

Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars)

OVERACTIVE MEDIA CORP.

For the three and six months ended June 30, 2021 and 2020
(Unaudited)

OVERACTIVE MEDIA CORP.

Condensed Consolidated Interim Statements of Financial Position
(expressed in thousands of Canadian dollars, unaudited)
As at June 30, 2021 and December 31, 2020

	Note	June 30, 2021	December 31, 2020 (audited)
Assets			
Current assets:			
Cash and cash equivalents		\$ 15,660	\$ 5,585
Cash held in trust	9	-	1,098
Trade and other receivables		2,250	1,920
Prepaid expenses and other current assets		2,632	1,594
Total current assets		20,542	10,197
Non-current assets:			
Investments		2,784	2,784
Property and equipment	5	2,246	1,749
Right-of-use assets	6	2,277	2,750
Intangible assets	4	90,039	92,093
Goodwill	4	5,508	5,714
Total non-current assets		102,854	105,090
Total assets		\$123,396	\$115,287
Liabilities and Shareholders' Equity			
Current liabilities:			
Trade payable and accrued liabilities		\$ 2,117	\$ 2,616
Provisions		1,987	1,987
Notes payable		576	576
Current portion of lease liabilities	6	1,033	1,041
Current portion of contract liability		2,371	1,566
Current portion of payable related to franchise assets	14	3,674	3,918
Current portion of long-term debt	7	190	152
Current portion of deferred grant income		33	34
Total current liabilities		11,981	11,890
Non-current liabilities:			
Deferred tax liability		15,371	16,050
Long-term portion of lease liabilities	6	1,348	1,760
Long-term portion of contract liability		521	1,041
Long-term payable related to franchise assets	14	23,900	22,559
Long-term debt	7	428	481
Long-term deferred grant income		89	123
Other long-term liabilities		101	101
Total non-current liabilities		41,758	42,115
Total liabilities		53,739	54,005
Shareholders' equity:			
Share capital	9	110,187	93,479
Contributed surplus		4,099	2,687
Accumulated other comprehensive income (loss)		(1,424)	111
Deficit		(43,205)	(34,995)
Total shareholders' equity		69,657	61,282
Total liabilities and shareholders' equity		\$ 123,396	\$ 115,287
Contingencies	13		
Subsequent events	1, 15		

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

OVERACTIVE MEDIA CORP.

Condensed Consolidated Interim Statement of Net Loss and Comprehensive Loss
(expressed in thousands of Canadian dollars, except per share amounts, unaudited)

For the three and six months ended June 30, 2021 and 2020

	Note	For the three months ended		For the six months ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Revenue	3	\$ 2,104	\$ 1,227	\$ 3,402	\$ 2,179
Operating costs	8	4,104	3,246	8,515	8,360
Loss before the undernoted		(2,000)	(2,019)	(5,113)	(6,181)
Depreciation	5 and 6	299	110	597	266
Amortization on intangible assets	4	85	243	512	403
Foreign exchange (gain) loss	12	(290)	(1,689)	(691)	2,863
Decrease in net present value of franchise obligations	14	-	(324)	-	(324)
Finance costs		1,343	2,124	2,333	4,225
Share-based compensation	10	1,376	379	1,657	702
Other income		(149)	(25)	(831)	(51)
Loss before income taxes		(4,664)	(2,837)	(8,690)	(14,265)
Income tax (recovery) expense		(239)	200	(480)	2,054
Net loss for the period		(4,425)	(3,037)	(8,210)	(16,319)
Other comprehensive income (loss):					
Foreign currency translation		(55)	(716)	(1,535)	(148)
Comprehensive loss for the period		\$ (4,480)	\$ (3,753)	\$ (9,745)	\$ (16,467)
Loss per share:					
Basic and Diluted		\$ (0.07)	\$ (0.06)	\$ (0.14)	\$ (0.31)

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

OVERACTIVE MEDIA CORP.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
 (Expressed in thousands of Canadian dollars and thousands of shares)
 (Unaudited)

