



PLAYGON

PLAYGON GAMES INC.

(Formerly Global Daily Fantasy Sports Inc.)

Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(Unaudited - expressed in Canadian Dollars)

Notice to Readers	2
Financial Statements	
Condensed Interim Consolidated Statements of Financial Position	3
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss	4
Condensed Interim Consolidated Statements of Cash Flows	5
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity	6
Notes to Condensed Interim Consolidated Financial Statements	7

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED 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 condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

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

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

PLAYGON GAMES INC.
(Formerly Global Daily Fantasy Sports Inc.)
Consolidated Statements of Financial Position
(Unaudited - expressed in Canadian Dollars)

	Note	September 30, 2020 \$	December 31, 2019 \$
ASSETS			
Current assets			
Cash		2,861,727	90,292
Amounts receivable		7,482	23,508
Sales tax receivable		169,943	64,929
Prepays		27,171	5,632
Other assets	4	71,977	67,865
		3,138,300	252,226
Security deposit		89,541	-
Property and equipment	5	608,470	1,153
Intangible assets	6	10,933,770	-
Right-of-use asset	7	148,733	-
		14,918,814	253,379
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	2,354,494	1,105,377
Loans payable	9	749,750	300,000
Purchase obligation payable	6(c)	37,535	35,054
Current portion of lease liability	7	151,486	-
		3,293,265	1,440,431
Lease liability	7	13,438	-
Long-term debt	10	1,280,385	-
		4,587,088	1,440,431
SHAREHOLDERS' DEFICIENCY			
Share capital	11	35,947,541	21,026,969
Reserves	11	2,501,707	1,416,687
Accumulated other comprehensive income		25,826	-
Accumulated deficit		(28,143,348)	(23,630,708)
		10,331,726	(1,187,052)
		14,918,814	253,379

Nature and continuance of operations (Note 1)
Commitments (Note 15)

Approved on behalf of the Board of Directors on November 24, 2020:

/s/ Darcy Krogh
Darcy Krogh
Director

/s/ Mike Marrandino
Mike Marrandino
Director

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

PLAYGON GAMES INC.

(Formerly Global Daily Fantasy Sports Inc.)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**(Unaudited - expressed in Canadian Dollars)**

	Note	Three months ended September 30,		Nine months ended September 30,	
		2020	2019	2020	2019
		\$	\$	\$	\$
Sales		-	-	-	50,789
Operating expenses					
Amortization	6	615,340	-	737,488	-
Advertising and promotion		625,878	-	625,878	-
Bad debts		-	-	11,442	-
Consulting fees		179,500	204,945	333,872	746,996
Data access fees		29,231	28,764	72,472	127,842
Depreciation	5,7	106,466	541	115,695	1,623
Interest and bank charges		39,620	-	76,726	-
Management and directors fees	12	79,907	153,092	463,623	417,370
Other general and administrative expenses		58,616	8,675	93,727	27,907
Professional fees		103,401	25,282	377,051	113,761
Regulatory and shareholder services		15,889	3,444	26,892	12,485
Rent	7	48,643	7,307	56,114	38,393
Salaries and benefits		419,477	51,301	523,810	219,790
Share-based compensation	11	309,164	37,406	953,354	(53,263)
Travel		1,159	5,583	10,153	29,986
		2,632,291	526,340	4,478,297	1,682,890
Loss before other income (expenses)		(2,632,291)	(526,340)	(4,478,297)	(1,632,101)
Other income (expenses)					
Interest income		6,688	76	8,477	1,344
Foreign exchange gain (loss)		(13,900)	13,484	(41,811)	20,092
Loss on disposal of assets	5	-	-	(1,009)	(10,454)
		(7,212)	13,560	(34,343)	10,982
Loss for the period		(2,639,503)	(512,780)	(4,512,640)	(1,621,119)
Foreign currency translation adjustment		30,359	-	25,826	-
Comprehensive loss for the period		(2,669,862)	(512,780)	(4,538,466)	(1,621,119)
Basic and diluted loss per common share		(0.01)	(0.01)	(0.04)	(0.02)
Weighted average number of common shares outstanding					
Basic and diluted		176,955,117	70,974,005	113,959,667	67,022,357

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

PLAYGON GAMES INC.
(Formerly Global Daily Fantasy Sports Inc.)
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - expressed in Canadian Dollars)

