Playmaker Capital Inc.

Condensed Consolidated Interim Financial Statements (Unaudited)

For the three and six months ended June 30, 2022 and 2021
(Stated in U.S. dollars)

NOTICE TO SHAREHOLDERS

The accompanying unaudited condensed consolidated interim financial statements of Playmaker Capital Inc. (formerly Apolo III Acquisition Corp.) for the three and six months ended June 30, 2022 and 2021 have been prepared by management in accordance with International Financial Reporting Standards applicable to consolidated interim financial statements (Note 2). Recognizing that the Company is responsible for both the integrity and objectivity of the unaudited condensed consolidated interim financial statements, management is satisfied that these unaudited condensed consolidated interim financial statements have been fairly presented.

Under National Instrument 51-102, part 4, sub-section 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements in accordance with standards established by the Institute of Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Playmaker Capital Inc.
Condensed Consolidated Interim Statements of Financial Position
(Stated in U.S. dollars)

	Note		June 30, 2022 (Unaudited)		December 31, 2021 (*Audited*)
Assets					
Current					
Cash and cash equivalents		**$**	**2,478,240**	$	7,111,728
Accounts receivable	13		**4,558,803**		4,406,719
Income taxes receivable			**184,902**		45,711
Inventory			**143,489**		18,770
Prepaid and other current assets			**762,084**		377,061
Total current assets			**8,127,518**		11,959,989
Property and equipment	6		**1,006,550**		778,381
Intangible assets	7		**48,330,035**		45,808,097
Goodwill	8		**28,085,443**		28,393,097
Deferred tax asset			**855,546**		868,116
Other long-term assets			**48,819**		20,720
Total assets		**$**	**86,453,911**	$	87,828,400
Liabilities					
Current					
Accounts payable	13	**$**	**1,172,295**	$	567,572
Income taxes payable			**82,495**		81,264
Deferred revenue			**317,659**		188,993
Accrued expenses and other current liabilities			**1,669,682**		2,623,321
Current portion of lease liability	9		**169,525**		88,951
Current portion of long-term debt			**-**		14,365
Current deferred consideration	11		**2,034,033**		2,345,759
Current contingent consideration	11		**11,851,550**		10,475,031
Total current liabilities			**17,297,239**		16,385,256
Long-term debt	10		**5,888,888**		46,708
Long-term lease liability	9		**513,540**		415,057
Deferred tax liability			**4,221,940**		4,237,822
Deferred consideration	11		**-**		1,848,388
Contingent consideration	11		**4,455,624**		8,837,406
Total liabilities			**32,377,231**		31,770,637
Shareholders' Equity					
Share capital	12		**62,659,877**		60,494,370
Contributed surplus			**1,171,967**		606,863
Warrant reserve			**277,393**		303,278
Accumulated other comprehensive (loss) income			**(1,542,347)**		(1,368,266)
Deficit			**(8,490,210)**		(3,978,482)
Total shareholders' equity			**54,076,680**		56,057,763
Total liabilities and shareholders' equity		**$**	**86,453,911**	$	87,828,400

Commitments (*Note 9*)

Subsequent events (*Note 16*)

Approved on behalf of the Board of Directors

/s/ John Albright — **Director**

/s/ Jordan Gnat — **Director**

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

Playmaker Capital Inc.

Condensed Consolidated Interim Statements of Net Loss and Comprehensive Loss

Unaudited

(Stated in U.S. dollars, except share information)

