Playmaker Capital Inc.
Consolidated Financial Statements
For the years ended December 31, 2022 and 2021
(Stated in U.S. dollars)

Independent Auditor's Report

To the Shareholders of Playmaker Capital Inc.:

Opinion

We have audited the consolidated financial statements of Playmaker Capital Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and December 31, 2021, and the consolidated statements of net loss and other comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Business Combination

Key Audit Matter Description

During the year ended December 31, 2022, the Company acquired 100% of the issued and outstanding common shares of Wedge Traffic Limited.

Auditing the business combination was complex due to the subjective nature of estimating the fair values of identified assets and liabilities as at the date of the acquisition, particularly intangible assets. Management uses significant judgment in evaluating the inputs and assumptions used in their determination of fair value. The fair value of the identifiable assets related to acquired intangible assets are subject to higher estimation uncertainty due to management’s judgment in determining key assumptions that include revenue growth, earnings margins and discount rates. Changes to these significant assumptions could have a significant impact on the fair value of acquired intangible assets.

Auditing deferred and contingent consideration was complex due to the subjective nature of estimating the timing and likelihood of achieving the deferred and contingent consideration criteria. Management uses significant judgment in evaluating the inputs and assumptions in the determination of the fair value.

Due to complexities in auditing the business combination, we have identified business combination as a key audit matter.

Audit Response

We responded to this matter by performing procedures in relation to estimated fair valuation of goodwill, intangible assets, deferred and contingent consideration. Our audit work in relation to this included, but was not restricted to, the following:

- We reviewed the purchase agreements to obtain an understanding of the key terms and conditions to identify the necessary accounting considerations and identification of assets and liabilities acquired.
- With the assistance of our valuation specialists, we evaluated the Company’s model valuation methodology and the various inputs utilized, including the discount rate, by referencing current industry and comparable company information as well as cash flow and company-specific risk.
- With the assistance of our valuation specialists, we evaluated the Company's model valuation methodology and the various inputs utilized in the determination of the fair value of the deferred and contingent consideration.
- We evaluated the reasonableness of significant assumptions and estimates used by management, including revenue growth and earnings margins, by considering the past performance of the acquired business and similar acquisitions made by the Company, and comparing management’s past projections to actual and historical performance, as well as available third-party published economic and industry data. We performed sensitivity analysis on significant assumptions, including revenue growth rates, earnings margin and discount rate.
- We assessed the adequacy of the Company’s disclosure included in note 5, Business combinations of the accompanying consolidated financial statements in relation to this matter.
- We obtained an understanding of management's internal control process and tested the design and implementation of key controls relating to the business acquisitions.

Impairment of goodwill and indefinite life intangible assets

Key Audit Matter Description

As at December 31, 2022, the Company has goodwill and indefinite life intangible assets as disclosed in note 10 to the consolidated financial statements. Management assesses at least annually, or at any time if an indicator of impairment exists, whether there has been an impairment loss in the carrying value of goodwill and/or indefinite life intangible assets. The Company performs its annual impairment analysis as at the consolidated statement of financial position date and estimates the recoverable amount of the group of cash-generating units [“CGUs”] to which goodwill and indefinite life intangible assets have been allocated using a discounted cash flow model. The Company discloses significant judgments, estimates and assumptions and the results of its analysis in respect of impairment in note 10 to the consolidated financial statements. Auditing management’s annual goodwill and indefinite life intangible asset impairment test was complex, given the degree of judgment and subjectivity in evaluating management’s estimates and assumptions in determining the recoverable amount of the of CGUs. Significant assumptions included group cash flow projections, revenue growth rate, earnings margins, terminal growth and after-tax discount rate, which are affected by expectations about future market and economic conditions.

Due to the complexities in auditing the annual impairment test for goodwill and indefinite life intangibles assets, we have identified impairment of goodwill and indefinite life intangible assets as a key audit matter.

Audit Response

We responded to this matter by performing procedures in relation to the fair value of goodwill and indefinite life intangible assets. Our audit work in relation to this included, but was not restricted to, the following:

- We evaluated the appropriateness of management's use of the discounted cash flow model and tested the mathematical accuracy thereof.
- We involved our valuation specialists to assess the Company's impairment model, valuation methodology applied, the various inputs utilized as well as certain significant assumptions, including the discount rate and terminal growth rate.
- We evaluated management's cash flow projections, revenue growth rate and earnings margins by comparing management's current projections to actual and historical performance. We also compared management's estimated revenue growth rate and earning margins to current industry, market and economic trends. In addition, we performed a look-back analysis to assess the accuracy of management's prior cash flow forecasts.
- We performed sensitivity analysis on significant assumptions to evaluate changes in the recoverable amount of the CGU that would result from changes in the assumptions.
- We assessed the adequacy of the Company's disclosures included in note 10 of the consolidated financial statements in relation to this matter.
- We obtained an understanding of management's internal control process and tested the design and implementation of key controls relating to the assessment of impairment of goodwill and indefinite life intangible assets.

Basis for opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Leanne Bjalek.

Calgary, Alberta

MNP LLP

March 16, 2023

Chartered Professional Accountants

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

	Note		December 31, 2022		December 31, 2021
Assets					
Current					
Cash and cash equivalents		$	**8,875,692**	$	7,111,728
Accounts receivable	15		**12,755,151**		4,406,719
Income taxes receivable	19		**241,540**		45,711
Inventory			**11,859**		18,770
Prepaid and other current assets			**1,565,724**		377,061
Total current assets			**23,449,966**		11,959,989
Property and equipment	8		**939,996**		778,381
Intangible assets	9		**58,538,596**		45,808,097
Goodwill	10		**46,098,848**		28,393,097
Deferred tax asset	19		**1,734,875**		868,116
Other long-term assets			**33,418**		20,720
Total assets		**$**	**130,795,699**	**$**	87,828,400
Liabilities					
Current					
Accounts payable	15	$	**3,433,147**	$	567,572
Income taxes payable	19		**725,925**		81,264
Deferred revenue			**440,302**		188,993
Accrued expenses and other current liabilities			**4,281,061**		2,623,321
Current portion of lease liability	11		**157,150**		88,951
Current portion of long-term debt	12		**416,667**		14,365
Current deferred consideration	13		**2,000,000**		2,345,759
Consideration payable	13		**11,804,338**		10,475,031
Total current liabilities			**23,258,590**		16,385,256
Long-term debt	12		**9,583,333**		46,708
Long-term lease liability	11		**425,181**		415,057
Deferred tax liability	19		**7,297,935**		4,237,822
Deferred consideration	13		**2,438,000**		1,848,388
Contingent consideration	13		**17,957,182**		8,837,406
Convertible debenture	12		**15,425,130**		-
Total liabilities			**76,385,351**		31,770,637
Shareholders' Equity					
Share capital	14		**65,816,073**		60,494,370
Contributed surplus			**2,057,531**		606,863
Warrant Reserve			**-**		303,278
Accumulated other comprehensive income (loss)			**(1,735,978)**		(1,368,266)
Retained earnings (deficit)			**(11,727,278)**		(3,978,482)
Total shareholders' equity			**54,410,348**		56,057,763
Total liabilities and shareholders' equity		**$**	**130,795,699**	**$**	87,828,400

Commitments (*Note 11 and Note 15*) **Subsequent event** (*Note 20*)

Approved on behalf of the Board of Directors

/s/ Jordan Gnat	*/s/ John Albright*
Director	**Director**

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

Playmaker Capital Inc.

Consolidated Statements of Net Loss and Comprehensive Loss

For the years ended December 31, 2022 and 2021

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

	Note		2022		2021
Revenue	6	**$**	**40,348,138**	$	14,820,154
Cost of Sales			**5,287,978**		1,189,901
Gross Profit			**35,060,160**		**13,630,253**
Operating expenses					
Salary and wages			**14,614,706**		5,797,734
Advertising, commissions and fees			**7,746,625**		2,666,087
Web services and publishing			**1,331,086**		613,851
General and administration			**1,911,121**		733,966
Professional fees			**1,397,616**		828,410
Bad debt expense			**250,828**		-
Stock-based compensation	14		**1,227,061**		576,778
Depreciation and amortization	8, 9		**5,224,756**		648,441
Total operating expenses			**33,703,799**		11,865,267
Operating income/(loss)			**1,356,361**		1,764,986
Transaction costs			**(2,844,894)**		(842,729)
Interest expense			**(1,151,417)**		(130,144)
Listing and filing fees			**(9,753)**		(1,826,331)
Other income			**106,706**		21,761
Other expenses			**(181,807)**		(19,819)
Loss on impairment	10		**(2,133,339)**		-
Change in fair value of consideration	13		**(1,274,771)**		(2,901,005)
Change in fair value of convertible debenture	12		**(424,496)**		(678,429)
Foreign exchange gain (loss)			**(854,468)**		849,908
Loss before taxes			**(7,411,878)**		(3,761,802)
Deferred tax	19		**945,315**		324,824
Current tax	19		**(1,282,233)**		(105,278)
Net loss		**$**	**(7,748,796)**	$	(3,542,256)
Other comprehensive loss					
Gain (loss) on translation			**(367,712)**		(1,459,062)
Comprehensive loss		**$**	**(8,116,508)**	$	(5,001,318)
Basic and diluted net and comprehensive income (loss) per share		**$**	**(0.04)**	$	(0.03)
Basic and diluted weighted average number of shares	14		**218,744,212**		128,850,587

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

Playmaker Capital Inc.

Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31, 2022 and 2021

(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	5	500,000	-	-	-	-	500,000
Issue of common shares to World Soccer Talk	5	148,645	-	-	-	-	148,645
Issue of common shares to JuanFutbol	5	131,216	-	-	-	-	131,216
Issue of common shares to Wedge	5	1,053,000	-	-	-	-	1,053,000
Warrant and option exercises	14a,c	209,873	-	(25,886)	-	-	183,987
Expiration of warrants	14c	-	277,392	(277,392)	-	-	-
Shares issued to service providers		46,276	-	-	-	-	46,276
Settlement of contingent consideration	13,14a	3,232,693	-	-	-	-	3,232,693
Share-based compensation	14d	-	1,173,276	-	-	-	1,173,276
Net and comprehensive loss		-	-	-	(367,712)	(7,748,796)	(8,116,508)
As at December 31, 2022		**65,816,073**	**2,057,531**	**-**	**(1,735,978)**	**(11,727,278)**	**54,410,348**
As at December 31, 2020		**6,823,258**	**30,740**	**38,740**	**90,796**	**(436,226)**	**6,547,308**
Issue of preferred shares	14b	5,505,000	-	-	-	-	5,505,000
Issue of common shares	14a	19,881,600	-	-	-	-	19,881,600
Issue costs	14a	(1,104,677)	-	286,262	-	-	(818,415)
Issue of common shares to settle FSN convertible debenture	5	14,178,082	-	-	-	-	14,178,082
RTO share issuance	5	783,666	-	-	-	-	783,666
Issue of common shares to Yardbarker	5	5,535,817	-	-	-	-	5,535,817
Issue of common shares to Two-Up	5	2,559,409	-	-	-	-	2,559,409
Issue of common shares to Varsky	5	25,000	-	-	-	-	25,000
Issue of common shares to TNN	5	4,732,660	-	-	-	-	4,732,660
Issue of common shares to Superpoker	5	1,497,972	-	-	-	-	1,497,972
Warrant and option exercises	14 c,d	76,583	-	(21,724)	-	-	54,859
Share-based compensation	14d	-	576,123	-	-	-	576,123
Net and comprehensive loss		-	-	-	(1,459,062)	(3,542,256)	(5,001,318)
As at December 31, 2021		**60,494,370**	**606,863**	**303,278**	**(1,368,266)**	**(3,978,482)**	**56,057,763**

