

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

## **OVERACTIVE MEDIA CORP.**

For the three and nine months ended September 30, 2021 and 2020  
(Unaudited)

# OVERACTIVE MEDIA CORP.

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

	Note	September 30, 2021	December 31, 2020 (audited)
<b>Assets</b>			
Current assets:			
Cash and cash equivalents		\$ 36,218	\$ 5,585
Cash held in trust	9	-	1,098
Trade and other receivables		2,727	1,920
Prepaid expenses and other current assets		1,367	1,594
Total current assets		40,312	10,197
Non-current assets:			
Investments		2,784	2,784
Property and equipment	5	3,252	1,749
Right-of-use assets	6	2,054	2,750
Intangible assets	4	90,001	92,093
Goodwill	4	5,623	5,714
Total non-current assets		103,714	105,090
Total assets		\$144,026	\$115,287
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities:			
Trade payable and accrued liabilities		\$ 2,612	\$ 2,616
Provisions		1,987	1,987
Notes payable		576	576
Current portion of lease liabilities	6	1,037	1,041
Current portion of contract liability		2,532	1,566
Current portion of payable related to franchise assets	14	7,049	3,918
Current portion of long-term debt	7	190	152
Current portion of deferred grant income		33	34
Total current liabilities		16,016	11,890
Non-current liabilities:			
Deferred tax liability		15,302	16,050
Long-term portion of lease liabilities	6	1,138	1,760
Long-term portion of contract liability		-	1,041
Long-term payable related to franchise assets	14	21,971	22,559
Long-term debt	7	393	481
Long-term deferred grant income		90	123
Other long-term liabilities		92	101
Total non-current liabilities		38,986	42,115
Total liabilities		55,002	54,005
Shareholders' equity:			
Share capital	9	133,607	93,479
Warrants reserve	9	621	-
Contributed surplus		5,908	2,687
Accumulated other comprehensive (loss) income		(1,489)	111
Deficit		(49,623)	(34,995)
Total shareholders' equity		89,024	61,282
Total liabilities and shareholders' equity		\$ 144,026	\$ 115,287

Contingencies

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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 nine months ended September 30, 2021 and 2020

	Note	For the three months ended		For the nine months ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Revenue	3	\$ 5,476	\$ 4,989	\$ 8,878	\$ 7,168
Operating costs	8	5,852	4,275	14,367	12,635
(Loss) income before the undernoted		(376)	714	(5,489)	(5,467)
Depreciation	5 and 6	303	232	900	498
Amortization on intangible assets	4	100	211	612	614
Foreign exchange (gain) loss	12	452	(833)	(239)	2,030
Decrease in net present value of franchise obligations	14	(388)	-	(388)	(324)
Finance costs		1,355	2,083	3,688	6,308
Share-based compensation	10	1,787	321	3,444	1,023
Other income		(108)	(167)	(939)	(218)
Reverse takeover costs	15 and 16	2,756	-	2,756	-
Loss before income taxes		(6,633)	(1,133)	(15,323)	(15,398)
Income tax (recovery) expense		(215)	(4)	(695)	2,050
Net loss for the period		(6,418)	(1,129)	(14,628)	(17,448)
Other comprehensive income (loss):					
Foreign currency translation		(65)	471	(1,600)	323
<b>Comprehensive loss for the period</b>		<b>\$ (6,483)</b>	<b>\$ (658)</b>	<b>\$ (16,228)</b>	<b>\$ (17,125)</b>
Loss per share:					
Basic and Diluted		\$ (0.08)	\$ (0.02)	\$ (0.22)	\$ (0.33)