	Note	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Revenue	4	**$ 6,977,718**	$ 3,039,141	**$ 12,794,291**	$ 3,039,141
Cost of sales		**666,049**	145,706	**1,395,018**	145,706
Gross profit		**6,311,669**	2,893,435	**11,399,273**	2,893,435
Operating expenses					
Advertising, commissions and fees		**1,198,608**	772,084	**1,677,411**	772,084
Web services and publishing		**268,566**	114,003	**491,818**	114,003
Salary and wages		**3,322,411**	1,186,199	**6,318,872**	1,204,025
Professional fees		**219,018**	141,970	**694,054**	224,541
General and administration		**500,692**	146,386	**933,109**	154,346
Share-based compensation	12	**370,719**	116,918	**584,529**	117,008
Depreciation and amortization	6, 7	**1,123,867**	16,094	**2,064,703**	16,391
Total operating expenses		**7,003,881**	2,493,654	**12,764,496**	2,602,398
Operating income (loss)		**(692,212)**	399,781	**(1,365,223)**	291,037
Listing and filing fees		**(5,786)**	(1,734,304)	**(11,613)**	(1,734,304)
Transaction costs		**(100,398)**	(171,638)	**(749,332)**	(228,027)
Interest expense		**(93,574)**	(107,134)	**(104,057)**	(107,134)
Other income		**4,454**	4,247	**12,277**	4,247
Other expenses		**(59,539)**	(2,992)	**(71,765)**	(2,992)
Change in fair value of consideration	11	**-**	-	**(1,896,772)**	-
Foreign exchange gain (loss)		**(138,795)**	513,128	**(276,109)**	339,157
Net loss before taxes		**(1,085,850)**	(1,098,912)	**(4,462,594)**	(1,438,016)
Current income tax expense		**(26,995)**	(20,530)	**(49,134)**	(20,530)
Net loss		**$ (1,112,845)**	$ (1,119,442)	**$ (4,511,728)**	$ (1,458,546)
Other comprehensive loss:					
Loss on translation		**(1,016,142)**	(723,432)	**(174,081)**	(548,498)
Net loss and comprehensive loss		**$ (2,128,987)**	$ (1,842,874)	**$ (4,685,809)**	$ (2,007,044)
Basic and diluted net loss per share		**$ (0.01)**	$ (0.01)	**$ (0.02)**	$ (0.03)
Basic and diluted weighted average number of shares	12	**215,158,590**	82,327,862	**213,863,106**	56,454,641

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

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity

Unaudited

(Stated in U.S. dollars)

	Note	Share Capital ($)	Contributed Surplus ($)	Warrant Reserve ($)	Accumulated OCI ($)	Deficit ($)	Shareholders' Equity ($)
As at December 31, 2021		**60,494,370**	**606,863**	**303,278**	**(1,368,266)**	**(3,978,482)**	**56,057,763**
Issue of common shares to Futmarketing	12a	500,000	-	-	-	-	500,000
Settlement of contingent consideration	11, 12a	1,445,634	-	-	-	-	1,445,634
Warrant exercises	12a,b	209,873	-	(25,885)	-	-	183,988
Share-based compensation	12a,c	10,000	565,104	-	-	-	575,104
Net loss		-	-	-	(174,081)	(4,511,728)	(4,685,809)
As at June 30, 2022		**62,659,877**	**1,171,967**	**277,393**	**(1,542,347)**	**(8,490,210)**	**54,076,680**
As at December 31, 2020		**6,823,258**	**30,740**	**38,740**	**90,796**	**(436,226)**	**6,547,308**
Issue of preferred shares		5,505,000	-	-	-	-	5,505,000
Issue of common shares		19,881,600	-	-	-	-	19,881,600
Issue costs		(1,522,652)	-	-	-	-	(1,522,652)
Contingent consideration		13,495,469	-	-	-	-	13,495,469
RTO share issuance		783,666	-	-	-	-	783,666
Warrant and option exercises		45,616	-	-	-	-	45,616
Share-based compensation		-	396,456	-	-	-	396,456
Net loss		-	-	-	(548,498)	(1,458,546)	(2,007,044)
As at June 30, 2021		**45,011,957**	**427,196**	**38,740**	**(457,702)**	**(1,894,772)**	**43,125,419**

Playmaker Capital Inc.
Condensed Consolidated Interim Statements of Cash Flows
Unaudited
(Stated in U.S. dollars)
For the six months ended June 30

