

Kings Entertainment Group Inc.

(formerly 1242455 B.C. Ltd.)

Interim Consolidated Financial Statements

Three and Nine months ended September 30, 2022 and 2021

(Unaudited - Presented in United States Dollars)

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MANAGEMENT'S COMMENTS ON UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if any auditor has not performed a review of the 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 Interim Consolidated financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of Interim Consolidated financial statements by an entity's auditor.

Kings Entertainment Group Inc.
(formerly 1242455 B.C. Ltd.)
Interim Consolidated Statements of Financial Position
At at September 30, 2022 and December 31, 2021
(Unaudited - Presented in United States Dollars)

	September 30, 2022	December 31, 2021
Assets		
Current		
Cash	\$ 2,544,105	\$ 7,224,954
Accounts receivable	300,000	-
Due from processors, net (Note 4 and 12(b))	857,675	804,954
Government remittances recoverable	71,098	71,696
Prepaid expenses and other assets	213,658	446,029
Prepaid issue costs	-	722,512
	3,986,536	9,270,145
Non-current		
Property and equipment	3,206	3,081
Deferred income tax assets (Note 10)	7,514	20,387
Due from related parties (Note 6)	426,149	93,282
Other loan receivable	727,170	-
	1,164,039	116,750
	\$ 5,150,575	\$ 9,386,895
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 2,119,464	\$ 2,564,390
Income taxes payable	118,181	108,627
Government remittances payable	26,034	10,045
Deferred revenue	49,646	143,072
Due to related parties (Note 6)	87,990	86,778
	2,401,315	2,912,912
Shareholders' Equity		
Share capital (Note 7)	14,556,184	8,223,957
Share subscriptions received (Note 3)	-	7,075,405
Warrant reserve (Notes 3 and 8)	185,506	185,506
Share-based payments reserve (Note 9)	2,707,337	-
Foreign exchange translation reserve	(1,049,457)	12,652
Deficit	(13,650,310)	(9,023,537)
	2,749,260	6,473,983
	\$ 5,150,575	\$ 9,386,895

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

These interim consolidated financial statements are approved by the Directors:

Steve Budin (signed) _____

Director

Kelvin Lee (signed) _____

Director

Kings Entertainment Group Inc.
(formerly 1242455 B.C. Ltd.)
Interim Consolidated Statements of Income (loss) and Comprehensive Loss
Three and Nine months ended September 30, 2022 and 2021
(Unaudited - Presented in United States Dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Revenue				
Lottery procurement revenue	\$ 539,252	\$ 1,350,498	\$ 1,743,492	\$ 3,785,712
Online casino and scratchcard revenue	684,113	320,226	1,468,255	745,718
Other revenue	18,797	-	30,884	-
	1,242,162	1,670,724	3,242,631	4,531,430
Cost of revenue				
Processing costs (Note 11)	135,103	177,786	372,633	579,365
License fees	30,243	73,798	139,436	166,155
Commissions	207,016	397,401	734,774	1,253,475
	372,362	648,985	1,246,843	1,998,995
Gross profit	869,800	1,021,739	1,995,788	2,532,435
Operating Expenses				
Salaries and benefits (Note 11)	451,763	377,620	1,345,089	1,109,825
Share-based compensation	-	-	2,707,337	-
Marketing expenses	57,183	107,483	442,570	462,249
Expected credit losses (recovery)	(7,847)	(9,288)	(11,909)	8,227
Bank charges and fees	49,189	15,813	129,745	71,700
General and administrative (Note 11)	103,936	13,081	332,750	41,357
IT services	161,080	120,699	487,134	350,215
Interest on lease liabilities	-	51	-	384
Professional fees (Note 11)	1,212,943	124,281	2,392,923	394,546
Vehicles and travel	-	-	11,196	958
Amortization of right-of-use assets	-	853	-	5,408
	2,028,247	750,593	7,836,835	2,444,869
Income (loss) before undernoted items and income taxes	(1,158,447)	271,146	(5,841,047)	87,566
Other income				
Foreign exchange gain	534,092	123,718	1,198,767	341,644
Other income	43,021	-	74,135	-
	577,113	123,718	1,272,902	341,644
Net income (loss) before income taxes	(581,334)	394,864	(4,568,145)	429,210
Income tax expense (recovery) (Note 10)				
Current	(7,792)	32,030	53,155	96,367
Deferred	13,405	3,206	5,473	(5,352)
	5,613	35,236	58,628	91,015
Net income (loss)	\$ (586,947)	\$ 359,628	\$ (4,626,773)	\$ 338,195
Other comprehensive loss				
Item that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	(714,869)	(427,930)	(1,062,109)	(666,070)
Comprehensive loss	\$ (1,301,816)	\$ (68,302)	\$ (5,688,882)	\$ (327,875)

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

Kings Entertainment Group

(formerly 1242455 B.C. Ltd.)

Interim Consolidated Statements of Changes in Shareholders' Equity

Three and Nine months ended September 30, 2022 and 2021

(Unaudited - Presented in United States Dollars)

	Share capital (Notes 3 and 7)	Share subscription received (Note 3)	Share-based payments reserve (Note 9)	Warrant reserve (Notes 3 and 8)	Foreign currency translation reserve	Deficit	Total equity
As at December 31, 2021	\$ 8,223,957	\$ 7,075,405	\$ -	\$ 185,506	\$ 12,652	\$ (9,023,537)	\$ 6,473,983
Net loss	-	-	-	-	-	(4,626,773)	(4,626,773)
Other comprehensive loss	-	-	-	-	(1,062,109)	-	(1,062,109)
Total comprehensive loss	-	-	-	-	(1,062,109)	(4,626,773)	(5,688,882)
Share subscriptions converted	7,075,405	(7,075,405)	-	-	-	-	-
Prepaid issue costs	(743,178)	-	-	-	-	-	(743,178)
Share-based payments	-	-	2,707,337	-	-	-	2,707,337
As at September 30, 2022	\$ 14,556,184	\$ -	\$ 2,707,337	\$ 185,506	\$ (1,049,457)	\$ (13,650,310)	\$ 2,749,260