	Note	Total shareholders' capital				Total shareholders' capital	Contributed surplus	Accumulated other comprehensive (income) loss	Deficit	Total shareholders' equity
		Number of common shares issued	Amount	Number of Class B exchangeable shares issued (note 9)	Amount					
Balance, December 31, 2019		52,125	\$ 69,431	8,743	\$ 22,984	\$ 92,415	\$ 1,917	\$ (173)	\$ (28,734)	\$ 65,425
Net loss for the period		—	—	—	—	—	—	—	(16,319)	(16,319)
Foreign currency translation		—	—	—	—	—	—	(148)	—	(148)
Share-based compensation		—	—	—	—	—	460	—	—	460
Balance, June 30, 2020		52,125	\$ 69,431	8,743	\$ 22,984	\$ 92,415	\$ 2,377	\$ (321)	\$ (45,053)	\$ 49,418
Balance, December 31, 2020		52,430	\$ 70,495	8,743	\$ 22,984	\$ 93,479	\$ 2,687	\$ 111	\$ (34,995)	\$ 61,282
Net loss for the period		—	—	—	—	—	—	—	(8,210)	(8,210)
Foreign currency translation		—	—	—	—	—	—	(1,535)	—	(1,535)
Shares issued on private placement	9	7,493	16,708	—	—	16,708	—	—	—	16,708
Share-based compensation	10	—	—	—	—	—	1,412	—	—	1,412
Shares exchanged	9	8,743	22,984	(8,743)	(22,984)	—	—	—	—	—
Balance, June 30, 2021		68,666	\$ 110,187	—	\$ —	\$ 110,187	\$ 4,099	\$ (1,424)	\$ (43,205)	\$ 69,657

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

OVERACTIVE MEDIA CORP.

Condensed Consolidated Interim Statements of Cash Flows
(expressed in thousands of Canadian dollars, unaudited)

For the six months ended June 30, 2021 and 2020

	For the six months ended	
	June 30, 2021	June 30, 2020
Cash provided by (used in):		
Operating activities:		
Net loss for the period	\$ (8,210)	\$ (16,319)
Adjustments for:		
Depreciation	5 and 6 597	266
Amortization of intangible assets	4 512	403
Foreign exchange (gain) loss	12 (691)	2,863
Share-based compensation	10 1,657	702
Finance cost	2,333	4,225
Income tax (recovery) expense	(480)	2,054
Decrease in net present value of franchise obligations	14 —	(324)
Other	(12)	(12)
Change in non-cash operating working capital		
(Increase) decrease in trade and other receivables	(330)	1,102
Increase in prepaid expenses and other current assets	(1,283)	(159)
Decrease in trade payable and accrued liabilities	(499)	(937)
Increase (decrease) in contract liabilities	285	(344)
	(6,121)	(6,480)
Financing activities:		
Repayment of notes payable for prior acquisitions	—	(711)
Proceeds on long-term debt	7 —	812
Repayment on long-term debt	7 (31)	—
Net proceeds on shares issued in prior period		
received from cash held in trust	9 1,098	4,594
Proceeds from shares issued on private placement, net	9 16,708	—
Principal payment of lease liability	6 (394)	(65)
Payment on interest portion of lease liability	6 (117)	—
	17,264	4,630
Investing activities:		
Purchase of property and equipment	5 (645)	(515)
Purchase of player contracts	4 (128)	(32)
Intangibles acquired	4 (41)	(76)
Investments acquired	—	(2,633)
	(814)	(3,256)
Increase (decrease) in cash and cash equivalents	10,329	(5,106)
Cash and cash equivalents, beginning of period	5,585	10,208
Effect of exchange rate changes on cash and cash equivalents	(254)	45
Cash and cash equivalents, end of period	\$ 15,660	\$ 5,147

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

OVERACTIVE MEDIA CORP.

Notes to Condensed Consolidated Interim Financial Statements
(Unaudited – Expressed in thousands of Canadian dollars and thousands of shares)

For the three and six months ended June 30, 2021 and 2020

1. Nature of operations:

OverActive Media Corp (formerly The Ledger Group Inc.) was incorporated on November 6, 2017 by certificate of incorporation pursuant to the provisions of the Canada Business Corporations Act. The office of the Corporation is located at 41 Fraser Avenue, Toronto, Ontario, M6K 1Y7. These condensed consolidated interim financial statements comprise OverActive Media Corp. and its controlled subsidiaries (together referred to as the "Company" or "OAM").