	Note	2022	2021
Operating activities			
Net loss		**$ (4,511,728)**	$ (1,458,546)
Depreciation and amortization	6, 7	**2,064,703**	16,391
Share-based compensation		**584,529**	117,627
Listing fees, RTO costs		**-**	618,184
Interest expense on convertible debenture, settled with shares		**-**	102,740
Non-cash interest expense	9	**8,648**	-
Change in fair value of contingent consideration	11	**1,896,772**	-
Unrealized foreign exchange loss (gain)		**276,109**	(339,157)
Change in non-cash working capital:			
Accounts receivable		**378,139**	(277,460)
Income taxes receivable		**(139,191)**	(24,470)
Inventory		**(124,719)**	(20,724)
Prepaid and other assets		**(399,502)**	(101,333)
Accounts payable		**183,574**	596,794
Income taxes payable		**1,231**	-
Deferred revenue		**128,666**	-
Accrued expenses and other current liabilities		**(1,123,786)**	(62,950)
Net cash flows used in operating activities		**(776,555)**	(832,904)
Investing activities			
Acquisition of Futbol Sites, net of cash acquired		**-**	(6,166,393)
Acquisition of Fanaticos		**-**	(204,290)
Acquisition of Futmarketing	3	**(875,000)**	-
Acquisition of SportsDrop	3	**(1,200,000)**	-
Settlement of deferred and contingent consideration	11	**(7,393,636)**	-
Cash acquired through RTO		**-**	162,375
Purchase of property and equipment	6	**(109,076)**	(15,434)
Purchase of intangible assets	7	**(73,633)**	-
Net cash flows used in investing activities		**(9,651,345)**	(6,223,742)
Financing activities			
Issuance of preferred shares		**-**	5,505,000
Issuance of common shares		**-**	19,881,600
Issuance costs on preferred and common shares		**-**	(1,236,391)
Options exercised		**-**	27,956
Warrants exercised	12b	**162,174**	9,900
Long-term debt drawn		**6,000,000**	-
Long-term debt repayments		**(111,112)**	(22,186)
Lease liability principal payments	9	**(96,839)**	(21,440)
Net cash flows provided by financing activities		**5,954,223**	24,144,439
(Decrease) increase in cash and cash equivalents		**(4,473,677)**	17,087,793
Foreign exchange impact		**(159,811)**	(206,011)
Cash and cash equivalents, beginning of period		**7,111,728**	6,631,358
Cash and cash equivalents, end of period		**$ 2,478,240**	$ 23,513,140

1. Nature of operations

Playmaker Capital Inc. (formerly, Apolo III Acquisition Corp.) (the "Company" or "Playmaker") was incorporated under the Business Corporations Act (Ontario) on January 19, 2018. The registered head office of the Company is 2 St Clair Ave W, Suite 601, Toronto, Ontario. The Company is a publicly traded company, listed on the TSX Venture Exchange under the symbol "PMKR" and on the OTCQX Best Market under the symbol "PMKRF".

The principal business of the Company is to build a collection of premier sports media brands by acquiring complementary businesses at the convergence of sports, media, betting and technology, in order to deliver highly engaged audiences of sports fans to sports betting companies, leagues, teams and advertisers.

The Company's current operating subsidiaries are digital sports media websites and advertising technology services based in the United States, Canada and the United Kingdom, with offices and operations in the United States, Argentina, Brazil, Colombia, Chile, Mexico, United Kingdom, Poland and Canada. The operating subsidiaries help global brands, sports betting companies, and football federations manage their digital assets, while designing and executing powerful fan-oriented strategies.

2. Basis of presentation

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting.

Certain information and footnote disclosures normally included in the annual audited financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") in effect on January 1, 2022, have been omitted or condensed. These condensed interim financial statements should be read in conjunction with the Company's December 31, 2021 audited financial statements.

Certain comparative figures have been reclassified to conform to the current year's presentation.

The results reported in these interim consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for an entire year. The policies set out below are consistently applied to all periods presented, unless otherwise noted.

These condensed interim financial statements were authorized for issue in accordance with a resolution of the Board of Directors on August 11, 2022.

Basis of measurement

These condensed consolidated interim financial statements are stated in U.S. dollars, except otherwise noted and were prepared on a going concern basis, under the historical cost convention except for certain financial instruments that have been measured at fair value inclusive of options and warrants.