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

Playmaker Capital Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(Stated in U.S. dollars)

Operating activities	**Note**		**2022**		**2021**
Net loss		**$**	**(7,748,796)**	$	(3,542,256)
Depreciation and amortization	8, 9		**5,224,756**		648,441
Bad debt expense			**250,828**		-
Share-based compensation			**1,227,061**		576,778
Listing fees, RTO costs	5		**-**		618,184
Non-cash interest expense	5, 11		**34,241**		107,434
Loss on impairment			**2,133,339**		-
Change in fair value of contingent consideration	13		**1,274,771**		2,901,005
Change in fair value of convertible debenture	12		**424,496**		678,429
Unrealized foreign exchange (gain) loss			**711,729**		(864,176)
Deferred income tax recovery	19		**(945,315)**		(324,824)
Change in non-cash working capital	18		**(5,104,246)**		(284,060)
Net cash flows provided by (used in) operating activities			**(2,517,136)**		514,955
Investing activities					
Acquisition of Futbol Sites, net of cash acquired	5		**-**		(6,228,466)
Cash acquired through RTO	5		**-**		162,375
Acquisition of Fanaticos	5		**-**		(204,290)
Acquisition of Yardbarker, net of cash acquired	5		**-**		(9,331,068)
Acquisition of SoccerMemes	5		**-**		(100,000)
Acquisition of Two-Up, net of cash acquired and debt assumed	5		**-**		(676,764)
Acquisition of Varsky	5		**-**		(175,804)
Acquisition of TNN, net of cash acquired	5		**-**		(4,163,915)
Acquisition of SuperPoker	5		**-**		(1,727,806)
Acquisition of Cracks	5		**-**		(478,141)
Acquisition of Futmarketing	5		**(875,000)**		-
Acquisition of SportsDrop	5		**(1,200,000)**		-
Acquisition of World Soccer Talk	5		**(350,000)**		-
Acquisition of JuanFutbol	5		**(400,000)**		-
Acquisition of Pasion Aguila	5		**(125,000)**		-
Acquisition of PlanetaBocaJuniors	5		**(50,000)**		-
Acquisition of Wedge Traffic, net of cash acquired	5		**(7,719,108)**		-
Settlement of deferred and contingent consideration	13		**(9,628,900)**		(500,000)
Purchase of property and equipment	8		**(209,273)**		(246,415)
Purchase of intangibles	9		**(119,258)**		(55,590)
Net cash flows used in investing activities			**(20,676,539)**		(23,725,884)
Financing activities					
Issuance of preferred shares	14b		**-**		5,505,000
Issuance of common shares	14a		**-**		19,881,600
Issuance costs on preferred and common shares	14a		**-**		(1,236,391)
Options exercised	14d		**-**		36,704
Warrants exercised	14c		**162,174**		18,066
Long-term debt drawn	12		**11,333,336**		-
Long-term debt repayments	12		**(1,333,336)**		(139,587)
Convertible debenture	12		**15,000,000**		-
Lease liability principal payments	11		**(195,690)**		(28,410)
Net cash flows provided by financing activities			**24,966,484**		24,036,982
Increase in cash and cash equivalents			**1,772,809**		826,053
Foreign exchange impact			**(8,845)**		(345,683)
Cash and cash equivalents, beginning of year			**7,111,728**		6,631,358
Cash and cash equivalents, end of year		**$**	**8,875,692**	$	7,111,728

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

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”.

As described in Note 5, the Company completed a qualifying transaction and business combination with Playmaker Capital Inc. (“Old Playmaker”), a corporation incorporated on July 16, 2019, by Certificate of Incorporation issued pursuant to the provisions of the laws of Ontario. Pursuant to the transaction, Old Playmaker amalgamated with Apolo III Acquisition Corp. changing its name to Playmaker Capital Inc. The historical operations, assets and liabilities of Old Playmaker are included as the comparative figures, which is deemed to be the continuing entity for financial reporting purposes.

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 consolidated financial statements have been 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.

The policies set out below are consistently applied to all periods presented, unless otherwise noted.

These consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on March 16, 2023.

Basis of measurement

These consolidated 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.

2. Basis of presentation (continued)

Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consolidated financial statements of the Company include its wholly owned subsidiaries. The table below lists the Company's whole-owned subsidiaries:

Name of Subsidiary	Jurisdiction	Functional Currency	Accounting Method
Futbol Sites LLC	United States	U.S. Dollar	Consolidation
Odenton Company S.A.	Uruguay	U.S. Dollar	Consolidation
Aeris S.A.	Uruguay	U.S. Dollar	Consolidation
Sociedad Comercial Futbol Sites Network Chile	Chile	Chilean Peso	Consolidation
Sociedad Comercial Dale Ideas Limitada	Chile	Chilean Peso	Consolidation
Futbol sites Colombia S.A.S	Colombia	Colombian Peso	Consolidation
Futbol Sites MX S.A. DE C.V.	Mexico	Mexican Peso	Consolidation
FSN S.R.L	Argentina	Argentinian Peso	Consolidation
SPKR MIDIAS E EVENTOS LTDA.	Brazil	Brazilian Reals	Consolidation
EDITORA FLOP LTDA.	Brazil	Brazilian Reals	Consolidation
Yardbarker Media, LLC	United States	U.S. Dollar	Consolidation
Two-Up Agency Ltd.	United Kingdom	Great Britain Pound	Consolidation
Two-Up Agency z.o.o	Poland	Polish Złoty	Consolidation
The Nation Network Inc.	Canada	Canadian Dollar	Consolidation
Wedge Traffic Limited	United Kingdom	U.S. Dollar	Consolidation
Wedge Traffic, Inc.	United States	U.S. Dollar	Consolidation

All intercompany transactions, balances, income and expenses are eliminated on consolidation.

Foreign currencies

Foreign currency transactions are translated to the respective functional currencies of the Company's entities at the exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate applicable at the statement of financial position date. Non-monetary items carried at historical cost denominated in foreign currencies are translated to the functional currency at the date of the transactions. Non-monetary items carried at fair value denominated in foreign currencies are translated to the functional currency at the date when the fair value was determined. Realized and unrealized exchange gains and losses are recognized through income and loss.

On consolidation, the assets and liabilities of foreign operations reported in their functional currencies are translated into U.S. dollars, the Company's presentation currency, at period-end exchange rates. Income and expenses, and cash flows of foreign operations are translated into U.S. dollars using average exchange rates. Exchange differences resulting from translating foreign operations are recognized in other comprehensive income or loss and accumulated in the accumulated other comprehensive income within equity.

2. Basis of presentation (continued)

Classification of Argentina as a hyper-inflationary economy

The Argentinian economy was designated as hyperinflationary since July 1, 2018. As a result, application of IAS 29 *Financial Reporting in Hyperinflationary Economies* ("IAS 29") has been applied to FSN S.R.L, whose functional currency is the Argentinian Peso. The application of IAS 29 includes:

- Adjustment of historical cost non-monetary assets and liabilities for the change in purchasing power caused by inflation from the date of initial recognition to the balance sheet date.
- Adjustment of the statement of operations for inflation during the reporting period.
- The statement of operations is translated at the period end foreign exchange rate instead of an average rate.
- Adjustment of the statement of operations to reflect the impact of inflation and exchange rate movement on holding monetary assets and liabilities in local currency.

3. Significant accounting policies

Revenue recognition

For arrangements that the Company determines are within the scope of IFRS 15 Revenue from contracts with customers ("IFRS 15"), the Company performs the following 5 steps: (i) identifies the contracts with a customer; (ii) identifies the performance obligations within the contract, including whether they are distinct and capable of being distinct in the context of the contract; (iii) determines the transaction price; (iv) allocates the transaction price to the performance obligations in the contract; and (v) recognizes revenue when, or as, the Company satisfies each performance obligation. Any significant discounts and rebates given for the period are offset against gross revenue. Taxes assessed by governmental authorities on revenue producing transactions are excluded from revenue. Taxes collected are recorded as liabilities until their remittance.

The Company's revenue generating operations are outlined below.

Digital media revenue generating operations:

- Online advertising is recognized over time based on the satisfaction of various performance obligations (impressions, views, etc.), which are typically completed once the customer has the access and ability to leverage the advertising inventory or right to our content. The Company uses the IFRS 15 practical expedient to measure the amount of revenue based on the right to invoice. Typical payment terms range between net 30-60 days. In some cases, the Company collects a fixed fee and recognizes deferred revenue associated to the outstanding performance obligations until such a time that those obligations are met. Additionally, the Company analyzes principal versus agent considerations in IFRS 15 to determine if contracts within this stream should be recognized gross versus net.

- E-commerce is the sale of merchandise and is recognized at a point in time once the customer has purchased the good and items are shipped. Payments are made upon time of sale.

- Subscription is recognized over time based on the satisfaction of performance obligations being tied to providing continuous service to the customer. The Company uses the IFRS 15 practical expedient to measure the amount of revenue based on the right to invoice. Payments are made upon time of sale.

Technology services revenue generating operations:

- Revenue is split into three categories: 1) design, 2) development, and 3) maintenance. Each category has a standalone selling price outlined in agreements with customers. Design is recognized at a point in time once the work is completed and the customer has accepted the design. Development is recognized based on percentage of completion of the project. Maintenance is recognized over time with use of the IFRS 15 practical expedient to measure the amount of revenue based on the right to invoice. Typical payment terms are net 30 days.

3. Significant accounting policies (continued)

Affiliate marketing revenue generating operations:

- Revenue is recognized to the extent that it is probable that the economic benefits will be realized, and the revenue can be reliably measured. The Company enters into contracts with its clients based on a cost per acquisition (CPA) model and receives a fixed one-time fee for each individual who deposits money and places a real bet on the partner sportsbook application or website or signs up for a streaming service. The Company transacts with its customers pursuant to the terms of marketing affiliate agreements and/or insertion orders, which typically do not require a minimum number of referrals nor minimum fees and can be terminated for convenience by either party at any time. Termination or changes in the terms of these agreements do not typically affect the rights of the parties or the fees earned or to be earned with respect to previously referred individuals. CPA arrangements consist of a contractual rate agreed upon with each respective sportsbook operator or streaming service provider. The Company considers each referral to be a separate performance obligation. It is satisfied at the point in time when the referral is accepted by the relevant customer. Revenue is recognized during the month in which the first real bet is placed for sports betting affiliates or the customer signs up for streaming affiliates.

Collectively, the revenue recognition for these revenue streams is similar and therefore all revenue streams are presented combined in net revenues in the accompanying consolidated statements of net loss and comprehensive loss.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash held with financial institutions, all short-term investments purchased with an original maturity of three months or less, and cash held in trust.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and impairment losses. The cost of an item of property and equipment includes the purchase price to acquire the asset and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statements of net loss and comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the consolidated statements of net loss and comprehensive loss.

