

FansUnite Entertainment Inc.

**Unaudited Condensed Consolidated Interim Financial
Statements**

For the periods ended June 30, 2021 and 2020

Expressed in Canadian Dollars

(unaudited)



NOTICE OF NO AUDITOR REVIEW OF UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the unaudited condensed consolidated interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

FansUnite Entertainment Inc.
 Unaudited condensed consolidated interim statements of financial position
 (Expressed in Canadian dollars)

	June 30 2021	December 31 2020
Assets		
Current		
Cash	\$ 14,481,980	\$ 4,431,139
Short-term investment	-	5,896
Receivables	370,186	585,228
Due from related parties (note 7)	59,112	-
Prepaid expenses and deposits	392,938	783,739
Digital currencies	62,529	22,453
Total current assets	15,366,745	5,828,455
Non-current		
Equipment	21,526	10,538
Goodwill (note 3)	9,757,668	9,757,668
Intangible assets (note 3)	8,607,397	9,556,407
Right of use assets	22,652	14,821
Long-term investment	76,542	87,792
Total Assets	\$ 33,852,530	\$ 25,255,681
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 624,832	\$ 496,588
Due to related parties (note 7)	67,906	500,350
Subscription receipts liability	-	776,865
Lease liability, current	28,996	27,865
Total current liabilities	721,734	1,801,668
Non-current		
Long-term debt	47,631	91,517
Deferred tax liability	470,423	469,589
Total liabilities	1,239,788	2,362,774
Shareholders' Equity		
Share capital (note 4)	51,933,187	39,690,610
Share-based payment reserve (note 5)	2,836,384	2,500,289
Warrant reserve (note 6)	3,429,840	896,599
Accumulated other comprehensive loss	54,708	28,462
Deficit	(25,641,377)	(20,223,053)
Total Shareholders' Equity	32,612,742	22,892,907
Total Liabilities and Shareholders' Equity	\$ 33,852,530	\$ 25,255,681

Nature of operations and going concern – Note 1

Subsequent events – note 12

These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 30, 2021

Director: “Darius Eghdami”

Director: “Scott Burton”

FansUnite Entertainment Inc.

Unaudited condensed consolidated interim statements of loss and comprehensive loss

(Expressed in Canadian dollars)

	3 months ended June 30		6 months ended June 30	
	2021	2020	2021	2020
Revenue (note 11)	973,723	323,966	2,043,291	328,884
Cost of sales (note 11)	(567,136)	(235,805)	(1,092,691)	(236,051)
Gross Margin	406,587	88,161	950,600	92,833
Expenses				
Amortization of intangible assets (note 3)	\$ 440,508	\$ 220,709	\$ 883,518	\$ 305,814
Amortization of equipment	13,315	253	26,009	506
Foreign exchange loss (gain)	(18,717)	16,674	1,400	14,038
General and administrative	463,005	128,160	805,911	189,657
Professional fees	575,667	241,001	1,127,108	318,313
Salaries and wages (note 7)	834,119	280,782	1,676,305	369,850
Sales and marketing	811,016	299,624	1,391,125	356,845
Share-based payments (note 5)	228,884	182,913	492,025	7,173,508
Total expenses (note 11)	3,347,797	1,370,116	6,403,401	8,728,531
Loss before other items	(2,941,210)	(1,281,955)	(5,452,801)	(8,635,698)
Other items				
Interest income	(11,671)	(40,666)	(1,412)	(40,666)
Fair value loss (gain) on digital currencies and investments	584	(2,680)	(33,065)	(19,566)
Total paid over present value of identifiable assets	-	171,239	-	171,239
Total other items	(11,087)	127,893	(34,477)	111,007
Net loss for the period	(2,930,123)	(1,409,848)	(5,418,324)	(8,746,705)
Other comprehensive loss (income)				
Currency translation adjustment	(13,633)	2,776	(54,708)	(1,871)
Total comprehensive loss	\$ (2,916,490)	\$ (1,412,624)	\$ (5,363,616)	\$ (8,744,834)
Loss per share – basic and diluted	\$ (0.02)	\$ (0.02)	\$ (0.03)	\$ (0.16)
Weighted average number of common shares outstanding – basic and diluted	183,279,790	69,079,166	167,964,245	53,036,490