The preparation of the condensed interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. These condensed interim financial statements have been prepared using the same judgements, estimates and assumptions as reported in the Company's December 31, 2021 audited annual financial statements.

(Stated in U.S. dollars, except share information and unless otherwise noted)

3. Asset acquisition

Futmarketing

On January 5, 2022, the Company purchased the digital media assets of Futmarketing for aggregate consideration of up to $4,143,981. The purchase price consideration consisted of (i) a cash payment of $845,000 at closing and a deferred cash payment of $125,000 on the second anniversary of closing, (ii) a cash payment of $30,000 within 10 days after certain marks for digital assets are transferred, (iii) the issuance of $500,000 of common shares on closing, priced at CAD$0.70 and (iv) up to a maximum of $2,643,981 million in the form of an earn-out, payable to the sellers upon Futmarketing achieving certain performance related targets over the period beginning on December 1, 2021 and ending on June 30, 2024.

The Sports Drop

On April 8, 2022, the Company purchased the digital media assets of The Sports Drop for $1,200,000, including $200,000 in transaction costs.

In addition to the consideration noted above, the asset purchase agreement outlines a working capital adjustment payment due within 120 days of the closing date. This working capital adjustment is calculated as the sum of the acquired accounts receivable minus the acquired accounts payable.

Preliminary purchase consideration summary

The following table shows preliminary allocations for the asset acquisition during the period:

		Futmarketing		The Sports Drop
Fair value of identifiable net assets				
Digital media assets	$	3,201,563	$	1,200,000
Accounts receivable		-		530,223
Accounts payable		-		(421,149)
Total consideration	**$**	**3,201,563**	**$**	**1,309,074**
Consideration				
Cash	$	875,000	$	1,000,000
Common shares		500,000		-
Deferred consideration		155,000		-
Contingent consideration		1,671,563		-
Working capital		-		109,074
Transaction cost		-		200,000
Total consideration	**$**	**3,201,563**	**$**	**1,309,074**

(Stated in U.S. dollars, except share information and unless otherwise noted)

4. Revenue

The following table summarizes sales by country based on the customer's country of domicile:

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
United States	$ 3,990,032	$ 1,858,738	$ 7,304,422	$ 1,858,738
Canada	765,651	237,717	1,433,589	237,717
United Kingdom	484,740	-	940,224	-
Chile	310,822	275,758	639,988	275,758
Mexico	204,630	146,458	404,964	146,458
Spain	250,962	10,634	404,046	10,634
Argentina	221,258	213,012	342,137	213,012
Brazil	93,218	-	276,998	-
Israel	100,313	159,204	225,485	159,204
Denmark	155,000	-	225,000	-
Switzerland	90,950	64,550	210,550	64,550
Other	310,142	73,070	386,888	73,070
Total revenue	**$ 6,977,718**	**$ 3,039,141**	**$ 12,794,291**	**$ 3,039,141**

5. Segment information

The Company's Chief Operating Decision Makers ("CODM") evaluate performance and make decisions about resources to be allocated based on financial data consistent with the presentation in these condensed consolidated interim financial statements. The Company's segments consist of digital media, technology services and corporate. The Company's CODM does not review any financial data with any further segmentation.

The following tables summarize the operating results of each segment:

Three months ended June 30, 2022

	Digital media	Technology services	Corporate	Total
Revenue	$ 6,693,825	$ 283,893	$ -	$ 6,977,718
Gross margin	6,338,725	(27,056)	-	6,311,669
Operating expenses	5,379,498	180,711	1,443,672	7,003,881
Operating income (loss)	959,227	(207,767)	(1,443,672)	(692,212)
Other expenses	56,336	135	337,167	393,638
Net income (loss)	875,896	(207,902)	(1,780,839)	(1,112,845)

Three months ended June 30, 2021

	Digital media	Technology services	Corporate	Total
Revenue	$ 3,039,141	$ -	$ -	$ 3,039,141
Gross margin	2,893,435	-	-	2,893,435
Operating expenses	1,981,107	-	512,547	2,493,654
Operating income (loss)	912,328	-	(512,547)	399,781
Other expenses	5,186	-	1,493,507	1,498,693
Net income (loss)	886,612	-	(2,006,054)	(1,119,442)

