenture financing to raise up to approximately Cdn\$4,167,000 (US\$3MM) in gross proceeds (the "Debentures"). The Debentures will pay interest at the rate of 10% per annum and will mature forty-eight (48) months from the date of issuance (the "Maturity Date"). The Debentures shall be convertible at the conversion price of Cdn\$0.075 per common share in the first year and at the conversion price of Cdn\$0.10 per common in the second, third and fourth years. In addition, the Company shall issue up to 55,560,000 share purchase warrants (the "Warrants"), whereby each Warrant shall entitle the debenture holder to purchase one Jackpot common share at the price of Cdn\$0.10 per share for four years, subject to acceleration provision. The Company has received Exchange conditional approval.

### **Summary of Quarterly Results**

The following are the results for the eight most recent quarterly periods, starting with the three-month quarterly period ended December 31, 2024:

<b>For the Quarterly Periods ended</b>		<b>December 31, 2024</b>	<b>September 30, 2024</b>	<b>June 30, 2024</b>	<b>March 31, 2024</b>
Total Revenues	\$	222,817	378,044	759,329	805,032
Net income (loss) and comprehensive income (loss) for the period	\$	(1,622,312)	2,197,136	(1,250,143)	(683,022)
Weighted Average		186,133,163	168,565,721	133,745,353	133,392,727
Basic and diluted income (loss) per common share	\$	(0.01)	0.01	(0.01)	(0.00)

For the Quarterly Periods ended		December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Total Revenues	\$	493,250	478,028	501,187	589,642
Net loss and comprehensive loss for the period	\$	(748,944)	(1,551,989)	(754,738)	(222,525)
Weighted Average		133,030,383	132,059,302	131,990,071	131,959,302
Basic and diluted loss per common share	\$	(0.01)	(0.01)	(0.01)	(0.00)

#### Fourth Quarterly Results (December 31, 2024)

During the three months [fourth quarter] period ended December 31, 2024:

- The Company had a net loss and comprehensive loss of \$1,622,312 or \$0.01 per share as compared to a net loss and comprehensive loss of \$748,944 or \$0.01 per share in the same three months [fourth quarter] period of 2023. The decrease is mainly due to the decrease of table sale revenue and the increase of cost of sales.
- The Company's total revenues were \$222,817 as compared to total revenues of \$493,250 in the same three months [fourth quarter] period of 2023. The decrease is mainly due to the the removal of certain tables and the decrease of table sales.
- The Company's total operating and other expenses were \$2,141,401 as compared to total operating and other expenses of \$1,518,918 in the same three months [fourth quarter] period of 2023. The increase is mainly due to the increase of impairment loss on gaming systems and inventories and the increase of management fees.

#### **Material Accounting Policies**

All of the Company's material accounting policies and estimates are included in Note 4 of the Company's annual consolidated audited financial statements for the years ended December 31, 2024 and 2023.

#### **Risks Related To Our Business**

The Company, and the Securities of the Company, should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Company's Securities:

- **Competition**

The marketplace for the Company's gaming products is constantly undergoing changes, is intensely competitive and is subject to changes in customer preferences.

- **Customer loyalty**

The Company also relies on its licensees for the operation of the Company's gaming products, the loss of any of which could have an adverse effect on the affairs of the Company.

- ***Dilution***

There are a number of outstanding securities and agreements pursuant to which common shares of the Company may be issued in the future. This would result in further dilution to the Company's shareholders.

- ***Disruption in Trading***

Trading in the common shares and warrants of the Company may be halted or suspended or may be subject to cease trade orders at any time and for any reason, including, but not limited to, the failure by the Company to submit documents to the Regulatory Authorities within the required time periods.

- ***Floor Space***

The Company may encounter floor space availability for its gaming product due to market demand/competition with other gaming products in the gaming industry.

- ***Foreign exchange rates***

The profitability of the Company can be affected by fluctuations in the exchange rate of the US Dollar in relation to the Canadian Dollar.