Depreciation is charged to income or loss over the estimated useful life of an asset. Depreciation is based on a straight-line method over the following periods:

Office equipment	5 - 7 years
Computer hardware	2 - 5 years
Leasehold improvements	Shorter of asset's useful life and the term of lease
Right-of-use asset	Term of the lease

Depreciation methods, rates and residual values are reviewed annually and revised if the current method, estimated useful life or residual value is different from that estimated previously. The effect of such changes is recognized on a prospective basis in the consolidated financial statements.

3. Significant accounting policies (continued)

Leases

The Company assesses, at the inception of contract, whether it contains a lease. A contract is classified as a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any indirect costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined using the same criteria as those for property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses and adjusted for certain remeasurements of the lease liability, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Company's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payment arising from a change in an index or rate, or changes in assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Intangible assets

Intangible assets with definite lives that are acquired separately are measured on initial recognition at cost, which comprises its purchase price plus any directly attributable costs of preparing the asset for its intended use. Following initial recognition, such intangible assets are carried at cost less any accumulated amortization on a straight-line basis over the following periods:

Software and website	3 years
Digital media, licensed rights and application	2 years
Customer relationship and streaming rights	Attrition rates (6.5 – 10 years)
Brand (definite and indefinite life)	5 years / Indefinite

Intangible assets with indefinite lives are seen as having no foreseeable limit to the period over which they are expected to generate net cash inflows. The Company views all indefinite lived intangible assets to require minimal maintenance to continue to generate these cashflows and there are no plans to modify the brands as they are acquired.

Amortization expense is included in the consolidated statements of loss and comprehensive loss.

The estimated useful life and amortization method are reviewed annually, with the effect of any change in estimate being accounted for on a prospective basis. Indefinite life intangible assets are subject to impairment testing as described below.

3. Significant accounting policies (continued)

Goodwill

Goodwill represents the excess of the acquisition cost in a business combination over the fair value of the Company's share of the identifiable net assets acquired. Goodwill is carried at cost less accumulated impairment losses.

Impairment of intangible assets, goodwill and property and equipment

For purposes of assessing impairment under IFRS, assets are grouped at the lowest levels for which there are largely independent cash inflows ("cash-generating unit" or "CGU"). The Company has six CGUs. Intangible assets that have indefinite useful lives and goodwill are tested for impairment at least annually. All other long-lived assets and finite life intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the CGU's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell or value-in-use. The resulting impairment loss is recognized in income or loss.

To determine the value-in-use, management estimates expected future cash flows from the CGU and determines a suitable pre-tax discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements.

Discount factors have been determined for the CGUs and reflect its risk profile as assessed by management.

Any impairment losses for the CGUs reduce first the carrying amount of any goodwill allocated to that CGU, with any remaining impairment loss charged pro rata to the other assets in the CGU. In allocating an impairment loss, the Company does not reduce the carrying amount of an asset below the highest of its fair value less costs of disposal or its value in use and zero.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment charge is reversed if the assets' recoverable amount exceeds its carrying amount only to the extent of the new carrying amount does not exceed the carrying value of the asset had it not originally been impaired. There is no reversal of impairment losses on goodwill impairments.

Convertible debenture

The Company recognizes and presents separately the components of a hybrid financial instrument that both creates a financial liability of the Company and grants an option to the holder of the instrument to convert it into a variable number of common shares of the Company (a liability instrument). If the conversion feature does not meet the fixed-for-fixed criteria and therefore is an embedded derivative, it is assessed separately from the host liability. The conversion feature of the financial instrument and the host liability are both measured at fair value on initial recognition and at each reporting period with any changes in fair value being recorded within the statement of loss and comprehensive loss.

Income (loss) per share

Basic income (loss) per share is calculated by dividing the net income (loss) for the period by the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to determine the dilutive effect of stock options and warrants. The treasury stock method assumes the notional exercise of all in-the-money stock options and warrants and that all notional proceeds to the Company are used to repurchase the Company's stock at the average market price during the period. No adjustment to diluted loss per share is made if the result of this calculation is anti-dilutive or if the Company is in a loss position.

3. Significant accounting policies (continued)

Share-based payments

The Company grants equity awards (options and restricted share units) to its employees, officers, directors and certain non-employee advisors pursuant to the plan. The Company applies a fair value-based method of accounting to all share-based payments.

Employee, officer and director stock options are measured at the fair value of each tranche on the grant date and recognized over its respective vesting period. The cost of stock options is presented as share-based compensation expense when applicable with a corresponding credit to contributed surplus.

Non-employee stock options are measured based on the service provided to the reporting date and at their then-current fair values. Stock options granted to non-employees are recorded as an asset or expense in the same period and in the same manner as if the Company had paid cash for the goods or services received, with a corresponding increase in contributed surplus. In situations where stock options are issued to non-employees and the fair value of the good or services received by the Company as consideration cannot be estimated reliably, they are measured at fair value of the stock options granted. The costs of equity settled transactions are measured by reference to the fair value of the equity instrument at the date on which they are granted using the Black-Scholes valuation model.

On the exercise of stock options, share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based payments.

Restricted share units are measured at fair value using the intrinsic value method and expensed over the term of their tranche. The cost of restricted share units is presented as share-based compensation expense with a corresponding credit to contributed surplus.

Warrants

All warrants issued under a unit financing arrangement are valued on the date of grant using the Black-Scholes pricing model, net of related issuance costs.

If and when warrants are exercised, consideration received is credited to share capital and the fair value attributed to these warrants is transferred from warrant reserve to share capital. Expired warrants are removed from warrant reserve and moved directly to contributed surplus.

Business combinations and asset acquisitions

On the acquisition of a business, the acquisition method of accounting is used, whereby the purchase consideration is allocated to the identifiable assets and liabilities on the basis of fair value on the date of acquisition. Provisional fair values allocated at a reporting date are finalized as soon as the relevant information is available, within a period not to exceed twelve months from the acquisition date with retroactive restatement of the impact of adjustment to those provisional fair values effective as at the acquisition date. Incremental costs related to acquisitions are expensed as incurred. When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9 *Financial Instruments* (“IFRS 9”), or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in income or loss.

3. Significant accounting policies (continued)

The Company, where applicable, applies the optional 'concentration test' permitted under IFRS 3 *Business Combinations* ("IFRS 3") to perform a simplified assessment to determine if in an acquisition substantially all of the fair value of the assets is concentrated in a single identifiable asset or group of similar identifiable assets. If the concentration test is met, the Company recognizes the acquisition as an asset acquisition as opposed to a business combination.

Segment information

The Company's chief operating decision makers ("CODM"), being the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer, evaluate performance and make decisions about resources to be allocated based on financial data consistent with the presentation in these consolidated financial statements. The Company's operating segments consist of digital media, technology services, affiliate marketing and corporate. The Company's CODM does not review any financial data with any further segmentation.

Taxes

Current tax

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Income taxes receivable and payable are based on the income tax amounts from the current and prior periods that has not been remitted or received. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statements of comprehensive loss except to the extent that it relates to items recognized directly in equity or in other comprehensive loss. Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Financial instruments

<u>Financial assets</u>

Recognition and initial measurement

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

Classification and subsequent measurement

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

3. Significant accounting policies (continued)

For financial assets that are classified at amortized cost, assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash and cash equivalents and accounts receivable.

Impairment

The measurement of impairment of financial assets classified at amortized cost is based on expected credit losses. Accounts receivable that are considered collectible within one year or less are not considered to have a significant financing component and a lifetime expected credit loss (“ECL”) is measured at the date of initial recognition of the receivable.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9 which requires the use of the lifetime expected loss provision for all trade receivables. In estimating the lifetime expected loss provision, the Company will consider historical industry default rates, probability of payment as well as credit ratings of major customers.

Derecognition

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

Financial liabilities

Recognition and initial measurement

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

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement

Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest rate method or FVTPL. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Financial liabilities measured at amortized costs are accounts payable and accrued liabilities. Financial liabilities measure at FVTPL are consideration payable, deferred consideration, contingent consideration, long-term debt and convertible debentures.

Derecognition

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. Significant accounting estimates, judgements and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgements and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

Estimates

The key sources of estimation that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are:

Share-based compensation

Share-based compensation is subject to the estimation of the fair value of the award at the date of grant using the Black-Scholes pricing model which is based on significant assumptions such as volatility, dividend yield, expected term and forfeitures.

Percentage of completion methodology

For technology services contracts billed on a fixed price basis, revenue is recognized over time based on the proportion of services performed. The Company determines this based on the actual labor hours incurred relative to the total forecasted hours. This requires the Company to estimate the labor hours required to complete the contract at the reporting date, the uncertainty inherent in which will not be resolved until the contract is completed.

Estimated useful lives of long-lived assets and intangible assets

Management reviews the useful lives of intangible and depreciable assets at each reporting date. Management assesses that the useful lives represent the expected utilization in terms of duration of the assets to the Company. Actual utilization, however, may vary due to technical obsolescence, particularly relating to website content and application and technology development.

Identification and valuation of intangible assets acquired in business combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of intangible assets. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, management, with assistance from an independent valuation expert where necessary, develops the fair value using appropriate valuation techniques which are based on a forecast of the total expected future net cash flows. In determining the fair value of the intangible assets at the acquisition date, the Company's significant assumptions include the future net cash flows and the discount rate applied.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will last for no more than one year from the acquisition date.

Impairment testing and recoverability of assets

The Company has six CGUs and reviews its fair value versus the carrying value. The recoverable amount of the CGUs is estimated based on an assessment of value in use using a discounted cash flow approach. In determining the estimated recoverable amounts, the Company's significant assumptions include expected future cash flows, terminal growth rates and discount rates. The approach uses cash flow projections based upon a financial forecast approved by management, covering a five-year period. Cash flows for the years thereafter are extrapolated using the estimated terminal growth rate. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ or change quickly, depending on economic conditions and other events.

4. Significant accounting estimates, judgements and assumptions (continued)

Right-of-use assets and lease liability incremental borrowing rate

The Company has applied estimates the incremental borrowing rate used in lease analysis, which significantly affects the amount of lease liability and right-of-use assets recognized.

Provision for expected credit losses ("ECLs")

The Company performs impairment testing annually for trade receivables in accordance with IFRS 9. The ECL model requires considerable judgement, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognizing ECLs which is intended to reflect the increase in credit risks of a financial instrument based on 1) 12-month expected credit losses or 2) lifetime expected credit losses. The Company measures provision for ECLs at an amount equal to lifetime ECLs.

The Company determines an expected credit loss based on knowledge of the financial conditions of its customers, the aging of the receivables, customer and industry concentrations, the current business environment and historical experience. A change in any factors impacting the estimate of the expected credit loss will directly impact the amount of bad debt expense recorded. The expected credit loss must be calculated using the expected lifetime credit loss and recorded at the time of initial recognition.

Fair value of financial instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty. When determining the fair value, the Company reaches its best estimate by taking into account the risks and uncertainties that surround the underlying future events and their impact and timing.

Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Judgements

The key areas of judgement that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are:

Recognition of revenue on a gross versus net basis

The Company follows the guidance provided in IFRS 15 for determining whether the Company is the principal or an agent in arrangements with customers that involve another party that contributes to providing a specified service to a customer. In these instances, the Company determines whether it has promised to provide the specified service itself (as principal) or to arrange for the specified service to be provided by another party (as an agent). This determination depends on the facts and circumstances of each arrangement and, in some instances, involves significant judgement.

Right-of-use assets and lease liability

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options, which significantly affects the amount of lease liability and right-of-use assets recognized.

Determination of functional currency

The Company gives priority to the considerations outlined in IAS 21 when determining functional currencies of its entities based on which currency most faithfully represents the economic effects of the underlying transactions and events.

4. Significant accounting estimates, judgements and assumptions (continued)

Determination of CGUs

The Company gives priority to the considerations outlined in IAS 36 when determining CGUs based on the smallest identifiable group of assets that generate cash inflows largely independently of other assets or groups of assets.

Financial instruments

The Company is required to classify its various financial instruments into certain categories for the financial instruments' initial and subsequent measurement. This classification is based on management's judgement as to the purpose of the financial instrument and to which category is most applicable.

Interpretation of laws and regulations

Interpretation of laws and regulations, requires judgement from management and could have an impact on revenue recognition and provisions.

Taxes

The Company recognizes deferred tax assets to the extent that it is probable that future taxable income will be available to utilize the Company's deductible temporary differences which are based on management's judgement on the degree of future taxable profits. To the extent that future taxable profits differ significantly from this process impacts the amount of the deferred tax assets management judges is probable.

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

5. Business combinations, asset acquisitions and reverse takeover transaction

2022

Business combinations

The following business combinations are accounted for in accordance with IFRS 3, *Business Combinations*, as the operations of each acquiree constituted a business. As a result, the business combination is accounted for using the acquisition method of accounting and the identifiable net assets acquired are recognized at their fair value.

Wedge Traffic Ltd.

On October 17, 2022, the Company acquired 100% of the shares of Wedge Traffic Limited ("Wedge") for aggregate consideration of approximately $30,320,398. The purchase price consideration consisted of (i) a closing cash payment of $8,500,000, (ii) the issuance of 3,694,933 common shares on closing, priced at C$0.75 per share, and (iii) contingent consideration of approximately $18,465,000, payable to the sellers upon Wedge achieving certain revenue and EBITDA targets in each of the 12 month periods ending December 31, 2023 and December 31, 2024, including the eligibility for two separate deferred cash payments of $1,500,000 and $1,000,000 if certain EBITDA thresholds are achieved and two payments of $750,000 if certain revenue thresholds are achieved.

As part of the purchase consideration, the Company agreed to pay for working capital amounts held by Wedge exceeding $300,000 as of the acquisition date. Total cash consideration for the working capital was $2,302,398.

Purchase price allocation summary

The following table is purchase price allocations for all business combinations in 2022:

		Wedge
Fair value of identifiable net assets		
Cash	$	3,083,290
Accounts receivable		302,838
Prepaid and other current assets		101,939
Equipment		3,156
Intangible asset – Customer relationship		10,600,000
Goodwill		19,764,844
Accounts payable		(446,872)
Accrued expenses and other current liabilities		(438,797)
Deferred tax liability		(2,650,000)
Total fair value of identifiable net assets	**$**	**30,320,398**
Consideration		
Cash	$	8,500,000
Common shares		1,053,000
Working capital		2,302,398
Deferred consideration		2,313,000
Contingent consideration		16,152,000
Total consideration	**$**	**30,320,398**
Impact since acquisition:		
Revenue	**$**	5,736,798
Net income before taxes	**$**	3,345,735
Transaction costs	**$**	838,016

Transaction costs are included in the consolidated statements of net loss and comprehensive loss and are part of operating activities in the consolidated statements of cash flows.

5. Business combinations, asset acquisitions and reverse takeover transaction (continued)

Goodwill

The goodwill recognized for the business combination is primarily attributed to the expected synergies, assembled workforce and other benefits from combining the assets and activities of Wedge with those of the Company. The goodwill is not deductible for income tax purposes.

Impact of acquisitions

If the above acquisition had taken place at the beginning of the year, consolidated revenue for the year ended December 31, 2022, would have been $45,815,087 and consolidated loss before taxes for the same period would have been $4,645,005.

Asset acquisitions

The following are accounted for as asset acquisitions as they do not meet the IFRS 3 definition of a business due to the lack of substantive processes acquired.

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 914,928 common shares for $500,000 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 cash consideration, 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. The Company settled the working capital adjustment for $109,074.

World Soccer Talk

On July 5, 2022, the Company acquired the digital assets of World Soccer Talk for aggregate consideration of up to $998,645. The purchase price consideration consisted of (i) a closing cash payment of $350,000, (ii) the issuance of 510,000 common shares for $148,645 on closing, priced at CAD $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.

JuanFutbol

On August 2, 2022, the Company 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 for $131,216 on closing, priced at CAD $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 up to $2,115,943 if revenue and performance targets are exceeded, in the period from July 1, 2022 to December 31, 2023.

5. Business combinations, asset acquisitions and reverse takeover transaction (continued)

Pasion Aguila

On September 15, 2022, the Company purchased the digital media assets of Pasion Aguila for aggregate consideration of up to $385,214. The purchase price consideration consisted of (i) closing cash payment of $125,000 (ii) earn-out consideration of up to $50,000 (payable in two tranches of up to $25,000 each), and (iii) a performance bonus of up to $210,214 based on targets for user sessions.

Planeta Boca Juniors

On September 16, 2022, the Company purchased the digital media assets of Planeta Boca Juniors for aggregate consideration of up to $174,412. The purchase price consideration consisted of (i) closing cash payment of $50,000 (ii) earn-out consideration of up to $40,000 payable in two tranches of up to $20,000 each, (iii) a performance bonus of up to $64,412, payable in two tranches of up to $32,206 each, based on targets for user sessions, and (iv) a performance bonus of up to $20,000, payable in two tranches of up to $10,000 each, based on social media performance targets.

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

5. Business combinations, asset acquisitions and reverse takeover transaction (continued)

Purchase consideration summary

The following table shows allocations for the asset acquisitions in the year:

	Futmarketing	The Sports Drop	World Soccer Talk	JuanFutbol	Pasion Aguila	Planeta Boca Juniors	Total
Fair value of identifiable net assets							
Digital media assets	$ 3,201,563	$ 1,200,000	$ 898,645	$ 1,731,216	$ 303,995	$ 132,440	$ 7,467,859
Accounts receivable	-	530,223	-	-	-	-	530,223
Accounts payable	-	(421,149)	-	-	-	-	(421,149)
Total	**$ 3,201,563**	**$ 1,309,074**	**$ 898,645**	**$ 1,731,216**	**$ 303,995**	**$ 132,440**	**$ 7,576,933**
Consideration							
Cash	$ 875,000	$ 1,000,000	$ 350,000	$ 400,000	$ 125,000	$ 50,000	$ 2,800,000
Common shares	500,000	-	148,645	131,216	-	-	779,861
Deferred consideration	155,000	-	-	-	-	-	155,000
Contingent consideration	1,671,563	-	400,000	1,200,000	178,995	82,440	3,532,998
Working capital	-	109,074	-	-	-	-	109,074
Transaction cost	-	200,000	-	-	-	-	200,000
Total	**$ 3,201,563**	**$ 1,309,074**	**$ 898,645**	**$ 1,731,216**	**$ 303,995**	**$ 132,440**	**$ 7,576,933**

5. Business combinations, asset acquisitions and reverse takeover transaction (continued)

2021

Business Combinations

The following business combinations are accounted for in accordance with IFRS 3, *Business Combinations*, as the operations of each acquiree constituted a business. As a result, the business combination is accounted for using the acquisition method of accounting and the identifiable net assets acquired are recognized at their fair value.

Futbol Sites

On April 1, 2021, the Company acquired all of the issued and outstanding shares of Futbol Sites LLC and Odenton Company S.A. (collectively referred to as "Futbol Sites" or "FSN") for aggregate consideration of up to $35,000,000.

The purchase consideration includes $6,000,000 in cash payable on closing, up to $4,000,000 in deferred cash payable over the 2 years following closing, up to $12,500,000 in earnouts based on revenue and earnings in 2021 and 2022, and $12,500,000 in a convertible debenture.

The convertible debentures mature 2 years from the closing date and bear interest in an amount of 5% per annum. If at any time before payment of amounts owing under the convertible debentures, the Company consummates a liquidity event, then effective immediately prior to the completion of such event, the convertible debentures shall be deemed to have been surrendered and converted by the holders thereof into the Company's common shares at a price equal to the greater of (i) $0.10 per common share, and (ii) 80% of the per-share price attributed to the Company's common shares in connection with the applicable liquidity event.

On May 31, 2021, the Company completed a liquidity event in the form of a reverse takeover. As a result, 38,074,461 common shares of the Company were issued to the holders of the convertible debentures at a fair value of $14,178,082. $102,740 in interest expense was recognized as a result of interest accrued until May 31, 2021 and the fair value change of $678,429 was realized in the consolidated statements of net loss and comprehensive loss. See *Note 12*.

As part of the purchase consideration, the Company agreed to pay for working capital amounts held by Futbol Sites exceeding $750,000 as of the acquisition date. Total cash consideration for the working capital was $1,645,669.

Yardbarker

On July 26, 2021, the Company acquired 100% of the common shares of YB Media, LLC ("Yardbarker" or "YB") for aggregate consideration of up to $24,000,000.

The purchase price consideration consisted of a payment of $10,000,000 in cash (inclusive of $500,000 of deferred consideration) and the issuance of $8,000,000 of Playmaker common shares (the "YB Initial Shares") on closing, up to an additional $2,000,000 of Playmaker common shares (the "YB Contingent Shares") to be issued to the sellers upon Yardbarker achieving a minimum EBITDA targets within the 12-month period following closing and up to $2,000,000 per year ($4,000,000 in aggregate), payable to the sellers based on Yardbarker's performance toward an EBITDA targets in each of the two years following closing.

The YB Initial Shares were priced at CAD$0.55 per share resulting in the issuance of 18,280,762 shares with a fair value of $5,535,817. The YB Contingent Shares will be priced at the greater of CAD$0.60 per share or the trailing 30-day average, volume adjusted, share price of the common shares of Playmaker prior to such issuance.

As part of the purchase consideration, the Company agreed to pay for working capital amounts held by Yardbarker exceeding $525,000 as of the acquisition date. Total cash consideration for the working capital was $306,515.

5. Business combinations, asset acquisitions and reverse takeover transaction (continued)

Two-Up Agency Ltd.

On August 31, 2021, the Company acquired 100% of the outstanding common shares of Two-Up Agency Ltd. ("Two-Up" or "TU") for aggregate consideration of up to $5,750,000.

The purchase price consideration consisted of a payment of $750,000 in cash, the issuance of $2,500,000 of common shares at the Canadian dollar equivalent of CAD$0.60 and up to a maximum of $2,500,000 in the form of an earn-out, payable to the sellers upon Two-Up achieving certain EBITDA and revenue targets over the three-year period following closing. In addition, the sellers are eligible to receive a bonus earn-out in the event the EBITDA and revenue targets are exceeded.

The common share consideration on closing resulted in the issuance of 5,293,656 shares with a fair value of $2,559,409.