(Stated in U.S. dollars, except share information and unless otherwise noted)

5. Segment information (continued)

Six months ended June 30, 2022

	Digital media	Technology services	Corporate	Total
Revenue	$ 12,054,914	$ 739,377	$ -	$ 12,794,291
Gross margin	11,319,000	80,273	-	11,399,273
Operating expenses	9,521,934	342,355	2,900,207	12,764,496
Operating income (loss)	1,797,066	(262,082)	(2,900,207)	(1,365,223)
Other expenses	79,933	135	3,017,303	3,097,371
Net income (loss)	1,667,999	(262,217)	(5,917,510)	(4,511,728)

Six months ended June 30, 2021

	Digital media	Technology services	Corporate	Total
Revenue	$ 3,039,141	$ -	$ -	$ 3,039,141
Gross margin	2,893,435	-	-	2,893,435
Operating expenses	1,981,107	-	621,291	2,602,398
Operating income (loss)	912,328	-	(621,291)	291,037
Other expenses	5,186	-	1,723,867	1,729,053
Net income (loss)	886,612	-	(2,345,158)	(1,458,546)

(Stated in U.S. dollars, except share information and unless otherwise noted)

6. Property and equipment

The following table presents a reconciliation of property and equipment as at June 30, 2022:

	Office equipment	Right-of-use asset	Leasehold improvements	Computer hardware	Total
December 31, 2021	$ 60,471	$ 476,743	$ 144,546	$ 96,621	$ 778,381
Additions	10,330	249,503	55,424	43,322	358,579
Depreciation	(6,666)	(75,028)	(16,869)	(18,805)	(117,368)
Foreign exchange	(2,441)	(5,343)	(4,629)	(629)	(13,042)
June 30, 2022	**$** 61,694	**$** 645,875	**$** 178,472	**$** 120,509	**$** 1,006,550

7. Intangible assets

The following table presents intangible assets by category as at June 30, 2022:

	Software and website	Digital media, Licensed rights and application	Streaming rights	Customer Relationship	Brand	Total
December 31, 2021	$ 49,656	$ 2,563,947	$ 115,285	$ 4,694,302	$ 38,384,907	$ 45,808,097
Acquired (*Note 3*)	-	4,401,563	-	-	-	4,401,563
Additions	32,233	41,400	-	-	-	73,633
Amortization	(11,173)	(1,684,345)	(12,165)	(229,974)	(9,678)	(1,947,335)
Foreign exchange	(5,586)	-	13,263	(81,941)	68,341	(5,923)
June 30, 2022	**$** 65,130	**$** 5,322,565	**$** 116,383	**$** 4,382,387	**$** 38,443,570	**$** 48,330,035

8. Goodwill

The following table presents a reconciliation of goodwill by CGU:

	Futbol Sites	Yardbarker	Two-Up	The Nation Network	SuperPoker	Total
December 31, 2021	$ 9,174,155	$ 11,282,260	$ 3,592,516	$ 2,013,340	$ 2,330,826	$ 28,393,097
Foreign exchange	-	-	(424,850)	(31,048)	148,244	(307,654)
June 30, 2022	$ 9,174,155	$ 11,282,260	$ 3,167,666	$ 1,982,292	$ 2,479,070	$ 28,085,443

The Company will perform its annual impairment testing at December 31 or at an interim date when events or changes in business environment (triggering events) occur. During the six months ended June 30, 2022, the Company concluded that there were no triggering events requiring an impairment assessment.

(Stated in U.S. dollars, except share information and unless otherwise noted)

9. Lease liability and obligations

The Company's leased assets include office premises. When measuring lease, the Company discounted lease payments using an incremental borrowing rate of 4.09% to 5.70%.

