

**Playmaker Capital Inc.**  
**Condensed Consolidated Interim Financial Statements (Unaudited)**  
For the three months ended March 31, 2023 and 2022  
(Stated in U.S. dollars)

**NOTICE TO SHAREHOLDERS**

The accompanying unaudited condensed consolidated interim financial statements of Playmaker Capital Inc. (formerly Apolo III Acquisition Corp.) for the three months ended March 31, 2023 and 2022 have been prepared by management in accordance with International Financial Reporting Standards applicable to consolidated interim financial statements (Note 2). Recognizing that the Company is responsible for both the integrity and objectivity of the unaudited condensed consolidated interim financial statements, management is satisfied that these unaudited condensed consolidated interim financial statements have been fairly presented.

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

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

**Playmaker Capital Inc.**  
**Condensed Consolidated Interim Statements of Financial Position**

*(Stated in U.S. dollars)*

	Note	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 11,388,448	\$ 8,875,692
Accounts receivable	13	8,891,215	12,755,151
Income taxes receivable		270,607	241,540
Prepaid and other current assets		1,200,477	1,577,583
Assets held for sale	3	1,928,644	-
<b>Total current assets</b>		<b>23,679,391</b>	<b>23,449,966</b>
Property and equipment	6	907,745	939,996
Intangible assets	7	56,347,749	58,538,596
Goodwill	8	45,166,677	46,098,848
Deferred tax asset		1,737,184	1,734,875
Other long-term assets		35,373	33,418
<b>Total assets</b>		<b>\$ 127,874,119</b>	<b>\$ 130,795,699</b>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable	13	\$ 2,023,531	\$ 3,433,147
Income taxes payable		1,443,186	725,925
Deferred revenue		290,003	440,302
Accrued expenses and other current liabilities		2,166,718	4,281,061
Current portion of lease liability	9	155,931	157,150
Current portion of long-term debt		1,041,667	416,667
Current deferred consideration	11	3,580,000	2,000,000
Consideration payable	11	10,256,200	11,804,338
Liabilities directly associated with assets held for sale	3	471,560	-
<b>Total current liabilities</b>		<b>21,428,796</b>	<b>23,258,590</b>
Long-term debt		8,958,333	9,583,333
Long-term lease liability	9	384,005	425,181
Deferred tax liability		7,135,185	7,297,935
Deferred consideration	11	889,000	2,438,000
Contingent consideration	11	18,120,143	17,957,182
Convertible debenture	10	16,037,242	15,425,130
<b>Total liabilities</b>		<b>72,952,704</b>	<b>76,385,351</b>
<b>Shareholders' Equity</b>			
Share capital	12	65,825,893	65,816,073
Contributed surplus		2,353,833	2,057,531
Accumulated other comprehensive income (loss)		(1,691,911)	(1,735,978)
Retained earnings (deficit)		(11,566,400)	(11,727,278)
<b>Total shareholders' equity</b>		<b>54,921,415</b>	<b>54,410,348</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 127,874,119</b>	<b>\$ 130,795,699</b>

Commitments (Note 9) Subsequent event (Note 16)