On July 9, 2021, the Company completed its Qualifying Transaction (as defined in TSXV Policy 2.4) with Abigail Capital Corporation, now called OverActive Media Corp (the "Resulting Issuer"). Subsequent to the Qualifying Transaction, the Company has become a wholly owned subsidiary of the Resulting Issuer, OverActive Media Corp. The Company received final TSXV approval for the transaction and the Resulting issuer has become publicly traded on the TSXV under the ticker "OAM".

The business activities of OAM consist of owning and operating an integrated portfolio of esports teams as well as audience engagement. Team operations are primarily based in North America and Europe.

The Company reports results of operations in two reportable segments, including the Team Operations and Business Operations. Refer to note 3.

The Company's financial results generally vary from quarter to quarter as a result of changes in general economic conditions and seasonal fluctuations, among other things, in each of the reportable segments. The majority of the Company's revenue in the Team Operations segment is expected to be related to our franchises receiving a share of the revenue from the associated leagues, which is typically recognized by the Company subsequent to the completion of the season and as amounts can become reasonably estimated or communicated by the Franchise Leagues. Prize money is less predictable and the timing of such revenues would be related to the timing of tournaments and success of the teams, typically in the second and third fiscal quarters. However, revenues related to sponsorships and partnerships, and merchandise are more evenly earned and recognized through the year. Revenues related to live events and ticket admission sales are earned as those events are delivered.

OVERACTIVE MEDIA CORP.

Notes to Condensed Consolidated Interim Financial Statements (continued)
(Unaudited – Expressed in thousands of Canadian dollars and thousands of shares)

For the three and six months ended June 30, 2021 and 2020

2. Significant accounting policies:

(a) Statement of compliance and basis of presentation

(i) Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB").

These condensed consolidated interim financial statements were approved by the Board of Directors (the "Board") and authorized for issue by the Board on August 13, 2021.

(ii) Basis of presentation:

The notes presented in these condensed consolidated interim financial statements include only significant transactions and changes occurring for the six months since the Company's year end of December 31, 2020 and do not include all disclosures required by the IASB for annual financial statements.

(b) Significant accounting policies:

The Company's accounting policies, as described in Note 2, Significant accounting policies, of the Company's audited annual consolidated financial statements for the year ended December 31, 2020, have been applied consistently to all periods presented in these condensed consolidated interim financial statements.

No new standards, interpretations or amendments were adopted in the six months ended June 30, 2021 that had a material impact on the Company.

(c) Use of estimates and judgments:

In preparing these condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and revenue and expenses. Actual results could differ from those estimates. As additional information becomes available or actual amounts are determinable, the recorded estimates are revised and reflected in operating results in the year in which they are determined.

On March 11, 2020, the World Health Organization recognized the outbreak of COVID-19 as a pandemic and since then the Company has been closely monitoring related developments

OVERACTIVE MEDIA CORP.

Notes to Condensed Consolidated Interim Financial Statements (continued)
(Unaudited – Expressed in thousands of Canadian dollars and thousands of shares)

For the three and six months ended June 30, 2021 and 2020

and the impact on the business. Due to the uncertainty surrounding the duration and potential outcomes of the COVID-19 pandemic, and the unpredictable and continuously changing impacts and related government responses, there is more uncertainty associated with the Company's assumptions, expectations, and estimates.

There have been no significant changes to the Company's significant accounting judgments, estimates and uncertainties, as described in Note 2, Significant Accounting Policies, of the Company's audited annual consolidated financial statements for the year ended December 31, 2020. Refer to the audited annual consolidated financial statements for the significant accounting judgments, estimates and uncertainties which remain unchanged as at June 30, 2021.

OVERACTIVE MEDIA CORP.

Notes to Condensed Consolidated Interim Financial Statements (continued)
(Unaudited – Expressed in thousands of Canadian dollars and thousands of shares)

For the three and six months ended June 30, 2021 and 2020

3. Segmented information:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer. As the chief operating decision maker evaluates performance using two industry segments, the "Team Operations" segment and the "Business Operations" segment, the Company has determined it has two reportable segments.

The Team Operations segment captures revenues and expenses from league share payouts in the Company's various e-sports pro leagues, performance-based revenue and tournament prize winnings.

The Business Operations captures revenues and expenses surrounding partnerships, team merchandise sales, live event sales, and costs relating to corporate and executive office operations.