	Nine months ended	
	September 30,	
	2020	2019
	\$	\$
Cash flows used in operating activities		
Loss for the period	(4,512,640)	(1,621,119)
Items not affecting cash:		
Accrued interest expense	70,488	-
Amortization	737,488	-
Bad debt	11,442	-
Depreciation	115,695	1,623
Share-based compensation	953,354	(53,263)
Loss on disposal of assets	1,009	10,454
Unrealized foreign exchange	(20,688)	-
Changes in non-cash working capital:		
Amounts receivable	10,733	(4,048)
Sales tax receivable	(54,062)	4,273
Prepays	(20,703)	45,265
Other assets	-	5,482
Accounts payable and accrued liabilities	77,692	142,264
	(2,630,192)	(1,469,069)
Cash flows provided by investing activity		
Cash acquired from asset acquisition	30,206	-
Acquisition of property and equipment	(68,524)	-
	(38,318)	-
Cash flows provided by financing activities		
Loan proceeds	199,750	-
Loan repayments	(310,000)	-
Interest paid on loans	(20,869)	-
Long-term debt proceeds	50,000	-
Long-term debt repayments	(30,000)	-
Repayment of lease liability	(38,932)	-
Shares issued for cash	5,749,738	1,250,000
Share issuance costs	(827,500)	-
Warrants exercised	630,000	-
	5,402,187	1,250,000
Effect of foreign exchange on cash	37,758	-
Change in cash during the period	2,771,435	(219,069)
Cash, beginning of period	90,292	268,730
Cash, end of period	2,861,727	49,661

Supplemental disclosure with respect to cash flows (Note 14)

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

PLAYGON GAMES INC.

(Formerly Global Daily Fantasy Sports Inc.)

Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency

(Unaudited - expressed in Canadian Dollars)

	Shares	Amount	Share Subscriptions	Reserves	Accumulated Other Comprehensive Loss	Deficit	Total
		\$	\$	\$	\$	\$	\$
Balance, December 31, 2018	59,374,005	19,526,984	250,000	1,424,344	-	(21,372,283)	(170,955)
Shares issued for cash	15,000,000	1,499,985	(250,000)	-	-	-	1,249,985
Share-based compensation	-	-	-	(53,263)	-	-	(53,263)
Loss for the period	-	-	-	-	-	(1,621,119)	(1,621,119)
Balance, September 30, 2019	74,374,005	21,026,969	-	1,371,081	-	(22,993,402)	(595,352)
Share-based compensation	-	-	-	45,606	-	-	45,606
Loss for the period	-	-	-	-	-	(637,306)	(637,306)
Balance, December 31, 2019	74,374,005	21,026,969	-	1,416,687	-	(23,630,708)	(1,187,052)
Shares issued per acquisition agreement	63,333,333	9,500,000	-	-	-	-	9,500,000
Shares issued for cash	38,331,588	5,749,738	-	-	-	-	5,749,738
Shares issued for agent's fees	96,960	20,362	-	-	-	-	20,362
Share issue costs	-	(979,528)	-	131,666	-	-	(847,862)
Warrant exercised	3,150,000	630,000	-	-	-	-	630,000
Share-based compensation	-	-	-	953,354	-	-	953,354
Foreign exchange on translation	-	-	-	-	25,826	-	25,826
Loss for the period	-	-	-	-	-	(4,512,640)	(4,512,640)
Balance, September 30, 2020	179,285,886	35,947,541	-	2,501,707	25,826	(28,143,348)	10,331,726

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

PLAYGON GAMES INC.

(Formerly Global Daily Fantasy Sports Inc.)

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020

(Unaudited - expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Playgon Games Inc. ("Playgon") (formerly Global Daily Fantasy Sports Inc.) was incorporated on December 2, 1985 under the laws of the Province of British Columbia. All references in this document to the "Company" refer to Playgon Games Inc. and its wholly-owned subsidiaries. The Company is listed and traded on the TSX Venture Exchange ("TSXV") under the symbol "DEAL". The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7 Canada.

The Company's principal business is the development and licensing of digital content for the growing iGaming market. The Company provides a multi-tenant gateway that allows online operators the ability to offer their customers innovative iGaming software solutions. Its current software platform includes Live Dealer Casino, E-Table games and Daily Fantasy Sports which, through a seamless integration at the operator level, allows customer access without having to share or compromise any sensitive customer data. As a true business to business digital content provider, the Company's products are ideal turn-key solutions for online casinos, sportsbook operators, land-based operators, media groups, and big database companies.

On June 19, 2020, the Company purchased 100% of the outstanding shares of Playgon Interactive Inc. ("Playgon Interactive"), a Company incorporated under the laws of the Province of British Columbia. Playgon Interactive is in the business of developing online multi-player E-Table games and Live Dealer content that streams live casino games with dealers to online players. The acquisition of Playgon Interactive is being accounted for as an asset acquisition under IFRS 3 as Playgon Interactive did not meet the definition of a business (Note 3).

The Company's operations have been primarily funded from equity financings, which are dependent upon many external factors and may be difficult to secure or raise when required on terms acceptable to the Company or at all. As at September 30, 2020, the Company has a working capital deficit of \$154,965 (December 31, 2019 - \$1,188,205) and an accumulated deficit of \$28,143,348 (December 31, 2019 - \$23,630,708). The Company recognizes that its objectives and scope of expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future.

On March 11, 2020 the World Health Organization ("WHO") declared coronavirus COVID-19 a global pandemic. In order to combat the spread of COVID-19 governments worldwide, including Canada, have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures will have a significant, negative effect on the economy of all nations for an undeterminable period of time, the extent of which is also uncertain. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. If for any reason the Company is unable to continue as a going concern, it could impact the Company's ability to realize assets at their recognized values and to meet its liabilities in the ordinary course of business at the amounts stated in the unaudited condensed interim consolidated financial statements.