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	Warrant Reserve	Contributed surplus	Accumulated other comprehensive (loss) income	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		–	–	–	–	–	–	–	–	(17,448)	(17,448)
Foreign currency translation		–	–	–	–	–	–	323	–	–	323
Shares issued on private placement	9	305	1,064	–	–	1,064	–	–	–	–	1,064
Share-based compensation		–	–	–	–	–	–	649	–	–	649
Balance, September 30, 2020		52,430	\$ 70,495	8,743	\$ 22,984	\$ 93,479	–	\$ 2,566	\$ 150	\$ (46,182)	\$ 50,013
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		–	–	–	–	–	–	–	–	(14,628)	(14,628)
Foreign currency translation		–	–	–	–	–	–	(1,600)	–	–	(1,600)
Shares issued on private placement	9	7,493	16,708	–	–	16,708	–	–	–	–	16,708
Shares issued on brokered private placement	9	10,237	20,342	–	–	20,342	586	–	–	–	20,928
Shares issued pursuant to RTO	15	1,333	3,000	–	–	3,000	75	183	–	–	3,258
Shares cancelled	9	(25)	(50)	–	–	(50)	–	–	–	–	(50)
Warrants exercised	10	55	90	–	–	90	(40)	–	–	–	50
Stock options exercised	10	17	38	–	–	38	–	(38)	–	–	–
Share-based compensation	10	–	–	–	–	–	–	3,076	–	–	3,076
Shares exchanged	9	8,743	22,984	(8,743)	(22,984)	–	–	–	–	–	–
Balance, September 30, 2021		80,283	\$ 133,607	–	\$ –	\$ 133,607	\$ 621	\$ 5,908	\$ (1,489)	\$ (49,623)	\$ 89,024

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 nine months ended September 30, 2021 and 2020

	For the nine months ended	
	September 30, 2021	September 30, 2020
Cash provided by (used in):		
Operating activities:		
Net loss for the period	\$ (14,628)	\$ (17,448)
Adjustments for:		
Depreciation	5 and 6 900	498
Amortization of intangible assets	4 612	614
Foreign exchange (gain) loss	12 (239)	2,030
Share-based compensation	10 3,444	1,023
Finance cost	3,688	6,308
Income tax (recovery) expense	(695)	2,050
Decrease in net present value of franchise obligations	14 (388)	(324)
Reverse takeover costs	15 and 16 2,756	–
Other	(50)	(15)
Change in non-cash operating working capital		
(Increase) decrease in trade and other receivables	(768)	172
(Increase) in prepaid expenses and other current assets	(248)	(219)
(Decrease) in trade payable and accrued liabilities	(971)	(394)
(Decrease) increase in contract liabilities	(75)	1,144
	(6,662)	(4,561)
Financing activities:		
Repayment of notes payable for prior acquisitions	–	(711)
Proceeds on long-term debt	7 –	812
Repayment on long-term debt	7 (77)	–
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 and brokered private placement, net	9 37,636	–
Principal payment of lease liability	6 (600)	(204)
Payment on interest portion of lease liability	6 (169)	(58)
Proceeds from warrants redeemed	9 50	–
	37,938	4,433
Investing activities:		
Purchase of property and equipment	5 (1,620)	(780)
Changes in non-cash working capital related to capital expenditures	1,142	–
Purchase of player contracts	4 (187)	(341)
Intangibles acquired	4 (49)	(84)
Investments acquired	–	(2,633)
Cash acquired from reverse takeover	532	–
	(182)	(3,838)
Increase (decrease) in cash and cash equivalents	31,094	(3,966)
Cash and cash equivalents, beginning of period	5,585	10,208
Effect of exchange rate changes on cash and cash equivalents	(461)	(26)
Cash and cash equivalents, end of period	\$ 36,218	\$ 6,216

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 nine months ended September 30, 2021 and 2020

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## 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").

Abigail Capital Corporation was incorporated in 2018 under the laws of the Province of British Columbia. Its head office and registered address is located at 905-1111 West Hastings St., Vancouver, British Columbia V6E 2J3. Abigail Capital Corp completed its Initial Public Offering on August 30, 2019 and was classified as a Capital Pool Corporation ("CPC") as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4 ("Policy 2.4"). As a CPC, the Corporation's immediate objective was to identify and acquire either operating assets or a business, subject to shareholders' approval, that meet the criteria of a Qualifying transaction as defined by the TSX-V ("Qualifying Transaction").

On July 9, 2021, the Company completed its Qualifying Transaction (as defined in TSXV Policy 2.4) resulting from the reverse takeover of Abigail Capital Corporation by OverActive Media Corp. The Company received final TSXV approval for the transaction and the Resulting issuer became publicly traded on the TSXV under the ticker "OAM", as described in Note 15, Reverse Takeover by Abigail Capital Corp.