The Company operates in three major geographic areas: Canada, as the Company's country of domicile, the United States of America and Europe as regions with material foreign revenues.

The Company has made significant judgment in determining the operating segments. These are segments that engage in business activities from which they may earn revenue and incur expenses, for which operating results are regularly reviewed by the Company's chief operating decision maker to assess respective performance, and for which discrete financial information is available. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

OVERACTIVE MEDIA CORP.

Notes to Condensed Consolidated Interim Financial Statements (continued)
(Unaudited – Expressed in thousands of Canadian dollars and thousands of shares)

For the three and six months ended June 30, 2021 and 2020

Revenues by segment and segment (loss) income before tax, is summarized below:

	Reportable segments				Total June 30, 2021	Total June 30, 2020
	Team Operations		Business Operations			
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020		
Three months ended						
Total revenue	\$ 656	\$ 892	\$ 1,448	\$ 335	\$ 2,104	\$ 1,227
(Loss) income before income taxes	(2,961)	(3,218)	(1,703)	381	(4,664)	(2,837)

	Reportable segments				Total June 30, 2021	Total June 30, 2020
	Team Operations		Business Operations			
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020		
Six months ended						
Total revenue	\$ 735	\$ 1,212	\$ 2,667	\$ 967	\$ 3,402	\$ 2,179
Loss before income taxes	(5,573)	(7,676)	(3,117)	(6,589)	(8,690)	(14,265)

Revenue by geography:

	For the three months ended		For the six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Canada	\$ 1,406	\$ 344	\$ 2,283	\$ 892
United States	77	734	207	935
Europe	621	149	912	352
Total revenue	\$ 2,104	\$ 1,227	\$ 3,402	\$ 2,179

Major customers:

For the three months ended June 30, 2021, 44% (June 30, 2020 – 78%) of total revenue is from three customers (June 30, 2020 – two customers) each representing more than 10% of the Company's consolidated revenues.

OVERACTIVE MEDIA CORP.

Notes to Condensed Consolidated Interim Financial Statements (continued)
(Unaudited – Expressed in thousands of Canadian dollars and thousands of shares)

For the three and six months ended June 30, 2021 and 2020

For the six months ended June 30, 2021, 37% (June 30, 2020 – 55%) of total revenue is from two customers (June 30, 2020 – two customers) each representing more than 10% of the Company's consolidated revenues.

4. Intangible Assets:

As at June 30, 2021, the intangible assets balance was \$90,039 (December 31, 2020 - \$92,093). The movement is a result of \$512 in amortization of intangible assets (six months ended June 30, 2020 - \$403), of which \$378 is attributable to the disposal of certain player contracts (six months ended June 30, 2020 - \$76). In addition, there was movement of \$169 (six months ended June 30, 2020 - \$108) in net additions relating to player contracts and trademarks acquired in the period. The remaining movement between the balance at December 31, 2020 and June 30, 2021 is a decrease of \$1,711 attributable to changes in foreign exchange.

As at June 30, 2021, the goodwill balance was \$5,508 (December 31, 2020 - \$5,714). The movement is attributable to changes in foreign exchange.

5. Property and Equipment:

As at June 30, 2021, the property and equipment balance was \$2,246 (December 31, 2020 - \$1,749). The movement is a result of \$149 in depreciation of property and equipment (six months ended June 30, 2020 - \$210) and \$645 in additions to property and equipment (six months ended June 30, 2020 - \$515). The remaining movement between the balance at December 31, 2020 and June 30, 2021 is an increase of \$1 attributable to changes in foreign exchange.

\$1,430 of the property and equipment balance as at June 30, 2021 consists of construction in progress relating to the Company's arena initiative. Since these assets are not ready for their intended use, no depreciation was recognized for these assets during the period. Total construction in progress as at June 30, 2021 was \$1,430 (December 31, 2020 - \$967).

6. Leases:

The Company leases office buildings relating to our corporate and player operations. The non-cancellable contract periods for our leases typically range from 1 to 5 years. Variable lease payments for the period ended June 30, 2021 were nil (December 31, 2020 - nil).

Below is a summary of the activity related to our lease liabilities for the period ended June 30, 2021. Our lease liabilities are secured by the underlying right-of-use assets; the underlying right-of-use assets have a net carrying amount of \$2,277 as at June 30, 2021 (December 31, 2020 – \$2,750). The Company's incremental borrowing rate for the period ended June 30, 2021 is 8.95% (December 31, 2020 – 8.95%).