	Share capital	Share subscription received	Share-based payments reserve	Warrant reserve	Foreign currency translation reserve	Deficit	Total equity
As at December 31, 2020	\$ 881	\$ -	\$ -	\$ -	\$ 407,146	\$ (6,901)	\$ 401,126
Net loss	-	-	-	-	-	338,195	338,195
Other comprehensive income	-	-	-	-	(666,070)	-	(666,070)
Total comprehensive income	-	-	-	-	(666,070)	338,195	(327,875)
As at September 30, 2021	\$ 881	\$ -	\$ -	\$ -	\$ (258,924)	\$ 331,294	\$ 73,251

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

Kings Entertainment Group Inc.
(formerly 1242455 B.C. Ltd.)
Interim Consolidated Statements of Cash Flows
Nine months ended September 30, 2022 and 2021
(Unaudited - Presented in United States Dollars)

	Nine months ended September 30,	
	2022	2021
Operating activities		
Net income (loss)	\$ (4,626,773)	\$ 338,195
Items not affecting cash:		
Deferred income tax recovery	5,473	(5,352)
Amortization of right-of-use assets	-	5,408
Share-based payments (Note 9)	2,707,337	-
	\$ (1,913,963)	\$ 338,251
Change in non-cash working capital:		
(Increase) in accounts receivable	(300,000)	-
(Increase) decrease in due from processors	(52,721)	77,283
Decrease (increase) in government remittances recoverable	598	(11,701)
Decrease (increase) in prepaid expenses and other assets	232,371	(11,715)
(Increase) in due from related parties	(332,867)	-
(Increase) in other loan receivable	(727,170)	-
(Decrease) increase in accounts payable and accrued liabilities	(444,926)	169,817
Increase in income taxes payable	9,554	46,724
Increase in government remittances payable	15,989	888
(Decrease) in deferred revenue	(93,426)	(161,865)
Increase in due to related parties	1,212	(63,662)
Cash flows provided by (used in) operating activities	(3,605,349)	384,020
Financing activity		
Repayment of lease liabilities	-	(6,253)
Cash flows (used in) financing activity	-	(6,253)
Effect of foreign exchange in cash	1,779,861	(610,032)
Net change in cash	(1,825,488)	(232,265)
Cash - beginning of period	4,369,593	425,415
Cash - end of period	\$ 2,544,105	\$ 193,150
Supplemental cash flow information		
Cash paid during the period for:		
Interest	\$ -	\$ 384

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Kings Entertainment Group Inc.
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Notes to the Interim Consolidated Financial Statements
Three and Nine months ended September 30, 2022 and 2021
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1. Nature of business

Kings Entertainment Group Inc. (formerly 1242455 B.C. Ltd.) ("Kings" or the "Corporation") was incorporated on February 27, 2020 under the laws of the Province of British Columbia, Canada by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia). The head office and registered and records office of the Corporation is located at Suite 1500 - 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7.

On February 24, 2021, Kings entered into a Share Purchase Agreement which later amended on November 22, 2021 (the "Share Purchase Agreement"), with Legacy Eight Ltd. ("Legacy"), the primary shareholder of each of Legacy Eight Curacao N.V. ("Legacy Eight Curacao"), Azteca Messenger Services S.A. de C.V. ("Azteca"), and Phoenix Digital Services Ltd. ("Phoenix"), collectively known as Lottokings Group, pursuant to which the Corporation agreed to acquire all of the issued and outstanding shares in the capital of Legacy Eight Curacao, Azteca, and Phoenix, in exchange for its common shares. The transaction was accounted for as a reverse takeover ("RTO"). On December 30, 2021, following the closing of the Share Purchase Agreement, the Lottokings Group became a wholly owned subsidiary of Kings.

For accounting purposes, the Lottokings Group was identified as the acquirer and the resulting interim consolidated financial statements are presented as a continuance of the Lottokings Group and the comparative figures presented in the interim consolidated financial statements prior to the RTO are those of the Lottokings Group.

2. Significant accounting policies

(a) Statement of compliance

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and using the accounting policies described herein. These interim consolidated financial statements were authorized for issuance by Kings Entertainment Group's Directors on November 28, 2022.

(b) Basis of consolidation

These interim consolidated financial statements include the accounts of Kings and the following entities:

- (i) Legacy Eight Curacao N.V. ("L8 Curacao"), a corporation incorporated in Curacao, owned 100% by Kings. L8 Curacao also has two wholly owned subsidiaries, Legacy Eight Malta Ltd. ("L8 Malta") and Bulleg Eight Limited ("Bulleg"), incorporated in Malta and Cyprus, respectively.
- (ii) Azteca Messenger Services S.A. de C.V. ("AZT"), a corporation incorporated in Mexico, owned 99.82% by Kings;
- (iii) Phoenix Digital Services Ltd. ("PDS"), a corporation incorporated in the United Kingdom ("UK"), owned 100% by Kings. Litermi S.A. ("Litermi"), a wholly owned subsidiary of PDS, is incorporated in Uruguay and its financial position and operating results are also included in these interim consolidated financial statements.

All intercompany transactions and balances have been eliminated in these interim consolidated financial statements. These interim consolidated financial statements include the accounts of the Corporation and entities it controls. An entity is controlled when the Corporation has the ability to direct the relevant activities of the entity, has exposure or rights to variable returns from its involvement with the entity and is able to use its power over the entity to affect its returns from the entity.