These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

PLAYGON GAMES INC.

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Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020

(Unaudited - expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies used in the preparation of these condensed interim consolidated financial statements.

Statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounts Standards (“IAS”) 34, “Condensed Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. Therefore, it is recommended that this financial report be read in conjunction with the audited annual financial statements of the Company for the year ended December 31, 2019.

The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company’s audited consolidated financial statements for the year ended December 31, 2019, except for the following:

Business combinations

On January 1, 2020, the Company adopted the amendments to IFRS 3 *Business Combinations*. The amendment:

- clarifies minimum requirements to be a business,
- clarifies market participants ability to replace missing elements,
- clarifies the assessment of whether an acquired process is substantive,
- narrows the definition of outputs, and
- provides for an optional concentration test which is met if substantially all of the fair value of the gross net assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Basis of presentation

The condensed interim consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for certain financial assets and liabilities that are measured at fair value. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

PLAYGON GAMES INC.

(Formerly Global Daily Fantasy Sports Inc.)

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020

(Unaudited - expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries at the end of the reporting period as follows:

	Incorporation	Percentage owned	
		2020	2019
Playgon Interactive Inc.	Canada	100%	100%
Companies owned by Playgon Interactive			
Cleebo Games Inc.	Canada	100%	-
Bitrate Productions ("Bitrate")	USA	100%	-
GDFSI Malta Holding Limited	Malta	100%	100%
Companies owned by GDFSI Malta Holding Limited			
GDFSI Malta Limited	Malta	100%	100%

On June 19, 2020, the Company acquired 100% of the shares of Playgon Interactive, a corporation incorporated under the laws of the Province of British Columbia (Note 3).

All significant intercompany accounts and transactions between the Company and its subsidiary have been eliminated upon consolidation.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Use of estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expense during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The following are critical judgments and estimations that management has made in the process of applying accounting policies that have the most significant effect on the amounts recognized in the financial statements:

Functional currency

As at September 30, 2020, the functional currency of the Playgon and its subsidiaries is the Canadian dollar ("CAD") with the exception of Bitrate which has a functional currency of the United States dollar ("USD"). In determining the functional currency, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

PLAYGON GAMES INC.

(Formerly Global Daily Fantasy Sports Inc.)

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020

(Unaudited - expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates (continued)

Financial instruments

The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

Income taxes

In assessing the probability of future taxable income in which deferred tax assets can be utilized, management makes estimates of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Valuation of share-based compensation and investment in warrants

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation and other equity based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Economic recoverability and probability of future economic benefits of intangible assets and amortization

Management has determined that intangible asset costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including anticipated cash flows and estimated economic life. The amortization expense related to intangible assets is determined using estimates relating to the useful life of the intangible asset.

Valuation of right-of-use asset and lease liabilities

The application of IFRS 16 requires the Company to make judgements that affect the valuation of the right-of-use assets and the valuation of lease liabilities. These including assessing lease agreements to determine the contract term and interest rate used for discounting of future cash flows.

The lease term determined by the Company is comprised of the non-cancellable period of lease agreements, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

The present value of the lease payment is determined using a discount rate representing the rate of a commercial mortgage rate, observed in the period when the lease agreement commences or is modified.

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of Playgon and its subsidiaries is the CAD with the exception of Bitrate which has a functional currency of the USD. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

PLAYGON GAMES INC.

(Formerly Global Daily Fantasy Sports Inc.)

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020

(Unaudited - expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation (continued)

Transactions in currencies other than CAD are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities in foreign currencies are translated at historical rates. Revenues and expenses are translated at the average exchange rates approximating those in effect during the reporting period.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's USD operations are translated into CAD at the exchange rate at the reporting date. The income and expenses are translated using average rate. Foreign currency differences that arise on translation for consolidation purposes are recognized in other comprehensive loss.

Property and equipment

Property and equipment is stated at historical cost less accumulated amortization and accumulated impairment losses.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Amortization is charged to earnings over the estimated useful lives using the declining balance method or straight-line basis as follows:

Computer equipment	55%
Computer software	100%
Furniture and equipment	20%
Other equipment	20%
Leasehold improvements	5 yrs

In the year of acquisition, amortization is charged at one-half the above rates.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Intangible asset

Intangible assets acquired in business combinations and pursuant to asset purchases are recorded at their fair values. Intangible assets consists of licenses and costs incurred to develop software platforms and internet websites and mobile phone applications to promote, advertise and earn revenue with respect to the Company's business operations.

Development expenditures, including the cost of material, direct labour, and other direct costs are recognized as an intangible asset when the following recognition requirements are met:

- the development costs can be measured reliably;
- the project is technically and commercially feasible;
- the Company intends to and has sufficient resources to complete the project;
- the Company has the ability to use or sell the asset, and
- the asset will generate probable future economic benefits.

PLAYGON GAMES INC.