As part of the purchase consideration, the Company agreed to pay for working capital amounts held by Two-Up exceeding £125,000 as of the acquisition date. Two-up had working capital below the target resulting in $22,890 owed to the Company.

The Nation Network

On November 2, 2021, the Company acquired all of the issued and outstanding common shares of Oilersnation.com Ltd. and its wholly-owned subsidiary, DailyFaceoff.com Ltd., (collectively referred to as "The Nation Network" or "TNN") for aggregate consideration of up to CAD$15,000,000.

The purchase price consideration consisted of a payment of CAD$6,000,000 ($4,837,200) in cash, the issuance of CAD$6,000,000 ($4,837,200) of common shares and up to CAD$3,000,000 ($2,418,600) in earn-out consideration payable upon the achievement of certain EBITDA and revenue targets over the twelve-month period following closing.

The common share consideration on closing resulted in the issuance of 8,894,349 shares with a fair value of $4,732,660.

As part of the purchase consideration, the Company agreed to pay for working capital amounts held by The Nation Network exceeding CAD$350,000 ($282,170) as of the acquisition date. Total cash consideration owing for the working capital was $380,602.

SuperPoker

On November 3, 2021, the Company acquired all of the issued and outstanding common shares of the legal entities Spkr Midias E Eventos Ltda. and Editora Flop Ltda (collectively referred to as "SuperPoker" or "SP") for aggregate consideration of up to $4,250,000.

The purchase price consideration consisted of a payment of $1,750,000 in cash, the issuance of $1,500,000 of common shares and up to $1,000,000 in the form of an earn-out payable upon the achievement of certain revenue targets in calendar 2022 and 2023.

The common share consideration on closing resulted in the issuance of 2,735,503 shares with a fair value of $1,497,972.

As part of the purchase consideration, the Company agreed to pay for working capital amounts held by SuperPoker exceeding $70,000 as of the acquisition date. SuperPoker had working capital below the target resulting in $74,299 owed to the Company.

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

5. Business combinations, asset acquisitions and reverse takeover transaction (continued)

Purchase price allocation summary

The following table is purchase price allocations for all business combinations in 2021:

	FSN	YB	TU	TNN[1]	SP
Fair value of identifiable net assets					
Cash	$ 1,417,203	$ 475,447	$ 21,432	$ 673,285	$ 22,194
Accounts receivable	1,770,523	897,797	556,884	346,563	1,944
Prepaid and other current assets	228,834	54,097	10,391	12,210	1,932
Equipment	41,939	-	15,834	277,918	16,381
Intangible assets	50,531	-	-	-	-
Intangible asset – Brand	22,017,000	4,116,000	108,000	10,493,499	1,965,000
Intangible asset – Application	493,000	-	-	-	-
Intangible asset – Customer relationship	-	4,180,000	758,000	-	-
Intangible asset – Streaming rights	-	-	-	-	115,000
Goodwill	9,174,155	11,282,260	3,559,207	2,572,965	2,299,811
Deferred tax asset	-	-	-	115,782	-
Other long-term assets	-	-	-	11,246	-
Accounts payable	(525,787)	(3,746)	(62,988)	(108,581)	(2,131)
Accrued expenses and other current liabilities	(466,939)	(592,080)	(361,962)	(260,705)	(28,241)
Lease liability	-	-	-	(268,955)	-
Long-term debt	(135,511)	-	(66,457)	-	-
Deferred tax liability	(1,572,564)	-	(211,583)	(2,282,764)	(707,200)
Total fair value of identifiable net assets	**$ 32,492,384**	**$ 20,409,775**	**$ 4,326,758**	**$ 11,582,463**	**$ 3,684,690**
Consideration					
Cash	$ 6,000,000	$ 9,500,000	$ 750,000	$ 4,837,200	$ 1,750,000
Common shares	-	5,535,817	2,559,409	4,732,660	1,497,972
Working capital	1,645,669	306,515	(22,890)	380,602	(74,301)
Deferred consideration	3,770,605	500,000	-	-	-
Convertible debenture	13,392,729	-	-	-	-
Contingent consideration	7,683,381	4,567,443	1,092,043	1,632,001	511,019
Less: long-term debt assumed (net of short-term portion)	-	-	(51,804)	-	-
Total consideration	**$ 32,492,384**	**$ 20,409,775**	**$ 4,326,758**	**$ 11,582,463**	**$ 3,684,690**
Impact since acquisition:					
Revenue	**$** 11,427,406	**$** 2,268,216	**$** 543,007	**$** 464,214	**$** 117,311
Net income before taxes	**$** 3,871,656	**$** 1,304,307	**$** (36,358)	**$** (76,766)	**$** 54,186
Transaction costs	**$** 274,786	**$** 161,413	**$** 209,211	**$** 147,829	**$** 37,707

[1] *During the finalization of the purchase price allocations in 2022 there was an additional amount recognized associated to a deferred tax liability on TNN, which also increased the value of Goodwill. This has been reflected in the 2021 table above.*

5. Business combinations, asset acquisitions and reverse takeover transaction (continued)

Transaction costs are included in the consolidated statements of net loss and comprehensive loss and are part of operating activities in the consolidated statements of cash flows.

Goodwill

The goodwill recognized across all business combinations is primarily attributed to the expected synergies, assembled workforce and other benefits from combining the assets and activities of Futbol Sites, Yardbarker, Two-Up, The Nation Network and SuperPoker with those of the Company. The goodwill for Two-Up, The Nation Network and SuperPoker is not deductible for income tax purposes. The goodwill for Futbol Sites' U.S. entities and Yardbarker is deductible for income tax purposes.

Impact of acquisitions

If all the above acquisitions had taken place at the beginning of the year, consolidated revenue for the year ended December 31, 2021, would have been $22,973,629 and consolidated net loss before taxes for the same period would have been $2,768,261.

Asset Acquisitions

Fanáticos Por Futebol

On June 11, 2021, the Company acquired the domain name, trademark and social media accounts of Fanáticos Por Futebol ("Fanáticos"). In connection with the purchase and sales agreement, the Company entered into a Professional Services Agreement with the seller whereby the seller would provide several services – including management, consulting, community management, content, marketing and communication services – for a period of 2 years for an ongoing monthly fee of R$15,000 ($2,950). Amounts below are stated in Brazilian Real ("BRL" or "R$") and then converted to U.S. Dollar using the exchange rate on June 11, 2021 of 1 USD = 5.085604 BRL.

The purchase consideration is made up of R$1,035,000 ($204,290) cash on closing, R$115,000 ($22,613) cash payable once the Fanáticos mark is transferred and registered under the Company and up to R$1,100,000 ($216,297) in potential contingent consideration over the 2 years following the close date. The contingent consideration is based on targets around the number of user sessions (R$800,000) and targets around engagement on social media pages (R$300,000). The maximum purchase consideration is up to R$2,250,000 ($443,200).

SoccerMemes

On September 17, 2021, the Company acquired social media community account SoccerMemes for total purchase consideration of $100,000 in cash.

Varksy Sports

On November 1, 2021, the Company entered into an agreement to purchase Varsky Sports, which was comprised of a domain name, social media accounts and licensed rights. In connection with the purchase and sales agreement, the Company entered into a Services Agreement with the seller whereby the seller would provide services – including public appearances and content creation – for a period of 2 years for total annual fees of $60,000 comprised of $30,000 in cash and $30,000 in common shares issued at the greater of C$0.55 per share or the trailing 20-day average, volume adjusted share price.

The purchase consideration consisted of a cash payment of $175,000 and $25,000 in common shares. Common share consideration resulted in 45,479 shares issued at CAD$0.68.

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

5. Business combinations, asset acquisitions and reverse takeover transaction (continued)

Cracks

On December 17, 2021, the Company acquired the digital media assets, trademarks and copyrights of Cracks for a total purchase consideration of up to $1,560,000.

The total purchase consideration consists of $750,000 cash consideration with an amount of $354,691 in deferred consideration and up to $810,000 in contingent consideration based on certain milestones and performance related targets. The agreement also includes $160,000 in services provided by the vendors to the Company in 2022.

Purchase consideration summary

The following table shows allocations for the asset acquisitions in 2021:

	Fanaticos	Soccermemes	Varsky	Cracks	Total
Fair value of identifiable net assets					
Digital media assets	$ 396,991	$ 100,000	$ -	$ 1,642,832	$ 2,139,823
Licensed rights	-	-	200,804	-	200,804
Total	**$ 396,991**	**$ 100,000**	**$ 200,804**	**$ 1,642,832**	**$ 2,340,627**
Consideration					
Cash	$ 204,290	$ 100,000	$ 175,000	$ 395,309	$ 874,599
Common shares	-	-	25,000	-	25,000
Deferred consideration	22,613	-	-	354,691	377,304
Contingent consideration	170,088	-	-	810,000	980,088
Transaction cost	-	-	804	82,832	83,636
Total	**$ 396,991**	**$ 100,000**	**$ 200,804**	**$ 1,642,832**	**$ 2,340,627**

Reverse takeover transaction

On April 19, 2021, Old Playmaker entered into a definitive business combination agreement with Apolo III Acquisition Corp. (“Apolo”), a capital pool company listed on the TSX Venture Exchange (the “Exchange”), to effect a business combination of the two companies (the “Proposed Transaction”). The Proposed Transaction was a reverse takeover of Apolo by Old Playmaker and its shareholders.

On May 31, 2021, the Company completed the Proposed Transaction. Pursuant to the reverse takeover transaction the Company changed its name to Playmaker Capital Inc. and amalgamated with a subsidiary of Apolo. The amalgamation constituted a reverse takeover transaction of Apolo by Old Playmaker as the accounting acquirer. The historical operations, assets and liabilities of Old Playmaker are included as the comparative figures, which is deemed to be the continuing entity for financial reporting purposes.

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

5. Business combinations, asset acquisitions and reverse takeover transaction (continued)

Pursuant to the terms of the Proposed Transaction:

a) Old Playmaker performed the following steps:
   - Converted all class A preferred shares into common shares of Old Playmaker.
   - Consolidated its shares on the basis of one share for every 2.5 Old Playmaker shares.
   - Converted all convertible debentures into shares of the Company.
   - Exchanged the issued and outstanding subscription receipts for the Company's shares on a basis of one share for every one subscription receipt.

b) Apolo consolidated its shares on the basis of one Apolo post-consolidation common share for every 4.54 Apolo common shares.

c) Apolo exchanged its consolidated shares on a basis of one share for every one share of the Company.