The following table presents the reconciliation of the lease liability as at June 30, 2022:

		Office lease
December 31, 2021	$	504,008
Additions during the period		250,081
Lease payments		(88,833)
Interest expense		8,648
Foreign exchange		9,161
June 30, 2022	$	683,065
Less: current portion of lease liability		(169,525)
Long-term lease liability		513,540

The Company expenses payments for short-term leases and low-value leases as incurred. These payments for the three and six months ended June 30, 2022, were $35,342 and $55,213 (2021: $16,960 and $16,960), respectively.

The following is a schedule which summarizes undiscounted lease payment commitments:

Less than 1 year	$	198,601
1 to 2 years		185,094
2 to 3 years		173,287
3 to 4 years		159,222
4 to 5 years		30,661
5 and more years		-
Total		746,865

10. Long-term debt

On March 30, 2022, the Company entered into three credit facilities with a Tier 1 bank, totaling $15,000,000, to use for acquisitions, growth initiatives and general corporate purposes. The first credit facility is a $2,000,000 operating revolving credit facility ("operating credit") that bears an interest rate at bank's prime lending rate plus 1.75% per annum. The second credit facility is a $10,000,000 revolving term facility ("revolving term") that bears an interest rate at bank's prime lending rate plus 3.25% per annum. And lastly, a delayed draw term facility ("delayed draw") of $3,000,000 that bears an interest rate of bank's lending rate plus 2.25% per annum. All interest is payable monthly.

The facilities have a two-year term, with an option to extend for an additional 12 months, subject to the Bank's approval. The total facility limit can be increased by an additional $11,000,000, if the Company delivers evidence satisfactory to the Bank that it has completed a minimum equity raise of $10,000,000.

As of June 30, 2022, $5,888,888 has been drawn on the credit facility. This includes $1,000,000 from the operating credit, $2,000,000 from the revolving term, and $2,888,888 from the delayed draw.

(Stated in U.S. dollars, except share information and unless otherwise noted)

11. Deferred and contingent consideration

The following reconciles the deferred and contingent consideration as at June 30, 2022:

		Deferred Consideration		Contingent Consideration
December 31, 2021	**$**	**4,194,147**	**$**	**19,312,437**
Acquired (*Note 3*)		155,000		1,671,563
Changes in fair value		69,577		1,827,195
Settled		(2,384,691)		(6,700,000)
Foreign exchange		-		195,979
June 30, 2022	$	2,034,033	$	16,307,174
Current portion	$	2,034,033	$	11,851,550
Long-term portion	$	-	$	4,455,624

Fair value of the deferred and contingent consideration was determined by unwinding the time value of money factors from the December 31, 2021 fair values which were calculated using the following inputs and assumptions:

Risk free rate	0.06% - 1.90%
Weighted average cost of capital	14.0% - 22.3%
Volatility on inputs	25%-88%
Share price	CAD $0.76

12. Share capital

a) Common shares

The Company is authorized to issue an unlimited number of common shares. The following table reflects the continuity of common shares:

	Number of Shares	**US ($)**
Balance, December 31, 2021	**212,061,061**	**61,788,190**
Common shares issued to Futmarketing (*Note 3*)	914,928	500,000
Common shares issued to service provider	21,071	10,000
Common shares issued for contingent consideration	3,765,950	1,445,634
Warrants exercised (*Note 12b*)	648,696	209,873
Balance, June 30, 2022	**217,411,706**	**63,953,697**
Less: Share issuance costs		1,293,820
Share capital		**62,659,877**

b) Warrants

Each common share warrant entitles a holder to one common share of the Company.

The following table reflects the continuity of warrants:

	Number of warrants	**Weighted average exercise price ($)**	**Weighted average remaining life (years)**
Outstanding, December 31, 2021	2,175,016	0.37	0.78
Exercised	(648,696)	0.25	N/A
Outstanding, June 30, 2022	**1,526,320**	**0.41**	**0.42**

(Stated in U.S. dollars, except share information and unless otherwise noted)

12. Share capital (continued)

c) Stock options ("Options") and restricted share units ("RSUs")

The Company has adopted an Omnibus Equity Incentive Plan ("Plan"), which provides that the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company share-related awards. The Company is authorized to issue various types of equity instruments outlined in the Plan. The Board of Directors determines the instrument and type of award which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the award.