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Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020

(Unaudited - expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible asset (continued)

Intangible assets being developed are amortized once development is complete and the asset starts to generate income.

The Company's intangible asset has a finite life and is being amortized using the straight-line method over 5 years. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Government grants

The Company claims investment tax credits as a result of research and development. Investment tax credits are recognized against the related asset when they have been realized.

Accounting pronouncements not yet adopted

A number of amendments to standards and interpretations applicable to the Company are not yet effective for the nine months ended September 30, 2020 and have not been applied in preparing these condensed interim consolidated financial statements nor does the Company expect these amendments to have a significant effect on its financial statements.

3. ACQUISITION

On June 19, 2020, the Company acquired 16,850,447 (100%) common shares of Playgon Interactive through the issuance of 63,333,333 common shares of the Company at \$0.15 per common share for a total value of \$9,500,000. The acquisition has been treated as an acquisition of an intangible asset.

The assets and liabilities of Playgon Interactive and its subsidiaries on acquisition were as follows:

	\$
Cash	30,206
Amounts receivable	7,482
Sales tax receivable	50,952
Prepays	836
Security deposit	91,205
Property and equipment	631,816
Intangible assets	399,923
Right-of-use asset	186,459
Accounts payable and accrued liabilities	(1,125,107)
Loans payable	(560,000)
Long-term debt	(1,280,775)
Lease liability	(204,332)
Net liabilities	(1,771,335)

The total consideration for the acquisition was as follows:

	\$
Value of common shares issued	9,500,000
Net liabilities acquired	1,771,335
Total consideration	11,271,335

The total consideration for the acquisition of Playgon Interactive and its subsidiaries has been added to intangible assets (Note 6).

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Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020

(Unaudited - expressed in Canadian Dollars)

4. OTHER ASSETS

In October 2018 the Company's bank in Malta, Satabank, was directed by the Malta Financial Services Authority (MFSA) to refrain, cease and desist from taking further deposits into the accounts of its current customers. The MFSA also asked Ernst & Young, to take charge of the bank's assets for the purpose of safeguarding the interests of depositors and to assume control of the bank's business. The Company has 46,047 euro (CAD\$71,977) (December 31, 2019 - 46,489 euro (CAD\$67,865)) in a bank account (2019 – two bank accounts) at Satabank and is in the process of transferring these funds to a new bank in Malta. As the funds are not currently available, the cash amount has been categorized as "Other assets" in the condensed interim statement of financial position. Dialogue with Satabank is ongoing and the Company anticipates release in full of these funds in 2020.

5. PROPERTY AND EQUIPMENT

	Computers	Computer Software	Furniture and Equipment	Other Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$	\$	\$
Cost:						
At December 31, 2018	-	-	24,854	-	-	24,854
Disposals	-	-	(16,202)	-	-	(16,202)
At December 31, 2019	-	-	8,652	-	-	8,652
Acquired on acquisition (Note 3)	14,619	4,494	336,117	86,714	189,872	631,816
Additions	18,421	-	-	50,103	-	68,524
Disposals	-	-	(8,652)	-	-	(8,652)
Net exchange differences	(69)	-	(5,624)	(1,516)	(3,466)	(10,675)
At September 30, 2020	32,971	4,494	330,493	135,301	186,406	689,665
Amortization:						
At December 31, 2018	-	-	11,231	-	-	11,231
Additions	-	-	2,016	-	-	2,016
Disposals	-	-	(5,748)	-	-	(5,748)
At December 31, 2019	-	-	7,499	-	-	7,499
Additions	2,912	66	18,904	4,838	54,698	81,418
Disposals	-	-	(7,643)	-	-	(7,643)
Net exchange differences	(2)	-	(17)	(4)	(56)	(79)
At September 30, 2020	2,910	66	18,743	4,834	54,642	81,195
Net book value:						
At December 31, 2019	-	-	1,153	-	-	1,153
At September 30, 2020	30,061	4,428	311,750	130,467	131,764	608,470

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Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020

(Unaudited - expressed in Canadian Dollars)

6. INTANGIBLE ASSETS

	Licenses	Gaming Platform	Total
	\$	\$	\$
Cost:			
At December 31, 2018 and 2019	-	-	-
Acquired on acquisition (Note 3)	-	11,671,258	11,671,258
At September 30, 2020	-	11,671,258	11,651,278
Amortization:			
At December 31, 2018 and 2019	-	-	-
Additions	-	737,488	737,488
At September 30, 2020	-	737,488	737,488
Net book value:			
At December 31, 2019	-	-	-
At September 30, 2020	-	10,933,770	10,933,770

Licenses

The Company has grouped the following intangible assets into one cash generating unit ("CGU") for the purposes of impairment testing.

- a) On May 12, 2016, the Company entered into an agreement (the "Bellwether Agreement") with Bellwether Technologies, Inc. ("Bellwether"), a privately owned Nevada corporation, pursuant to which Bellwether granted the Company a perpetual license for a software platform license (the "Bellwether Platform License"), agreed to develop a proprietary software system (the "DFS Product") and agreed to provide maintenance and support of the Bellwether Platform License and DFS Product (the "Bellwether Support") for a two year period until May 2018.