Without significant operating activities, Apolo did not meet the accounting definition of a business pursuant to IFRS 3 and the Proposed Transaction was accounted for as an acquisition of the net assets of Apolo by Old Playmaker in exchange for shares in the Company under IFRS 2, *Share-based Payments*. The excess of the fair value of the consideration provided over the net assets received was recognized as an expense in the consolidated statements of net loss and comprehensive loss, included in listing and filing fees. The non-cash listing cost of the Proposed Transaction was determined as follows:

Consideration transferred		**CAD**		**USD**
1,894,267 common shares valued at CAD $0.50 per share	$	946,000	$	783,666
Net assets acquired				
Cash	$	196,010	$	162,375
Accounts receivable		3,750		3,107
Total net assets acquired	$	199,760	$	165,482
Listing and filing fees from Proposed Transaction	**$**	**746,240**	**$**	**618,184**

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

6. Revenue

The following table summarizes sales by country based on the customer's country of domicile for the years ended December 31:

		2022		2021
United States	$	25,338,226	$	9,262,846
Canada		3,797,386		1,133,876
United Kingdom		2,217,323		543,007
Mexico		2,041,222		675,780
Chile		1,445,354		936,075
Argentina		975,735		819,832
Israel		793,654		657,990
Spain		619,861		68,994
Brazil		601,363		-
Denmark		530,000		34,359
Switzerland		510,430		243,290
Other		1,477,584		444,105
Total revenue	**$**	**40,348,138**	**$**	**14,820,154**

7. Segment information

The Company's CODM evaluate performance and make decisions about resources to be allocated based on financial data consistent with the presentation in these consolidated financial statements. The Company's operating segments consist of digital media, technology services, affiliate 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 for years ended December 31:

2022		Digital media		Technology services		Affiliate		Corporate		Total
Revenue	$	33,389,219	$	1,222,121	$	5,736,798	$	-	$	40,348,138
Gross margin		31,464,615		(173,595)		3,769,140		-		35,060,160
Operating expenses		26,072,615		869,678		429,202		6,332,304		33,703,799
Operating income (loss)		5,392,000		(1,043,273)		3,339,938		(6,332,304)		1,356,361
Other expenses (income)		440,159		(54,102)		(5,797)		8,387,979		8,768,239
Net income (loss)		4,633,597		(989,171)		2,381,746		(13,774,968)		(7,748,796)

2021		Digital media		Technology services		Affiliate		Corporate		Total
Revenue	$	14,277,147	$	543,007		-	$	-	$	14,820,154
Gross margin		13,425,301		204,952		-		-		13,630,253
Operating expenses		8,253,537		241,545		-		3,370,185		11,865,267
Operating income (loss)		5,171,764		(36,593)		-		(3,370,185)		1,764,986
Other expenses (income)		221,414		(235)		-		5,305,609		5,526,788
Net income (loss)		4,869,658		(60,944)		-		(8,350,970)		(3,542,256)

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

7. Segment information (continued)

The following tables summarize the geographic location of certain balance sheet captions as at December 31:

2022	**Canada**	**United States**	**United Kingdom**	**Uruguay**	**Rest of World**	**Total**
Cash and cash equivalents	$ 3,240,782	$ 3,095,566	$ 223,154	$ 1,352,839	$ 963,351	$ 8,875,692
Accounts receivable	660,500	9,604,001	171,196	410,125	1,909,329	12,755,151
Total current assets	4,490,802	13,301,949	529,096	1,819,234	3,308,885	23,449,966
Intangible assets	9,663,354	25,073,442	10,937,509	10,614,567	2,249,724	58,538,596
Goodwill	2,388,862	16,712,076	20,798,733	3,744,339	2,454,838	46,098,848
Total assets	**$ 18,851,689**	**$ 55,275,352**	**$ 32,306,527**	**$ 16,178,140**	**$ 8,183,991**	**$ 130,795,699**
Accounts payable	$ 324,003	$ 2,828,235	$ 116,502	$ -	$ 164,407	$ 3,433,147
Total current liabilities	14,724,872	5,256,450	453,859	1,036,486	1,786,923	23,258,590
Total liabilities	**$ 59,669,748**	**$ 5,561,939**	**$ 3,197,006**	**$ 5,218,969**	**$ 2,737,689**	**$ 76,385,351**

2021	**Canada**	**United States**	**United Kingdom**	**Uruguay**	**Rest of World**	**Total**
Cash and cash equivalents	$ 3,530,037	$ 1,620,942	$ 298,929	$ 1,130,900	$ 530,920	$ 7,111,728
Accounts receivable	385,940	2,418,118	421,850	542,642	638,169	4,406,719
Total current assets	4,081,731	4,168,558	720,779	1,684,858	1,304,063	11,959,989
Intangible assets	41,388,373	163,204	-	4,220,942	35,578	45,808,097
Goodwill	26,062,271	-	-	2,330,826	-	28,393,097
Total assets	**$ 73,120,613**	**$ 4,341,918**	**$ 734,142**	**$ 8,236,626**	**$ 1,395,101**	**$ 87,828,400**
Accounts payable	$ 139,791	$ 303,177	$ 11,834	$ -	$ 112,770	$ 567,572
Total current liabilities	13,067,558	1,034,261	429,453	1,376,991	476,993	16,385,256
Total liabilities	**$ 28,005,958**	**$ 1,034,261**	**$ 476,162**	**$ 1,777,263**	**$ 476,993**	**$ 31,770,637**

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

8. Property and equipment

The following table presents a reconciliation of property and equipment:

	Office equipment	Right-of-use asset	Leasehold improvements	Computer hardware	Total
December 31, 2020	$ -	$ -	$ -	$ 610	$ 610
Acquired (*Note 5*)	13,949	268,955	-	69,168	352,072
Additions	52,371	263,909	154,362	39,682	510,324
Depreciation	(6,391)	(37,273)	(9,192)	(17,785)	(70,641)
Foreign exchange	542	(18,848)	(624)	4,946	(13,984)
December 31, 2021	$ 60,471	$ 476,743	$ 144,546	$ 96,621	$ 778,381
Acquired (*Note 5*)	3,156	-	-	-	3,156
Additions	39,981	291,352	72,946	96,346	500,625
Depreciation	(13,852)	(165,400)	(46,950)	(42,095)	(268,297)
Amendment	-	(36,116)	-	-	(36,116)
Foreign exchange	(871)	(25,308)	(3,868)	(7,706)	(37,753)
December 31, 2022	**$** 88,885	**$** 541,271	**$** 166,674	**$** 143,166	**$** 939,996

9. Intangible assets

The following table presents intangible assets by category:

	Software and website	Digital media, Licensed rights and application	Streaming rights	Customer Relationship	Brand	Total
December 31, 2020	$ -	$ -	$ -	$ -	$ -	$ -
Acquired (*Note 5*)	50,531	2,833,627	115,000	4,938,000	38,699,499	46,636,657
Additions	9,790	45,800	-	-	-	55,590
Amortization	(23,590)	(315,480)	(1,933)	(229,597)	(7,200)	(577,800)
Foreign exchange	12,925	-	2,218	(14,101)	(307,392)	(306,350)
December 31, 2021	$ 49,656	$ 2,563,947	$ 115,285	$ 4,694,302	$ 38,384,907	$ 45,808,097
Acquired (*Note 5*)	-	7,467,859	-	10,600,000	-	18,067,859
Additions	77,858	41,400	-	-	-	119,258
Amortization	(30,969)	(4,111,173)	(18,381)	(752,541)	(43,395)	(4,956,459)
Foreign exchange	(3,143)	-	12,167	(86,035)	(423,148)	(500,159)
December 31, 2022	**$** 93,402	**$** 5,962,033	**$** 109,071	**$** 14,455,726	**$** 37,918,364	**$** 58,538,596

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

10. Goodwill

The following table presents a reconciliation of goodwill by CGU:

	Futbol Sites	Yardbarker	Two-Up	The Nation Network	SuperPoker	Wedge	Total
December 31, 2020	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Acquired (*Note 5*)	9,174,155	11,282,260	3,559,207	2,022,806	2,299,811	-	28,338,239
Foreign exchange	-	-	33,309	(9,466)	31,015	-	54,858
December 31, 2021	$ 9,174,155	$ 11,282,260	$ 3,592,516	$ 2,013,340	$ 2,330,826	$ -	$ 28,393,097
Acquired (*Note 5*)	-	-	-	-	-	19,764,844	19,764,844
Purchase price adjustment *(Note 5)*	-	-	-	503,623	-	-	503,623
Impairment	-	-	(2,119,159)	-	-	-	(2,119,159)
Foreign exchange	-	-	(439,468)	(128,101)	124,012	-	(443,557)
December 31, 2022	$ 9,174,155	$ 11,282,260	$ 1,033,889	$ 2,388,862	$ 2,454,838	$ 19,764,844	$ 46,098,848

The following table shows the indefinite lived intangible asset allocated to each CGU as part of impairment testing:

	Futbol Sites	Yardbarker	The Nation Network	SuperPoker
Brand (indefinite lived)	$ 22,017,000	$ 4,116,000	$ 9,605,897	$ 2,109,851

The Company performed its annual impairment testing at December 31, 2022, and chose the value-in-use approach to determine the value of the CGUs outlined above. The recoverable amount of the Company's CGUs was estimated based on an assessment of their value in use using a discounted cash flow approach. The approach uses cash flow projections based upon a financial forecast approved by management, covering a five-year period. Cash flows for the years thereafter are extrapolated using the estimated terminal growth rate. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ or change quickly, depending on economic conditions and other events. The Company has made certain assumptions in determining the expected future cash flows based on budgets approved by management and include management's best estimate of expected market conditions. Accordingly, it is reasonably possible that future changes in assumptions may negatively impact future valuations of goodwill and the Company would be required to recognize an impairment loss.

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

10. Goodwill (continued)

The following are key assumptions on which management based its determinations of the recoverable amount for goodwill based on each CGU's value in use:

	Futbol Sites	Yardbarker	Two-Up	The Nation Network	SuperPoker	Wedge
Average revenue growth rates	12%	15%	25%	26%	20%	10%
Terminal growth rates	2%	2%	2%	2%	4%	2%
Pre-tax discount rates	23%	16%	24%	22%	23%	23%

The Company determined the revenue growth rate, the terminal revenue growth rate based on past performance and its expectations for market development. The pre-tax discount rates used reflect specific risks in relation to the CGU.

Upon completion of the annual testing the Company determined that there was an impairment charge to Two-Up, which makes up the Technology services segment. The result is an impairment loss of $2,133,339 in the consolidated statement of net loss and comprehensive loss. The impairment charge is a result of difficult market conditions and increased costs associated with operations. The Company noted that 2% change in the discount rates would generate additional impairment loss of approximately $200,000.

The remaining CGUs were not found to have been impaired. The Company determined that a 2% change in the discount rate for these CGUs would still not result in impairment.

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

11. Lease liability and obligations

The Company's leased assets only include office premises. When measuring lease liabilities for leases that were classified as operating leases, 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:

		Office lease
December 31, 2020	$	-
Additions during the period		528,207
Lease payments		(13,778)
Interest expense		4,694
Foreign exchange		(15,115)
December 31, 2021	$	504,008
Additions during the period		290,216
Lease payments		(187,106)
Interest expense		34,241
Lease amendments		(36,716)
Foreign exchange		(22,312)
December 31, 2022	$	582,331
Less: current portion of lease liability		(157,150)
Long-term lease liability		425,181

The Company expenses payments for short-term leases and low-value leases as incurred. These payments for the years ended December 31, 2022 and 2021, were $137,139 and $50,803, respectively.

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

Less than 1 year	$	171,781
1 to 2 years		173,857
2 to 3 years		167,306
3 to 4 years		98,699
4 to 5 years		-
5 and more years		-
Total		611,643

12. Long-term and convertible debt

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 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 that bears an interest rate at bank's prime lending rate plus 3.25% per annum. And lastly, a delayed draw term facility 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.

