



Form 51-102F1

JACKPOT DIGITAL INC.

**Management's Discussion & Analysis
Condensed Interim Financial Statements for the
Three Months Ended March 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") for the three months ended March 31, 2024 should be read in conjunction with the unaudited condensed interim financial statements and notes thereto for the three months ended March 31, 2024 and 2023 and the annual audited financial statements and notes thereto for the years ended December 31, 2023 and 2022. The unaudited condensed interim financial statements and notes thereto for the three months ended March 31, 2024 and 2023 have not been reviewed by the Company's Auditor.

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 symbols "JJ.WT.B" and "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 30, 2024.

The Company is a reporting issuer in the Provinces of British Columbia and Alberta and files all public documents on 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 3rd Floor, 510 Burrard Street, Vancouver, BC, Canada, V6C 3B9.

Highlights for the First Quarter of 2024

During the three months ended March 31, 2024 and up to the date of this MD&A, cruise ship revenues continued to improve due to the ongoing recovery in cruise ship tourism, and its land-based order book for the next generation Jackpot Blitz® continued to build.

The Company:

- commenced land-based deployments of its Next Generation Jackpot Blitz® machine, which allows for direct Ticket-In-Ticket-Out ("TITO") functionality and supports the Slot Accounting System ("SAS") protocol, allowing for integration with most casino management systems. These two functionalities are those that are required by most regulated land-based casinos
- sold 4 Jackpot Blitz units, resulting in approximately C\$419,771 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 and Gold Horse Casino properties, located in Saskatoon and Lloydminster, respectively
- successfully completed several land-based casino installations of its Next-Generation Jackpot Blitz(R) tables at casinos in California, Montana, 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
- Signed new licensing deals, expanding the Company's reach in the Michigan, Minnesota, and Caribbean markets
- grew its order book to over 90 Jackpot Blitz tables, an increase of approximately 123% over the current installation base
- reported revenue of \$805,032 for the three months ended March 31, 2024 as compared to \$589,642 during the corresponding period in 2023, a 37% increase from the 2023 period, which is attributable to the increase of table sales
- completed the testing 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
- commenced preparation for installation of two Jackpot Blitz tables onto its first Royal Caribbean vessel
- commenced work on a new business segment, Online Casino Platform for an existing customer. Once ready, the Online Casino Platform will be installed and tested at the customer's User Acceptance Testing ("UAT") lab

Results of Operations

During May 2024, the Company successfully completed the installation of one Jackpot Blitz® casino machine at Gray WolfPeak Casino, located in Missoula, Montana, USA pursuant to the signed licensing agreement.

During May 2024, the Company successfully completed the installation of one Jackpot Blitz® casino machine 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 Jackpot Blitz® casino machine 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 Jackpot Blitz® casino machine 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 Jackpot Blitz® casino machine 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® casino machines 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® casino machines at Jackson Rancheria Casino Resort (“Jackson Rancheria”), located in Jackson, California pursuant to the signed licensing agreement.

During March 2024, the Company received licensing approval from Little Traverse Bay Bands of Odawa Indians Regulatory Department, the regulator for Odawa Casino located in Petoskey, Michigan. The vendor license was the final step required for the Company to install its casino machines at Odawa Casino. The Company is now scheduling installation of two (2) of its next generation, dealerless Jackpot Blitz® ETGs at Odawa Casino pursuant to the signed licensing agreement.

During February 2024, the Company signed a licensing agreement to install Jackpot Blitz® dealerless multiplayer electronic poker table at the Acropolis Gaming Lounge, located in Kingston, Jamaica, further expanding its growing Jackpot Blitz® casino footprint. The Company has already obtained the required certifications for the jurisdiction and is now scheduling installation at the property.

During February 2024, the Company signed a licensing agreement with the Saskatchewan Indian Gaming Authority (“SIGA”) to install the Company’s Jackpot Blitz® dealerless poker ETGs. The installations are subject to Jackpot obtaining the customary regulatory and licensing approvals.