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

FansUnite Entertainment Inc.
 Unaudited condensed consolidated interim statements of changes in equity
 (Expressed in Canadian dollars)

	Share Capital	Amount	Share-based payment reserve	Warrant Reserve	Accumulated other	Deficit	Total
	Number of Shares				comprehensive income (loss)		
Balance as at December 31, 2019	34,915,500	\$ 6,172,515	\$ 1,118,953	\$ -	\$ (460)	\$ (6,759,823)	\$ 531,185
Shares issued in connection with HIC/FansUnite amalgamation (note 4)	14,314,000	5,009,900	-	266,397	-	-	5,276,297
Finder's shares issued in connection with HIC/FansUnite amalgamation (note 4)	3,361,633	1,176,571	-	-	-	-	1,176,571
Shares on issuance of common shares, net of issuance costs (note 4)	8,948,326	3,085,232	-	-	-	-	3,085,232
Finder's warrants on issuance of common shares (note 4)	-	-	-	162,926	-	-	162,926
Shares issued in connection with corporate advisory fees (note 4)	1,400,000	490,000	-	-	-	-	490,000
Shares issued in connection with McBookie purchase (note 4)	3,497,143	1,224,000	-	-	-	-	1,224,000
Shares issued in connection with V2G loan (note 4 and 5)	3,142,857	1,100,000	-	-	-	-	1,100,000
Warrants exercise (note 6)	124,320	46,902	-	(40,686)	-	-	6,216
Share based payments (note 5)	-	-	250,421	-	-	-	250,421
Net and comprehensive loss	-	-	-	-	2,331	(8,746,706)	(8,744,375)
Balance as at June 30, 2020	69,703,779	\$18,305,120	\$ 1,369,374	\$ 388,637	\$ 1,871	\$ (15,506,529)	\$ 4,558,473
Balance as at December 31, 2020	156,168,237	\$39,690,610	\$ 2,500,289	\$ 896,599	\$ 28,462	\$(20,223,053)	\$22,892,907
Shares and warrants issued in connection with brokered financing (note 4)	22,402,241	9,611,655	-	2,533,241	-	-	12,144,896
Warrants and options exercised (notes 4, 5 and 6)	5,161,329	2,474,992	-	-	-	-	2,474,992
Share-based payments (note 5)	-	155,930	336,095	-	-	-	492,025
Net and comprehensive loss	-	-	-	-	26,246	(5,418,324)	(5,392,078)
Balance as at June 30, 2021	\$183,731,807	\$51,933,187	\$2,836,384	\$3,429,840	\$54,708	\$(25,641,377)	\$32,612,742

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

FansUnite Entertainment Inc.
 Unaudited condensed consolidated interim statements of cash flows
 (Expressed in Canadian dollars)

	Six months ended June 30	
	2021	2020
Operating activities:		
Net loss	\$ (5,418,324)	\$ (8,746,706)
Adjustments for non-cash items:		
Amortization of tangible assets	26,009	506
Amortization of intangible assets	883,518	305,814
Marketing expenses paid with digital currencies	4,239	-
Fair value (gain) on digital currencies	(44,315)	(19,565)
Share-based payments	492,025	7,173,508
Losses on investments	11,250	-
Changes in non-cash working capital items:		
Intangibles	70,597	-
Receivables	215,042	242,901
Prepaid expenses and deposits	390,801	(1,204,029)
Accounts payable	128,244	341,535
Net cash flows used in operating activities	(3,240,914)	(1,906,036)
Investing activities		
Proceeds from sale of digital currencies	-	55,100
Proceeds from sale of investments	5,896	-
Purchase equipment	(3,925)	-
Net cash flows provided by in investing activities	1,971	55,100
Financing activities		
Proceeds from private placements	-	3,096,262
Proceeds from amalgamation with HIC	-	316,530
Funds used in acquisition of McBookie	-	(365,508)
Repayment of lease liability	(40,289)	-
Proceeds from subscription receipts	(776,865)	-
Proceeds from brokered financing	12,144,896	-
Proceeds from V2G Loan	-	251,252
Proceeds from warrant/option exercise	2,474,992	6,216
Proceeds from government loan	-	40,000
Repayment of note payable	(500,350)	-
Proceeds (Repayment) from loan	(43,886)	-
Proceeds from related parties	8,793	-
Net cash flows provided by financing activities	13,267,291	3,344,752
Effect of foreign exchange	22,493	(2,193)
Change in cash	10,050,841	808,553
Cash, beginning	4,431,139	84,058
Cash, ending	\$ 14,481,980	\$ 892,611