OVERACTIVE MEDIA CORP.

Notes to Condensed Consolidated Interim Financial Statements (continued)
(Unaudited – Expressed in thousands of Canadian dollars and thousands of shares)

For the three and six months ended June 30, 2021 and 2020

Lease liabilities, beginning of the year	\$ 2,801
Additions to lease liabilities	–
Interest expense on lease liabilities	117
Repayments of lease liabilities	(511)
Impact of foreign exchange	(26)
Lease liabilities, June 30, 2021	\$ 2,381
Current portion of lease liabilities	\$ 1,033
Long-term portion of lease liabilities	1,348
Lease liabilities	\$ 2,381

Right-of-use assets, January 1, 2021	\$ 2,750
Additions to right-of-use assets	–
Depreciation on right-of-use assets	(448)
Impact of foreign exchange	(25)
Right-of-use assets, June 30, 2021	\$ 2,277

7. Debt:

On April 1, 2020, the Company entered into long-term loan ("the Loan") in the amount of \$812 (EUR - \$517). 80% of the loan is collateralized by the "Instituto de Crédito Oficial" ("ICO"), a Spanish government institution. The purpose of the Loan is to provide support to businesses from the economic impacts of COVID-19. The Loan carries a below-market interest rate of 1.504% over a term of 60 months with repayment terms commencing subsequent to the initial 12-month period. As the Loan was issued at below market rates, a portion of the principal amount is recognized as deferred grant income and recognized over the term of the Loan.

The effective interest rate used to measure the fair value of the loan is 8.95% and the benefit of the interest rate concession is a grant which gives the Company economic benefits over the term of the Loan and recorded as deferred grant income in other income on the consolidated statements of net loss and comprehensive loss. For the six months ended June 30, 2021, principal repayments were \$31 (December 31, 2020 – nil) and accretion expense was \$24.

OVERACTIVE MEDIA CORP.

Notes to Condensed Consolidated Interim Financial Statements (continued)
(Unaudited – Expressed in thousands of Canadian dollars and thousands of shares)

For the three and six months ended June 30, 2021 and 2020

8. Operating costs:

A breakdown of operating costs by nature of expense for the three and six months ended June 30, 2021 and 2020, are as follows:

	For the three months ended		For the six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Corporate payroll	\$ 920	\$ 808	\$ 2,007	\$ 2,142
Selling, general and administrative	737	625	1,424	1,611
Roster and team payroll	1,965	1,741	3,894	3,695
Team operations	458	593	912	1,342
Live event expenses	24	46	278	118
Restructuring costs	-	113	-	132
Payroll subsidies	-	(680)	-	(680)
Total operating costs	\$ 4,104	\$ 3,246	\$ 8,515	\$ 8,360

Payroll subsidies include amounts recognized in 2020 from the Canadian Emergency Wage Subsidy program.

9. Share capital:

The Company is authorized to issue an unlimited number of common shares, issuable in series. As at June 30, 2021 and December 31, 2020, there were no preferred shares issued and outstanding.

During the six months ended June 30, 2021 the Company collected proceeds of \$1,098 (June 30, 2020 – \$4,594) of funds released from held in trust related to previously issued shares from the prior period in relation to the Company's September 9, 2020 private placement and November 1, 2019 private placement, respectively. \$16,708 (June 30, 2020 – nil) related to shares issued in the current period.

OVERACTIVE MEDIA CORP.

Notes to Condensed Consolidated Interim Financial Statements (continued)
(Unaudited – Expressed in thousands of Canadian dollars and thousands of shares)

For the three and six months ended June 30, 2021 and 2020

During the three months ended June 30, 2021 and 2020 the Company issued the following common shares:

	Number of common shares	Total amount net of issuance
December 31, 2019	52,125	\$ 69,431
Common shares issuances:		
Shares issued on private placement	–	–
June 30, 2020	52,125	\$ 69,431
December 31, 2020	52,430	\$ 70,495
Common shares issuances:		
Shares issued on private placement	7,493	16,708
Shares exchanged	8,743	22,984
June 30, 2021	68,666	\$ 110,187

On March 26, 2021, the Company issued a total of 6,848 common shares at an offering price of \$2.25 per common share and private placement offering basis for aggregate gross proceeds of \$15,407. On April 9, 2021, the Company completed a subsequent closing of the Non-Brokered Financing, in connection with the Brokered Financing by issuing an additional 645 common shares at a price of \$2.25 per share for additional aggregate gross proceeds of \$1,451. Total transaction costs incurred were \$150.