Approved on behalf of the Board of Directors

/s/ Jordan Gnat

Director

/s/ John Albright

Director

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

**Playmaker Capital Inc.**

**Condensed Consolidated Interim Statements of Net Income (Loss)  
and Comprehensive Income (Loss)**

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

		For the three months ended March 31	
		2023	2022
	Note		
<b>Revenue</b>	4	<b>\$ 15,688,746</b>	<b>\$ 5,361,089</b>
Cost of Sales		<b>2,018,734</b>	380,814
<b>Gross Profit</b>		<b>13,670,012</b>	4,980,275
<b>Operating expenses</b>			
Salary and wages		<b>4,180,186</b>	2,873,999
Advertising, commissions and fees		<b>3,289,220</b>	478,803
Web services and publishing		<b>479,780</b>	223,252
General and administration		<b>459,371</b>	406,411
Professional fees		<b>359,486</b>	462,042
Stock-based compensation	12	<b>305,407</b>	213,810
Depreciation and amortization	6, 7	<b>1,780,096</b>	940,654
Total operating expenses		<b>10,853,546</b>	5,598,971
<b>Operating income (loss)</b>		<b>2,816,466</b>	(618,696)
Transaction costs		<b>(65,037)</b>	(648,934)
Interest expense		<b>(527,470)</b>	(10,483)
Listing and filing fees		<b>(6,135)</b>	(5,827)
Other income		<b>22,137</b>	7,823
Other expenses		<b>(11,721)</b>	(12,226)
Change in fair value of consideration	11	<b>(166,930)</b>	(1,896,772)
Change in fair value of convertible debenture	10	<b>(604,749)</b>	-
Foreign exchange gain (loss)		<b>204,532</b>	(137,314)
<b>Income (loss) before taxes</b>		<b>1,661,093</b>	(3,322,429)
Current tax		<b>(1,178,177)</b>	(22,139)
<b>Net income (loss) from continuing operations</b>		<b>\$ 482,916</b>	<b>\$ (3,344,568)</b>
Net loss from discontinued operations, after tax	3	<b>\$ (322,038)</b>	<b>\$ (54,315)</b>
<b>Net income (loss)</b>		<b>\$ 160,878</b>	<b>\$ (3,398,883)</b>
<b>Other comprehensive income (loss)</b>			
Gain (loss) on translation		<b>44,067</b>	842,061
<b>Comprehensive income (loss)</b>		<b>\$ 204,945</b>	<b>\$ (2,556,822)</b>
<b>Basic net income (loss) per share from continuing operations</b>		<b>\$ -</b>	<b>\$ (0.02)</b>
<b>Diluted net income (loss) per share from continuing operations</b>		<b>\$ -</b>	N/A
<b>Basic weighted average number of shares</b>	12	<b>226,446,107</b>	212,960,634
<b>Diluted weighted average number of shares</b>	12	<b>237,565,477</b>	N/A

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

**Playmaker Capital Inc.**

**Condensed Consolidated Interim Statement of Changes in Shareholders' Equity**

Unaudited  
(Stated in U.S. dollars)

	Note	Share Capital (\$)	Contributed Surplus (\$)	Warrant Reserve (\$)	Accumulated OCI (\$)	Deficit (\$)	Shareholders' Equity (\$)
<b>As at December 31, 2022</b>		<b>65,816,073</b>	<b>2,057,531</b>	-	<b>(1,735,978)</b>	<b>(11,727,278)</b>	<b>54,410,348</b>
Shares issued to service providers	12a	9,820	-	-	-	-	9,820
Share-based compensation	12b	-	296,302	-	-	-	296,302
Net income and comprehensive loss		-	-	-	44,067	160,878	204,945
<b>As at March 31, 2023</b>		<b>65,825,893</b>	<b>2,353,833</b>	-	<b>(1,691,911)</b>	<b>(11,566,400)</b>	<b>54,921,415</b>
<b>As at December 31, 2021</b>		<b>60,494,370</b>	<b>606,863</b>	<b>303,278</b>	<b>(1,368,266)</b>	<b>(3,978,482)</b>	<b>56,057,763</b>
Issue of common shares to Futmarketing		500,000	-	-	-	-	500,000
Warrant exercises		30,574	-	(3,761)	-	-	26,813
Shares issued to service providers		10,000	-	-	-	-	10,000
Share-based compensation		-	206,415	-	-	-	206,415
Net loss and comprehensive loss		-	-	-	842,061	(3,398,883)	(2,556,822)
<b>As at March 31, 2022</b>		<b>61,034,944</b>	<b>813,278</b>	<b>299,517</b>	<b>(526,205)</b>	<b>(7,377,365)</b>	<b>54,244,169</b>

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

**Playmaker Capital Inc.**  
**Condensed Consolidated Interim Statements of Cash Flow**

Unaudited  
(Stated in U.S. dollars)