(c) Basis of measurement

These interim consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments that are measured at fair value, as detailed in the Corporation's accounting policies.

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2. Significant accounting policies (continued)

(d) Common control transactions

IFRS 3, Business Combinations does not include specific measurement guidance for transfers of businesses or subsidiaries between entities under common control. Accordingly, the Corporation has developed a policy to account for such transactions taking into consideration other guidance in the IFRS framework and pronouncements of other standard-setting bodies. The Company's policy is to record assets and liabilities recognized as a result of transactions between entities under common control at the carrying amount on the transferor's financial statements, and to have the consolidated statements of financial position, consolidated statements of loss and comprehensive loss and statements of cash flows reflect the results of combining entities for all periods presented for which the entities were under the transferor's common control, irrespective of when the combination takes place.

(e) Functional and presentation currency

These interim consolidated financial statements are presented in United States Dollars ("USD"), which is L8 Curacao's functional currency, as the majority of the financial and operating results included in these interim consolidated financial statements are arising from L8 Curacao. Functional currency of other entities within the group is as follows:

Kings Entertainment Group Inc.	Canadian Dollar ("CAD")
Legacy Eight Malta Ltd.	Euro ("EUR")
Bulleg Eight Limited	Euro ("EUR")
Azteca Messenger Services S.A. de C.V.	Mexican Peso ("MXN")
Phoenix Digital Services Ltd.	Great Britain Pound ("GBP")
Litermi S.A.	Uruguayan Peso ("UYU")

(f) Use of estimates and judgments

The preparation of these interim consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, revenues and expenses during the reporting period, and the disclosure of contingent assets and liabilities at the date of the interim consolidated financial statements. In the process of applying the Corporation's accounting policies, management has made the following significant estimates and judgments, which have the most significant impact on the amounts recognized in the interim consolidated financial statements:

(i) Impairment of financial assets

The Corporation measures impairment losses on financial assets that are subsequently measured at amortized cost. Impairment losses are measured based on the expected credit loss ("ECL") model in accordance with IFRS 9, Financial Instruments. The twelve-month or lifetime expected default rates are estimated by management in calculating the expected credit losses.

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2. Significant accounting policies (continued)

(f) Use of estimates and judgments (continued)

(ii) Revenue recognition

Under IFRS 15, Revenue from contracts with customers, management is required to determine when the control of services or goods are transferred to customers and estimate the variable considerations included in the contracts. Management exercises judgment in determining the point in time control of services or goods are transferred and applies estimates based on information available at each reporting date in determining the amount of variable consideration. Management also applied judgment in determining whether the Corporation acts as principal or agent in its revenue contracts with customers by assessing if the Corporation controls the good or service to be transferred to the customer. See Note 2(g).

(iii) Common control transactions

IFRS 3, Business Combinations does not include specific measurement guidance for transfers of businesses or subsidiaries between entities under common control. Accordingly, management has applied judgment to develop a policy to account for such transactions taking into consideration other guidance in the IFRS framework and pronouncements of other standard-setting bodies as described in Note 2(d).

(iv) Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid or recovered based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of each reporting period. However, it is possible that at some future date, an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

(v) Determination of functional currencies

When assessing the functional currency for each consolidated entity, management applied judgment in selecting the relevant factors in concluding the appropriate functional currency.

(g) Revenue recognition

The Corporation generates lottery procurement revenue from two streams: the Messenger stream where the Corporation acts as agent in the transaction and procures lottery tickets on behalf of customers; and the Syndication stream where the customers enter into a betting pool to bet at the winning combination of lotteries. Under the Syndication stream, the physical lottery tickets are not purchased.

Under the Messenger Stream, the Corporation recognizes revenue at an amount net of lottery procurement costs and applicable agency fees. The Corporation is considered an agent under this stream of revenue. Revenue is recognized when the physical lottery ticket is purchased and the control of the lottery ticket is transferred to customers simultaneously.

Revenue under the Syndication stream is recognized when control of the services are transferred to the customers. The control of the services are transferred to the customers when the customers have accepted the terms and conditions of the play and entered into the betting pool after payment is made. The revenue is recognized at an amount equal to the transaction price, net of insurance costs and prizes payable, if any.

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2. Significant accounting policies (continued)

(g) Revenue recognition (continued)

Refunds might be granted to customers from time to time for revenue from lottery procurement. Once a refund request is initiated by a customer, the Corporation will investigate the case and the refund might be approved after such investigation. Liabilities for refund are accrued at each reporting date and netted against due from processors balance on the interim consolidated statements of financial position. Refund liabilities are estimated based on a trending historical rate of return as a percentage of revenue; such rate is updated at each reporting date to reflect information available at that point in time.

Casino and scratchcard revenue is recognized at an amount net of the prizes, which are won instantly by customers after the "Play" or an equivalent button is clicked. The revenue is recognized when such button is clicked by customers, which is considered to be the point in time of which performance obligation is met.

For all of the above revenue streams, payment by customers is made at the point of revenue recognition, and such payments are expected to be collected from various payment processors subsequently. Consideration received in advance of satisfaction of performance obligations is recognized as deferred revenue on the interim consolidated statements of financial position.

The Corporation also incurs commissions and marketing expenses in obtaining contracts with customers, such incremental costs are recognized in the interim consolidated statements of loss and comprehensive loss when incurred, as the amortization periods of the costs are less than 12 months.

(h) Income taxes

Current tax assets and/or liabilities comprise those claims from, or obligations to the taxation authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the interim consolidated financial statements. The calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Corporation has a right and intention to offset current tax assets and liabilities from the same taxation authority. Changes in deferred tax assets or liabilities are recognized as a component of the income tax provision (recovery) in profit or loss, except for income tax related to the components of other comprehensive loss or equity, in which case the tax expense is recognized in other comprehensive loss or equity, respectively.