In consideration for the Bellwether Platform License, the Company agreed to pay Bellwether a one-time license fee of US\$400,000, of which US\$150,000 (\$194,685) was paid on May 26, 2016 and US\$250,000 was due upon the completion and sign-off by the Company of the Phase III - Beta Testing of the DFS Product and receipt of all documentation of the DFS Product and Bellwether Platform License, this was paid in January 2018. As at December 31, 2019, the Company has paid Bellwether development fees totaling \$2,147,972 in connection with the development of the DFS Product. The Company has paid Bellwether \$490,998 for the 24 month period to December 31, 2019, for software support and maintenance.

This license was fully impaired during the year ended December 31, 2018.

PLAYGON GAMES INC.

(Formerly Global Daily Fantasy Sports Inc.)

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020

(Unaudited - expressed in Canadian Dollars)

6. INTANGIBLE ASSETS (continued)

Licenses (continued)

- b) On May 31, 2016, the Company entered into an agreement (the "NYX Agreement") with NYX Digital Gaming (USA), LLC ("NYX"), a wholly-owned subsidiary of NYX Gaming Group Limited, (NYX Gaming Group Limited which in turn was purchased by Scientific Games Corporation (NASDAQ: SGMS) ("SGC") in January 2018. Scientific Games a global leader in technology-based gaming systems, table games, table products and instant games, and a leader in products, services and content for gaming, lottery and interactive gaming markets), established a strategic relationship with NYX to develop and distribute the DFS Product on NYX's proprietary suite of software files (the "OGS Platform") to NYX clients. As part of the strategic relationship the Company and NYX will co-operate in the development of DFS Product and NYX granted the Company an exclusive, irrevocable, non-transferable (except to an affiliate or a third party non-competitor of NYX) worldwide right to distribute the DFS Product on the OGS network (the "Network Distribution Rights") and an exclusive, irrevocable, non sub-licensable and non-transferable (except to an affiliate or a third party non-competitor of NYX) worldwide licence to use and exploit the OGS Platform and to use, display, install, copy and create derivative works or otherwise exploit, the OGS Platform in connection with the distribution of the DFS Product on the OGS network (the "OGS Licence"). NYX also agreed to offer and promote the DFS Product to its current and future customer base as its sole daily fantasy sports solution and to use its sales and marketing teams to maximize commercial exploitation of the DFS Product throughout the OGS network.

In consideration for the Network Distribution Rights and the OGS Licence, the Company paid NYX \$159,488 (US\$125,000) on April 12, 2016 and, on August 5, 2016, made a further payment of \$163,175 (US\$125,000).

The Company must also make a payment of US\$250,000 to NYX upon the commercial launch of the DFS Product on the OGS Platform and the OGS network (the "Commercial Launch"). In addition, the Company will pay to NYX a monthly royalty (the "DFS Royalty"), comprising the greater of 30% net gaming revenue earned from the use of the OGS Platform and OGS network to distribute the DFS Product or minimum royalty of US\$5,000 per month for the first 24 months, and US\$10,000 thereafter.

The Company's obligation to remit the applicable DFS Royalty will begin 30 days after the Commercial Launch. The term of the NYX Agreement is five years from the Commercial Launch, which initial term may be renewed by the Company on written notice to NYX for an additional five year period. The development work for the integration of the DFS product into the OGS Platform and OGS network has not been fully completed as the Company has not yet signed with a NYX customer.

This license was fully impaired during the year ended December 31, 2018.

PLAYGON GAMES INC.

(Formerly Global Daily Fantasy Sports Inc.)

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020

(Unaudited - expressed in Canadian Dollars)

6. INTANGIBLE ASSETS (continued)

Licenses (continued)

- c) On May 26, 2017 the Company announced that, effective May 11, 2017, the Company entered into an asset purchase agreement (the "Mondogoal Purchase") with Mondogoal whereby the Company purchased Mondogoal's operating assets consisting of intellectual property, trademarks and client contracts (the "Mondogoal Purchased Assets") for the Company's DFS B2B operations to be conducted in Italy. The purchase price paid for the Mondogoal Purchased Assets was US\$247,500 plus certain unpaid liabilities of Mondogoal related to the assets. In addition, the Company agreed to pay Mondogoal an amount equal to the value of the net gaming revenues derived from the Mondogoal Purchased Assets during each of the first three anniversary periods, to be payable in common shares of the Company that are priced in the context of the market (the "Earn-out Shares") to a maximum of US\$300,000 and subject to TSXV approval. As of September 30, 2020, no Earn-out Shares have been issued.

Mondogoal has ceased operations and has failed to perform its obligations under the Mondogoal Purchase. The Company believes it has no further obligations owing under the Mondogoal Purchase and has the right to certain damages under the Mondogoal Purchase. The Company has no customers using Mondogoal's operating assets it acquired as three of Mondogoal's Italian operators were not renewed on July 31, 2019.

This license was fully impaired during the year ended December 31, 2018.