During January 2024, the Company received licensing approval from Mille Lacs Band of Ojibwe Gaming Regulatory Authority, the regulator for Grand Casino Mille Lacs located in Onamia, Minnesota. The Company is now scheduling installation of two (2) of its next generation, dealerless Jackpot Blitz® ETGs at the property.

As of March 31, 2024, the Company’s operations employed 16 people (March 31, 2023: 17 people) consisting of staff and management. As of the date of this MD&A, the Company’s operations employ 15 people consisting of staff and management.

At the Company’s Annual General Meeting which was held on December 5, 2023 in Vancouver, BC, the shareholders received the Audited Consolidated Financial Statements for the fiscal year ended December 31, 2021 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, re-approved the Company’s 10% Rolling Stock Option Plan.

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 2024. During March 2024 the Company made its first-ever deployment of the next-generation version of Jackpot Blitz®, 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, LLC (“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 installation date of the ETGs is set to be in 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 and permits with Berry Creek Tribal Gaming Commission; Blackfeet Tribal Gaming Commission; Chickasaw Nation Office of the Gaming Commissioner; Confederated Salish & Kootenai Tribes Tribal Gaming Commission; Confederated Tribes Gaming Commission; Coyote Valley Gaming Commission; Dept. of Justice and Public Safety Gaming, Liquor and Security Licensing Branch; Jackson Rancheria Tribal Gaming Agency; Lac Vieux Desert Band of Lake Superior Chippewa Indians; Leech Lake Bands of Ojibwe; Little Traverse Bay Bands of Odawa Indians Gaming Regulatory Commission; Mille Lacs Band Gaming Regulatory Authority; Pauma Gaming Commission; Picayune Rancheria of the Chukchansi Indians Tribal Gaming Commission; Pueblo of Isleta Gaming Regulatory Authority; Sac & Fox Nation of Missouri Tribal Gaming Commission; Santa Ynez Tribal Gaming Agency; Skokomish Tribal Gaming Commission; State of California - Bureau of Gambling Control; State of Montana - Gambling Control Division; U.S. Department of Justice - Office of Enforcement Operations Criminal Division; U.S. Virgin Islands Casino Control Commission; and Ysleta del Sure Pueblo Gaming Commission. In addition, the Company and SubCo have several license applications in progress with various gaming regulators across North America.
- 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 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 three-month period ended March 31, 2024, the Company incurred \$87,815 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 three-month period ended March 31, 2024, the Company incurred \$2,676 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 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.

In May 2023, the Company started work on a new segment, Online Casino Platform for an existing customer. Once ready, the Online Casino Platform will be installed and tested at the customer’s User Acceptance Testing (“UAT”) lab.

In January 2023, the Company entered into a partnership agreement with a leading global gaming equipment manufacturer to outsource the production and delivery of Jackpot Blitz® ETGs to casinos worldwide. It is expected that this partnership shall enable the Company to meet the growing demand for Jackpot Blitz® ETGs at a reduced cost.

During 2023, 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

In June 2023, the Company entered into a non-exclusive financial advisory and investment banking services agreement for a term of 12 months with Maxim Group LLC of New York, USA (the "Agreement"). The Company will pay to Maxim cash in the amount of US\$150,000 over the course of the twelve-month term of the Agreement. In addition, the Company will grant Maxim share purchase warrants equal to US\$150,000 over a twelve-month period in which US\$37,500 will be paid quarterly in warrants once the services have been performed. As of the date of this MD&A, there has been no payment made nor warrants issued to Maxim.

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 has 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 for a period of twelve (12) months. The Consideration payable to the Consultant by the Company shall be as follows: a) The Consultant shall receive payment of US\$6,000 per month (US Six Thousand Dollars); b) The Consultant is entitled to a one-time fee of US\$200 (US Two Hundred Dollars) for each Jackpot Blitz® ETG placement ("One-Time Fee"). For greater certainty, the One-Time Fee is payable to the Consultant once the Jackpot Blitz® ETG has been installed; and c) The Consultant will be entitled to a 10% commission on Jackpot's share of the revenue stream for five years, generated from the Jackpot Blitz® ETGs that the Consultant has successfully placed through direct efforts.