(i) Foreign currency translations

Foreign currency transactions are translated into an entity's functional currency at exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into functional currencies at the exchange rate in effect at the interim consolidated statements of financial position dates. Foreign exchange gains and losses are included in the interim consolidated statements of loss and comprehensive loss.

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2. Significant accounting policies (continued)

(i) Foreign currency translations (continued)

The assets and liabilities of individual entities with functional currency other than USD are translated into USD at exchange rates on the date of the interim consolidated statements of financial position. Income and expenses, and cash flows of foreign operations are translated into USD using average exchange rates. Exchange differences resulting from translating foreign operations are recognized in foreign currency translation reserve and accumulated in equity.

(j) Financial instruments

The Corporation aggregates its financial instruments into classes based on their nature and characteristics. Management determines the classification when the instruments are initially recognized. On initial recognition financial assets are classified as fair value through profit or loss ("FVTPL"), amortized cost, or fair value through other comprehensive income. All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or amortized cost.

The Corporation's accounting policy for each class is as follows:

(i) Fair value through profit or loss

Financial instruments classified as measured at fair value through profit or loss are reported at fair value at each reporting date, and any change in fair value is recognized in the interim consolidated statement of loss and comprehensive loss in the period during which the change occurs. In these interim consolidated financial statements, cash has been classified as a financial asset subsequently measured at fair value through profit or loss.

(ii) Amortized cost

This category includes financial assets that are held within a business model with the objective of holding the financial assets in order to collect contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. Unless they meet certain exceptions, all financial liabilities are classified as subsequently measured at amortized cost.

Financial instruments classified in this category are measured at amortized cost using the effective interest method. Transaction costs are included in the amount initially recognized. In these interim consolidated financial statements, amounts due from processors, amounts due from related parties, accounts payable and accrued liabilities and amounts due to related parties have been classified as financial instruments measured at amortized cost.

(iii) Fair value through other comprehensive income

Financial instruments classified and measured at fair value through other comprehensive income are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

(iv) Impairment of financial assets

For financial assets measured at amortized cost, the Corporation recognizes loss allowances for ECLs. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all cash flows that the Corporation expects to receive, discounted at an approximation of the original effective interest rate. ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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2. Significant accounting policies (continued)

(j) Financial instruments (continued)

(iv) Impairment of financial assets (continued)

The Corporation applies the simplified approach in calculating ECLs for amounts due from processors. Under the simplified approach, the Corporation recognizes a loss allowance based on lifetime ECLs at each reporting date and does not track changes in credit risk for amounts due from processors.

(v) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the interim consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(vi) Fair value hierarchy

All financial instruments measured at fair value after initial recognition are categorized into one of three hierarchy levels for disclosure purposes. Each level reflects the significance of the inputs used in making the fair value measurements.

- Level 1: Fair value is determined by reference to quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Valuations use inputs based on observable market data, either directly or indirectly, other than the quoted prices.
- Level 3: Valuations are based on inputs that are not based on observable market data.

The Company's cash is measured at fair value in accordance with level 1 of the fair value hierarchy. Following is the summary of financial instruments, not measured at fair value, as at September 30, 2022 and December 31, 2021 for which fair value is disclosed:

	Financial assets at amortized cost	Financial liabilities at amortized cost	Total
September 30, 2022			
<i>Financial assets:</i>			
Accounts receivable	\$ 300,000	\$ -	\$ 300,000
Due from processors	857,675	-	857,675
Other loan receivable	727,170	-	727,170
Due from related parties	426,149	-	426,149
Balance at September 30, 2022	2,310,994	-	2,310,994
<i>Financial liabilities:</i>			
Accounts payable and accrued liabilities	-	2,119,464	2,119,464
Due to related parties	-	87,990	87,990
Balance at September 30, 2022	\$ -	\$ 2,207,454	\$ 2,207,454
December 31, 2021			
<i>Financial assets:</i>			
Due from processors	\$ 804,954	\$ -	\$ 804,954
Due from related parties	93,282	-	93,282
Balance at December 31, 2021	898,236	-	898,236
<i>Financial liabilities:</i>			
Accounts payable and accrued liabilities	-	2,564,390	2,564,390
Due to related parties	-	86,778	86,778
Balance at December 31, 2021	\$ -	\$ 2,651,168	\$ 2,651,168

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2. Significant accounting policies (continued)

(j) Financial instruments (continued)

The carrying values of the Corporation's accounts receivable, due from processors, accounts payable and accrued liabilities and due to related parties approximate their fair value as at September 30, 2022 due to their short-term nature. The carrying value of balance due from related parties approximate fair value as at September 30, 2022 as the Corporation has an intention to net settle these balances with future amounts due to the related parties.

(k) Share-based payments

The Corporation has granted stock options to buy common shares of the Corporation to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee. The fair value of stock options has been measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital. When vested options are forfeited or are not exercised at the expiry date, the amount previously recognized is transferred to deficit.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payments. Otherwise, share-based payments are measured at the fair value of goods or services received.

(l) Provisions and contingent liabilities

In accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, a provision is recognized to cover probable outflows of resources that can be estimated and that result from present obligations resulting from past events. In the case where a potential obligation resulting from past events exists, but where occurrence of the outflow of resources is not probable or the estimate is not reliable, these contingent liabilities are disclosed. The provisions are measured based on management's best estimates of the outcome on the basis of facts known at the reporting date.

(m) Future accounting pronouncements

The Corporation has evaluated the impact of future accounting pronouncements and does not expect them to have a material impact on its interim consolidated financial statements.