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

1. Nature of Operations and Going Concern

FansUnite Entertainment Inc. (the “Company”) was incorporated under the Business Corporations Act of British Columbia on November 9, 2018 under the name HIC Horizon Investments Capital Ltd. (“HIC”). On March 26, 2020, the Company changed its name to FansUnite Entertainment Inc. The Company is a Sports and Entertainment company, focusing on technology related to regulated and lawful online sports betting, casino and other related products.

The Company’s registered office, head office and principal address is at Suite 1080, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

On March 26, 2020 the Company purchased Ltd. (“McBookie”), a United Kingdom domiciled white label sports betting operation.

On March 26, 2020 the Company completed an amalgamation with FansUnite Holdings Inc. (formerly FansUnite Entertainment Inc.), a Company existing under the laws of British Columbia with its head office in Vancouver, British Columbia.

The Company’s shares commenced trading on the Canadian Securities Exchange (“CSE”) on May 5, 2020 under the symbol FANS.

On August 11, 2020 the Company completed an amalgamation with Askott Entertainment Inc. (“Askott”), a Company existing under the laws of British Columbia with its head office in Vancouver, British Columbia.

These unaudited condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern under International Financial Reporting Standards (“IFRS”). The use of these principles under IFRS assumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge its liabilities in the normal course of operations. The Company continues to incur operating losses, which casts significant doubt about the Company’s ability to continue as a going concern. As at June 30, 2021, the Company had net working capital of \$14,645,011 (December 31, 2020 – \$4,026,787) and has an accumulated deficit of \$25,641,377 (December 31, 2020 - \$20,223,053). Accordingly, these unaudited condensed consolidated interim financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore to realize its assets and discharge its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying unaudited condensed consolidated interim financial statements. These adjustments could be material.

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruptions to business globally in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time.

FansUnite Entertainment Inc.
Notes to the unaudited condensed consolidated interim financial statements
For the six months ended June 30, 2021 and 2020
(Expressed in Canadian dollars)

2. Basis of Presentation

a) Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting policies and methods of computation applied by the Company in these unaudited condensed consolidated interim financial statements are the same as those applied in the Company’s annual financial statements as at and for the year ended December 31, 2020. The unaudited condensed consolidated interim financial statements do not include all of the information and note disclosures required for full annual financial statements and should be read in conjunction with the Company’s annual financial statements as at and for the year ended December 31, 2020.

b) Principles of Consolidation

The Consolidated financial statements include the accounts of the Company and its controlled entities. Details of the controlled entities are as follows:

	Country of incorporation	Percentage owned*	
		June 30,	December 31,
		2021	2020
FansUnite Media Inc.	Canada	100%	100%
FansUnite Limited	Gibraltar	100%	100%
McBookie	United Kingdom	100%	100%
Askott	Canada	100%	100%
Askott Malta Ltd.	Malta	100%	100%
EGG Ltd.	Malta	100%	100%
EGG N.V	Curacao	0%	0%
Winana Worldwide Limited	Cyprus	0%	0%

Intercompany transactions, balances, income and expenses, and gains or losses are eliminated on consolidation.

c) Basis of Preparation

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified as at fair value through profit and loss (“FVTPL”), and are presented in Canadian dollars. Under IFRS, the Canadian dollar is the functional currency of the Company, FansUnite Holdings Inc. and FansUnite Media Inc., Askott. The functional currency of FansUnite Limited and McBookie Limited. is the British Pound. The functional currency of Askott Malta Ltd, EGG Ltd, EGG N.V. and Winana Worldwide Limited is the Euro.