On March 26, 2021, the Company completed an initial closing of a brokered private placement led by the Company's agents (the "Brokered Financing") by issuing 10,119 Subscription Receipts (each a "Subscription Receipt") at a price of \$2.25 per Subscription Receipt (the "Issue Price") for aggregate gross proceeds of \$22,768 and incurred \$976 in transaction costs payable on initial closing. These proceeds are not released until the completion of the Qualifying Transaction as defined in our Filing Statement. On April 9, 2021, the Company completed a subsequent closing of its Brokered Financing by issuing an additional 118 Subscription Receipts at a price of \$2.25 per Subscription Receipt for additional aggregate gross proceeds of \$266 and incurred \$8 in transaction costs payable upon initial closing.

On April 27, 2021, all of the Class B exchangeable shares were exchanged for common shares, in accordance with their terms, on a 1:1 basis.

OVERACTIVE MEDIA CORP.

Notes to Condensed Consolidated Interim Financial Statements (continued)
(Unaudited – Expressed in thousands of Canadian dollars and thousands of shares)

For the three and six months ended June 30, 2021 and 2020

10. Stock-based compensation:

The purpose of the Company's stock option plan (the "Plan") is to assist the Company in attracting, retaining key employees, officers, directors, and consultants who will contribute to the Company's long-term success by providing them incentives that align their interests with those of the shareholders of the Company. The Plan is administered by the Board.

The following reconciles the number of options available for grant under the Plan as of June 30, 2021 and December 31, 2020:

	June 30, 2021	December 31, 2020
Options available for grant, beginning of period	3,074	157
Granted	(3,590)	(110)
Forfeited	–	400
Increase in ESOP pool	867	2,627
Options available for grant, end of period	351	3,074

Options granted under the Plan generally vest as follows:

- one third of the options granted vest on the anniversary of the grant date specified in the option agreement that is one year after the date of grant with the remaining options vesting on second and third anniversary of the grant date respectively.

Options generally expire ten years following the grant date.

A summary of the status of the Plan as at June 30, 2021 and December 31, 2020 presented below:

	June 30, 2021		December 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Beginning of period - options outstanding	2,926	\$ 1.76	3,216	\$ 1.82
Granted	3,590	2.25	110	3.60
Exercised	–	–	–	–
Forfeited	–	–	(400)	2.66
Balance, end of period	6,516	\$ 2.03	2,926	\$ 1.76
Exercisable, end of period	1,783	\$ 1.50	1,494	\$ 1.47

OVERACTIVE MEDIA CORP.

Notes to Condensed Consolidated Interim Financial Statements (continued)
(Unaudited – Expressed in thousands of Canadian dollars and thousands of shares)

For the three and six months ended June 30, 2021 and 2020

On April 9, 2021, the Company issued 3,590 in options to key employees, directors, officers and consultants. The Company used the Black-Scholes-Merton formula to estimate the grant date fair value of options granted during the period based on the following inputs:

	June 30, 2021	December 31, 2020
Weighted average fair value	\$1.81	\$2.74
Weighted average share price at grant date	\$2.25	\$3.60
Expected volatility	104%	101%
Expected option life	6.00 years	5.51 years
Expected dividend	0%	0%
Risk-free interest rate (based on government bonds)	1.53%	0.70%

For the three months ended June 30, 2021, the Company recorded share-based compensation of \$1,376 (three months ended June 30, 2020 - \$379). Included within share-based compensation for the three months ended June 30, 2021 is \$119 (June 30, 2020 - \$120) for services received from third parties in exchange for equity consideration.

For the six months ended June 30, 2021, the Company recorded share-based compensation of \$1,657 (six months ended June 30, 2020 - \$702). Included within share-based compensation for the six months ended June 30, 2021 is \$245 (June 30, 2020 - \$242) for services received from third parties in exchange for equity consideration.