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use asset

	Office Lease
	\$
Cost:	
At December 31, 2019	-
Acquired on acquisition (Note 3)	186,459
Net exchange difference	(3,403)
At September 30, 2020	183,056
Depreciation:	
At December 31, 2019	-
Additions	34,277
Net exchange differences	46
At September 30, 2020	34,323
Net book value:	
At December 31, 2019	-
At September 30, 2020	148,733

Depreciation of right-of-use assets is calculated using the straight-line method over the remaining lease term.

PLAYGON GAMES INC.

(Formerly Global Daily Fantasy Sports Inc.)

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020

(Unaudited - expressed in Canadian Dollars)

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)**Lease liability**

	September 30, 2020
	\$
Balance, beginning of period	-
Acquired on acquisition (Note 3)	204,332
Lease payments	(38,932)
Interest expense	3,301
Net exchange difference	(3,777)
	164,924
Less: current portion of lease liability	(151,486)
Non-current portion of lease liability	13,438

The remaining minimum future lease payments, excluding estimated operating costs, for the term of the lease including assumed renewal periods are as follows:

October 1, 2020 to December 31, 2020	\$39,367 (US\$29,513)
January 1, 2021 to December 31, 2021	\$132,404 (US\$99,261)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2020	December 31, 2019
	\$	\$
Accounts payable	2,148,592	979,246
Accrued liabilities	44,340	37,670
Payroll taxes payable	115,097	88,461
Accrued interest payable (Note 9)	46,465	-
	2,354,494	1,105,377

9. LOANS PAYABLE

	Third Party Loans
	\$
Balance, December 31, 2018	-
Advance	300,000
Balance, December 31, 2019	300,000
Advance	199,750
Acquired on acquisition (Note 3)	560,000
Repayment - cash	(310,000)
Balance, September 30, 2020	749,750

PLAYGON GAMES INC.

(Formerly Global Daily Fantasy Sports Inc.)

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020

(Unaudited - expressed in Canadian Dollars)

9. LOANS PAYABLE (continued)

Third party loans

As at September 30, 2020, the Company owes various third party lenders \$749,750. The loans are secured by assets of the Company with due dates ranging from demand loans to periods of one year and interest rates ranging from 0% to 12% per annum. As at September 30, 2020, the amount outstanding was due on demand and incurred interest of 12% per annum. Interest of \$29,105 (December 31, 2019 - \$Nil) remains outstanding and is included in accounts payable and accrued liabilities.

10. LONG-TERM DEBT

	Third Party Loans	CEBA	Total
	\$	\$	\$
Balance, December 31, 2018 and 2019	-	-	-
Advance	-	50,000	50,000
Acquired on acquisition (Note 3)	1,250,775	30,000	1,280,775
Repayment – cash	-	(30,000)	(30,000)
Foreign exchange adjustment	(20,390)	-	(20,390)
Balance, September 30, 2020	1,230,385	50,000	1,280,385

Third party loans

As at September 30, 2020 the Company has \$133,660 and US\$822,194 (CAD -\$1,096,725) owing to various third party lenders. The loans are secured by assets of the Company and bear interest at 5% per annum. The loan repayment schedule is based on an amount equal to 25% of the free cash flow of the Company, that is cash flow generated by operations after deducting all expenditures (“Available Cash Flow”). As at September 30, 2020, the Company does not expect to have Available Cash Flow, over the next twelve months, for the purposes of debt repayments and has recorded the debt as a long-term liability. The Company evaluates the likelihood of having Available Cash Flow for debt repayments on a quarterly basis. Interest of \$17,360 (December 31, 2019 - \$Nil) remains outstanding and is included in accounts payable and accrued liabilities

Canada Emergency Business Account (“CEBA”)

As at September 30, 2020, the Company owes the Government of Canada \$50,000 in relation to two loans received under the Canada Emergency Business Account (“CEBA”) program. The CEBA loans are interest free and mature December 31, 2022. Should the Company repay the balance of the loans before the maturity date, 25% of the loan will be forgiven.

During the nine months ended September 30, 2020, the Company received \$80,000 in CEBA loans of which \$30,000 has been repaid.

PLAYGON GAMES INC.

(Formerly Global Daily Fantasy Sports Inc.)

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020

(Unaudited - expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

Issued share capital

During the nine months ended September 30, 2020:

- the Company issued 63,333,333 common shares at \$0.15 per common share for a total value of \$9,500,000 for the acquisition of Playgon Interactive (Note 3). Pursuant to the terms of the Playgon Acquisition 4,608,891 Common Shares (the "Indemnity Escrow Consideration Shares"), were placed in escrow to satisfy any indemnity claims. Subject to the satisfaction of any agreed claims under the purchase agreement, 50% of the Indemnity Escrow Consideration Shares will be released to certain selling shareholders on the one-year anniversary of the closing date of the Playgon Acquisition and the balance will be released on the 18-month anniversary of the closing date of the Playgon Acquisition. In addition, 41,480,009 common shares of the Company (the "Release Escrow Consideration Shares") will be subject to resale restrictions, such that 12.5% of the Release Escrow Consideration Shares shall be released for sale on a quarterly basis following the initial six-month anniversary of the closing date of the Playgon Acquisition. If the aggregate of indemnity claims exceeds the number of Indemnity Escrow Consideration Shares multiplied by \$0.15 per share, the Release Escrow Consideration Shares shall also be subject to recovery by the Company to a maximum indemnity cap of \$5,000,000.
- the Company completed a brokered private placement of 38,331,588 units at a price of \$0.15 per unit for gross proceeds of \$5,749,738 ("June 2020 PP"). Each unit consists of one common share and one common share purchase warrant exercisable for an 18 month period at an exercise price of \$0.215 per warrant. The Company fair valued the warrants at \$nil, using the residual value method. In connection with this private placement, the Company incurred agent fees of \$364,656, agents expenses of \$119,033, filing fees of \$72,249, legal fees of \$271,562, issued 96,960 common shares valued at \$20,362 to the agent, and issued 1,171,866 agent warrants at a value of \$131,666 with each agent warrant being exercisable for an 18 month period at an exercise price of \$0.15 per warrant.

During the year ended December 31, 2019:

- the Company completed a first tranche of a non-brokered private placement of 11,600,000 units at a price of \$0.10 per unit for gross proceeds of \$1,159,985. Each unit consisted of one common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles, subject to accelerated vesting in certain circumstances, the holder to purchase an additional common share of the Company at an exercise price of \$0.20 per until April 4, 2020. In addition, the Company completed a second tranche of a non-brokered private placement of 3,400,000 units at a price of \$0.10 per unit for gross proceeds of \$340,000. Each unit consisted of one common share of the Company and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase an additional common share of the Company at an exercise price of \$0.20 per until July 17, 2020.

Share options

The Company has established a rolling share option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts in accordance with the policies of the TSXV. The vesting provisions are determined by the Board of Directors and, unless otherwise stated, fully vest when granted.

PLAYGON GAMES INC.

(Formerly Global Daily Fantasy Sports Inc.)

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020

(Unaudited - expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (continued)

During the nine months ended September 30, 2020, the Company granted 11,475,000 share options to various directors, consultants, and employees of the Company with a total fair value of \$2,915,790. Of the options granted, 2,600,002 vested on grant date, 3,558,338 vest on the first anniversary of the grant, 3,791,668 vest on the second anniversary of the grant, and 1,191,659 vest on the third anniversary of the grant and 333,333 on the fourth anniversary of the grant. During the nine months ended September 30, 2020, the Company recorded share-based compensation of \$953,354 in relation to these options.

No options were granted during the year ended December 31, 2019.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide a reliable measure of the fair value of the Company's share options.

The following weighted average assumptions were used in the Black-Scholes option-pricing model for the valuation of the share options granted:

	September 30, 2020	December 31, 2020
Risk-free interest rate	0.36%	-
Dividend yield	Nil	Nil
Expected life	5.13 years	-
Volatility	132.45%	-
Weighted average fair value per options	0.25	-

Share option transactions are summarized as follows:

	Number of Share Options	Weighted Average Exercise Price
		\$
Balance, December 31, 2018	2,825,000	0.45
Forfeited	(533,337)	0.42
Balance, December 31, 2019	2,291,663	0.45
Granted	11,475,000	0.30
Expired	(691,663)	0.48
Balance, September 30, 2020	13,075,000	0.31

PLAYGON GAMES INC.

(Formerly Global Daily Fantasy Sports Inc.)

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020

(Unaudited - expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (continued)

A summary of the share options outstanding and exercisable at September 30, 2020 is as follows:

Number of Share Options Outstanding	Number of Share Options Exercisable	Exercise Price	Expiry Date
		\$	
1,400,000	1,400,000	0.48	September 12, 2022
200,000	266,664	0.48	August 23, 2023
9,375,000	2,600,002	0.28	June 30, 2025
100,000	-	0.39	August 12, 2025
2,000,000	-	0.37	September 15, 2025
13,075,000	4,266,666		

The weighted average life of share options outstanding at September 30, 2020 was 4.60 years.

Warrants

During the nine months ended September 30, 2020, the Company issued the following warrants:

- In connection with the June 2020 PP, 38,331,558 warrants with an exercise price of \$0.215 per warrant plus 1,171,866 agent warrants with an exercise price of \$0.15 per warrant issued as finders' fees with a total value of \$131,666.

The following weighted average assumptions were used in the Black-Scholes option-pricing model for the valuation of the agent warrants issued:

	September 30, 2020	December 31, 2020
Risk-free interest rate	0.30%	-
Dividend yield	Nil	Nil
Expected life	1.5 year	-
Volatility	95.19%	-
Weighted average fair value per warrant	0.11	-

Warrant transactions are summarized as follows:

	Number of Share Options	Weighted Average Exercise Price
		\$
Balance, December 31, 2018	4,975,730	0.40
Issued	15,000,000	0.20
Balance, December 31, 2019	19,975,730	0.25
Issued	39,503,424	0.21
Exercised	(3,150,000)	0.20
Expired	(11,850,000)	0.20
Balance, September 30, 2020	44,479,154	0.23

PLAYGON GAMES INC.