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Foreign currency transactions are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate at the reporting date. All differences are recorded in the unaudited condensed consolidated interim statements of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Assets and liabilities of the subsidiaries with different functional currency are translated into Canadian dollars at year-end exchange rates and their revenue and expenses are translated at the average exchange rate for the year. The resulting exchange differences are recognized in other comprehensive income (loss).

d) Use of Estimates and Judgements

The preparation of these unaudited condensed consolidated interim financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates. In preparing the Company's unaudited condensed consolidated interim financial statements for the six months ended June 30, 2021, the Company applied the critical judgments and estimates disclosed in Note 2 of its audited consolidated financial statements for the year ended December 31, 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

e) Recent Accounting Pronouncements

As of the date of authorization of this unaudited condensed consolidated interim financial statements, certain new standards and amendments to existing standards have been published by the IASB that are not yet effective and have not been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Upon adoption, such new standards, interpretations, and amendments are not expected to have a material impact on the Company's unaudited condensed consolidated financial statements.

IAS 1 - Presentation of Financial Statements ("IAS 1") was amended in January 2020 to address inconsistencies with how entities apply the standard over classification of current and non-current liabilities. The amendment addresses whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. This amendment is effective for annual years beginning on or after January 1, 2022. Earlier adoption is permitted.

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3. Intangible Asset

	Websites	Intellectual Property	Developed Technology	Goodwill	Total
Cost					
Balance - December 31, 2020	\$ 1,364,518	\$ 1,838,722	\$ 7,984,597	\$9,757,668	\$20,945,505
Additions	-	-	-	-	-
Additions through business combinations	-	-	-	-	-
Other	-	-	(70,597)	-	(70,597)
Balance – June 30, 2021	\$ 1,364,518	\$ 1,838,722	\$ 7,914,000	\$9,757,668	\$20,874,908
Accumulated amortization					
Balance - December 31, 2020	\$ 751,365	\$ 572,900	\$ 307,165	\$ -	\$ 1,631,430
Amortization	136,483	352,058	394,977	-	883,518
Translation	(89)	(5,016)	-	-	(5,105)
Balance – June 30, 2021	\$ 887,759	\$ 919,942	\$ 702,142	\$ -	\$ 2,509,843
Net carrying amount					
At December 31, 2020	\$ 613,153	\$ 1,265,822	\$ 7,677,432	\$9,757,668	\$19,314,075
At June 30, 2021	\$ 476,759	\$ 918,780	\$ 7,211,858	\$9,757,668	\$18,365,065

Amortization of \$883,518 (June 30, 2020 - \$305,814) is recognized on a straight-line basis over five years for websites, two years for the intellectual property, and ten years for developed technology. Developed technology consists of the Chameleon Platform and RNG Games acquired in the acquisition of Askott. Intellectual property consists of gaming licenses, Askott and McBookie customer lists, and McBookie trade name.

4. Share Capital

Authorized share capital - Unlimited common shares without par value.

On February 14, 2020 the Company completed a roll back of its issued shares. All share and per share information in those financial statements have been retroactively restated to reflect this consolidation.

Issued share capital

As at June 30, 2021 there were 183,731,807 issued and fully paid common shares (December 31, 2020 – 156,168,237).

Six months ended June 30, 2021

On January 11, 2021 the company issued 21,420,992 Special Warrants, comprised of one common share and one half of one transferable common share purchase warrant for gross proceeds of \$13,388,120 (“the Special Warrant Financing”). Each warrant had an exercise price of \$0.78 with an expiry date of January 11, 2023. In addition to the above, the company issued an aggregate of 2,578,000 Special Warrants as a result of the exercise of the agent’s over-allotment option at an exercise price of \$0.625. The Company issued 981,249 common shares to the lead agents in connection with the financing. As of December 31, 2020 the Company had \$776,865 in subscription liabilities associated with the financing. These subscription liabilities were converted into common shares when the financing closed on January 11, 2021.