For the three months ended March 31

	Note	2023	2022
<b>Operating activities</b>			
Net income (loss)		\$ 160,878	\$ (3,398,883)
Depreciation and amortization	6, 7	1,780,096	940,836
Stock based compensation	12	305,407	213,810
Non-cash interest	9	9,251	6,543
Change in fair value of contingent consideration	11	166,930	1,896,772
Change in fair value of convertible debenture	10	604,749	-
Foreign exchange (gain) loss		(60,789)	137,314
Net change in non-cash working capital		1,350,693	(401,691)
Cash flows from (used in) operating activities		4,317,215	(605,299)
<b>Investing activities</b>			
Acquisition of Futmarketing		-	(875,000)
Settlement of consideration	11	(1,524,282)	(429,691)
Purchase of property and equipment	6	(78,522)	(25,117)
Purchase of intangibles	7	(9,145)	(44,040)
Cash flows used in investing activities		(1,611,949)	(1,373,848)
<b>Financing activities</b>			
Warrants exercised		-	26,813
Cash payment for lease liability	9	(46,192)	(40,161)
Cash flows used in financing activities		(46,192)	(13,348)
<b>Increase (decrease) in cash</b>		<b>2,659,074</b>	<b>(1,992,495)</b>
<b>Foreign exchange impact</b>		<b>(146,318)</b>	<b>(52,351)</b>
<b>Cash, beginning of period</b>		<b>8,875,692</b>	<b>7,111,728</b>
<b>Cash, end of period</b>		<b>\$ 11,388,448</b>	<b>\$ 5,066,882</b>

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

# Playmaker Capital Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

(Stated in U.S. dollars, except share information and unless otherwise noted)  
For the three months ended March 31, 2023

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### 1. Nature of operations

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

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

The Company's current operating subsidiaries are digital sports media websites and affiliate marketing 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 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 and significant accounting policies

#### **Statement of compliance**

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

Certain information and footnote disclosures normally included in the annual audited consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee in effect on January 1, 2023, have been omitted or condensed. These condensed consolidated interim financial statements should be read in conjunction with the Company's December 31, 2022 audited consolidated financial statements.

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

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

These condensed consolidated interim financial statements were authorized for issuance in accordance with a resolution of the Board of Directors on May 11, 2023.

#### **Basis of measurement**

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

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. These condensed consolidated interim financial statements have been prepared using the same judgements, estimates and assumptions as reported in the Company's December 31, 2022 annual audited consolidated financial statements.

# Playmaker Capital Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

*(Stated in U.S. dollars, except share information and unless otherwise noted)*  
For the three months ended March 31, 2023

### 2. Basis of presentation and significant accounting policies (continued)

#### **Significant accounting policies**

##### *Discontinued Operation*

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from the rest of the Company and which:

- Represents a separate major line of business or geographic area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

##### *Asset Held for Sale*

Assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell and are not depreciated while classified as held for sale. Assets held for sale are classified within this category if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets.

### 3. Assets held for sale and discontinued operations

On January 26, 2023, the Company's board of directors agreed to begin the process of disposing of the Technology Services segment. The carrying value of the assets and liabilities related to this business were classified as held for sale, which resulted in the reclassification of the \$1,928,644 of assets to assets held for sale and \$471,560 of liabilities to liabilities directly associated with assets held for sale on the condensed consolidated interim statement of financial position. The Company views the carrying value of these assets to represent the fair value which it could reasonably receive.

As of March 31, 2023, the Company has not completed the sale of the segment and therefore no proceeds have been received.

#### a) Results of discontinued operations

The following table summarizes the net loss from discontinued operation, after tax reported in the condensed consolidated interim statement of net income (loss) and comprehensive income (loss) for the three months ended March 31:

		<b>2023</b>		<b>2022</b>
<b>Revenue</b>	<b>\$</b>	<b>259,690</b>	<b>\$</b>	455,484
Cost of sales		<b>375,023</b>		348,155
<b>Gross profit (loss)</b>		<b>(115,333)</b>		107,329
<b>Operating expenses</b>				
Salary and wages		<b>93,955</b>		122,462
Professional fees		<b>13,204</b>		12,994
General and administration		<b>95,854</b>		26,006
Bad debt expense		<b>2,502</b>		-
Depreciation and amortization		-		182
Total operating expenses		<b>205,515</b>		161,644
<b>Operating loss</b>		<b>(320,848)</b>		(54,315)
Interest expense		<b>38</b>		-
Foreign exchange loss		<b>1,152</b>		-
<b>Net loss from discontinued operation</b>	<b>\$</b>	<b>(322,038)</b>	<b>\$</b>	(54,315)