3. Reverse takeover transaction

Prior to the RTO, Legacy Eight Curacao N.V., Azteca Messenger Services S.A. de C.V., and Phoenix Digital Services Ltd. were entities under the common control of Legacy Eight Ltd. ("Legacy"). In contemplation of the RTO, these entities entered into a common control transaction whereby the assets and liabilities of each entity were transferred at their carrying amounts into a newly created entity, Lottokings Group. This transaction was accounted for as a common control business combination.

On December 30, 2021, Kings Entertainment Group Inc. entered into a RTO with the Lottokings Group. The transaction has been accounted for as a reverse acquisition transaction in accordance with IFRS 2, Share-based Payments, and IFRS 3, Business Combinations. As the Corporation did not qualify as a business in accordance with the definition of IFRS 3, the transaction did not constitute a business combination and was accounted for as an issuance of common shares by the Lottokings Group for the net assets of the Corporation to obtain its public listing, with the Lottokings Group as the continuing business.

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3. Reverse takeover transaction (continued)

For accounting purposes, the Lottokings Group is treated as the accounting parent (legal subsidiary) and the Corporation as the accounting subsidiary (legal parent). The transaction is recognized as if the Lottokings Group had issued common shares to the existing Kings shareholders in exchange for the net assets acquired. The fair value of the 20,674,500 common shares of Kings was determined to be CAD \$0.50 per common share, as determined by reference to the quoted share price of Kings at the date of the reverse takeover. The fair value of the 1,067,880 warrants was determined at \$185,506 using the Black-Scholes option pricing model using a weighted average exercise price of CAD \$0.50, 113% volatility rate, a 0.23% risk free return and a 2 year term.

The subscription receipts were issued by the Corporation on May 7, 2021 and November 4, 2021, on a brokered private placement basis to purchasers in certain provinces of Canada. The Corporation issued an aggregate of 17,789,000 subscription receipts at an issue price of CAD \$0.50 per subscription receipt. The sale of the subscription receipts were completed prior to the RTO transaction and gross proceeds were deposited in escrow.

The escrowed funds were to be released upon the satisfaction of the Escrow Release Conditions which were:

- (i) the Corporation obtaining final receipt for a prospectus qualifying the distribution of the subscription receipt shares issuable upon conversion of the subscription receipts in Canada;
- (ii) conditional acceptance for the listing of the Common Shares on the CSE;
- (iii) the Corporation having satisfied all conditions in the Agency Agreement and not having committed any material breach of covenants therein; and
- (iv) the Corporation and the Agent having delivered the release notice to the subscription receipt agent in accordance with the Subscription Receipt Agreement.

As these conditions were not met at the date of the RTO transaction, share subscriptions received were classified by Kings as financial liabilities at the date of the RTO and were included in the net assets acquired by Lottokings Group.

Escrow Release Conditions were met subsequent to the RTO and proceeds from share subscriptions were released from escrow during the nine months period ended September 30, 2022.

4. Due from processors

Due from processors consists of the following:

	September 30, 2022	December 31, 2021
Due from processors	\$ 902,717	\$ 1,065,232
Less: chargebacks and reversals	(53,720)	(80,033)
Less: expected credit losses	8,678	(180,245)
	<u>\$ 857,675</u>	<u>\$ 804,954</u>

Chargebacks and reversals payable to processors are netted against amounts due from processors as there is legally enforceable right to settle the amounts with processors on a net basis, and management has the intention to settle the balances on a net basis.

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5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consists of the following:

	September 30, 2022	December 31, 2021
Trade payables	\$ 1,539,980	\$ 2,136,024
Customer claims payable	126,583	72,023
Payroll accrual	125,644	97,919
Accrued expenses	327,257	258,424
	\$ 2,119,464	\$ 2,564,390

6. Due from (to) related parties

Related parties consist of entities under common control. The amounts due from (to) related parties consist of the following:

	September 30, 2022	December 31, 2021
Legacy Eight Group Ltd.	\$ 426,149	\$ 93,282
WestOcean S.A.	(69,591)	(69,591)
Former shareholder of PDS (a)	(18,399)	(17,187)
	\$ 338,159	\$ 6,504

(a) The former shareholder of PDS sold all of his shares in PDS to Legacy Eight Ltd., parent corporation of L8 Curacao in February 2021. The former shareholder of PDS is also the corporate secretary of Legacy Eight Group Ltd., the parent corporation of Legacy Eight Ltd.

The due from (to) related party balances relate to amounts owed for funds provided for working capital needs by the related parties. These balances are non-interest bearing with no fixed term of repayment.

As of September 30, 2022 and December 31, 2021, balances due from related parties and due to related parties have been netted off in the interim consolidated statements of financial position as the parties have an intention to settle on a net basis and an agreement has been established between the related parties that provides a legal enforceable right to offset the recognized amounts.

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6. Due from (to) related parties (continued)

The following table illustrates netting of balances due to and due from related parties:

	Ledonford Limited	Legacy Eight Group Ltd.	R.S. Real World Services Limited	WestOcean S.A.	Former shareholder of PDS	Total
As at September 30, 2022						
Due from related party	\$ 1,213,544	\$ 932,828	\$ 933,726	\$ 9,887,778	\$ -	\$ 12,967,876
Due to related party	-	(104,405)	(38,917)	(12,467,996)	(18,399)	(12,629,717)
Balance offset per Debt Offset Agreement	(1,213,544)	(402,274)	(894,809)	2,510,627	-	-
Net balance	\$ -	\$ 426,149	\$ -	\$ (69,591)	\$ (18,399)	\$ 338,159
As at December 31, 2021						
Due from related party	\$ 1,188,483	\$ 910,620	\$ 905,000	\$ 9,629,262	\$ -	\$ 12,633,365
Due to related party	-	(103,496)	(38,005)	(12,468,173)	(17,187)	(12,626,861)
Balance offset per Debt Offset Agreement	(1,188,483)	(713,842)	(866,995)	2,769,320	-	-
Net balance	\$ -	\$ 93,282	\$ -	\$ (69,591)	\$ (17,187)	\$ 6,504

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7. Share capital

Authorized

Unlimited number of common shares

Issued

	September 30, 2022	December 31, 2021
68,463,500 Common shares	\$ 14,556,184	\$ 8,223,957

The common shares of the Corporation as at September 30, 2022 consists of the 20,674,500 (December 31, 2021 - 20,674,500) common shares of the Corporation issued for cash prior to the RTO and the 30,000,000 (December 31, 2021 - 30,000,000) common shares issued in the RTO transaction.