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Throughout the period, 1,101,463 options were exercised for gross proceeds of \$400,333 (note 5).

Throughout the period, 4,059,866 warrants were exercised for gross proceeds of \$2,074,659 (note 6).

Period ended June 30, 2020

On March 18, 2020, the Company completed a Subscription Receipt Financing for gross proceed of \$3,131,919 whereby, upon conversion of the subscription receipts on March 26, 2020, the Company issued 8,948,326 common shares at a price of \$0.35 per share. The Company recorded \$53,783 in share issuance costs associated with the financing.

On March 26, 2020 the Company issued a total of 19,075,633 shares with a fair value of \$6,676,472 in connection with the amalgamation with FansUnite. Included in this, the Company issued 1,400,000 shares with a fair value of \$490,000 as advisory fees in connection with this amalgamation.

On March 26, 2020, the Company also issued 1,022,477 shares with a fair value of \$210,074 in connection with the purchase of McBookie. In relation to the acquisition, the Company issued to the former directors of McBookie 2,474,666 shares at a fair value of \$0.35 per share. These shares are subject to a 36 month restriction period. The Company recorded share-based payment as these shares became unrestricted.

On April 16, 2020 the Company completed an agreement with V2 Games Inc. ("V2"), to purchase a one half interest in a loan agreement between V2 and Just Games Interactive Entertainment LLC, as well as 50,000 shares in GoLeague Technologies Inc. and 239,583 shares in 1166117 BC Ltd. The Company issued 3,142,857 shares at the fair value of \$1,100,000 in connection with this acquisition.

On June 18, 2020 124,320 warrants that had been assumed by the Company on March 26, 2020 were exercised. The exercise price was \$0.05 per share, and total proceeds were \$6,216. In exchange, the Company issued 124,320 common shares in the Company.

FansUnite Entertainment Inc.
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5. Stock Options

As of June 30, 2021, the Company has granted 8,322,537 options (December 31, 2020 – 8,906,500) to employees and key advisors of a possible pool of 18,373,181.

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price \$
Outstanding December 31, 2019	3,015,000	0.50
Granted	3,275,000	0.32
Granted in connection with purchase of Askott	3,493,122	0.26
Exercised	(636,711)	0.29
Forfeited	(239,911)	0.32
Outstanding, December 31, 2020	8,906,500	0.36
Granted	600,000	0.76
Exercised	(1,101,463)	0.36
Cancelled	(107,500)	0.49
Outstanding, June 30, 2021	8,297,537	0.39

Additional information regarding stock options outstanding as at June 30, 2021, is as follows:

Exercise price \$	Number of options	Outstanding		Exercisable	
		Weighted average remaining contractual life (years)	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
0.76	600,000	9.95		2,083	
0.50	2,733,500	7.38		2,335,318	
0.35	416,700	8.76		166,700	
0.42	587,500	8.86		250,000	
0.25	1,381,417	9.26		325,167	
0.26	2,578,420	3.51		929,016	
	8,297,537	7.53	0.39	4,008,284	0.41

The fair values for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	June 30, 2021	December 31, 2020
Risk-free interest rate	1.04%	1.04%
Expected life (in years)	7.55	8.1
Expected volatility	130%	130%

The fair value of stock options vested during the six months ended June, 2021 was \$336,095 (June 30, 2020 - \$250,421). There were 600,000 stock options granted in the second quarter of 2021 with weighted average fair value of \$0.76 (June 30, 2020 - \$0.39).

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A reconciliation of the share-based compensation for the six months ended June 30, 2021 follows:

		June 30, 2021		June 30, 2020
Stock options granted	\$	336,095	\$	250,422
Listing expense related to amalgamation with FansUnite		-		6,923,086
Shares issued to active shareholders in McBookie		155,930		-
	\$	492,025	\$	7,123,508

6. Warrants

On January 11, 2021 the company issued 21,420,992 Special Warrants. Each Special Warrant was comprised of one common share and one half of one transferable common share purchase warrant in conjunction with the Special Warrant Financing (note 5). Each warrant had an exercise price of \$0.78 with an expiry date of January 11, 2023. In addition to the above, the company issued an aggregate of 2,845,624 common share purchase warrants to brokers and agents, at a weighted average exercise price of \$0.70.