**Playmaker Capital Inc.**

**Notes to the Condensed Consolidated Interim Financial Statements**

*(Stated in U.S. dollars, except share information and unless otherwise noted)*  
For the three months ended March 31, 2023

**3. Assets held for sale and discontinued operations (continued)**

b) Assets held for sale

The major classes of assets held for sale or directly associated with assets held for sale were as follows as at March 31, 2023:

<b>Assets</b>	
Cash and cash equivalents	\$ 60,795
Accounts receivable	179,446
Prepaid and other current assets	31,811
Property and equipment	13,058
Intangible assets	585,924
Goodwill	1,057,610
<b>Total assets</b>	<b>\$ 1,928,644</b>
<b>Liabilities</b>	
Accounts payable	\$ 54,152
Income tax payable	46,606
Accrued expenses and other current liabilities	170,786
Deferred tax liability	200,016
<b>Total Liabilities</b>	<b>\$ 471,560</b>

c) Cash flows provided by (used in) discontinued operations

The following table summarized the cash flows from discontinued operation reported in the consolidated statements of cash flows for the three months ended March 31:

	<b>2023</b>	<b>2022</b>
Cash flows used in operating activities	\$ (254,552)	\$ (271,067)
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
<b>Net cash outflow</b>	<b>\$ (254,552)</b>	<b>\$ (271,067)</b>

**4. Revenue**

The following table summarizes sales by country based on the customer's country of domicile for the three months ended March 31:

	<b>2023</b>	<b>2022</b>
United States	\$ 11,955,202	\$ 3,314,390
Canada	1,434,791	667,938
Israel	531,568	125,172
Argentina	268,194	120,879
Brazil	259,970	125,780
Chile	250,581	329,166
Mexico	197,452	200,334
United Kingdom	178,897	-
Denmark	150,000	70,000
Switzerland	112,175	119,600
Other	349,916	287,830
<b>Total revenue</b>	<b>\$ 15,688,746</b>	<b>\$ 5,361,089</b>



# Playmaker Capital Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

*(Stated in U.S. dollars, except share information and unless otherwise noted)*  
For the three months ended March 31, 2023

### 5. 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 condensed consolidated interim financial statements. The Company's operating segments consist of digital media, affiliate and corporate. The Company's CODM does not review any financial data with any further segmentation.

The Company has classified the Technology services segment as held for sale (see Note 3) and therefore it has been removed from segmented information.

The following tables summarize the operating results of each segment:

#### Three months ended March 31, 2023

	<b>Digital media</b>	<b>Affiliate</b>	<b>Corporate</b>	<b>Total</b>
Revenue	\$ 9,650,410	\$ 6,038,336	\$ -	\$ 15,688,746
Gross margin	9,158,016	4,511,996	-	13,670,012
Operating expenses	8,968,945	552,063	1,332,538	10,853,546
Operating income (loss)	189,071	3,959,933	(1,332,538)	2,816,466
Other expenses (income)	(105,816)	285	1,260,904	1,155,373
Net income (loss) from continuing operations	260,449	2,816,211	(2,593,744)	482,916

#### Three months ended March 31, 2022

	<b>Digital media</b>	<b>Affiliate</b>	<b>Corporate</b>	<b>Total</b>
Revenue	\$ 5,361,089	\$ -	\$ -	\$ 5,361,089
Gross margin	4,980,275	-	-	4,980,275
Operating expenses	3,314,103	-	2,284,868	5,598,971
Operating income (loss)	1,666,172	-	(2,284,868)	(618,696)
Other expenses (income)	23,597	-	2,680,136	2,703,733
Net income (loss) from continuing operations	1,620,436	-	(4,965,004)	(3,344,568)

**Playmaker Capital Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**

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

For the three months ended March 31, 2023

**6. Property and equipment**

The following table presents a reconciliation of property and equipment as at March 31, 2023:

	Office equipment	Right-of-use asset	Leasehold improvements	Computer hardware	Total
<b>December 31, 2022</b>	<b>\$ 88,885</b>	<b>\$ 541,271</b>	<b>\$ 166,674</b>	<b>\$ 143,166</b>	<b>\$ 939,996</b>
Additions	31,710	-	17,116	29,696	78,522
Reclassified to assets held for sale (Note 3)	-	(5,765)	-	(14,486)	(20,251)
Depreciation	(8,725)	(40,239)	(21,497)	(14,880)	(85,341)
Foreign exchange	27	548	(2,515)	(3,241)	(5,181)
<b>March 31, 2023</b>	<b>\$ 111,897</b>	<b>\$ 495,815</b>	<b>\$ 159,778</b>	<b>\$ 140,255</b>	<b>\$ 907,745</b>

**7. Intangible assets**

The following table presents intangible assets by category as at March 31, 2023:

	Software and website	Digital media, Licensed rights and application	Streaming rights	Customer Relationship	Brand	Total
<b>December 31, 2022</b>	<b>\$ 93,402</b>	<b>\$ 5,962,033</b>	<b>\$ 109,071</b>	<b>\$ 14,455,726</b>	<b>\$ 37,918,364</b>	<b>\$ 58,538,596</b>
Additions	9,145	-	-	-	-	9,145
Reclassified to assets held for sale (Note 3)	-	-	-	(532,893)	(69,617)	(602,510)
Amortization	(18,494)	(1,307,993)	(3,145)	(365,123)	-	(1,694,755)
Foreign exchange	(3,874)	-	4,313	(642)	97,476	97,273
<b>March 31, 2023</b>	<b>\$ 80,179</b>	<b>\$ 4,654,040</b>	<b>\$ 110,239</b>	<b>\$ 13,557,068</b>	<b>\$ 37,946,223</b>	<b>\$ 56,347,749</b>

**Playmaker Capital Inc.**

**Notes to the Condensed Consolidated Interim Financial Statements**

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

For the three months ended March 31, 2023

**8. Goodwill**

The following table presents a reconciliation of goodwill by cash-generating unit as at March 31, 2023:

	Futbol Sites	Yardbarker	Two-Up	The Nation Network	SuperPoker	Wedge	Total
<b>December 31, 2022</b>	<b>\$ 9,174,155</b>	<b>\$ 11,282,260</b>	<b>\$ 1,033,889</b>	<b>\$ 2,388,862</b>	<b>\$ 2,454,838</b>	<b>\$ 19,764,844</b>	<b>\$ 46,098,848</b>
Reclassified as held for sale (Note 3)	-	-	(1,033,889)	-	-	-	(1,033,889)
Foreign exchange	-	-	-	3,179	98,539	-	101,718
<b>March 31, 2023</b>	<b>\$ 9,174,155</b>	<b>\$ 11,282,260</b>	<b>\$ -</b>	<b>\$ 2,392,041</b>	<b>\$ 2,553,377</b>	<b>\$ 19,764,844</b>	<b>\$ 45,166,677</b>

The Company will perform its annual impairment testing at December 31st or at an interim date when events or changes in business environment (triggering events) occur. During the three months ended March 31, 2023, the Company concluded that there were no triggering events requiring an impairment assessment.

**Playmaker Capital Inc.**

**Notes to the Condensed Consolidated Interim Financial Statements**

*(Stated in U.S. dollars, except share information and unless otherwise noted)*  
For the three months ended March 31, 2023

**9. Lease liability and obligations**

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

The following table presents the reconciliation of the lease liability as at March 31, 2023:

<b>December 31, 2022</b>	<b>\$</b>	<b>582,331</b>
Lease payments		(46,192)
Interest expense		9,251
Foreign exchange		(5,454)
<b>March 31, 2023</b>	<b>\$</b>	<b>539,936</b>
Less: current portion of lease liability		(155,931)
Long-term lease liability		384,005

The Company expenses payments for short-term leases and low-value leases as incurred. These payments for the three months ended March 31, 2023 and 2022, were \$42,483 and \$19,871, respectively.