The Qualifying Transaction was executed against the terms of the Definitive Agreement as a three-cornered amalgamation. As part of that, Abigail Capital Corp incorporated a direct wholly-owned subsidiary ("Subco") which amalgamated with OverActive Media Corp. As consideration for the amalgamation, each outstanding OverActive Media Corp common share was exchanged for one common share of Abigail Capital Corp, and each outstanding OverActive Media Corp option was exchanged for one Abigail Replacement Option. Abigail Capital Corp. consolidated its common shares on a 9:1 basis and acquired all of the issued and outstanding securities of OverActive Media Corp, a non-reporting issuer, in exchange for securities of Abigail Capital Corp subject to a number of conditions within the Definitive Agreement. Subsequent to the transaction, Abigail Capital Corp renamed to OverActive Media Corp.

Prior to the aforementioned Qualifying Transaction, OverActive Media Corp amalgamated with Toronto Esports (Kimel Group) Inc. ("Toronto Esports") on July 7, 2021. Toronto Esports was a holding company that was formed for the primary purpose of investing in OverActive Media Corp and jointly held by the Kimel family board members of OverActive Media Corp. As a result of the reorganization, (i) each shareholder of OverActive Media Corp other than Toronto Esports received one common share of Amalco ("OverActive Media Corp") in exchange for every

# 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 nine months ended September 30, 2021 and 2020

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common share of OverActive Media Corp held immediately prior to the reorganization and (ii) the shareholders of Toronto Esports collectively received 16,464 OverActive Media Corp common shares in exchange for their shares of Toronto Esports. This is the same number of shares of OverActive Media Corp held by Toronto Esports immediately prior to the reorganization, with the result that the same number of shares was held directly post-amalgamation in the resulting entity. Refer to Note 16, Related Party Transaction for more details.

The business activities of the Company 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, as described in Note 3, Segmented Information.

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. Within the Business Operations segment, 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.

## 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 November 17, 2021.

#### (ii) Basis of presentation:

# 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 nine months ended September 30, 2021 and 2020

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The notes presented in these condensed consolidated interim financial statements include only significant transactions and changes occurring for the nine 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 nine months ended September 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 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, except for the Company's accounting judgements and estimates related to the reverse take-over and related transactions, including:

The fair value of consideration to acquire the Company in a reverse take-over transaction comprised common shares and replacement warrants and options. Common shares were valued on the date of issuance. Replacement warrants and options were valued using the



# **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 nine months ended September 30, 2021 and 2020

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Black-Scholes model. The Company applied IFRS 2 Share-based Payments in accounting for the Transaction. Refer to notes 10, 15 and 16.

Refer to the audited annual consolidated financial statements for the Company's other significant accounting judgments, estimates and uncertainties which remain unchanged as at September 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 nine months ended September 30, 2021 and 2020

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### 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 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 nine months ended September 30, 2021 and 2020

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

	Reportable segments						Total September 30, 2021	Total September 30, 2020
	Team Operations		Business Operations		Total September 30, 2021	Total September 30, 2020		
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020				
Three months ended								
Total revenue	\$ 3,600	\$ 3,690	\$ 1,876	\$ 1,299	\$ 5,476	\$ 4,989		
(Loss) income before income taxes	(556)	(1,336)	(6,077)	203	(6,633)	(1,133)		

	Reportable segments						Total September 30, 2021	Total September 30, 2020
	Team Operations		Business Operations		Total September 30, 2021	Total September 30, 2020		
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020				
Nine months ended								
Total revenue	\$ 4,335	\$ 4,902	\$ 4,543	\$ 2,266	\$ 8,878	\$ 7,168		
Loss before income taxes	(6,129)	(9,011)	(9,194)	(6,387)	(15,323)	(15,398)		

Revenue by geography:

	For the three months ended		For the nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Canada	\$ 2,332	\$ 3,969	\$ 4,614	\$ 4,862
United States	27	110	235	1,045
Europe	3,117	910	4,029	1,261
Total revenue	\$ 5,476	\$ 4,989	\$ 8,878	\$ 7,168

Major customers:

For the three months ended September 30, 2021, 63% (September 30, 2020 – 57%) of total revenue is from two customers (September 30, 2020 – one customer) each representing more than 10% of the Company's consolidated revenues.