The following table summarizes the continuity of the Company's warrants:

	Number of warrants	Weighted average exercise price \$
Outstanding, December 31, 2019	-	-
Granted	564,439	0.35
Acquired in connection with FansUnite amalgamation	814,000	0.05
Acquired in connection with Askott amalgamation	7,281,981	0.54
Exercised	(1,754,351)	0.51
Outstanding, December 31, 2020	6,906,069	0.43
Issued in connection with January 11, 2021 brokered financing	13,556,120	0.76
Exercised	(4,059,866)	0.51
Outstanding, June 30, 2021	16,402,323	0.70

Additional information regarding warrants outstanding as at June 30, 2021, is as follows:

Exercise price \$	Number of warrants	Outstanding		Exercisable	
		Weighted average remaining contractual life (years)	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
0.32	239,912	1.92		239,912	
0.35	213,302	0.74		213,302	
0.55	3,542,649	1.12		3,542,649	
0.625	1,477,839	1.53		1,477,839	
0.78	10,928,621	1.53		10,928,621	
	16,402,323	1.44	0.70	16,402,323	0.70

FansUnite Entertainment Inc.
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The fair value for warrants granted have been estimated using the Black-Scholes pricing model assuming no expected dividends and the following weighted average assumptions:

	June 30, 2021	December 31, 2020
Risk-free interest rate	0.19 – 1.51%	0.95 - 1.51%
Expected life (in years)	2.00	2.01
Expected volatility	197 – 277%	197 - 205%

7. Related Party Transactions and Balances

In connection with the McBookie acquisition in 2020, the Company owed £300,000 to the former shareholders of McBookie. On January 28, 2021 the Company repaid the £300,000 note payable. In addition to the repayment, and as part of the contractual agreement for the purchase of McBookie the Company also owed 10% of McBookie’s EBITDA to the shareholders for a total period of three years. As such, the Company has accrued a total of £39,651 as of June 30, 2021.

The Company has receivables of \$59,112 owing from management. This receivable is unsecured, accrues interest at 1% annually, and is repayable on December 31, 2022.

Key Management Compensation

The Company’s key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company and consist of the Company’s Board of Directors and the Company’s executive leadership team. Such compensation was comprised of:

	June 30, 2021	June 30, 2020
Executive compensation	\$ 382,843	\$ 130,000
Share-based payments	75,317	174,738
	\$ 458,160	\$ 304,738

8. Commitments and Contingencies

On April 30, 2020 the Company received \$40,000 from the Government of Canada through the Canada Emergency Business Account (CEBA). The CEBA is a one-time, interest free loan that does not have to be repaid until December 31, 2022. In conjunction with the purchase of Askott Entertainment Inc., FansUnite assumed Askott’s \$40,000 CEBA loan. If the Company repays the loans on or before December 31, 2022 the Government of Canada will forgive \$10,000 of each loan, for \$20,000 total.

9. Capital Risk Management

The Company’s objective when managing capital is to safeguard the Company’s ability to continue as a going concern. The Company considers the items included in shareholders’ equity as capital. The Company’s primary source of capital comes from the issuance of capital stock.

The Company manages and adjusts its capital structure when changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek to additional funding through issuance of new shares or new debt. The Company may require additional capital resources to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required in the long-term but recognizes there will be risks involved that may be beyond its control. The Company is not subject to external capital requirements.

10. Risk Management and Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, amounts due from related parties, and accounts payable and amounts due to related parties. The carrying values of accounts receivable and due from related parties and accounts payable approximate fair value due to the short-term nature of these instruments. Fair value of financial assets and liabilities, information related to risk management positions and discussion of risks associated with financial assets and liabilities are presented as follows:

Fair value

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

- Level 1 quoted prices in active markets for identical assets or liabilities;
- Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and
- Level 3 inputs for the asset or liability that are not based upon observable market data.