On November 2, 2022, the Company amended its credit facilities with the Tier 1 bank, reallocating the $15,000,000 among two facilities. The first credit facility is a $5,000,000 operating revolving credit facility ("operating credit") that bears an interest rate at bank's prime lending rate plus 1.75% per annum. The second facility is a $10,000,000 revolving term facility ("revolving term") that bears an interest rate at bank's prime lending rate plus 1.75% per annum. The revolving term has an interest only period of 12 months from the amendment date and then is repayable over 48 months with a balloon payment at the end of the term.

The facilities have a two-year term from the amendment date, with an option to extend for an additional 12 months, subject to the bank's approval.

As of December 31, 2022, $10,000,000 has been drawn on the facility. This includes $nil from the operating credit and $10,000,000 from the revolving term. The debt facility has associated financial covenants that are in compliance at year end. Current portion of the facility was $416,667 and the long-term portion of the facility was $9,583,333.

Convertible Debenture

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 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 Company is entitled to require Beedie Capital to convert up to 50% of the principal amount of the initial advance or any subsequent advance in the event that the 20 trading day volume-weighted average price of the common shares equals or exceeds a 50% premium to the initial conversion price.

The Convertible Facility bears interest at a fixed rate of 9.00% 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. The Company has elected to recognize this financial liability at fair value through profit and loss. This means that all costs of issuance are recognized in the statement of comprehensive loss. As of December 31, 2022, the Company has drawn $15,000,000 of the loan facility, all from the initial advance.

Prior Year

The Company acquired debt with the acquisitions of Futbol Sites and Two-Up (See *Note 5*) in the amounts of $135,511 and $66,457, respectively. The total balance with respect to Futbol Sites was repaid in full along with outstanding interest on July 1, 2021. The total balance with respect to Two-Up was repaid in full along with outstanding interest on March 31, 2022.

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

12. Long-term and convertible debt (continued)

The following reconciles the convertible debt for the year-end December 31, 2022:

December 31, 2020	$	-
Issued (*Note 5*)		13,392,729
Interest expense		102,740
Fair value change		678,429
Settlement (*Note 5*)		(14,178,082)
Foreign exchange		4,184
December 31, 2021		-
Issued		15,000,000
Fair value change		424,496
Foreign exchange		634
December 31, 2022	$	15,425,130

In 2021, the fair value of the convertible debt was determined using a binomial lattice methodology based on a Cox-Ross-Rubenstein approach. The calculation was based on a share price on settlement of $0.41 (C$0.50) which was discounted at 80% based on the agreement and a 10% discount for lack of marketability at the time of issuance.

In 2022, the Company accounts for its convertible debt at fair value. At each measurement date, the fair value of its convertible debt conversion feature is based on the FINCAD model which implements the Tsiverisotis and Fernandes models using the following assumptions:

Discount rate	18.7 – 20.3%
Share price	$0.7734
Annualized volatility	50.0%
Risk-free interest rate	4.233%
Term	3.5 years
Dividend rate	Nil

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

13. Deferred and contingent consideration

The following reconciles the deferred and contingent consideration:

		Deferred Consideration		Contingent Consideration
December 31, 2020	$	-	$	-
Acquired		4,647,909		16,465,975
Changes in fair value		46,238		2,854,767
Settled (*Note 5*)		(500,000)		-
Foreign Exchange		-		(8,305)
December 31, 2021	$	4,194,147	$	19,312,437
Acquired		2,468,000		19,684,998
Changes in fair value		160,544		1,114,227
Settled in shares (*Note 5*)		-		(3,232,693)
Settled in cash (*Note 5*)		(2,384,691)		(7,244,209)
Foreign Exchange		-		126,760
December 31, 2022	$	4,438,000	$	29,761,520
Current portion	$	2,000,000	$	11,804,338
Long-term portion	$	2,438,000	$	17,957,182

Fair value of the deferred and contingent consideration was determined using a combined Scenario-based approach for linear structured contingent payments and an Option-pricing method or Black-Scholes Model for binary structured contingent payments to estimate the corresponding payments. The assumptions used the following inputs:

Risk free rate	3.80% - 4.70%
Weighted average cost of capital	22.9% - 23.9%
Volatility on inputs	30%-55%

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

14. Share capital

a) Common shares

The Company is authorized to issue an unlimited number of common shares. As at December 31, 2022, the Company has no shares held in escrow (2021: 35,150,390). The following table reflects the continuity of common shares:

	Number of Shares[i]	US ($)
Balance, December 31, 2020	**30,000,000**	**482**
Founder options exercised	9,550,000	328
Conversion of preferred shares to common shares on RTO (*Note 14b)*	49,060,000	12,516,919
Subscription receipts[ii]	48,000,000	19,881,600
Conversion of convertible debt to common shares (*Note 5*)	38,074,461	14,178,082
Reverse takeover transaction common shares issued (*Note 5*)	1,894,267	783,666
Common shares issued to Yardbarker (*Note 5*)	18,280,762	5,535,817
Common shares issued to Two-Up (*Note 5*)	5,293,656	2,559,409
Common shares issued to Varsky Sports (*Note 5*)	45,479	25,000
Common shares issued to The Nation Network (*Note 5*)	8,894,349	4,732,660
Common shares issued to SuperPoker (*Note 5*)	2,735,503	1,497,972
Options exercised (*Note 14d*)	101,200	36,465
Warrants exercised (*Note 14c*)	131,384	39,790
Balance, December 31, 2021	**212,061,061**	**61,788,190**
Common shares issued to Futmarketing (*Note 5*)	914,928	500,000
Common shares issued to World Soccer Talk (*Note 5*)	510,000	148,645
Common shares issued to JuanFutbol (*Note 5*)	421,754	131,216
Common shares issued to Wedge Traffic (*Note 5*)	3,694,933	1,053,000
Common shares issued to service providers	121,739	46,276
Common shares issued to settle contingent consideration (*Note 13*)	8,064,950	3,232,693
Warrant exercised (*Note 14c*)	648,696	209,873
Balance, December 31, 2022	**226,438,061**	**67,109,893**
Less: Share issuance costs		1,293,820
Share capital		**65,816,073**

(i) On May 31, 2021, the Company completed a share consolidation of 2.5:1 which has been retroactively applied.

(ii) On April 1, 2021, the Company completed an offering pursuant to which it issued 48,000,000 subscription receipts at a price of $0.41 (CAD$0.50) per subscription receipt for gross proceeds of $19,881,600 (CAD$24,000,000). The Company incurred share issuance costs of $1,086,665 associated to legal and finders' fees.

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

14. Share capital (continued)

b) Preferred shares

The Company is authorized to issue an unlimited number of preferred shares. Preferred shares are eligible for conversion to common shares on a 1:1 basis.

The following table reflects the continuity of preferred shares:

	Number of Shares[i]	**US ($)**
Balance, December 31, 2020	**27,040,000**	**7,011,919**
Class A Preferred Shares issued[ii]	22,020,000	5,505,000
Converted to common shares (*Note 14a*)	(49,060,000)	(12,516,919)
Balance, December 31, 2021	**-**	**-**
Balance, December 31, 2022	**-**	**-**

(i) On May 31, 2021, the Company approved a share consolidation of 2.5:1 which has been retroactively applied.

(ii) In January 2021, 22,020,000 units were issued at a price of $0.25 per unit. Each unit is comprised of one Class A Preferred Share and one-tenth of a Class A Preferred Share warrant, (each whole special warrant, a “Special Warrant”). Each Special Warrant entitles the holder to acquire, for no additional consideration, one Preferred Share. Each Special Warrant may be exercised immediately following December 31, 2021, unless a Qualified Event has occurred on or before that date. If a Qualified Event occurs on or prior to that date the Special Warrants will expire. A Qualified Event is defined as a public listing of the Company’s shares or a liquidation event. On May 31, 2021, the Qualified Event occurred and therefore all Special Warrants expired. The Company incurred share issuance costs of $149,726 associated to legal and finders’ fees.

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

14. Share capital (continued)

c) 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[i]	Weighted average exercise price[i] ($)	Weighted average remaining life (years)
Outstanding, December 31, 2020	**206,400**	**0.25**	**0.50**
Issued with preferred shares[ii]	524,400	0.25	0.50
Issued with subscription receipts[iii]	1,575,600	0.41	0.92
Exercised	(131,384)	0.31	0.76
Outstanding, December 31, 2021	**2,175,016**	**0.37**	**0.78**
Exercised	(648,696)	0.25	N/A
Expired	(1,526,320)	0.41	N/A
Outstanding, December 31, 2022	**-**	**-**	**-**

(i) On May 31, 2021, the Company completed a share consolidation of 2.5:1 which impacted the issued and outstanding warrants and has been retroactively applied.

(ii) In connection with the January 2021 Class A Preferred Share issuances, the Company granted 524,400 warrants to the agent, with each warrant allowing the holder to acquire one common share. These warrants are exercisable at a price of $0.25 per common share. A fair value of $nil has been assigned to these warrants, see below for summary of assumptions used in valuing these instruments.

(iii) On May 31, 2021, in connection with the subscription receipt common share issuance, the Company granted 1,575,600 warrants to the agent, with each warrant allowing the holder to acquire one common share. These warrants are exercisable at a price of $0.41 (CAD$0.50) per common share. A fair value of $286,262 has been assigned to these warrants and included as share issuance costs, see below for summary of assumptions used in valuing these instruments.

The fair value of the warrants was estimated based on the Black-Scholes option pricing model using the following assumptions:

Risk free rate	0.04% - 0.16%
Expected life	1.42 - 1.56 years
Estimated stock price	CAD $0.00001 - $0.50
Expected volatility	95%
Forfeiture rate	0%
Dividend yield	0%

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

14. Share capital (continued)

d) 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 year ended December 31, 2022, the Company recognized $762,567 (2021: $576,778) in share-based compensation expense relating to issued and outstanding options for directors, officers, employees and consultants for services provided.

Expected volatility was determined by calculating the daily historical volatility of a basket of comparable public companies during the period. The expected life used in the model has been adjusted, based on time to vest and expected time to exercise, from the vest date and is based on management's best estimate.

The fair value of each option granted was estimated using the Black-Scholes option pricing model on the date of grant using the following assumptions:

Risk free rate	0.3% - 1.67%
Expected life	10 years
Estimated stock price	CAD $0.00001 - $0.69
Expected volatility	78% - 87%
Forfeiture rate	0%
Dividend yield	0%

The following table shows a summary of the stock option activity:

	Number of options[i]	Weighted average exercise price[i] ($)	Weighted average remaining life (years)
Outstanding, December 31, 2020	**450,000**	**0.0250**	**8.38**
Issued	7,714,200	0.3674	9.10
Issued Founders' Options[ii]	9,550,000	0.000025	N/A
Founders' Options exercised[ii]	(9,550,000)	0.000025	N/A
Exercised	(101,200)	0.3728	0.41
Forfeitures	(400,000)	0.2500	9.09
Outstanding, December 31, 2021	**7,663,000**	**0.3534**	**9.17**
Issued	1,200,000	0.4576	9.32
Forfeitures	(488,000)	0.5088	N/A
Outstanding, December 31, 2022	**8,375,000**	**0.3593**	**8.40**
Exercisable, December 31, 2022	**2,489,213**	**0.3531**	**8.25**

(i) On May 31, 2021, the Company completed a share consolidation of 2.5:1 which impacted the issued and outstanding options and has been retroactively applied.