For the nine months ended September 30, 2021, 45% (September 30, 2020 – 60%) of total revenue is from two customers (September 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 nine months ended September 30, 2021 and 2020

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## 4. Intangible Assets and Goodwill:

As at September 30, 2021, the intangible assets balance was \$90,001 (December 31, 2020 - \$92,093). The movement is a result of \$612 in amortization of intangible assets (nine months ended September 30, 2020 - \$614), of which \$378 is attributable to the disposal of certain player contracts (nine months ended September 30, 2020 - \$76). In addition, there was movement of \$236 in net additions relating to player contracts and trademarks acquired in the period (nine months ended September 30, 2020 - \$425). The remaining movement between the balance at December 31, 2020 and September 30, 2021 is a decrease of \$1,716 attributable to changes in foreign exchange.

As at September 30, 2021, the goodwill balance was \$5,623 (December 31, 2020 - \$5,714). The movement is attributable to changes in foreign exchange.

## 5. Property and Equipment:

As at September 30, 2021, the property and equipment balance was \$3,252 (December 31, 2020 - \$1,749). The movement is a result of \$227 in depreciation of property and equipment (nine months ended September 30, 2020 - \$272) and \$1,728 in additions to property and equipment (nine months ended September 30, 2020 - \$780). Of the additions, \$108 was from value-in-kind provided by certain customers. The remaining movement between the balance at December 31, 2020 and September 30, 2021 is an increase of \$2 attributable to changes in foreign exchange.

\$2,390 of the property and equipment balance as at September 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 September 30, 2021 was \$2,390 (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 September 30, 2021 were nil (December 31, 2020 - nil).

Below is a summary of the activity related to our lease liabilities for the period ended September 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 \$2,054 as at September 30, 2021 (December 31, 2020 – \$2,750). The Company's incremental borrowing rate for the period ended September 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 nine months ended September 30, 2021 and 2020

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Lease liabilities, beginning of the year	\$ 2,801
Additions to lease liabilities	–
Interest expense on lease liabilities	169
Repayments of lease liabilities	(769)
Impact of foreign exchange	(26)
<b>Lease liabilities, September 30, 2021</b>	<b>\$ 2,175</b>
Current portion of lease liabilities	\$ 1,037
Long-term portion of lease liabilities	1,138
<b>Lease liabilities</b>	<b>\$ 2,175</b>

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Right-of-use assets, January 1, 2021	\$ 2,750
Additions to right-of-use assets	–
Depreciation on right-of-use assets	(673)
Impact of foreign exchange	(23)
<b>Right-of-use assets, September 30, 2021</b>	<b>\$ 2,054</b>

## 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 nine months ended September 30, 2021, principal repayments were \$77 (December 31, 2020 – nil) and accretion expense was \$36.

# 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 nine months ended September 30, 2021 and 2020

## 8. Operating costs:

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

	For the three months ended		For the nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Corporate payroll	\$ 1,106	\$ 818	\$ 3,113	\$ 2,960
Selling, general and administrative	1,373	637	2,797	2,248
Roster and team payroll	1,961	1,764	5,855	5,459
Team operations	1,336	1,346	2,248	2,688
Live event expenses	76	173	354	291
Restructuring costs	-	51	-	183
Payroll subsidies	-	(514)	-	(1,194)
<b>Total operating costs</b>	<b>\$ 5,852</b>	<b>\$ 4,275</b>	<b>\$ 14,367</b>	<b>\$ 12,635</b>

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 September 30, 2021 and December 31, 2020, there were no preferred shares issued and outstanding.

During the nine months ended September 30, 2021 the Company collected proceeds of \$1,098 (September 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.

\$37,050 (September 30, 2020 – nil) related to shares issued in the current period, resulting from the Company's private placement \$16,708 and brokered private placement of \$20,342. The brokered private placement is net of non-cash share issuance costs of \$586, for total cash proceeds of \$37,636.

# 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 nine months ended September 30, 2021 and 2020

During the three months ended September 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	305	1,064
September 30, 2020	52,430	\$ 70,495
December 31, 2020	52,430	\$ 70,495
Common shares issuances:		
Shares issued on private placement	7,493	16,708
Shares issued on brokered private placement	10,237	20,342
Shares exchanged	8,743	22,984
Shares issued on reverse takeover of ACC (note 15)	1,333	3,000
Shares cancelled	(25)	(50)
Warrants exercised (note 10)	55	90
Stock options exercised (note 10)	17	38
September 30, 2021	80,283	\$ 133,607

On September 9, 2020, the Company issued a total of 305 common shares at an offering price of \$3.60 per common share and private placement offering basis for aggregate gross proceeds of \$1,098 and incurred transaction costs of \$34.