During the three and six months ended June 30, 2022, the Company recognized $370,719 and $584,529, respectively (2021: $116,918 and 117,008, respectively) in share-based compensation expense relating to issued and outstanding Options and RSUs for directors, officers, employees and consultants and services provided.

The following table shows a summary of the Option activity:

	Number of Options	Weighted average exercise price ($)	Weighted average remaining life (years)
Outstanding, December 31, 2021	7,663,000	0.3534	9.17
Issued	1,200,000	0.4576	9.83
Forfeitures	(488,000)	0.5088	N/A
Outstanding, June 30, 2022	**8,375,000**	**0.3543**	**8.89**
Exercisable, June 30, 2022	**1,496,354**	**0.3451**	**8.70**

During the three and six months ended June 30, 2022, the Company also issued 487,350 and 2,077,771 RSUs to officers and employees of the Company. The RSUs vest in 3 tranches ending in December 2024 with no expiry terms. All RSUs allow the individuals to receive one common share of the Company per RSUs issued. No RSUs are exercisable as at June 30, 2022.

13. Financial instruments

Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.
Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (derived from prices).
Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The carrying amount of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and other current liabilities, and long-term debt approximates their fair value due to the short-term maturities of these items. The fair value of deferred consideration and contingent consideration are determined using Level 3 valuation techniques.

(Stated in U.S. dollars, except share information and unless otherwise noted)

13. Financial instruments (continued)

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments which potentially expose the Company to concentration of credit risk are comprised of cash and cash equivalents, accounts receivable, and major customers.

i. Cash and cash equivalents

The Company maintains deposit balances at financial institutions that, from time to time, may exceed U.S. federally insured limits. U.S. federally insured amounts are currently insured up to $250,000 per each qualified financial institution by the Federal Deposit Insurance Company ("FDIC"). The Company maintains its cash with quality financial institutions, which the Company believes limits these risks.

ii. Accounts receivable

The Company does business and extends credit based on an evaluation of the customers' financial condition generally without requiring collateral. Exposure to losses on receivables is expected to vary by customer due to the financial condition of each customer. Exposure to credit losses on receivables is evaluated continuously by management.

The following table is the accounts receivable aging:

		June 30, 2022		December 31, 2021
Current	$	3,517,779	$	3,028,706
1-29 days past due		534,591		464,416
30-59 days past due		188,993		619,584
60-89 days past due		163,116		137,621
Over 90 days past due		154,324		156,392
Total	$	4,558,803	$	4,406,719

iii. Major customers

The following table summarizes sales to major customers:

		Revenue Six months ended June 30, 2022	% of Revenue		Accounts Receivable	% of Accounts Receivable
Customer A	$	3,300,183	25.79%	$	613,204	13.45%
Customer B		1,473,205	11.51%		589,406	12.93%
Total	$	4,773,388	37.30%	$	1,202,610	26.38%

(Stated in U.S. dollars, except share information and unless otherwise noted)

13. Financial instruments (continued)

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2022, the Company had a cash balance of $2,478,240 (December 31, 2021: $7,111,728) to pay current liabilities of $17,297,239 (December 31, 2021: $16,385,256).

The following table shows the accounts payable aging:

	June 30, 2022	December 31, 2021
Current	$ 495,281	$ 382,821
1-29 days overdue	274,391	64,157
30-59 days overdue	355,521	59,636
60-89 days overdue	18,789	30,149
Over 90 days overdue	28,313	30,809
Total	$ 1,172,295	$ 567,572

Overall, the Company sees itself having limited liquidity risk due to the fact that a portion of the contingent consideration can be settled in shares. The Company also has access to additional cash through its existing credit facilities and it has access to capital markets to raise funds as needed to sustain its financial obligations and needs.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The objective of market risk management is to mitigate and control exposures within acceptable parameters while optimizing the return on risk.