(ii) On January 28, 2021, the Company issued an additional aggregate of 9,550,000 options (the "Founders' Options") governed by the Plan to the founders of the Company pursuant to an option agreement to acquire an equal number of Common Shares at a price of $0.00001 per Common Share. The Founders' Options expire on the earlier of (i) December 31, 2021, and (ii) the day immediately prior to the effective date of a public listing of the Company's Common Shares. On April 23, 2021, the holders of 9,550,000 Founders' Options exercised those options to acquire common shares.

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

14. Share capital (continued)

d) Options and RSUs (continued)

The following table shows a summary of the RSU activity:

	Number of RSUs	Weighted average grant price
Outstanding, December 31, 2021	**-**	**N/A**
Granted	2,609,771	0.41
Forfeited	(43,000)	0.36
Vested	-	N/A
Outstanding, December 31, 2022	**2,566,771**	**0.41**
Exercisable, December 31, 2022	**-**	**N/A**

The Company uses the intrinsic value method to determine the fair value of the RSUs upon grant and recognizes expense over the vesting period. 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.

During the year ended December 31, 2022, the Company recognized $417,991 (2021: $nil) in share-based compensation expense relating RSUs for directors and employees and consultants for services provided.

15. 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 approximates their fair value due to the short-term maturities of these items. The fair value of deferred consideration, contingent consideration and the convertible debenture, are determined using Level 3 valuation techniques.

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

15. Financial instruments

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, 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. As of December 31, 2022, the Company had an expected credit loss of $244,234 (December 31, 2021: $nil).

The following table is the accounts receivable aging:

		December 31, 2022		**December 31, 2021**
Current	$	10,636,403	$	3,028,706
1-29 days past due		1,311,321		464,416
30-59 days past due		315,352		619,584
60-89 days past due		208,970		137,621
Over 90 days past due		527,339		156,392
Total		12,999,385		4,406,719
Less: expected credit loss		(244,234)		-
Total	$	12,755,151	$	4,406,719

iii. Major customers

The following table summarizes sales to major customers:

2022		**Revenue Year ended December 31, 2022**	**% of Revenue**		**Accounts Receivable**	**% of Accounts Receivable**
Customer A	$	6,851,489	16.98%	$	748,099	5.86%
Customer B		4,652,725	11.53%		2,550,850	20.00%
Total	$	11,504,214	28.51%	$	3,298,949	25.86%

2021		**Revenue Year ended December 31, 2021**	**% of Revenue**		**Accounts Receivable**	**% of Accounts Receivable**
Customer A	$	4,426,502	29.87%	$	854,666	19.40%
Customer B		1,445,670	9.75%		636,764	14.45%
Total	$	5,872,172	39.62%	$	1,491,430	33.85%

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

15. 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 December 31, 2022, the Company had a cash balance of $8,875,692 (December 31, 2021: $7,111,728) to pay current liabilities of $23,258,590 (December 31, 2021: $16,385,256).

The table below summarizes the Company’s contractual obligations into relevant maturity groups at the balance sheet date based on the expected contractual maturity date. The amounts disclosed in the table are the fair values and contractual undiscounted cash flows for operations:

	2023	2024	2025	2026	2027	Total
Accounts payable	$ 3,433,147	$ -	$ -	$ -	$ -	$ 3,433,147
Deferred consideration	2,000,000	1,569,000	869,000	-	-	4,438,000
Contingent consideration	11,804,338	12,158,182	5,799,000	-	-	29,761,520
Long-term debt	416,667	9,583,333	-	-	-	10,000,000
Convertible debenture	-	-	-	15,000,000		15,000,000
Total	$ 17,654,152	$ 23,310,515	$ 6,668,000	$ 15,000,000	$ -	$ 62,632,667

Overall, the Company sees itself having limited liquidity risk due to the fact it can settle approximately 40% of the remaining total contingent consideration, and approximately 43% of the current contingent consideration, in shares. Also, the Company has access to an operating facility as part of its long-term debt facility which could be drawn on for up to $5,000,000.

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 disclosed in Note 12. The Company manages its interest rate risk on its convertible debenture by having a fixed interest rate.

The Company’s sensitivity on interest payments on its long-term debt due to potential interest rate changes is based on having $10,000,000 drawn on the facility as of December 31, 2022. An interest rate fluctuation of 5% on this balance would result in an increase to or reduction of interest expense of approximately $41,667 per month or $500,000 annually.

15. Financial instruments (continued)

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's operations are exposed to exchange rate changes in the Canadian dollar relative to the United States dollar since a portion of sales and expenses are denominated in Canadian dollars. As at December 31, 2022, a fluctuation of the Canadian dollar of 5% would result in an exchange gain or loss of approximately $333,000 (2021: $88,000).

The Company's operations are exposed to exchange rate changes in the Great Britain pound relative to the United States dollar since a portion of sales and expenses are denominated in Great Britain pound. As at December 31, 2022, a fluctuation of the Great Britain pound of 5% would result in an exchange gain or loss of approximately $56,000 (2021: $35,000).

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

iii. Commodity risk

The Company is not exposed to commodity price risk.

16. 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 acquisitions or other transactions as disclosed in Note 1 and Note 5.

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 subject to externally imposed capital requirements due to covenants related to the long term debt, and is in compliance at period-end.

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

17. Related party transactions

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

During the year ended December 31, 2022, the Company incurred $1,032,861 (2021: $538,467) in share-based compensation expense associated to executives and board members of the Company.

During the year ended December 31, 2022, the Company incurred $1,578,182 (2021: $1,144,918) in salary and wages expense associated to executives of the Company.

During the year ended December 31, 2022, the Company incurred expenses of $838 (2021: $4,013) which were paid for by an affiliate of a board member and reimbursed by the Company.

During the year ended December 31, 2022, the Company incurred professional fees of $67,894 (2021: $66,865), which were paid to a member of the board of directors for services performed. During the year ended December 31, 2022, the Company incurred professional fees of $nil (2021: $93,734) which were paid to a member of the board for services performed and an executive of the Company for services provided prior to becoming a full-time employee. During the year ended December 31, 2022, the Company incurred professional fees of $6,100 (2021: $nil), which were paid to a company controlled by a member of the board of directors for services performed.

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 (*Note 5*).

18. Cash Flow Supplemental Information

The following table reconciles net working capital changes and provides supplemental information to the Company's statement of cashflows for the years ended December 31:

		2022		**2021**
Change in non-cash working capital:				
Accounts receivable	**$**	**(7,766,199)**	$	(829,901)
Income taxes receivable		**(195,829)**		9,745
Inventory		**6,911**		8,926
Prepaid and other current assets		**(1,091,449)**		(75,341)
Accounts payable		**1,997,554**		(135,661)
Income taxes payable		**644,661**		81,264
Deferred revenue		**251,309**		121,810
Accrued expenses and other current liabilities		**1,048,796**		535,098
Total change in non-cash working capital		**(5,104,246)**		**(284,060)**
Supplemental Information				
Cash interest paid		**1,469,054**		-
Cash taxes paid		**1,179,850**		105,278

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

19. Income tax

Provision for income taxes

The Company's income tax expense (income) varies from the amount that would otherwise result from the application of the statutory income tax rates as set out below for year ended December 31:

		2022		**2021**
Net loss before taxes	$	(7,411,878)	$	(3,761,802)
Statutory tax rate		26.50%		26.50%
Income tax income based on applicable statutory tax rate[1]		(1,964,148)		(996,878)
(Decrease) increase in taxes resulting from:				
Impact of jurisdictional rate differences		371,334		78,495
Non-deductible transaction costs		251,756		348,753
Stock-based compensation		321,291		153,983
Exempt income		(889,911)		(772,437)
Non-deductible costs and permanent items		1,286,215		200,849
Change in unrecognized tax benefits		1,192,145		756,132
Other items		(231,764)		11,557
Income tax income		**336,918**		**(219,546)**
Current income tax expense		1,282,233		105,278
Deferred income tax income		(945,315)		(324,824)
	$	**336,918**	**$**	**(219,546)**

The components of the current income tax expense and deferred income tax income:

		2022		**2021**
Current income tax expense				
Current Period	$	1,282,233	$	105,278
Adjustment in respect of prior periods		-		-
		1,282,233		**105,278**
Deferred income tax income				
Origination and reversal of temporary differences		(950,615)		(204,359)
Effect of change in income tax rates		-		(4,352)
Adjustment in respect of prior periods		5,300		(116,113)
		(945,315)		**(324,824)**
Income tax income	**$**	**336,918**	**$**	**(219,546)**

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

19. Income tax (continued)

Deferred tax assets (liabilities)

Deferred tax assets are recognized if management has determined that it is probable that such deferred tax assets may be recovered. The change in the year for the components of the deferred tax assets and liabilities are as follows:

	Opening balance	Recognized in net income	Recognized in equity	Business combination	Cumulative translation adjustment	Closing balance
Deferred tax assets						
Property and equipment	$ 232,413	$ 4,213	$ -	$ -	$ (19,721)	$ 216,905
Non-capital loss / Net operating loss carryforward balance	235,806	499,454	83,214	-	(112,143)	706,331
Net right of use asset	7,163	2,246	-	-	(540)	8,869
Financing fees	146,571	321,850	-	-	(20,478)	447,943
Foreign exchange on convertible debenture	-	117,552	-	-	(4,730)	112,822
Share issuance expenses	246,163	-	(83,214)	-	79,056	242,005
	$ 868,116	$ 945,315	$ -	$ -	$ (78,555)	$ 1,734,876
Deferred tax liabilities						
Property and equipment	$ (15,600)	$ 15,600	$ -	$ -	$ -	$ -
Goodwill	(145,852)	(120,750)	-	-	(3)	(266,605)
Intangibles	(4,076,370)	105,150	-	(3,313,095)	252,985	(7,031,330)
	$ (4,237,822)	$ -	$ -	$ (3,313,095)	$ 252,982	$ (7,297,935)
Net deferred tax assets (liabilities)	**$ (3,369,706)**	**$ 945,315**	**$ -**	**$ (3,313,095)**	**$ 174,427**	**$ (5,563,060)**

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

19. Income tax (continued)

As at December 31, 2022 and 2021, the Company believes that the following deductible temporary differences relating to items charged or credited directly to income, do not currently meet the criteria for recognition:

		2022		2021
Property and equipment / Intangibles	$	5,674,005	$	1,578,417
Non-capital loss / Net operating loss carryforward balance		3,386,008		2,262,758
Other		-		4,384
Total unrecognized net deductible temporary differences in net loss	**$**	**9,060,013**	**$**	**3,845,559**

Non-capital losses

As at December 31, 2022, the Company has income tax losses of approximately $11,788,321 (2021: $3,249,803), which may be used to reduce future years' taxable income. Approximately $3,500,000 of these non-capital or net operating losses have not been recognized in the current year (2021: approximately $2,300,000).

	Expiry	Non-capital losses
Canada	2039-2041	4,332,773
United States	Indefinite	4,093,662
Other jurisdictions	Various	3,245,736

20. Subsequent event

On January 26, 2023, the Company’s board of directors agreed to begin the process of disposing of the Technology Services segment within the next 6-12 months. Therefore, the entity will be designated as an asset held for disposal beginning in 2023.