The investor relations agreement announced in April 2024 with an arm's length party was cancelled along with the stock option grant.

Revenues

For the three months ended March 31, 2024, the Company has recorded Electronic gaming tables revenue of \$385,261 (March 31, 2023: \$487,027) and table sales revenue of \$419,771 (March 31, 2023: \$102,615). The increase in revenues is attributable to the increase of table sales.

Cost of Sales

For the three months ended March 31, 2024, the cost of sales was \$222,870 as compared to \$122,799 during the three months ended March 31, 2023.

Gross Profits

For the three months ended March 31, 2024, the Company has recorded gross profit of \$582,162 as compared to \$466,843 during the three months ended March 31, 2023. The increase of gross profit is attributable to the increase of revenues.

Expenses

For the three months ended March 31, 2024, operating and other expenses were \$1,265,184 as compared to \$689,368 during the three months ended March 31, 2023.

Net Loss and Comprehensive Loss

During the three months ended March 31, 2024, the Company had a net loss and comprehensive loss of \$683,022 or \$0.00 per share (weighted average) as compared to a net loss and comprehensive loss of \$222,525 or \$0.00 per share (weighted average) during the same period in 2023. During the three months ended March 31, 2024, the Company's weighted average number of common shares was 133,392,727 as compared to 131,959,302 during the same period in 2023.

Liquidity and Capital Resources

Presently, the Company does not have sufficient funds to continue its operations uninterrupted. In order for the Company to be efficient, the Company requires new funding so as 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 March 31, 2024, the Company's total assets were \$5,657,570 as compared to \$3,973,854 for the corresponding period in 2023. The Company's total liabilities were \$16,679,647 as compared to \$12,284,764 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 three months ended March 31, 2024, the Company received \$nil of cash from financing activities as compared to \$717,980 of cash received from financing activities during the corresponding period of 2023.

As at March 31, 2024, the Company had:

- Cash and cash equivalents of \$110,658 as compared to \$490,726 at March 31, 2023 (December 31, 2023: \$99,948).
- Accounts receivable of \$408,738 as compared to \$338,223 at March 31, 2023 (December 31, 2023: \$355,659).
- Prepaid expenses and deposits of \$176,881 as compared to \$51,792 at March 31, 2023 (December 31, 2023: \$152,901).
- Gaming systems of \$3,578,510 as compared to \$2,329,052 at March 31, 2023 (December 31, 2023: \$3,855,873).
- Equipment of \$121,081 as compared to \$250,900 March 31, 2023 (December 31, 2023: \$134,992).
- Intangible assets of \$328,931 as compared to \$147,162 at March 31, 2023 (December 31, 2023: \$348,038).
- Right of Use Assets of \$796,101 as compared to \$189,286 at March 31, 2023 (December 31, 2023: \$873,266).

Operating Activities

During the three months ended March 31, 2024, the Company used \$273,114 of cash in operating activities as compared to \$321,465 of cash used in operating activities during the corresponding period of 2023.

Investing Activities

During the three months ended March 31, 2024, the Company received \$345,702 of cash from investing activities as compared to \$7,240 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, 2023, the Company has incurred a net loss and comprehensive loss of \$3,278,196 (December 31, 2022: \$5,123,052), 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 three-month period ended March 31, 2024 and up to the date of this MD&A, the following transaction occurred:

- (i) During May 2024, pursuant to a private placement announced on May 3, 2024, Jackpot closed the first tranche of and issued convertible debentures totaling \$3,174,235.00 (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.
- (ii) During May 2024, the Company issued 667,000 common shares at \$0.075 per share in relation to conversion of convertible debentures in the amount of \$50,025.