- ***General legislative risk***

The Company's business is heavily regulated.

Although management believes that the revenues generated from the Company's gaming products represent lawful business, there is the risk that the legality may be challenged by Canadian or other legal authorities.

Changes in gaming legislations in any jurisdiction, or the Company's inability to obtain, maintain and comply with all applicable and required licenses, permits, and certifications can adversely affect the financial affairs of the Company.

- ***Growth management***

If the Company's gaming products gain traction in the market, rapid growth may occur which can result in certain strains on the Company.

- ***Internet and system infrastructure viability***

Any changes in the internet's role as the premier computer network information service or any shutdown of internet services by significant internet service providers may have an adverse material impact on the Company's ability to generate revenues. Furthermore, the Company can be severely and adversely affected from power failures, internet slowdowns or failures, software slowdowns or failures or hackings.

- ***Licensing***

The Company is reliant on successfully obtaining regulatory and licensing approvals in the jurisdictions that it operates or plans to operate in.

- ***Payment processing***

Changes in policies of companies, financial institutions or banks, that handle credit card transactions and/or other types of financial transactions for gaming, can have an adverse impact on the business and financial affairs of the Company.

- ***Price volatility and liquidity of the Company's securities***

The market price of the Company's common shares and warrants have experienced considerable volatility and may continue to fluctuate in the future. Factors such as the Company's quarterly and annual results, changes in existing legislation, new legislation, technological changes and general market conditions may adversely affect the market price of the Company's common shares and warrants. There is a limited trading market for the Company's common shares and warrants, and the ability of investors to sell their shares and/or warrants or the price at which those shares and/or warrants may be sold cannot be assured.

- ***Reliance on key personnel***

The Company relies heavily on its employees, the loss of any of whom could have an adverse effect on the Company.

- ***Reliance on Major Customer***

The Company relies heavily on its major customer. In the event that the Company loses its major customer, then it could have an adverse effect on the Company.

- ***Removal of Tables***

The Company's product can be replaced by other different gaming products generating higher yields and/or customer's preference towards moving to an iGaming alternative solution.

- ***Revenues and Dividends***

While the Company generates some nominal revenues, the Company has not yet established a long-term pattern of consistently generating meaningful revenues. The Company intends to retain its earnings in order to finance growth. Furthermore, the Company has not paid any dividends in the past and does not expect to pay any dividends in the future.

- ***Research and development risk***

Research and development carries an element of risk because it involves trying new and untested ideas. New or modified products or services may prove to be more difficult or costly to develop than

anticipated due to engineering challenges encountered internally or with external vendors. Additionally, delays in commercializing new products and services may lead to a decrease in projected revenue.

- ***Under Capitalized***

The Company has outstanding debts, has working capital deficiency, has limited revenues, and has no assurances that sufficient funding will be available to the Company to continue its operations for an extended period of time.



• **Tariffs**

The U.S. tariff policy has introduced considerable volatility and cost pressures on goods imported into the United States. Given the Company acquires goods imported into U.S., the trade policy creates uncertainty in the Company's strategic planning and supply chain management which increases risks to the overall business.

**Related Party Transactions**

The Company shares office space and certain expenses with 37 Capital Inc. ("37 Capital"), a company related by certain common officers and directors.

37 Capital is related to the Company by virtue of the fact that 37 Capital's CEO, namely Jake H. Kalpakian, is the Chairman, President and CEO of the Company, and a director of 37 Capital namely Bedo H. Kalpakian, was the former Chairman and CFO of the Company. Furthermore, Gregory T. McFarlane and Neil Spellman are directors of both the Company and 37 Capital, and Neil Spellman is the CFO of both the Company and 37 Capital.

Amounts payable to directors are for expenses incurred on behalf of the Company and/or for funds that have been lent to the Company and are payable on demand.