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

Less than 1 year	\$	186,440
1 to 2 years		182,951
2 to 3 years		170,537
3 to 4 years		60,704
4 to 5 years		-
5 and more years		-
Total		600,632

**10. Convertible debt**

The following reconciles the convertible debenture as of March 31, 2023:

<b>December 31, 2022</b>	<b>\$</b>	<b>15,425,130</b>
Fair value change		604,749
Foreign exchange		7,363
<b>March 31, 2023</b>	<b>\$</b>	<b>16,037,242</b>

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 Tsiveriotis and Fernandes models using the following assumptions:

Discount rate	15.6 – 20.3%
Share price	\$0.5156 – \$0.5168
Annualized volatility	50.0%
Risk-free interest rate	3.919 – 4.233%
Term	3.25 – 3.5 years
Dividend rate	Nil

# Playmaker Capital Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

*(Stated in U.S. dollars, except share information and unless otherwise noted)*  
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### 11. Deferred and contingent consideration

The following reconciles the deferred and contingent consideration as at March 31, 2023:

		Deferred Consideration		Contingent Consideration
<b>December 31, 2022</b>	<b>\$</b>	<b>4,438,000</b>	<b>\$</b>	<b>29,761,520</b>
Changes in fair value		30,627		136,303
Settled		-		(1,524,282)
Foreign exchange		373		2,802
<b>March 31, 2023</b>	<b>\$</b>	<b>4,469,000</b>	<b>\$</b>	<b>28,376,343</b>
<b>Current portion</b>	<b>\$</b>	<b>3,580,000</b>	<b>\$</b>	<b>10,256,200</b>
<b>Long-term portion</b>	<b>\$</b>	<b>889,000</b>	<b>\$</b>	<b>18,120,143</b>

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	4.10% - 4.90%
Weighted average cost of capital	22.9% - 23.9%
Volatility on inputs	52%

### 12. Share capital

#### a) Common shares

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

	Number of Shares	US (\$)
<b>Balance, December 31, 2022</b>	<b>226,438,061</b>	<b>67,109,893</b>
Common shares issued to service provider	23,871	9,820
<b>Balance, March 31, 2023</b>	<b>226,461,932</b>	<b>67,119,713</b>
Less: Share issuance costs		1,293,820
<b>Share capital</b>		<b>65,825,893</b>

#### b) 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 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.

The following table shows a summary of the Option activity:

	Number of Options	Weighted average exercise price (\$)	Weighted average remaining life (years)
<b>Outstanding, December 31, 2022</b>	<b>8,375,000</b>	<b>0.3303</b>	<b>8.40</b>
<b>Outstanding, March 31, 2023</b>	<b>8,375,000</b>	<b>0.3303</b>	<b>8.15</b>
<b>Exercisable, March 31, 2023</b>	<b>3,437,177</b>	<b>0.3062</b>	<b>7.97</b>

During the three months ended March 31, 2023, the Company recognized \$137,508 (2022: \$196,338) in share-based compensation expense relating to issued and outstanding Options and RSUs for directors, officers, employees and consultants and services provided.

# Playmaker Capital Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

*(Stated in U.S. dollars, except share information and unless otherwise noted)*  
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### 12. Share capital (continued)

The following table shows a summary of the RSU activity:

	Number of RSUs	Weighted average grant price
<b>Outstanding, December 31, 2022</b>	<b>2,566,771</b>	<b>0.41</b>
Granted	2,027,303	0.38
<b>Outstanding, March 31, 2023</b>	<b>4,594,074</b>	<b>0.38</b>
<b>Exercisable, March 31, 2023</b>	<b>530,139</b>	<b>0.42</b>

The Company uses the intrinsic value method to determine the fair value of the RSUs upon grant and recognizes expense over the vesting period. All RSUs allow the individuals to receive one common share of the Company per RSUs issued. The RSUs have no expiry terms.

During the three months ended March 31, 2023, the Company recognized \$158,079 (2022: \$7,496) in share-based compensation expense relating RSUs for directors and employees and consultants for services provided.