During the year ended December 31, 2023, the following transactions have occurred:

- (i) During October 2023, the Company issued 1,333,425 common shares at the price of \$0.075 per share representing full and final settlement of the Company’s debt totaling \$100,007 in respect to the convertible debenture (June 2020).
- ii) During July and August 2023, pursuant to a private placement announced on July 10, 2023, Jackpot closed three tranches and issued convertible debentures totaling \$3,579,953 (the “Debentures”). The Debentures bear interest at the rate of 10% per annum and will mature on July 28, 2028 (first tranche), August 2, 2028 (second tranche) and August 14, 2028 (third tranche). 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 47,732,700 share purchase warrants exercisable at \$0.10 per for a period of five years. The Company paid finder’s fee of \$6,506 in cash and issued 86,750 broker warrants exercisable at \$0.10 per common share for two years.
- iii) During June 2023, the Company issued 100,000 common shares at the price of \$0.06 per share upon the exercise of warrants.

- iv) During May and June 2023, pursuant to a private placement announced on March 29, 2023, Jackpot closed three tranches and issued convertible debentures totaling \$471,652 (the “Debentures”). The Debentures bear interest at the rate of 10% per annum and will mature on May 17, 2028 (first tranche), May 25, 2028 (second tranche) and June 12, 2028 (third tranche). 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 6,288,690 share purchase warrants exercisable at \$0.10 per share for a period of five years. The Company paid finder’s fee of \$375 in cash and issued 5,000 broker warrants exercisable at \$0.10 per common share for two years..
- v) During February 2023, March 2023 and April 2023, the Company closed all four tranches of the private placement of convertible debentures announced on February 13, 2023 for an aggregate gross proceeds of \$456,050 (the “Debentures”). The Debentures bear interest at the rate of 10% per annum, and will mature on November 20, 2025. The Debentures are convertible into common shares at a conversion price of \$0.07 per common share until November 20, 2025. In addition, the Company issued an aggregate of 6,515,000 share purchase warrants exercisable at \$0.10 per share until November 20, 2025. The Company paid to an arm’s length party finder’s fee of \$7,550 in cash and issued 107,857 non-transferable share purchase warrants exercisable at the price of \$0.10 per share for a period of two years.

Warrants

As at March 31, 2024, there were 163,752,923 warrants outstanding with a weighted average price of \$0.16 per warrant price (March 31, 2023: 111,740,311 warrants outstanding with a weighted average price of \$0.19 per warrant. Subsequent to the three months ended March 31, 2024, a total of 40,000 warrants exercisable at the price of \$0.10 expired unexercised, a total of 42,323,133 warrants and 66,667 broker warrants at the price of \$0.10 were issued. As of the date of this MD&A, a total of 206,102,723 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 March 31, 2024, there were 4,984,273 stock options available for granting under the 10% Rolling Stock Option Plan (March 31, 2023: 3,716,569). As at March 31, 2024, there were 8,355,000 stock options outstanding with a weighted average exercise price of \$0.10 per share (March 31, 2023: 9,479,161 stock options outstanding with a weighted average exercise price of \$0.15 per share). Subsequent to the three months ended March 31, 2024, a total of 1,000,000 stock options granted to consultants exercisable at \$0.10 per share expired unexercised and a total of 750,000 stock option grant to a consultant exercisable at the price of \$0.10 per share were cancelled. As of the date of this MD&A, a total of 7,355,000 stock options are outstanding.

There were no stock options exercised during the three-months ended March 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

| | March 31, 2024 | March 31, 2023 |
|------------------|----------------|----------------|
| Company Received | \$nil | \$265,000 |
| Company Repaid | \$nil | \$55,000 |
| Accrued Interest | \$nil | \$14,906 |

Non-Convertible Debentures

| | March 31, 2024 | March 31, 2023 |
|------------------|----------------|----------------|
| Company Received | \$nil | \$nil |
| Company Repaid | \$nil | \$nil |
| Accrued Interest | \$101,783 | \$103,360 |

