CONTAGIOUS GAMING INC.

Condensed Consolidated Interim Financial Statements

December 31, 2020

Unaudited

Expressed in Canadian Dollars

CONTAGIOUS GAMING INC.

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

The Company's auditors have not reviewed these unaudited condensed interim consolidated financial statements.

CONTAGIOUS GAMING INC.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars)	Notes		December 31, 2020		March 31, 2020
ASSETS					
Current					
Cash		$	30,012	$	143,716
Accounts receivable	4		10,899		11,903
Prepaid expenses			4,330		1,669
Total Assets		$	45,241	$	157,288
LIABILITIES					
Current					
Accounts payable and accrued liabilities		$	937,758	$	596,865
Due to related parties	5		583,744		606,780
Note payable	6		300,000		300,000
Total Liabilities			1,821,502		1,503,645
EQUITY					
Share capital	8		20,835,846		20,835,846
Reserves	8		3,130,728		3,130,728
Accumulated other comprehensive income			-		-
Deficit			(25,742,835)		(25,312,931)
Total Equity			(1,776,261)		(1,346,357)
Total Liabilities and Equity		$	45,241	$	157,288
Commitments and contingencies	7				

Approved on behalf of the Board of Directors:

"Victor Wells", Director *"Justin Barragan"*, Director

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

Condensed Consolidated Interim Statements of Comprehensive Loss
For the Three and Nine Months Ended December 31, 2020 and 2019

Expressed in Canadian Dollars	Notes	Three Months Ended December 31 2020	Three Months Ended December 31 2019	Nine Months Ended December 31 2020	Nine Months Ended December 31 2019
Revenue		$ -	27,736	$ -	85,110
Direct costs		-	(15,155)	-	(49,158)
Gross margin		-	12,581	-	35,952
Expenses					
General and administrative		150,453	161,973	411,549	418,650
Financing costs		6,000	14,684	18,000	46,424
Foreign exchange loss		-	865	355	124,716
		156,453	177,522	429,904	589,790
Net loss		(156,453)	(164,941)	(429,904)	(553,838)
Comprehensive loss for the period		$ (156,453)	(164,941)	$ (429,904)	(553,838)
Loss per share - basic and diluted	13	$ (0.01)	(0.01)	$ (0.01)	(0.02)
Weighted average number of shares outstanding - basic and diluted		29,284,835	29,468,745	29,285,504	29,468,745

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

Condensed Consolidated Interim Statements of Changes in Equity
For the Nine Months Ended December 31, 2020 and 2019

	Share Capital *(Note 8)*			Accumulated Other		
	Number of	Amount	Reserves *(Note 8)*	Comprehensive Income	Deficit	Total
Expressed in Canadian Dollars	Shares*	$	$	$	$	$
Balance at March 31, 2019	29,468,745	20,835,846	3,130,728	(137,458)	(24,612,502)	(783,386)
Foreign exchange realized on sale of Contagious Sports (Note 15)	-	-	-	137,458	-	137,458
Net loss for the year	-	-	-	-	(553,838)	(553,838)
Balance at December 31, 2019	29,468,745	20,835,846	3,130,728	-	(25,166,340)	(1,199,766)

	Share Capital *(Note 8)*			Accumulated Other		
	Number of	Amount	Reserves *(Note 8)*	Comprehensive Income	Deficit	Total
Expressed in Canadian Dollars	Shares*	$	$	$	$	$
Balance at March 31, 2020	29,468,745	20,835,846	3,130,728	-	(25,312,931)	(1,346,357)
Cancellation of Trinity Mirror escrow shares	(183,910)	-	-	-	-	-
Net loss for the year	-	-	-	-	(429,904)	(429,904)
Balance at December 31, 2020	29,284,835	20,835,846	3,130,728	-	(25,742,835)	(1,776,261)

CONTAGIOUS GAMING INC.

Condensed Consolidated Interim Statements of Cash Flows
For the Nine Months Ended December 31, 2020 and 2019

Expressed in Canadian Dollars		2020		2019
Cash provided by (used in) operations				
Loss for the period	$	(429,904)	$	(553,838)
Items not affecting cash:				
Financing costs		-		46,391
		(429,904)		(507,447)
Changes in non-cash working capital:				
Accounts receivable		1,004		33,352
Prepaid expenses		(2,661)		(1,899)
Accounts payable and accrued liabilities		340,892		(34,935)
		(90,668)		(510,929)
Cash flows from investing activities				
Cash received on sale of Contagious Sports		-		131,725
		-		131,725
Cash flows from financing activities				
Increase (decrease) in due to related parties		(23,036)		181,940
Interest paid on note payable		-		(18,086)
		(23,036)		163,854
Decrease in cash		(113,704)		(215,350)
Effect of foreign exchange rate changes		-		137,458
Cash at beginning of period		143,716		262,440
Cash at end of period	$	30,012	$	184,548