In respect to the Non-Convertible Secured Debentures issued to 30 Rock Management Inc. ("30 Rock"), for further particulars, please see Note 11 (Loans Payable and Debentures) in the accompanying annual audited consolidated Financial Statements for the year ended December 31, 2024. The Company is related to 30 Rock by virtue of the fact that 30 Rock is owned by the President and CEO of the Company.

On July 1, 2020, Kalpakian Bros. of B.C. Ltd. ("Kalpakian Bros.") and Jackpot entered into a new management services agreement (the "New Management Services Agreement") whereby Kalpakian Bros. shall provide management services to Jackpot for a period of five years (the "Term") at a monthly rate of \$33,000 plus GST. The Company is related to Kalpakian Bros. by virtue of the fact that Kalpakian Bros. is owned by the President & CEO of the Company. On December 18, 2024, an addendum was executed to extend the New Management Services Agreement for another five-year term until July 1, 2030, at a monthly rate of \$36,000 plus applicable taxes. As consideration for the renewal, Kalpakian Bros. received a signing bonus of \$130,000 plus GST.

On October 1, 2024, the Company entered into a bonus agreement with Kalpakian Bros. (Jake Kalpakian) in the amount of \$100,000 plus GST, as compensation for facilitating a significant reduction in interest payments on certain debentures that were owed to certain debentureholders.

**Key management compensation**

Key management personnel are persons responsible for planning, directing, and controlling the activities of an entity, and include certain directors and officers. Key management personnel include the CEO and CFO of the Company. The remuneration of key management personnel during the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
Management fees	\$ 396,000	\$ 396,000
Directors' fees	14,500	-
Bonus	230,000	-
Salaries and benefits	159,750	162,664
Share-based payments	-	4,909
Total key management personnel compensation	\$ 800,250	\$ 563,573

As at December 31, 2024, there is \$96,781 due from (2023 - \$7,104 due from) key management which is included in the due from related parties' balance. The amounts are non-interest bearing and have no fixed repayment terms. Subsequent to December 31, 2024, the related party repaid \$97,469.

#### **Directors and officers fee compensation**

On October 1, 2024, the Company entered into standard compensation fee agreements with its directors and officers in the amount of \$6,750, payable quarterly to each individual, for continued service and to retain and secure board members, as well as to fulfill the significantly increasing and ongoing requirements from various gaming supplier and manufacturing licensing applications required from the directors and officers in various jurisdictions in Canada and the USA. In addition, audit committee members shall be paid \$1,000 for each audit committee meeting attended.

#### ***Transaction with 37 Capital Inc.***

During January 2021, pursuant to a debt settlement agreement dated December 11, 2020, the Company acquired 597,380 common shares of 37 Capital with a total fair value of \$328,559 in settlement of outstanding debt in the amount of \$149,345. As a result, the Company recorded a gain on debt settlement of \$179,214 during the year ended December 31, 2021. As at December 31, 2024, the Company owns 607,377 common shares or approximately 3.99% (2023 - 4.42%) of 37 Capital's issued and outstanding shares. As of the date of this MD&A, the Company has approximately 3.99% of 37 Capital's issued and outstanding shares.

#### ***Office Support Services***

37 Capital entered into an agreement for office support services with the Company. Under the office support services agreement, 37 Capital is entitled to receive office support services from the Company at a monthly rate of \$1,000 plus applicable taxes. The agreement expires on September 30, 2025. Either Jackpot or 37 Capital may terminate this agreement by giving each other a three months' notice in writing.

#### ***Office Lease***

Effective as of May 1, 2018, 37 Capital pays a monthly rent of \$1,000 plus applicable taxes to Jackpot. Either Jackpot or the Company may terminate this agreement by giving each other three months' notice in writing.

As at December 31, 2024, due from related parties consists of \$110,068 (2023 - \$82,328) receivable from 37 Capital for rent and shared office expenditures.

As at December 31, 2023, due from related parties consists of \$301 (2023 - \$1,076) receivable from Yo Eleven for certain office expenditures paid on behalf of Yo Eleven.