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. On April 9, 2021, the Company completed a subsequent closing of its Brokered Financing by issuing an additional 118 Subscription Receipts

# OVERACTIVE MEDIA CORP.

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

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at a price of \$2.25 per Subscription Receipt for additional aggregate gross proceeds of \$266. Upon completion of the Qualifying Transaction on July 9, 2021, these proceeds were collected net of transaction costs of \$1,529 to the Agents. An additional \$1,163 in professional service fees related to the completion of the Qualifying Transaction were capitalized, inclusive of \$586 related to the issuance of the Agents' broker warrants. Total net proceeds were \$20,928.

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.

On July 9, 2021, the Company completed its Qualifying Transaction resulting from the reverse takeover of OverActive Media Corp. by Abigail Capital Corporation. As part of the transaction Abigail Capital Corp consolidated its outstanding capital on a 9 to 1 basis from 12,000 common shares to 1,333 common shares outstanding. These shares were then exchanged for shares of OverActive Media Corp on a 1:1 basis at \$2.25 per share. Refer to Note 15 for more details.

## 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 September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
Options available for grant, beginning of period	3,074	157
Granted	(3,826)	(110)
Forfeited	475	400
Increase in ESOP pool	2,028	2,627
Options available for grant, end of period	1,751	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.



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

	September 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	3,715	2.23	110	3.60
Re-issue to former ACC holders	111	0.90	–	–
Exercised	(150)	2.00	–	–
Forfeited	(475)	2.17	(400)	2.66
<b>Balance, end of period</b>	<b>6,127</b>	<b>\$ 1.92</b>	<b>2,926</b>	<b>\$ 1.76</b>
<b>Exercisable, end of period</b>	<b>2,594</b>	<b>\$ 1.45</b>	<b>1,494</b>	<b>\$ 1.47</b>

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:

	September 30, 2021	December 31, 2020
Weighted average fair value	\$1.80	\$2.74
Weighted average share price at grant date	\$2.23	\$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)	1.52%	0.70%

In connection with the Qualifying Transaction, the Company issued 111 in options to the former option holders of Abigail Capital Corp. 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:

	September 30, 2021
Weighted average fair value	\$1.65
Weighted average share price at grant date	\$2.25
Expected volatility	110%
Expected option life	1.70 years
Expected dividend	0%
Risk-free interest rate (based on government bonds)	1.55%

For the three months ended September 30, 2021, the Company recorded share-based compensation of \$1,787 (three months ended September 30, 2020 - \$321). Included within

# OVERACTIVE MEDIA CORP.

Notes to Condensed Consolidated Interim Financial Statements (continued)  
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share-based compensation for the three months ended September 30, 2021 is \$122 (September 30, 2020 - \$132) for services received from third parties in exchange for equity consideration.

For the nine months ended September 30, 2021, the Company recorded share-based compensation of \$3,444 (nine months ended September 30, 2020 - \$1,023). Included within share-based compensation for the nine months ended September 30, 2021 is \$368 (September 30, 2020 - \$374) for services received from third parties in exchange for equity consideration.

Unrecognized stock-based compensation expense related to stock option plans was \$4,200 as at September 30, 2021 (December 31, 2020 - \$1,365) and will be recognized in net income over the remainder of their respective vesting periods.

In connection with the Qualifying Transaction, the Company issued warrants to its Agents and the previous Agents of Abigail Capital Corp. As at September 30, 2021, a total of 614 broker warrants at a weighted average exercise price of \$2.25 remain outstanding and exercisable (December 31, 2020 – nil). 55 warrants at a weighted average exercise price of \$0.90 were redeemed in the period for common shares of \$90 for cash proceeds of \$50.