### 13. Financial instruments

#### *Fair value*

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

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

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

#### *Credit Risk*

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

#### i. Cash and cash equivalents

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

#### ii. Accounts receivable

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

# Playmaker Capital Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

*(Stated in U.S. dollars, except share information and unless otherwise noted)*  
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### 13. Financial instruments (continued)

The following table is the accounts receivable aging:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Current	\$ 6,259,291	\$ 10,636,403
1-29 days past due	869,980	1,311,321
30-59 days past due	772,309	315,352
60-89 days past due	509,495	208,970
Over 90 days past due	518,630	527,339
<b>Total</b>	<b>8,929,705</b>	<b>12,999,385</b>
Less: expected credit loss	(38,490)	(244,234)
<b>Total</b>	<b>\$ 8,891,215</b>	<b>\$ 12,755,151</b>

#### iii. Major customers

The Company does business with large reputable customers under contracts. The Company monitors its concentration risk with these major customers to ensure that its exposure is limited.

The following table summarizes sales to major customers:

	<b>Revenue Three months ended March 31, 2023</b>	<b>% of Revenue</b>	<b>Accounts Receivable</b>	<b>% of Accounts Receivable</b>
Customer A	\$ 3,059,948	19.50%	\$ 487,773	5.49%
Customer B	1,490,461	9.50%	568,829	6.40%
<b>Total</b>	<b>\$ 4,550,409</b>	<b>29.00%</b>	<b>\$ 1,056,602</b>	<b>11.89%</b>

#### 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 March 31, 2023, the Company had a cash balance of \$11,388,448 (December 31, 2022: \$8,875,692) to pay current liabilities of \$21,428,796 (December 31, 2022: \$23,258,590).

The following table shows the accounts payable aging:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Current	\$ 1,884,538	\$ 2,445,842
1-29 days overdue	119,250	719,089
30-59 days overdue	2,852	237,116
60-89 days overdue	5,987	14,226
Over 90 days overdue	10,904	16,875
<b>Total</b>	<b>\$ 2,023,531</b>	<b>\$ 3,433,147</b>

Overall, the Company sees itself having limited liquidity risk due to the fact it has positive operating income and cash flows from operating activities. Also, it can settle approximately 43% of the remaining total contingent consideration, and approximately 49% 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.

# Playmaker Capital Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

(Stated in U.S. dollars, except share information and unless otherwise noted)  
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### 13. Financial instruments (continued)

#### i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument 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 and convertible debenture obligations. The Company manages its interest rate risk by having a portfolio of primarily fixed interest rates and limiting its exposure to variable interest rates where possible. Management believes the Company's sensitivity on interest payments is economically limited due to the mixture of fixed versus variable rate debt. The Company does not hedge its floating interest rate on its long-term debt as it feels the current rate to be reasonable, however the Company monitors market conditions constantly.

#### 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 due to the fact that majority of its contracts are denominated in U.S. Dollars.

The Company does not utilize any financial instruments to hedge this risk, but it will re-evaluate this position should circumstances change over time.

#### iii. Commodity risk

The Company is not exposed to commodity price risk.

### 14. Capital management

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

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

The Company's objectives when managing capital are:

- i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,
- ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

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



# Playmaker Capital Inc.

## Notes to the Condensed Consolidated Interim Financial Statements

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### 15. Related party transactions

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

During the three months ended March 31, 2023, the Company incurred \$224,434 (2022: \$202,717) in share-based compensation expense associated to executives and board members of the Company.

During the three months ended March 31, 2023, the Company incurred \$365,950 (2022: \$334,207) in salary and wages expense associated to executives of the Company.

During the three months ended March 31, 2023, the Company incurred professional fees of \$12,250 (2022: \$17,806) which were paid to a member of the board 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.

### 16. Subsequent events

On April 30, 2023, the Company entered into a strategic purchase agreement (the "Purchase Agreement") to sell 100% of the shares of Two-Up Agency Ltd. and its subsidiary Two-Up Agency Sp. Z o. o. (collectively, "Two-Up") for contingent consideration associated with the future sale of Two-Up. Under the Purchase Agreement, upon a future sale of Two-Up, the Company could receive the greater of \$1,000,000 or 50% of the purchase price consideration for such sale if the sale occurs on or prior to April 30, 2024. Under the Purchase Agreement, the Company is also entitled to receive the greater of \$500,000 or 20% of the purchase price consideration if a sale of Two-Up occurs following April 30, 2024 and prior to April 30, 2025.