Following the satisfaction of all escrow release conditions an aggregate of 17,789,000 subscription receipts, originally issued at CAD \$0.50 per subscription receipt, were automatically converted into an aggregate of 17,789,000 common shares. The Corporation incurred costs of \$743,178 that were directly related to the issuance of subscription received and, accordingly, have been recognized as a reduction in share capital upon conversion of subscription receipts to common shares.

8. Warrant reserve

As at September 30, 2022, the Corporation has 1,067,880 (December 31, 2021 - 1,067,880) agent warrants outstanding. The fair value of these warrants was determined at \$185,506 (December 31, 2021 - \$185,506) using the Black-Scholes option pricing model using a weighted average exercise price of CAD \$0.50, 113% volatility rate, 0% forfeiture rate, a dividend yield of nil, a 0.23% risk free return and a 2 year term.

9. Share-based payments reserve

On January 24, 2022, The Corporation granted 10,012,000 stock options to directors, officers, employees and consultants, at an exercise price of CAD \$0.50 and expiry of 5 years from the date of grant. The stock options vested immediately upon grant. The Corporation has recognized \$2,707,337 for share-based payments.

The fair value of the 10,012,000 stock options was estimated using the Black-Scholes option pricing model assuming a weighted average risk free interest rate of 1.63%, a dividend yield of nil, 0% forfeiture rate, a weighted average expected annual volatility of the Corporation's share price of 132% and an expected life of 5 years. The fair value of the stock options was CAD \$0.40 per option. The expected volatility assumption is based on historical volatility over the same period as the expected life of the option using an appropriate level for price observations. The risk-free interest rate is based on the implied yield currently available on zero-coupon government issues denominated in the currency of the market in which the underlying shares primarily trade, over the same period as the expected life of the option.

Kings Entertainment Group Inc.**(formerly 1242455 B.C. Ltd.)****Notes to the Interim Consolidated Financial Statements****Three and Nine months ended September 30, 2022 and 2021****(Unaudited - Presented in United States Dollars)****10. Income taxes**

The reconciliation between the income tax expense at the Canadian statutory income tax rate of 27.0% (2021 - 27.0%) to the income tax expense recorded in the interim consolidated statement of net income (loss) for the three and nine months periods ended September 30, 2022 and 2021 is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Net income (loss) before income taxes	\$ (581,334)	\$ 394,864	\$ (4,568,145)	\$ 429,210
Expected income tax expense (recovery) at the statutory rate	(156,960)	106,613	(1,233,399)	115,887
Foreign tax rate differential	(168,324)	(74,971)	(145,544)	(33,212)
Unrecognized tax benefits	30,798	3,970	63,095	5,087
Tax effect of permanent differences	300,099	(376)	1,374,476	3,253
Income tax expense	\$ 5,613	\$ 35,236	\$ 58,628	\$ 91,015

The Corporation's income tax expense is allocated as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Current income tax expense (recovery)	\$ (7,792)	\$ 32,030	\$ 53,155	\$ 96,367
Deferred income tax expense (recovery)	13,405	3,206	5,473	(5,352)
Income tax expense	\$ 5,613	\$ 35,236	\$ 58,628	\$ 91,015

The Corporation's deferred income tax asset arises from non-capital losses carried forward from previous periods.

The deferred income tax assets are recognized only to the extent that the specific entity will have future taxable profits available against which the unused tax losses can be utilized. Change in deferred income tax assets is as follows:

	September 30, 2022	December 31, 2021
Balance at the beginning of the period	\$ 20,387	\$ 10,867
Deferred income tax recovery recognized from losses available for carryforward	(12,873)	9,520
Balance at the end of the period	\$ 7,514	\$ 20,387

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10. Income taxes (continued)

As at September 30, 2022 and December 31, 2021, the Corporation has the following unused tax losses for future uses, for which no deferred income tax asset was recognized:

	Expiry	September 30, 2022	December 31, 2021
Unused tax losses in Malta	Indefinitely	\$ 95,571	\$ 25,186
Unused tax losses in UK	Indefinitely	94,752	-
Unused tax losses in Cyprus	2025	6,264	7,273
Unused tax losses in Cyprus	2026	15,959	20,961
Unused tax losses in Uruguay	2027	32,239	-
Unused tax losses in Curacao	2028	543,358	-
Unused tax losses in Curacao	2032	338,402	-
		\$ 1,126,545	\$ 53,420

11. Related party balances and transactions

During the three and nine months periods ended September 30, 2022, the Corporation had the following related party transactions:

Related party transactions between L8 Curacao and Ledonford Limited:

During the three and nine months period ended September 30, 2022, L8 Curacao incurred \$Nil (three and nine months period ended September 30, 2021 - \$Nil and \$3,952) for payment processing services provided by Ledonford Limited, an entity that is under common control. The amount is included in processing costs on the interim consolidated statement of loss and comprehensive loss. As at September 30, 2022, \$Nil (December 31, 2021 - \$Nil) was outstanding for the amount incurred.