Convertible Debentures

| | March 31, 2024 | March 31, 2023 |
|------------------|----------------|----------------|
| Company Received | \$nil | \$249,000 |
| Company Repaid | \$nil | \$nil |
| Accrued Interest | \$148,212 | \$46,918 |

* For more detailed information regarding Loans Payable and Debentures, please refer to the Company’s Interim Consolidated Financial Statements for the three-months ended March 31, 2024 and March 31, 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 the 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; and 3) the remaining outstanding principal plus 20% of all accrued and unpaid interest by July 1, 2025. If the new payment schedule is met, the Debentureholders have agreed to a significant reduction in interest payments, resulting in savings for the Company of approximately Cdn\$4,045,091 (US\$3,042,108). Upon making the scheduled payments and therefore benefitting from the reduced interest expense, will enable the Company to eliminate a substantial portion of its debt. However, In the event the Company defaults on the new payment schedule, then the remaining principal outstanding shall immediately become due and payable, along with all accrued and unpaid interest to the Debentureholders.

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

In respect to the outstanding Convertible debentures (June 2020), the Company entered into a debt settlement agreement with a creditor on October 10, 2023, and issued 1,333,425 common shares in the capital of the Company at the price of \$0.075 per share representing full and final settlement of the Company’s debt totaling \$100,007.

Summary of Quarterly Results

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

JACKPOT DIGITAL INC.
Form 51-102F1 – Management’s Discussion & Analysis
Three months ended March 31, 2024

| For the Quarterly Periods ended | | March 31, 2024 | December 31, 2023 | September 30, 2023 | June 30, 2023 |
|--|----|----------------|-------------------|--------------------|---------------|
| Total Revenues | \$ | 805,032 | 493,250 | 478,028 | 501,187 |
| Net loss and comprehensive loss for the period | \$ | (683,022) | (748,944) | (1,551,989) | (754,738) |
| Weighted Average | | 133,392,727 | 133,030,383 | 132,059,302 | 131,990,071 |
| Basic and diluted loss per common share | \$ | (0.00) | (0.01) | (0.01) | (0.01) |

| For the Quarterly Periods ended | | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 |
|--|----|----------------|-------------------|--------------------|---------------|
| Total Revenues | \$ | 589,642 | 440,199 | 379,436 | 341,605 |
| Net loss and comprehensive loss for the period | \$ | (222,525) | (1,050,416) | (1,543,620) | (1,378,908) |
| Weighted Average | | 131,959,302 | 130,226,365 | 108,196,227 | 106,003,714 |
| Basic and diluted loss per common share | \$ | (0.00) | (0.01) | (0.01) | (0.01) |

First Quarterly Results (March 31, 2024)

During the three months [first quarter] period ended March 31, 2024:

- The Company had a net loss and comprehensive loss of \$683,022 or \$0.00 per share as compared to a net loss and comprehensive loss of \$222,525 or \$0.00 per share in the same three months [first quarter] period of 2023.
- The Company’s total revenues were \$805,032 as compared to total revenues of \$589,642 in the same three months [first quarter] period of 2023.
- The Company’s total operating and other expenses were \$1,265,184 as compared to total operating and other expenses of \$689,368 in the same three months [first quarter] period of 2023.

Material Accounting Policies

All of the Company’s significant accounting policies and estimates are included in Note 4 of the Company’s condensed consolidated interim financial statements for the three-months ended March 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:

- **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.

- **Competition**

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

- **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.

- **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.

- **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.

- **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.

- **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.

- **Reliance on Major Customer**

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

- ***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.

- ***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.

- ***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.

- ***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.

- ***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.

- ***Licensing***

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

- ***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.

- ***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.