A summary of the Company's warrants outstanding as at September 30, 2021 is presented below:

	September 30, 2021		December 31, 2020	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Beginning of period - options outstanding	–	\$ –	–	\$ –
Granted	614	2.25	–	–
Re-issue to former ACC holders	55	0.90	–	–
Exercised	(55)	0.90	–	–
Forfeited	–	–	–	–
Balance, end of period	614	\$ 2.25	–	\$ –
Exercisable, end of period	614	\$ 2.25	–	\$ –

In connection with the Qualifying Transaction, the Company issued 614 in warrants to its Agents. Expenses associated with these warrants were capitalized as share issuance costs. Each warrant is exercisable into one common share and expires on July 13, 2023. The Company used the Black-Scholes-Merton formula to estimate the grant date fair value of warrants granted during the period based on the following inputs:

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Notes to Condensed Consolidated Interim Financial Statements (continued)  
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For the three and nine months ended September 30, 2021 and 2020

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	September 30, 2021
Weighted average fair value	\$0.95
Weighted average share price at grant date	\$2.25
Expected volatility	110%
Expected option life	1.00 years
Expected dividend	0%
Risk-free interest rate (based on government bonds)	1.55%

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## 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.

- 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 September 30, 2021 and December 31, 2020:

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	September 30, 2021	December 31, 2020
<b>Financial assets:</b>		
Amortized cost:		
Cash and cash equivalents	\$ 36,218	\$ 5,585
Cash held in trust	-	1,098
Trade and other receivables	2,727	1,920
FVTOCI		
Investments - Level 3	2,784	2,784
<b>Financial liabilities:</b>		
Amortized cost:		
Trade payables and accrued liabilities	2,612	2,616
Notes payable	576	576
Payables related to franchise assets	29,020	26,477

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 September 30, 2021 of U.S. \$2,396 (December 31, 2020 - U.S. \$767).

The Company holds cash balances denominated in Euros at September 30, 2021 of EUR \$1,133 (December 31, 2020 - EUR - \$60).

# OVERACTIVE MEDIA CORP.

Notes to Condensed Consolidated Interim Financial Statements (continued)  
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For the three and nine months ended September 30, 2021 and 2020

For the nine months ended September 30, 2021, the Company recognized a foreign exchange gain of \$239 (nine months ended September 30, 2020 - loss of \$2,030) 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	September 30, 2021	December 31, 2020
Cash	\$ 2,396	\$ 767
Receivables	81	285
Payables	(19,524)	(17,346)
Net consolidated statement of financial position exposure	\$ (17,047)	\$ (16,294)

EUR	September 30, 2021	December 31, 2020
Cash	\$ 1,133	\$ 60
Receivables	1,767	566
Payables	(3,757)	(3,536)
Net consolidated statement of financial position exposure	\$ (857)	\$ (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 nine months ended September 30, 2021, two major customers each representing more than 10% of consolidated revenues, in aggregate make up 18% of trade receivables as at September 30, 2021 (68% 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 September 30, 2021, the aging of trade receivables that were not impaired were as follows:

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Notes to Condensed Consolidated Interim Financial Statements (continued)  
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	September 30, 2021	December 31, 2020
Neither past due nor impaired	\$ 1,341	\$ 967
Past due 1-30 days	38	286
Past due 31-90 days	1,103	28
Past due > 90 days	245	639
	<b>\$ 2,727</b>	<b>\$ 1,920</b>

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 September 30, 2021.

	Carrying amount	Contractual cash flows	On demand	Less than 1 year	1 to 2 years	> 2 years
Trade payable and accrued liabilities	\$ 2,612	\$ 2,612	\$ –	\$ 2,612	\$ –	\$ –
Notes payable	576	576	–	576	–	–
Payable related to franchise assets	29,020	45,095	–	7,049	14,393	23,653
Lease liabilities	2,175	2,695	–	1,037	904	754
Long-term debt	583	665	–	190	190	285
<b>Total</b>	<b>\$ 34,966</b>	<b>\$ 51,643</b>	<b>\$ –</b>	<b>\$ 11,464</b>	<b>\$ 15,487</b>	<b>\$ 24,692</b>

# OVERACTIVE MEDIA CORP.

Notes to Condensed Consolidated Interim Financial Statements (continued)  
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## 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 \$3,454 for the nine-month period ended September 30, 2021 (September 30, 2020 - \$6,249). An average discount rate of 18.5% was used to recognize interest expense of \$1,298 for the three-month period ended September 30, 2021 (September 30, 2020 - \$2,025). During the nine-month period ended September 30, 2021, the Company recognized a decrease in net present value of franchise obligations of \$388 (September 30, 2020 - \$324). During fiscal 2021 and 2020, the Company and certain leagues executed agreements to modify the payables associated with the franchise payment schedules, including deferral of certain payments to future periods. The 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. Reverse Takeover by Abigail Capital Corp.:

On July 9, 2021, the Company completed its Qualifying Transaction resulting from the reverse takeover of OverActive Media Corp. by Abigail Capital Corporation.