Related party transactions between L8 Curacao and R.S Real World Services Limited:

During the three and nine months periods ended September 30, 2022, L8 Curacao incurred \$Nil (three and nine months periods ended September 30, 2021 - \$7,049 and \$20,384) for payment processing services provided by R.S. Real World Services Limited, an entity that is under common control. The amount is included in processing costs on the interim consolidated statement of loss and comprehensive loss. As at September 30, 2022, \$Nil (December 31, 2021 - \$Nil) was outstanding for the amount incurred.

Related party transactions between L8 Curacao and Legacy Eight Group:

During the three and nine months periods ended September 30, 2022, L8 Curacao advanced an additional \$26,045 and \$387,592 to Legacy Eight Group Ltd. (three and nine months periods ended September 30, 2021 - \$81,000 and \$279,000). During the three and nine months periods ended September 30, 2022, advances to Legacy Eight Group Ltd. reduced and increased by \$Nil and \$Nil (three and nine months periods ended September 30, 2021 - \$Nil and \$45,000) due to repayment and additional advance taken by PDS respectively. L8 Curacao and PDS are entities under common control of Legacy Eight Group Ltd.

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11. Related party balances and transactions (continued)

As of September 30, 2022 and December 31, 2021, balances due from related parties and due to related parties have been netted off in the interim consolidated statements of financial position as the parties have an intention to settle on a net basis and an agreement has been established between the related parties that provides a legal enforceable right to offset the recognized amounts (Note 6).

The Corporation has identified the directors and senior officers as key management personnel. Key management personnel are those persons responsible for planning, directing and controlling the activities of the entity, and include executives and non-executive directors. The following table illustrates the compensation paid to key management personnel during the three and nine months periods ended September 30, 2022 and 2021:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Chief Executive Officer (a)	\$ 75,000	\$ 75,000	\$ 225,000	\$ 225,000
Chief Operating Officer (b)	12,970	34,447	79,480	103,885
Chief Marketing Officer (c)	25,490	27,558	77,620	83,108
Chief Financial Officer (b)	30,545	22,500	83,925	67,500

(a) The Chief Executive Officer ("CEO") is on contract for \$25,000 per month. Compensation paid to the CEO is recorded in the interim consolidated statement of loss and comprehensive loss for the three and nine months periods ended September 30, 2022 (Three and nine months periods ended September 30, 2021 - \$nil).

(b) Compensation paid to the Chief Operating Officer and Chief Financial Officer were included in salaries and benefits in the interim consolidated statement of loss and comprehensive loss.

(c) The Chief Marketing Officer's ("CMO") compensation is included in professional fees during the three and nine months periods ended September 30, 2022 and 2021 in the interim consolidated statements of loss and comprehensive loss. The former CMO of the Lottokings Group was an employee of PDS and was terminated in November 2020, and the current CMO is a contractor of the Corporation.

The following table illustrates number of stock options issued to key management personnel as part of the share-based compensation during the three and nine months periods ended September 30, 2022 and 2021:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Chief Executive Officer (a)	\$ -	\$ -	\$ 318,318	\$ -
Chief Operating Officer (b)	-	-	19,099	-
Chief Marketing Officer (c)	-	-	63,664	-
Chief Financial Officer (b)	-	-	63,664	-
Director	-	-	133,693	-
	\$ -	\$ -	\$ 598,438	\$ -

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12. Financial instruments

The significant financial risks to which the Corporation is exposed are liquidity, credit, and currency risk.

(a) Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by cash or another financial asset. The primary sources of liquidity risk are accounts payable and accrued liabilities and amounts due to related party. The Corporation's ability to meet its obligations depends on the receipt of funds from its operations. Management monitors its working capital to ensure the obligations under current liabilities are met on timely basis.

As at September 30, 2022 and December 31, 2021, all of the Corporation's financial liabilities and lease liabilities are due within 12 months from the date of the interim consolidated statements of financial position.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's main credit risk relates to its amounts due from processors balance. The Corporation does not provide credit to its customers, however, the credit risks arise as the payments might not be collectible from processors. The maximum credit risk is the carrying value of the amounts due from processors. As at September 30, 2022, 61% (December 31, 2021 - 75%) of the amounts due from processors balance is owing from four processors (December 31, 2021 - four processors).

The Corporation has applied the simplified approach to providing for expected credit losses, which permits the use of a lifetime expected credit loss provision for all amounts due from processors balances, which are of similar nature to trade receivables. To measure the expected credit losses, a full allowance is provided for a processor balance when there is doubt about the processor's future capacity to fulfill its payment obligations. For the remaining amounts due from processor balances, each processors' ability of fulfilling the payments in the future are evaluated specifically based on the information available on the date of the interim consolidated statements of financial position. The loss allowances at September 30, 2022 and December 31, 2021 were determined as follows for amounts due from processors balances based upon the Corporation's historical default rates over the expected life of the balances, adjusted for forward looking estimates.

Due from processors, net consists of the following:

	September 30, 2022	December 31, 2021
Carrying amount, net of refund liability	\$ 848,997	\$ 985,199
Lifetime expected loss	8,678	(180,245)
Due from processors	\$ 857,675	\$ 804,954

(c) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from financial instruments, primarily cash, amounts due from processors, amounts due from related party, accounts payable and accrued liabilities and amounts due to related party, denominated in a currency other than the functional currency of the entity. All entities included in these interim consolidated financial statements do not use derivative financial instruments to manage its currency risk. As at September 30, 2022, a 5% appreciation (depreciation) of foreign currencies against USD will result in increase (decrease) in income and comprehensive income of \$360,220 (December 31, 2021 - \$17,794).