As at December 31, 2024, due from related parties consists of \$156,040 (2023 - \$34,351) receivable from Yo Eleven for five promissory notes bearing interest at the rate of 10%.

Yo Eleven is related to the Company by virtue of the fact that Yo Eleven has certain common directors and officers as that of the Company.

On August 18, 2023, the Company entered into a Sublease Agreement with a third party for certain premises in Vancouver, BC comprising a total of area of approximately 5,314 sq. ft. commencing on January 1, 2024 and shall expire on August 30, 2027. The Company has paid a deposit of \$17,586.

## FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### (a) Risk management overview

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk and market risk. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies, and processes for measuring and managing risk, and the Company's management of capital. The Company employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Company's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the Company's risk management framework, the Company's management has the responsibility to administer and monitor these risks.

### (b) Fair value of financial instruments

The fair values of cash and cash equivalents, accounts receivable, due from related parties, accounts payable and accrued liabilities, promissory note, loans payable and interest payable approximate their carrying values due to the short-term maturity of these instruments. The lease liability, deferred royalty liability, non-convertible secured debentures and convertible debentures are classified as Level 3 financial instruments.

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy. The levels of the fair value hierarchy are as follows:

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

### (c) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The financial instruments that potentially subject the Company to a significant concentration of credit risk consist of cash and cash equivalents and accounts receivable. The Company mitigates its exposure to credit loss associated with cash by placing its cash and cash equivalents in a major financial institution. The Company's cash and cash equivalents as at December 31, 2024 and 2023 are as follows:

	2024	2023
<b>Cash and Cash Equivalents consists of:</b>		
Cash	\$ 1,541,007	\$ 82,698
Term deposit	17,250	17,250
	<b>\$ 1,558,257</b>	<b>\$ 99,948</b>

As at December 31, 2024, the Company had a cashable term deposit of \$17,250 (2023 - \$17,250) readily convertible into cash, maturing August 6, 2025 with an annual interest rate of 2.70%.

To mitigate credit risk on the Company's trade receivables, the Company regularly reviews the collectability of the accounts receivable to ensure there is no indication that these amounts will not be fully recoverable. During the year ended December 31, 2024, the Company had one customer that represented 47% (2023 - 74%) of total revenue. As at December 31, 2024, the Company had receivables from this customer representing 51% (2023 - 98%) of total trade receivables. In addition, as at December 31, 2024, allowance for doubtful accounts is \$10,792 (2023 - \$nil) and the Company's accounts receivable are due within 60 days of December 31, 2024.

As at December 31, 2024, due from related party (37 Capital) was \$110,068 (2023 - \$82,328) which is non-interest bearing and has no fixed repayment terms.

As at December 31, 2024, due from related party (Yo Eleven) was \$156,341 (2023- \$35,427) which included the following components:

- (i) \$301 (2023 - \$1,076) which is non-interest bearing and has no fixed payment terms;
- (ii) \$40,979 (2023 - \$34,351) which bears interest at the rate of 10% and was due on November 10, 2023 which has been extended to December 31, 2025; and
- (iii) \$115,061 (2023 - \$nil) which bear interest at the rate of 10% and are due between April 9, 2025 and September 17, 2025.

As at December 31, 2024, due from related party (key management) was \$96,781 (2023 - \$7,104) which is non-interest bearing and has no fixed repayment terms. Subsequent to December 31, 2024, the related party repaid \$97,469.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due.

At December 31, 2024, the Company has cash and cash equivalents of \$1,558,257 (2023 - \$99,948) available to apply against short-term business requirements and current liabilities of \$6,664,962 (2023 - \$7,989,836). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of December 31, 2024. As at December 31, 2024, all of the Company's debentures have maturity dates within one year to five years. Undiscounted lease payments of \$685,935 are due within one year to three years. The Company will be required to raise additional capital in order to fund operations for the next twelve months.

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk for management is to manage and control market risk exposures within acceptable parameters while optimizing return on capital.