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument (ex. loans and borrowings) will fluctuate because of changes in market interest rates. The Company’s exposure to the risk of changes in market interest rates relates primarily to the Company’s long-term debt obligations which are in the local currencies. The Company manages its interest rate risk by having a portfolio of generally all fixed rate loans and borrowings. Management believes the Company’s sensitivity on interest payments is economically limited due to the nominal value of debt.

ii. Foreign exchange and currency risk

Foreign exchange risk is the potential loss from exposure to foreign exchange rate fluctuation. Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company’s exposure to the risk of changes in foreign exchange rates relates primarily to the Company’s operating activities (when revenue or expense is denominated in a foreign currency) and the Company’s net investments in foreign subsidiaries. Exposure to foreign currency risk is evaluated continuously by management. Management believes the Company’s sensitivity to variations in foreign exchange rates is economically limited.

The Company does not utilize any financial instruments to hedge this risk.

iii. Commodity risk

The Company is not exposed to commodity price risk.

14. Capital management

The Company's capital consists of share capital. The Company's objectives for managing capital are to maximize shareholder value and maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1.

The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Company's objectives when managing capital are:

i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,

ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Company is not subject to any externally or internally imposed capital requirements at period-end.

15. Related party transactions

Transactions with related parties are incurred in the normal course of business and initially recorded at fair value.

During the three and six months ended June 30, 2022, the Company incurred $316,525 and $519,242, respectively (2021: $115,276 and $115,366, respectively) in share-based compensation expense associated to executives and board members of the Company.

During the three and six months ended June 30, 2022, the Company incurred $625,897 and $960,104, respectively (2021: $321,964 and $321,964, respectively) in salary and wages expense associated to executives of the Company.

During the three and six months ended June 30, 2022, the Company incurred expenses of $838 (2021: $1,996 and $4,013, respectively) which were paid for by an affiliate of a board member and reimbursed by the Company.

During the three and six months ended June 30, 2022, the Company incurred professional fees of $10,800 and $28,606, respectively (2021: $3,575 and $3,575, respectively) which were paid to a member of the board for services performed. During the three and six months ended June 30, 2021, the Company incurred professional fees of $23,109 and $93,734 which were paid to an executive of the Company for services provided prior to becoming a full-time employee.

An executive of the Company has the opportunity to receive 27% (their proportionate share) of the deferred consideration as well as the contingent consideration associated with the acquisition of Futbol Sites.

16. Subsequent events

On July 5, 2022, the Company acquired the digital assets of World Soccer Talk for aggregate consideration of up to $1,150,000. The purchase price consideration consisted of (i) a closing cash payment of $350,000, (ii) the issuance of 510,000 common shares on closing, priced at C$0.75 per share, and (iii) up to a total of $500,000 in the form of an earn-out, payable to the sellers upon World Soccer Talk achieving certain revenue and performance targets in the first and second year following closing.

On July 11, 2022, the Company closed a $20,000,000 convertible loan facility (the “Convertible Facility”) with Beedie Investments Ltd. (“Beedie Capital”), maturing on July 11, 2026. The Company received an initial advance of $15,000,000 upon closing of the Convertible Facility, with the remaining $5,000,000 available for subsequent advances in minimum tranches of $2,500,000 million over the term of the Convertible Facility. Beedie Capital may elect to convert the principal amount of the initial advance into common shares at a conversion price of C$0.70 per share, subject to adjustment in accordance with the terms of the credit agreement entered into in respect of the Convertible Facility. The Convertible Facility bears interest at a fixed rate of 9% per annum on advanced funds and carries a standby fee equal to 1.25% per annum on the unadvanced portion of the Convertible Facility compounded monthly and payable in arrears.

On August 2, 2022, Playmaker acquired the digital assets of JuanFutbol for aggregate consideration of up to $2,765,943. The purchase price consideration consisted of (i) a closing cash payment of $400,000, (ii) the issuance of 421,754 common shares on closing, priced at C$0.75 per common share, and (iii) a target earn-out of $1,410,629 payable to the sellers upon JuanFutbol achieving certain revenue and performance targets, with a maximum earn-out of $2,115,943 if revenue and performance targets are exceeded, in the period from July 1, 2022 to December 31, 2023.