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

1. CORPORATE INFORMATION

Contagious Gaming Inc. (on a consolidated basis the "Company" or "Contagious") has developed software solutions for regulated gaming and lottery markets. The Company is currently focused on capitalizing on its proprietary digital instant lottery content and continues to seek opportunities to distribute into additional markets globally. The Company's head office address is at #800 – 789 West Pender Street, Vancouver, BC, V6C 1H2. The registered and records office address is at Suite 1500-1055 West Georgia Street, P.O. Box 11117, Vancouver, British Columbia, V6E 4N7. The Company is listed on the TSX Venture Exchange ("TSX.V") under the symbol "CNS" and on the Frankfurt Stock Exchange under the symbol "RHRD".

2. BASIS OF PRESENTATION

a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). The same accounting policies and methods of computation were followed in the preparation of these Condensed Interim Consolidated Financial Statements as those disclosed in the Company's annual audited consolidated financial statements for the year ended March 31, 2020.

These condensed interim consolidated financial statements do not include all of the information required for full annual consolidated financial statements and accordingly should be read in conjunction with the annual audited consolidated financial statements for the year ended March 31, 2020 which are made available on SEDAR at www.sedar.com.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on February 24, 2021.

b) Basis of Measurement

These financial statements have been prepared on the historical cost basis, with the exception of items that IFRS requires to be carried at fair value, as explained in the accounting policies set out in Note 3.

c) Basis of Consolidation

The condensed consolidated interim financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

These condensed consolidated interim financial statements include the accounts of Contagious Gaming and the wholly-owned Canadian subsidiary Telos Entertainment.

d) Going Concern

As at December 31, 2020, the Company does not have sufficient cash to meet anticipated cash needs for working capital and capital expenditures through the next twelve months. The Company intends on raising financing within the next twelve months. The Company will require additional financing in the near term to enable the launch of current initiatives. There can be no assurance however, that additional financing can be obtained in a timely manner, or at all, especially in light of the potential impact of COVID-19 on capital markets.

Not raising sufficient additional financing on a timely basis may result in delays and possible termination of all or some of the Company's initiatives, and as a result, these conditions indicate the existence of a material uncertainty which, may cast significant doubt as to the ability of the Company to continue as a going concern. The Company cannot predict whether it will be able to raise the necessary funds it needs to continue as a going concern.

2. BASIS OF PRESENTATION – *CONTINUED*

The Company's financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and settlement of liabilities in the ordinary course of business. The consolidated financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

e) Use of Estimates and Judgments

The Company makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual outcomes may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical estimates and assumptions in applying accounting policies and estimates that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

(i) Accruals and provisions

Estimates are used in assessing, measuring and recognizing accruals and provisions. Estimates are required to determine the possible consideration required to settle the present obligation at the statement of financial position date.

(ii) Deferred taxes
The recognition of deferred tax assets is based on forecasts of future taxable income. The measurement of future taxable income for the purposes of determining whether or not to recognize deferred tax assets depends on many factors, including the Company's ability to generate such profits and the implementation of effective tax planning strategies. The occurrence or non-occurrence of such events in the future may lead to significant changes in the measurement of deferred tax assets.

f) Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars. The functional currency of the Canadian legal parent company, Contagious Gaming, and its legal Canadian subsidiary, Telos, is the Canadian dollar.

3. SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies have been applied on a basis consistent with those applied in the most recent audited annual consolidated financial statements. The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and effective as of the date the Board of Directors approved and authorized to issue these condensed consolidated interim financial statements.

4. ACCOUNTS RECEIVABLE

		December 31, 2020		March 31, 2020
Trade receivables	$	-	$	2,906
Government remittances		8,605		8,997
Other receivables		2,294		-
	$	10,899	$	11,903

5. RELATED PARTIES TRANSACTIONS AND BALANCES

a) Amounts Due To Related Parties

		December 31, 2020		March 31, 2020
Due to related parties:				
Due to directors, officers and their companies (i)	$	583,744	$	606,780

(i) Amounts due to directors, officers and their companies are for accrued salaries, fees and travel costs. These amounts are unsecured, non-interest bearing and are due on demand.

b) Compensation of Key Management Personnel

Key management personnel are those persons that have authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly. As of December 31, 2020, the Company's key management personnel consist of the Company's directors and senior management (Chairman, Chief Executive Officer, Corporate Secretary and Chief Financial Officer). The Company incurred fees and expenses in the normal course of operations in connection with the key management and directors. Details are as follows:

Nature of Transactions		December 31 2020		December 31 2019
Management fees and salaries	$	127,716	$	73,867
Directors' fees		33,293		49,725
Advisory fees		-		55,404
	$	161,009	$	178,996

During the current period, the Company recorded $1,640 (2019 - $1,943) of legal fees to McMillan LLP, a law firm in which one of the Company's directors is a partner.