(i) Currency risk

The Company is exposed to foreign currency risk and has significant financial assets and liabilities denominated in US dollars. The Company has not entered into any foreign currency contracts to mitigate this risk. As at December 31, 2024 and 2023, the Company is exposed to currency risk for its Canadian dollar equivalent of financial assets and liabilities denominated in US dollars:

	Held in US dollars (stated in Canadian dollars)	
	2024	2023
Cash	\$ 1,392,747	\$ 74,210
Accounts receivable	214,109	325,953
Accounts payable and accrued liabilities	(1,599,599)	(1,791,403)
Deferred royalty liability	(408,619)	(352,244)
Interest payable	-	(2,884,869)
Non-convertible secured debentures	(1,309,404)	(2,199,384)
Net financial liability	\$ (1,710,766)	\$ (6,827,737)

Based upon the above net exposure as at December 31, 2024 and assuming all other variables remain constant, a 10% (2023 - 10%) depreciation or appreciation of the US dollar relative to the Canadian dollar would result in a change of approximately \$171,077 (2023 - \$477,942) in the Company's consolidated net loss and comprehensive loss.

(ii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash and cash equivalents is at nominal interest rates, and therefore the Company does not consider interest rate risk to be significant.

As at December 31, 2024, the interest rate on the promissory note, non-convertible secured debentures, loans payable, and convertible debenture balances have fixed interest rates. As such, the Company is exposed to interest rate price risk to the extent of these financial liabilities.

(iii) Other price risk

Other price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not exposed to significant other price risk.

**Off-balance sheet arrangements**

The Company does not have any off-balance sheet arrangements.

## **Capital Stock**

Authorized share capital: Unlimited number of common shares without par value  
Unlimited number of preferred shares without par value

Outstanding Share Data as at May 1, 2025	Common shares	Number of Preferred Shares	Exercise (\$) Price per common share	Expiry Dates
Issued and Outstanding	189,633,163	Nil		
Warrants	277,577,454*		\$0.10 - \$0.28	May 17, 2025 - July 30, 2029
Stock Options	7,140,000		\$0.08 - \$0.10	October 18, 2025 - April 22, 2028
Fully Diluted as at May 1, 2025	474,350,617			

*\*\*80,992,192 are trading on the TSX-V under the symbol "JJ.WT.C" expiring on November 20, 2025.*

## **Director Approval**

The contents of this MD&A and the sending thereof to the Shareholders of the Company have been approved by the Company's Board of Directors.

## **Outlook**

The Company is experiencing ongoing demand and interest in its Jackpot Blitz® ETGs and is benefitting from an ongoing macrotrend toward automation in the casino industry.

The Company continues to pursue its business development activities aimed at increasing customer uptake of its Jackpot Blitz® ETGs. A key component of the Company's success will depend on its ability to obtain vendor licensing from the various regulatory agencies in a timely and efficient manner, as well as securing product certification for additions of content or features to its Jackpot Blitz® ETG.

The Company is actively scheduling several deployments of its next-generation newly designed Jackpot Blitz® ETGs to various land-based casinos.

The Company continues to focus upon establishing its Jackpot Blitz® footprint in regulated land-based casinos in the United States, Canada and other markets.

The Company has now obtained several GLI certifications for the next generation Jackpot Blitz®. The next generation Jackpot Blitz® ETG features functionalities such as Ticket-In-Ticket-Out ("TITO") and Slot Accounting System ("SAS") protocol integration. These features capture the needs of casino operators, and it is expected to significantly increase the number of casinos that are willing and able to install Jackpot Blitz® ETGs onto their casino floors. Management is optimistic that, now that GLI-11 certification has been obtained, it should increase the Company's revenues.

The Company is in negotiations/discussions with multiple partners, including tribal, commercial and government agencies who have expressed interest in the Company's Jackpot Blitz® ETG tables. Any consummated transaction will be subject to regulatory approval.