The Qualifying Transaction was executed against the terms of the Definitive Agreement as a three-cornered amalgamation. As part of that, Abigail Capital Corp incorporated a direct wholly-owned subsidiary (“Subco”) which amalgamated with OverActive Media Corp. As consideration for the amalgamation, each outstanding OverActive Media Corp common share was exchanged for one common share of Abigail Capital Corp, and each outstanding OverActive Media Corp option was exchanged for one Abigail Replacement Option. Pursuant to the amalgamation agreement, an aggregate of 78,903 shares of the Resulting Issuer were issued to OverActive Media Corp. shareholders. Abigail Capital Corp. consolidated its common shares on a 9:1 basis and acquired all of the issued and outstanding securities of OverActive Media Corp, a non-reporting issuer, in exchange for securities of Abigail Capital Corp subject to a number of conditions within the Definitive Agreement. Subsequent to the transaction, Abigail Capital Corp renamed to OverActive Media Corp and 68,666 common shares were issued to former holders of the acquired company’s common shares.

# OVERACTIVE MEDIA CORP.

Notes to Condensed Consolidated Interim Financial Statements (continued)  
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Abigail Capital Corp consolidated its outstanding capital on a 9:1 basis from 12,000 common shares to 1,333 common shares outstanding. These shares were then exchanged for shares of OverActive Media Corp on a 1:1 basis at \$2.25 per share.

In conjunction with the share consolidation, Abigail Capital Corp consolidated its outstanding stock options and warrants on a 9:1 basis. Stock options of 1,000 at an exercise price of \$0.10 were consolidated, and then converted to 111 options of OverActive Media Corp at an exercise price of \$0.90. Similarly, warrants of 500 at an exercise price of \$0.10 were consolidated and then converted to 55 warrants of OverActive Media Corp at an exercise price of \$0.90. The stock options retain the original expiration date of August 30, 2024 and the same applies to the warrants, which had an expiry on August 30, 2021, and were exercised prior to expiry.

The following summarizes the reverse takeover by Abigail Capital Corp and the net assets acquired at July 9, 2021:

Fair value of consideration paid to former Abigail Capital Corp	
Common shares (1,333 common shares at \$2.25)	\$ 3,000
Options (111 options)	183
Warrants (55 warrants)	77
<b>Total consideration</b>	<b>\$ 3,260</b>
Net identifiable assets acquired and liabilities assumed	\$ 523
<b>Fair value of identifiable net assets</b>	<b>\$ 523</b>
Reverse takeover costs	\$ 2,737

The Transaction with Abigail Capital Corp. allowed the former OverActive Media Corp, a private Corporation, to obtain a listing on the TSX-V without having to go through the initial public offering process. As the acquisition was not considered a business combination, a total of \$2,737, being the excess of fair value of the consideration paid to obtain the listing over the net assets received is expensed for the three and nine months ended September 30, 2021.

## 16. Related party transactions:

Toronto Esports was a holding company that was formed for the primary purpose of investing in OverActive Media Corp and jointly held by the Kimel family board members of OverActive Media Corp. As such, Toronto Esports was considered a related party to OverActive Media Corp.

On July 7, 2021, prior to the completion of its Qualifying Transaction, the Company completed an amalgamation with Toronto Esports, with the resulting transaction giving the former



# OVERACTIVE MEDIA CORP.

Notes to Condensed Consolidated Interim Financial Statements (continued)  
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shareholders of Toronto Esports direct ownership of the same number of shares of the Company held by Toronto Esports immediately prior to reorganization. \$19 of net liabilities were acquired on July 7, 2021, resulting from the transaction. This amount was expensed in conjunction with the expenses incurred in Note 15, as the transaction did not qualify as a business combination as defined in *IFRS 3; Business Combinations*.