Unrecognized stock-based compensation expense related to stock option plans was \$6,452 as at June 30, 2021 (December 31, 2020 - \$1,365) and will be recognized in net income over the remainder of their respective vesting periods.

The Company paid nil to holders of stock options, as none were exercised in the period.

11. Financial Instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The Company categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs used in the measurement.

OVERACTIVE MEDIA CORP.

Notes to Condensed Consolidated Interim Financial Statements (continued)
(Unaudited – Expressed in thousands of Canadian dollars and thousands of shares)

For the three and six months ended June 30, 2021 and 2020

11. Financial Instruments (continued):

- Level 1 - This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.
- Level 2 - This level includes valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1. Derivative instruments in this category are valued using models or other standard valuation techniques derived from observable market inputs.
- Level 3 - This level includes valuations based on inputs which are less observable, unavailable or where the observable data does not support a significant portion of the instruments' fair value.

Categories of financial instruments and details as at June 30, 2021 and December 31, 2020:

	June 30, 2021	December 31, 2020
Financial assets:		
Amortized cost:		
Cash and cash equivalents	\$ 15,660	\$ 5,585
Cash held in trust	-	1,098
Trade and other receivables	2,250	1,920
FVTOCI		
Investments - Level 3	2,784	2,784
Financial liabilities:		
Amortized cost:		
Trade payables and accrued liabilities	2,117	2,616
Notes payable	576	576
Payables related to franchise assets	27,574	26,477

OVERACTIVE MEDIA CORP.

Notes to Condensed Consolidated Interim Financial Statements (continued)
(Unaudited – Expressed in thousands of Canadian dollars and thousands of shares)

For the three and six months ended June 30, 2021 and 2020

11. Financial Instruments (continued):

The Company estimates that the carrying amounts of its amortized cost financial assets and financial liabilities approximate fair values. Investments in private companies are recognized at fair value using available information including implied valuations from follow-on financing rounds, third-party sale negotiations, or market-based approaches. Investments in publicly traded companies are recognized at fair value based on publicly quoted prices.

12. Risk management:

In the normal course of business, the Company is exposed to a number of risks that can affect its operating performance. These risks and the actions taken to manage them are discussed below:

(a) Foreign currency risk:

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company holds cash balances denominated in U.S. dollars at June 30, 2021 of U.S. \$2,377 (December 31, 2020 - U.S. \$767).

The Company holds cash balances denominated in Euros at June 30, 2021 of EUR \$88 (December 31, 2020 - EUR - \$60).

For the six months ended June 30, 2021, the Company recognized a foreign exchange gain of \$691 (six months ended June 30, 2020 - loss of \$2,863) primarily due to the appreciation/depreciation of the Canadian dollar relative to the U.S. dollar. The summary quantitative data about the Company's material exposure to currency risk is as follows:

USD	June 30, 2021	December 31, 2020
Cash	\$ 2,377	\$ 767
Receivables	202	285
Payables	(18,610)	(17,346)
Net consolidated statement of financial position exposure	\$ (16,031)	\$ (16,294)

OVERACTIVE MEDIA CORP.

Notes to Condensed Consolidated Interim Financial Statements (continued)
(Unaudited – Expressed in thousands of Canadian dollars and thousands of shares)

For the three and six months ended June 30, 2021 and 2020

12. Risk management (continued):

EUR	June 30, 2021	December 31, 2020
Cash	\$ 88	\$ 60
Receivables	814	566
Payables	(3,910)	(3,536)
Net consolidated statement of financial position exposure	\$ (3,008)	\$ (2,910)

(b) Credit risk:

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. The Company does not provide any guarantees which would expose the Company to credit risk.

The credit risk on cash is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Trade receivables consist of customers spread across diverse industries. For the six months ended June 30, 2021, two major customers each representing more than 10% of consolidated revenues, in aggregate make up 9% of trade receivables as at June 30, 2021 (27% of trade receivables as at December 31, 2020). Ongoing credit evaluation is performed on the financial condition of trade receivables. The Company has not recognized an allowance for doubtful accounts in 2021 or 2020 based on its ongoing evaluation of the credit risk for uncollected receivables.