(Formerly Global Daily Fantasy Sports Inc.)

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020

(Unaudited - expressed in Canadian Dollars)

11. SHARE CAPITAL AND RESERVES (continued)

Warrants

A summary of the warrants outstanding at September 30, 2020 is as follows:

Number of Warrants Outstanding	Exercise Price	Expiry Date
	\$	
3,117,128	0.40	August 16, 2021
1,858,602	0.40	September 29, 2021
38,331,558	0.215	December 19, 2021
1,171,866	0.15	December 19, 2021
44,479,154		

The weighted average life of warrants outstanding at September 30, 2020 was 1.19 years.

12. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members. Transactions with related parties are made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Amounts receivable at September 30, 2020 includes \$7,482 (December 31, 2019 - \$Nil) receivable from a company related by way of common directors.

Accounts payable and accrued liabilities at September 30, 2020 includes \$880,990 (December 31, 2019 - \$785,536) owing to directors, officers, or to companies controlled by common directors for unpaid fees and expense reimbursements.

Summary of key management personnel compensation:

	For the nine months ended September 30,	
	2020	2019
	\$	\$
Management and directors fees	463,623	264,278
Salaries and benefits	34,091	-
Professional fees	8,500	19,309
Share-based compensation	888,583	-
Share issue costs	71,869	-
	1,466,666	283,587

PLAYGON GAMES INC.

(Formerly Global Daily Fantasy Sports Inc.)

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020

(Unaudited - expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial assets and financial liabilities

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); amortized costs; and fair value through other comprehensive income. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	September 30, 2020	December 31, 2019
		\$	\$
Cash	FVTPL	2,861,727	90,292
Amounts receivable	Amortized costs	7,482	23,508
Sales tax receivable	Amortized costs	169,943	64,929
Other assets	Amortized costs	71,977	67,865
Accounts payable and accrued liabilities	Amortized costs	(2,354,494)	(1,105,377)
Loans payable	FVTPL	(749,750)	(300,000)
Purchase obligation payable	Amortized costs	(37,535)	(35,054)
Lease liability	Amortized costs	(164,924)	-
Long-term debt	Amortized costs	(1,280,385)	-

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for cash, amounts receivable, sales tax receivable, accounts payable and accrued liabilities, loans payable, purchase obligation payable approximate their fair value due to their short-term nature. The Company's fair value of cash and other assets under the fair value hierarchy is measured using Level 1 inputs. The Company's lease liability is measured as the present value of the discounted future cash flows.

PLAYGON GAMES INC.

(Formerly Global Daily Fantasy Sports Inc.)

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020

(Unaudited - expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Risk exposure

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a) **Currency risk**

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's operations are carried out in Canada, the United States, and Malta. As at September 30, 2020, the Company had assets totaling US\$78,370 and liabilities totalling US\$1,550,229. Additionally, the Company had assets totalling EUR\$67,992 and liabilities totalling EUR\$386,757. These factors expose the Company to foreign currency exchange rate risk, which could have an adverse effect on the profitability of the Company. A 10% change in the exchange rate with the USD would change other comprehensive income/loss by approximately CAD\$196,000 while a 10% change in the exchange rate with the EURO would change other comprehensive income/loss by approximately CAD\$50,000. At this time, the Company currently does not have plans to enter into foreign currency future contracts to mitigate this risk, however it may do so in the future.

b) **Credit risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and amounts receivable is remote.

c) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. As at September 30, 2020, the Company had a cash balance of \$2,861,727 to settle current liabilities of \$3,293,265.

d) **Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

e) **Interest rate risk**

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The loans included in loans payable bear interest at rates ranging from 0% to 12% per annum with maturity dates occurring within the next twelve months. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

PLAYGON GAMES INC.

(Formerly Global Daily Fantasy Sports Inc.)

Notes to Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020

(Unaudited - expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

f) Regulatory risk

The Company is exposed to risk due to the regulatory uncertainty of the DFS industry and online gaming activities. The industry is currently unregulated. The Company is unable to predict whether regulations will be introduced in the future and if so, whether they could negatively impact the operations of the Company.

Capital Management

The Company does not have any externally imposed regulatory capital requirements for managing capital. The Company has defined its capital to mean working capital and shareholders equity, as determined at each reporting date.

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, or engage in debt financing.

14. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	For the nine months ended September 30,	
	2020	2019
	\$	\$
Supplemental cash-flow disclosure		
Interest paid	20,869	-
Taxes paid	-	-
Supplemental non-cash disclosures		
Shares issued pursuant to the acquisition (Note 3)	9,500,000	-
Shares issued for share issue costs	20,362	-
Warrants issued for share issue costs	131,666	-

15. COMMITMENTS

The Company must make a payment of US \$250,000 to SGC upon the commercial launch of the DFS Product on the OGS Platform and the OGS Network (Note 6).