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12. Financial instruments (continued)

(c) Currency risk (continued)

As at September 30, 2022 and December 31, 2021, the following balances were denominated in currencies other than USD:

Financial instruments	Foreign Currency	September 30, 2022	December 31, 2021
		In USD	In USD
Cash	EUR	\$ 36,945	\$ 59,705
Cash	MXN	3,777	102,574
Cash	GBP	2,018	2,011
Cash	UYU	1,437	1,342
Cash	CAD	2,266,914	6,973,245
Due from processors	MXN	229,269	322,059
Due from processors	EUR	145,435	158,099
Due from processors	BRL*	167,214	58,799
Due from processors	COP*	202,814	125,174
Due from processors	CNY*	-	124,270
Due from processors	CAD	1,718	-
Accounts receivable	EUR	1,631,647	-
Accounts receivable	GBP	10,014	-
Accounts receivable	MXN	-	-
Accounts receivable	CAD	727,170	-
Accounts payable	GBP	40,999	45,232
Accounts payable	EUR	1,753,759	992,862
Accounts payable	UYU	258,636	269,598
Accounts payable	CAD	97,124	1,353,296

*BRL - Brazilian Real

COP - Colombian Peso

CNY - Chinese Yuan

(d) Capital management

The Corporation's objective when managing capital is ensuring sufficient liquidity to support its financial obligations and execute its operating and strategic plans. For the purpose of capital management, capital as at September 30, 2022 includes shareholders' equity of \$2,749,260 (December 31, 2021- \$6,473,983). The Corporation manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of underlying assets. Each consolidated entity is not subject to externally imposed capital requirements. Management reviews its capital management approach on an ongoing basis.

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13. Geographic information

The Corporation has only one reportable segment being lottery procurement and online casino and scratchcard. The geographic segmentation of the Corporation's revenues is as follows:

	Mexico	Argentina	Chile	Brazil	Colombia	American countries (a)	Other (a)	Total
Three months ended September 30, 2022								
Lottery procurement revenue	\$ 161,776	\$ 26,963	\$ 37,748	\$ 32,355	\$ 32,355	\$ 134,813	\$ 113,242	\$ 539,252
Online casino and scratchcard revenue	109,458	61,570	54,729	136,823	13,682	232,598	75,253	684,113
Nine months ended September 30, 2022								
Lottery procurement revenue	\$ 505,613	\$ 104,610	\$ 122,044	\$ 104,610	\$ 122,044	\$ 453,308	\$ 331,263	\$ 1,743,492
Online casino and scratchcard revenue	205,556	190,873	249,603	176,191	29,365	543,254	73,413	1,468,255
Three months ended September 30, 2021								
Lottery procurement revenue	\$ 270,100	\$ 54,020	\$ 81,030	\$ 54,020	\$ 67,525	\$ 256,595	\$ 567,208	\$ 1,350,498
Online casino and scratchcard revenue	54,438	38,427	35,225	41,629	6,405	140,900	3,202	320,226
Nine months ended September 30, 2021								
Lottery procurement revenue	\$ 832,857	\$ 151,428	\$ 265,000	\$ 151,428	\$ 189,286	\$ 681,428	\$ 1,514,285	\$ 3,785,712
Online casino and scratchcard revenue	134,229	96,943	82,029	82,029	14,914	283,374	52,200	745,718

(a) "Other Latin American countries" and "Other" categories represent Latin American and non-Latin American countries with insignificant revenue which have been grouped together.

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14. Impact of COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforce or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilise economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact of the financial results and condition of the Corporation and its operations in future periods. However, currently COVID-19 did not have a significant impact of the Corporation's operations and access to financial markets.

While the continuing development of the pandemic presents uncertainty over future revenues and financing abilities, management expects the Corporation will have adequate cash flow to fund its operations during this crisis through existing revenue and financing sources as well as tight controls over operating expenses.

15. Subsequent events

On May 25, 2022 the Corporation announced that it had entered into an arm's length business combination agreement (the "Definitive Agreement") dated May 24, 2022 with Sports Venture Holdings Inc. ("SVH") to combine SVH and the Corporation (the "Business Combination").

In connection with the Business Combination, SVH and a to be incorporated wholly-owned subsidiary of Kings will amalgamate to form one company as a wholly-owned subsidiary of Kings. Following completion of the Business Combination, current shareholders of SVH will hold approximately 87% of the common shares of the combined company (the "Resulting Issuer") on a fully-diluted treasury method basis.

Additionally, in connection with the Business Combination, the Corporation has agreed to make available to SVH a senior secured non-interest bearing credit facility of up to \$5,000,000. The outstanding balance owing under the credit facility will become immediately due and payable if the Definitive Agreement is terminated with interest thereafter accruing at 18% per annum.

Following completion of the Business Combination, it is anticipated that the Resulting Issuer will operate under the name "Interactive Entertainment Group Inc." or such other name as may be agreed with the intention that the Resulting Issuer shares will be listed and posted for trading on the Canadian Securities Exchange ("CSE").

The Business Combination has been unanimously approved by the Board of Directors of each of Kings and SVH. Directors, officers, and other significant shareholders of each of SVH and the Corporation have entered into irrevocable voting and support agreements to vote in favour of the Business Combination representing approximately 30% of the outstanding Kings shares and approximately 53% of the SVH's shares.

Completion of the Business Combination is subject to several conditions including, but not limited to, the receipt of all necessary regulatory and third-party consents, approvals, and authorizations as may be required in respect of the Business Combination, including from the CSE. The initial accounting for the Business Combination, including an assessment of which entity is the acquirer, which entity is the acquiree, and whether the acquiree meets the definition of a business in International Financial Reporting Standard 3, Business Combinations, has not been made at the time that these interim consolidated financial statements were authorized for issue.