At June 30, 2021, the aging of trade receivables that were not impaired were as follows:

	June 30, 2021	December 31, 2020
Neither past due nor impaired	\$ 1,311	\$ 967
Past due 1-30 days	752	286
Past due 31-90 days	126	28
Past due > 90 days	61	639
	\$ 2,250	\$ 1,920

OVERACTIVE MEDIA CORP.

Notes to Condensed Consolidated Interim Financial Statements (continued)
(Unaudited – Expressed in thousands of Canadian dollars and thousands of shares)

For the three and six months ended June 30, 2021 and 2020

12. Risk management (continued):

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on the credit worthiness of these customers and evaluation of customer credit risk.

(c) Liquidity risk:

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company manages liquidity risk by maintaining adequate cash balances and by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following table provides details of the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay as of June 30, 2021.

	Carrying amount	Contractual cash flows	On demand	Less than 1 year	1 to 2 years	> 2 years
Trade payable and accrued liabilities	\$ 2,117	\$ 2,117	\$ –	\$ 2,117	\$ –	\$ –
Notes payable	576	576	–	576	–	–
Franchise assets	27,574	44,186	–	3,674	13,120	27,392
Lease liabilities	2,381	2,695	–	1,033	901	761
Long-term debt	618	713	–	190	190	333
Total	\$ 33,266	\$ 50,287	\$ –	\$ 7,590	\$ 14,211	\$ 28,486

OVERACTIVE MEDIA CORP.

Notes to Condensed Consolidated Interim Financial Statements (continued)
(Unaudited – Expressed in thousands of Canadian dollars and thousands of shares)

For the three and six months ended June 30, 2021 and 2020

13. Contingencies:

There exist certain other claims and potential claims against the Company, including certain OWL revenue-sharing valuations, sale and purchase agreement holdbacks and commodity tax liabilities, none of which is expected to have a material adverse effect on the financial position of the Company. A provision is recognized if there is a probable outflow of resources and the amount can be estimated reliably.

14. Franchise payables:

Franchise payment liabilities are recorded at present value using the effective interest rate

method. An average discount rate of 18.5% was used to recognize interest expense of \$2,156 for the six-month period ended June 30, 2021 (June 30, 2020 - \$4,224). An average discount rate of 18.5% was used to recognize interest expense of \$1,270 for the three-month period ended June 30, 2021 (June 30, 2020 - \$2,124). During the six-month period ended June 30, 2021, the Company recognized a decrease in net present value of franchise obligations of nil (June 30, 2020 - \$324). During fiscal 2020, the Company and certain leagues execute agreements to modify the payables associated with the franchise payment schedules, including forgiveness and deferral of certain payments to future periods. The significant modifications resulted in a reduction to payables related to franchise assets resulting in a decrease in net present value of franchise obligations on the modification dates.

15. Subsequent events:

On July 9, 2021, the Company completed its Qualifying Transaction (as defined in TSXV Policy 2.4) with Abigail Capital Corporation, now called OverActive Media Corp (the “Resulting Issuer”). Subsequent to the Qualifying Transaction, the Company has become a wholly owned subsidiary of the Resulting Issuer, OverActive Media Corp. The Company received final TSXV approval for the transaction and the Resulting issuer has become publicly traded on the TSXV under the ticker “OAM”.

In connection with the completion of the Qualifying Transaction, the Company has received all funds in connection to the Brokered Financing as described in Note 9. The Company received \$21,505 on July 9, 2021, net of \$1,529 in Agent and Agent legal fees, for gross proceeds of \$23,034. Total transaction costs incurred were \$2,069.

In connection with the Brokered Financing, the Company issued to the Agents a total of 614 broker warrants. Each broker warrant will entitle the holder thereof to purchase one Company Share at a price of \$2.25 per share for a period of 24 months from the completion of the Qualifying

OVERACTIVE MEDIA CORP.

Notes to Condensed Consolidated Interim Financial Statements (continued)
(Unaudited – Expressed in thousands of Canadian dollars and thousands of shares)

For the three and six months ended June 30, 2021 and 2020

Transaction. Subsequent to the Qualifying Transaction another 55 warrants were issued to Abigail Capital Corporation's Agents, of which 23 were subsequently exercised.

Subsequent to the period and as result of the Qualifying Transaction and certain share issuances, the Company has 80,251 Common Shares outstanding as of the date of these Condensed Consolidated Interim Financial Statements.