6. NOTE PAYABLE

On September 19, 2014, Contagious Gaming issued to its lenders a Convertible Note payable with a face value of $300,000, accruing interest at a rate of 8% per annum compounded quarterly, with interest payable on quarterly basis, unsecured and with a maturity date of September 19, 2017 in settlement for a previously outstanding loan and accrued interest.

Upon maturity of the Convertible Note on September 19, 2017, the Company and its lenders agreed to extend the note without any conversion features, to be due on December 31, 2019. The extension was accounted for as an extinguishment of the convertible note payable for consideration equal to the fair value of the revised note payable. The carrying value of the note was determined using a 20% discount rate with the difference of $64,875 representing a gain on the extinguishment of the convertible note payable. The note payable is unsecured, bears interest at 8% per annum compounded quarterly, with interest payable on a quarterly basis. Subsequent to maturity on December 31, 2019, the note payable remains due on demand with no specified terms of repayment.

Composition of the carrying value of the note are as follows:

		December 31, 2020		March 31, 2020
Face value of the note	$	300,000	$	300,000
Gain on extinguishment		(64,875)		(64,875)
Carrying value on September 19, 2017		235,125		235,125
Accretion expense to maturity date		119,781		119,781
Interest paid to maturity date		(54,906)		(54,906)
	$	300,000	$	300,000

7. COMMITMENTS AND CONTINGENCIES

As part of the Board's ongoing compliance process, the Board continues to monitor legal and regulatory developments and their potential impact on the Company. The Company takes legal advice as to the potential outcomes of claims and actions and provisions are made where appropriate.

Management is not aware of any contingencies that may have a significant impact on the financial position of the Company.

8. SHARE CAPITAL

a) Authorized and Issued Share Capital

The Company's authorized share capital consists of an unlimited number of common shares without par value. The Company is also authorized to issue an unlimited number of Class A Preferred Shares without par value. No Class A Preferred Shares were issued as of the period end date.

c) Stock Options

The Company has a stock option plan in place under which it is authorized to grant options of up to 10% of its outstanding shares of the Company to officers, directors, employees and consultants. The exercise price of each option is to be determined by the Board of Directors but shall not be less than the discounted market price as defined by the TSX Venture Exchange. The expiry date for each option should be for a maximum term of five years. Stock options granted vest over the period determined by the Board of Directors. Stock options granted to investor relations consultants vest according to TSX Venture Exchange policy.

There are no stock options outstanding as at December 31, 2020 and December 31, 2019.

8. SHARE CAPITAL – *CONTINUED*

d) Share Purchase Warrants

The following is a summary of activity in share purchase warrants:

March 31, 2019	Granted	Forfeited	Exercised	Expired	March 31 2020	Weighted Average Exercise Price	Expiry Date
9,327,083	-	-	-	9,327,083	-	$0.10	Mar 07, 2020 (i)

(i) Represents the warrants issued in the non-brokered private placement of 17,000,000 units closed on March 7, 2018 at $0.06 per unit for gross proceeds of $1,020,000.

e) Escrow Shares

As of December 31, 2020, nil (March 31, 2020 – 183,910) common shares of the Company were held in escrow. Details are as follows:

In connection with the September 25, 2014 amending agreement with Trinity Mirror and pursuant to an escrow agreement dated September 25, 2014, 183,910 common shares of the Company were placed in escrow upon TSX-V approval on Nov 5, 2014. 25% of the escrowed shares were to be released for each £150,000 of advertising to be performed by Trinity Mirror under a £600,000 advertising credit. On April 1, 2020, the shares in escrow were returned to the Company as the advertising plan had not been executed and as such the deal expired.

f) Reserves

	Reserves ($)				
	Contribution	Options	Warrants	Convertible Note	Total
Balance – March 31, 2019	202,877	1,546,275	1,319,046	62,530	3,130,728
Balance – March 31, 2020	202,877	1,546,275	1,319,046	62,530	3,130,728
Balance – December 31, 2020	202,877	1,546,275	1,319,046	62,530	3,130,728

Contribution reserve arose on the issuance of the redeemable Class A Preferred Shares in 2006 and 2007.