The primary research and development risks for the Company include the following:

- a. **Custom large high-performance touchscreen.** The custom touchscreen used in the Company’s new product uses a combination of cutting-edge hardware and proprietary software techniques that are geared specifically for gesture-based game play. Due to the unique and new nature of this technology, the Company cannot realistically estimate the longevity and reliability of the touchscreen in a 24/7 casino environment. With the current shortage of display devices around the world, the custom large high-performance touchscreen has a long lead time, 4+ months, and if the demand of the product changes, the Company may have difficulty meeting customer demand or hold a costly raw material in inventory until the demand is met which impacts the Company’s cash flow. The Company expects to mitigate this risk as it gains more operational experience with the touchscreen and newer technologies become available in the global touchscreen industry.

- b. **Product safety testing and certification.** New products must meet Canadian Standards Association (CSA) and/or Underwriters Laboratories (UL) standards to be used in the USA and Canada. Any scheduling issues or abnormal delays experienced by the 3rd party testing company will result in delays for launching the regulated version of the product.

The Company has received its safety testing and certification reports for the Jackpot Blitz[®] ETG Platform under the applicable CSA, UL, and CE standards.

- c. **Electromagnetic compatibility (EMC) testing and certification.** New products must have a Federal Communications Commission (FCC) "Declaration of Conformity" label for it to be used in the USA and Canada. Any scheduling issues or abnormal delays experienced by the 3rd party testing company will result in delays for launching the regulated version of the product.

The Company has received its certification reports and Declaration of Conformity label for the Jackpot Blitz[®] ETG platform under the applicable FCC and CE EMC standards.

- d. **Gaming device testing and certification.** New products must undergo both hardware and software testing to be permitted for use in a regulated casino environment. Gaming products must comply with Gaming Labs International (GLI) standards in most gaming jurisdictions in the USA and Canada. Some jurisdictions, such as Ontario, have their own testing standards. Any scheduling issues or abnormal delays experienced by the 3rd party testing company will result in delays for launching the regulated version of the product.

The Company has received its Certification Document from Gaming Laboratories International (“GLI[®]”) that the Jackpot Blitz[®] ETG platform is compliant with the requirements of GLI-24 and the National Indian Gaming Commission’s Class 2 Gaming Systems standard. The next generation Jackpot Blitz[®] is compliant with the applicable requirements of GLI-11, GLI-12, GLI-13, GLI-16, GLI-21 and GLI-24.

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 unaudited interim consolidated Financial Statements for the three-month period ending March 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 applicable taxes. The Company is related to Kalpakian Bros. by virtue of the fact that Kalpakian Bros. is owned by the President & CEO of the Company.

During the three months ended March 31, 2024, Jackpot has paid management fees totaling \$99,000 to Kalpakian Bros. (March 31, 2023: \$99,000).

As at March 31, 2024, due from related parties consists of \$88,200 (March 31, 2023 - \$69,128) receivable from 37 Capital for rent and shared office expenditures paid on behalf of 37 Capital.

As at March 31, 2024, due from related parties consists of \$1,289 (March 31, 2023 - \$139) receivable from Yo Eleven for certain office expenditures.

As at March 31, 2024, there is \$7,357 due from (March 31, 2023 - \$62,331) key management which is included in the due from related party balance.

As at March 31, 2024, due from related party consists of \$36,101 (March 31, 2023 - \$nil) receivable from Yo Eleven for a promissory note bearing interest at the rate of 10% per annum. Subsequent to the three months ended March 31, 2024, due from a related party (Yo Eleven) consists of two new promissory notes in the aggregate amount of \$49,000 bearing interest at the rate of 10% per annum, in relation to a joint synergistic software development opportunity.

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.

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 March 31, 2024, the Company owns 607,377 common shares or approximately 4.42% (March 31, 2023 – 10.57%) of 37 Capital's issued and outstanding shares. As of the date of this MD&A, the Company has approximately 4.42% 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, 2024. 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 a three months' notice in writing.

As at March 31, 2024, due from related parties consists of \$88,200 receivable from 37 Capital for rent and shared office expenditures and other expenses paid on behalf of 37 Capital.

During the three-month ended March 31, 2024, the Company charged 37 Capital for rent and shared office expenditures in the amount of \$6,000 (March 31, 2023: \$6,000).