The fair value of cash was determined using level 1 inputs. The fair value of the investments GoLeague Technologies Inc. and 1166117 BC Ltd were determined with level 2 inputs.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's primary exposure to credit risk is in its cash accounts, trade receivable and amounts due from related parties. All the Company's cash is held through a Canadian or British chartered bank. The Company does not believe that there is any significant credit risk associated with the receivables.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due. At June 30, 2021, the Company had a cash balance of \$14,481,980 and current liabilities of \$721,734. All of the Company's financial liabilities have contractual maturities of less than 90 days. The Company is not exposed to liquidity risk.

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 is not subject to any interest rate volatility as amount due from and to related parties are carried at a fixed interest rate throughout their term.

Foreign exchange risk

Foreign currency exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currencies. The Company has financial assets and liabilities denominated in Canadian dollars. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

FansUnite Entertainment Inc.

Notes to the unaudited condensed consolidated interim financial statements

For the six months ended June 30, 2021 and 2020

(Expressed in Canadian dollars)

The following is an analysis of Canadian dollars equivalent of financial assets and liabilities that are denominated in currencies different than Canadian dollar at June 30, 2021:

		GBP		EUROS		USD
Cash	\$	1,044,812	\$	90,511	\$	106,031
Accounts receivable		90,005		177,528		-
Total assets	\$	1,134,817	\$	268,039	\$	106,031
Accounts payable	\$	8,563	\$	189,881	\$	-
Amount due to related parties		65,906		-		-
Total liabilities	\$	74,469	\$	189,881	\$	-

11. Segmented Information

For the period ended June 30, 2021:

	Europe	Americas	Corporate	Consolidated
Revenue				
Business to consumer	\$1,919,482	\$ -	\$ -	\$ 1,919,482
Business to business	-	123,809	-	123,809
Total revenue	\$1,919,482	\$ 123,809	\$ -	\$ 2,043,291
Total cost of sales	\$1,069,758	\$ 22,933	\$ -	\$ 1,092,691
Total expenses¹	\$1,204,366	\$2,042,738	\$ 3,156,297	\$ 6,403,401

	Europe	Americas	Corporate	Consolidated
Total assets	\$ 2,316,420	\$ 18,505,827	\$ 13,030,283	\$ 33,852,530
Total liabilities	\$ 297,482	\$ 628,419	\$ 313,887	\$ 1,239,788

¹ Expenses include total expenses, other items, income taxes and income tax recovery in the statement of loss and comprehensive loss.

For the year ended December 31, 2020:

	Europe	Americas	Corporate	Consolidated
Revenue				
Business to consumer	\$1,488,875	\$ -	\$ -	\$ 1,488,875
Business to business	-	69,215	-	69,215
Total revenue	\$1,488,875	\$ 69,215	\$ -	\$ 1,558,090
Total cost of sales	\$ 920,182	\$ 102,397	\$ -	\$ 1,022,579
Total expenses¹	\$ 981,926	\$2,707,275	\$10,871,825	\$ 14,561,026

	Europe	Americas	Corporate	Consolidated
Total assets	\$ 807,836	\$ 20,653,323	\$ 3,794,522	\$ 25,255,681
Total liabilities	\$ 233,890	\$ 638,898	\$ 1,489,986	\$ 2,362,774

¹ Expenses include total expenses, other items, income taxes and income tax recovery in the statement of loss and comprehensive loss.

12. Subsequent Events

On July 15, 2021, the Company completed a public offering, pursuant to which the Company issued 27,547,100 units of the Company (the "Unit") at \$0.90 per Unit for gross proceeds of \$24,793,390. Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole purchase warrant entitles the holder thereof to purchase one Common Share at a price of \$1.30 per share, subject to adjustment in certain circumstances, for a period of 36 months following the closing of the offering.

On August 5, 2021, the Company announced that its subsidiaries, Askott Entertainment Inc. and E.G.G. Limited, have been granted licenses from the UK Gambling Commission ("Gambling Commission"), enabling the Company to serve as a Business-to-Business ("B2B") technology provider and Business-to-Consumer ("B2C") operator in the UK online gambling market.