Options and warrants reserves represent fair value of share purchase options and share purchase warrants issued for services and private placement.

Convertible note reserve relates to the equity portion of the convertible note payable described in Note 6.

9. INCOME TAX

The Company's tax charge, which relates fully to deferred taxes, differs from the amount obtained by applying the Canadian statutory tax rate due to the following:

		December 31, 2020		March 31, 2020
Loss from continuing operations before taxes	$	(429,904)	$	(562,972)
Canadian statutory tax rate		27.00%		27.00%
Income tax recovery	$	(116,074)	$	(152,002)
Foreign and provincial tax rate differences		(692)		(1,815)
Items not deductible for tax purposes		15,964		(3,713)
Operating losses not set-up as deferred tax assets		100,802		157,531
Future income tax recovery	$	-	$	-

Details of deferred income tax assets (liabilities) are as follows:

		December 31, 2020		March 31, 2020
Deferred income tax assets related to:				
Non-capital losses	$	2,215,139	$	2,073,296
Intangible assets		45,813		90,230
Total future income tax assets	$	2,260,952	$	2,163,526
Less deductible temporary differences for which deferred income tax assets are not recognized		(2,260,592)		(2,163,526)
Net deferred income tax asset	$	-	$	-

As at December 31, 2020, the Company had non-capital losses in Canada of approximately $7,936,295 that may be applied against future income for income tax purposes. These losses expire at various dates between 2026 and 2041.

10. FINANCIAL INSTRUMENTS

a) Fair Value of Financial Instruments

The Company has classified its financial instruments using a fair value hierarchy that reflects the significance of inputs used as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuation based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates;

Level 3: Valuation based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The fair values of accounts receivable, accounts payable and accrued liabilities, note payable and balances with related parties approximate their carrying value due to their short term maturities.

There were no transfers between levels during the year.

10. FINANCIAL INSTRUMENTS – *CONTINUED*

b) Management of Risks Arising from Financial Instruments

The Company's financial instruments are exposed to the following financial risks:

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations.

As of December 31, 2020, there were no receivables from any customer(s) (March 31, 2020 - one) representing 100% (March 31, 2020 - 100%) of total trade receivables. During the nine months ended December 31, 2020, there were no sales to any customer(s) (2019 - one) that accounted for 100% (2019 - 98%) of total revenue. There are no debtors past due as at December 31, 2020 and the Company's estimated expected credit loss is insignificant.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly with respect to ensuring the sufficiency of funds for working capital and commitments. The Company monitors the maturity dates of existing accounts payables and accrued liabilities, loans payable, and commitments to mitigate this risk.

The following table outlines the remaining contractual maturities for the Company's financial liabilities and the financial period in which they fall due:

March 31, 2020	2021 $	2022 $	2023 $	Total $
Accounts payable	596,865	-	-	596,865
Due to related parties	606,780	-	-	606,780
Note payable	300,000	-	-	300,000
	1,503,645	-	-	1,503,645

December 31, 2020	2021 $	2022 $	2023 $	Total $
Accounts payable	937,754	-	-	937,754
Due to related parties	583,744	-	-	583,744
Note payable	300,000	-	-	300,000
	1,821,498	-	-	1,821,498

11. NATURE OF EXPENSE

		December 31, 2020		March 31, 2020
Salaries and benefits included in:				
Direct costs	$	-	$	52,717
General and administrative expense		5,769		53,658
	$	5,769	$	106,375

12. CAPITAL MANAGEMENT

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to grow the Company's operations. The Company depends on revenue generated and external financing to fund its activities. The capital structure of the Company currently consists of common shares, share purchase warrants, loans payable and related party debt. 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 arrange more loans, issue new shares through private placements, or sell assets to fund operations. Management reviews its capital management approach on a regular basis. The Company is not subject to externally imposed capital requirements. The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments, such as cash and other short-term guaranteed deposits, all held with major financial institutions.

13. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share has been calculated based on the weighted average number of common shares issued and outstanding during the reporting period.

14. SUBSEQUENT EVENTS

On February 12, 2021, the Company settled an aggregate of $425,000 of indebtedness owed to certain arm's length and non-arm's length creditors through the issuance of 8,500,000 common shares at a deemed issuance price of $0.05 per share. The Company determined to satisfy the indebtedness with common shares in order to preserve its cash for working capital.