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 \$35,171.

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 March 31, 2024 and 2023 are as follows:

| | 2024 | 2023 |
|---|-------------------|-------------------|
| Cash and Cash Equivalents consists of: | | |
| Cash | \$ 93,408 | \$ 473,476 |
| Term deposit | 17,250 | 17,250 |
| | \$ 110,658 | \$ 490,726 |

As at March 31, 2024, the Company had a cashable term deposit of \$17,250 (March 31, 2023 - \$17,250) readily convertible into cash, maturing August 6, 2024 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 three months ended March 31, 2024, the Company had one customer that represented 45% (March 31, 2023 - 81%) of total revenue. As at March 31, 2024, the Company had receivables from this customer representing 93% (March 31, 2023 - 95%) of total trade receivables. In addition, as at March 31, 2024, allowance for doubtful accounts is \$nil (March 31, 2023 - \$nil) and the Company’s accounts receivable are due within 60 days of March 31, 2024.

As at March 31, 2024, due from related party (37 Capital) was \$88,200 (March 31, 2023 - \$69,128) which is non-interest bearing and has no fixed repayment terms.

As at March 31, 2024, due from related party (Yo Eleven) was \$37,390 which included the following components:

- (i) \$1,289 (March 31, 2023 – \$139) which is non-interest bearing and has no fixed payment terms; and
- (ii) \$36,101 (March 31, 2023 - \$nil) which bore interest at the rate of 10% and was due on November 10, 2023.

As at March 31, 2024, due from related party (key management) was \$7,357 (March 31, 2023 - \$62,331) which is non-interest bearing and has no fixed repayment terms.

(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 March 31, 2024, the Company has cash and cash equivalents of \$110,658 (December 31, 2023 - \$99,948) available to apply against short-term business requirements and current liabilities of \$8,280,644 (December 31, 2023 - \$7,929,836). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of March 31, 2024. As at March 31, 2024, all of the Company’s debentures have maturity dates within one year to five years. The deferred royalty liability is payable quarterly over a period of five years, with remaining undiscounted payments of \$407,220 at March 31, 2024 (December 31, 2023 - \$396,780 or US\$300,000). The undiscounted lease payments of \$956,666 are due within one year to four 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 March 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) | |
|--|--|-----------------------|
| | March 31, 2024 | December 31, 2023 |
| Cash | \$ 23,412 | \$ 74,210 |
| Accounts receivable | 427,425 | 325,953 |
| Accounts payable and accrued liabilities | (1,898,014) | (1,791,403) |
| Deferred royalty liability | (368,210) | (352,244) |
| Interest payable | (3,063,207) | (2,884,869) |
| Non-convertible secured debentures | (2,296,442) | (2,199,384) |
| Net financial liability | \$ (7,175,036) | \$ (6,827,737) |

Based upon the above net exposure as at March 31, 2024 and assuming all other variables remain constant, a 10% (December 31, 2023 - 10%) depreciation or appreciation of the US dollar relative to the Canadian dollar would result in a change of approximately \$717,504 (December 31, 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 March 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 30, 2024 | Common shares | Number of Preferred Shares | Exercise (\$) Price per common share | Expiry Dates |
|---|-----------------------------|----------------------------|--------------------------------------|--------------------------------------|
| Issued and Outstanding | 134,059,727 | Nil | | |
| Warrants | 206,102,723 ^{*/**} | | \$0.10 - \$1.00 | September 2, 2024 – August 14, 2028 |
| Stock Options | 7,355,000 | | \$0.08 - \$0.175 | October 20, 2024 - February 12, 2027 |
| Fully Diluted as at May 30, 2024 | 347,517,450 | | | |

^{*}6,439,656 are trading on the TSX-V under the symbol “JJ.WT.B” expiring on September 26, 2024.

^{**}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 indicator 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 scheduling several deployments of its next-generation newly designed Jackpot Blitz ® ETGs to various land-based casinos throughout 2024.

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.