

# **Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines**

## **HEADSUP ENTERTAINMENT INTERNATIONAL INC.**

Ste. 510, 736 – 8<sup>th</sup> Ave. SW  
Calgary, AB T2P 1H4  
Phone: 403-230-8709  
Website: headsupentertainment.com  
Email: info@headsupentertainment.com  
SIC Code: 8999

## **QUARTERLY Report**

**For the period ending April 30, 2024**

### **Outstanding Shares**

The number of shares outstanding of our Common Stock was:

234,739,368 as of April 30, 2024

234,739,368 as of January 31, 2024

### **Shell Status**

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

### **Change in Control**

Indicate by check mark whether a Change in Control<sup>1</sup> of the company has occurred over this reporting period:

Yes: ☐ No: ☒

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<sup>1</sup> "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

**1) Name and address(es) of the issuer and its predecessors (if any)**

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

Carlyle Golf Incorporated in Colorado on Sept. 29, 1992. Name changed to HeadsUp Entertainment International Inc. in Colorado on October 7, 2007

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

Current Standing: Active

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

Acquisition: Lottery Hub

The address(es) of the issuer's principal executive office:

350 East Las Olas Blvd. Ft. Lauderdale, FL 33301

The address(es) of the issuer's principal place of business:

☐ *Check if principal executive office and principal place of business are the same address:*

1739 – 246 Stewart Green SW, Calgary, AB T3H 3C8

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: ☒ Yes: ☐ If Yes, provide additional details below:

**2) Security Information**

**Transfer Agent**

Name: Securities Transfer Corp.  
Phone: 469-633-0101  
Email: smith@stctransfer.com  
Address: 2901 N. Dallas Parkway, Suite 380, Plano, Texas 7509

**Publicly Quoted or Traded Securities:**

*The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.*

Trading symbol:	HDUP
Exact title and class of securities outstanding:	Common
CUSIP:	42209Q 103
Par or stated value:	\$0.001
Total shares authorized:	500,000,000 as of April 30, 2024
Total shares outstanding:	234,739,368 as of April 30, 2024
Total number of shareholders of record:	333 as of April 30 , 2024

*All additional class(es) of publicly quoted or traded securities (if any):*

Trading symbol:	HDUP
Exact title and class of securities outstanding:	Series A Convertible Preferred
CUSIP:	42209Q 103
Par or stated value:	\$0.05
Total shares authorized:	10,000,000 as of February 2, 2023
Total shares outstanding:	5,000,000 as of April 30, 2024
Total number of shareholders of record:	one as of April 30, 2024

Trading symbol:	_____
Exact title and class of securities outstanding:	_____
CUSIP:	_____
Par or stated value:	_____
Total shares authorized:	_____ as of date: _____
Total shares outstanding:	_____ as of date: _____
Total number of shareholders of record:	_____ as of date: _____

**Other classes of authorized or outstanding equity securities:**

*The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g. preferred shares). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.*

Exact title and class of the security:	_____
CUSIP (if applicable):	_____
Par or stated value:	_____
Total shares authorized:	_____ as of date: _____
Total shares outstanding (if applicable):	_____ as of date: _____
Total number of shareholders of record (if applicable):	_____ as of date: _____

Exact title and class of the security:	_____
CUSIP (if applicable):	_____

Par or stated value: \_\_\_\_\_  
 Total shares authorized: \_\_\_\_\_ as of date: \_\_\_\_\_  
 Total shares outstanding (if applicable): \_\_\_\_\_ as of date: \_\_\_\_\_  
 Total number of shareholders of record  
 (if applicable): \_\_\_\_\_ as of date: \_\_\_\_\_

### **Security Description:**

*The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:*

1. **For common equity, describe any dividend, voting and preemption rights.** None
  
2. **For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.** None.
  
- \_\_\_\_\_
  
3. **Describe any other material rights of common or preferred stockholders.** None
  
4. **Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.** None

### **3) Issuance History**

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period.**

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

#### **A. Changes to the Number of Outstanding Shares**

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: ☐ Yes: ☒ (If yes, you must complete the table below)

Shares Outstanding as of Second Most Recent Fiscal Year End:  <div style="text-align: center;"><u>Opening Balance</u></div> Date Jan. 31, 2022    Common: 229,089,368 Preferred:	*Right-click the rows below and select "Insert" to add rows as needed.
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Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to.  *You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
Apr.13/21	Cancelled, Returned to Treasury	(5,000,000)	Common	5,000.	No	Trevor Doerksen	Services not provided		4(a)(2)
May 28/21	New Issue	416,667	Common	25,000.	No	Rod Woodruff	Subscription Agreement	Restricted	4(a)(2)
June 16/21	New Issue	243,305	Common	18,069.	No	Cunningham Business Interiors Ltd.  Robert Cunningham	Subscription Agreement	Restricted	4(a)(2)
July 9/21	New Issue	1,600,000	Common	80,000.	No	Don Moroz	Subscription Agreement	Restricted	4(a)(2)
July 13/21	New Issue	6,521,739	Common	300,000	No	Keith Wilson	Subscription Agreement	Restricted	4(a)(2)
July 15,/21	New Issue	250,000	Common	12,500.	No	Century Properties Inc.  Robert Cunningham	Subscription Agreement	Restricted	4(a)(2)
May 6/21	Transfer from R. Keeley	10,000,000	Common	.00	yes	Douglas Wilson	CEO position accepted from R. Keeley	Restricted	4(a)(2)
May 14/21	Transfer from Rudolph and Brown Inc.	19,500,000	Common	.00	yes	Kelly Kellner	Private Transaction	Restricted	4(a)(2)
May 14/21	Transfer from Rudolph and Brown Inc.	500,000	Common	.00	yes	Rare Energy Corporation  Ian Macrae	Consulting fee	Restricted	4(a)(2)
Sept.10/21	New Issue	1,000,000	Common	50,000.	No	Finley Mah	Subscription Agreement	Unrestricted	4(a)(2)
Dec.15/22	New Issue	150,000	Common	7,500.	No	George Turner	Options Exercised	Restricted	4(a)(2)
Feb.7/23	New Issue	500,000	Common	15,000.	No	Raphael Verdugo			
Mar 03/23	New Issue	5,000,000	Common	.00	Yes	Ming Chun Liu	Marketing Agreement	Restricted	4(a)(2)
Apr 21/23	Transfer from Mark Hutchinson	250,000	Common	250.	Yes	James Mueller	Private Transaction	Restricted	4(a)(2)

Shares Outstanding on Date of This Report:	
<u>Ending</u> <u>Balance</u>	
<u>Ending Balance:</u>	
Date April 30, 2024 Common:234,739,368	
Preferred: 5,000,000	

**Example:** A company with a fiscal year end of December 31<sup>st</sup>, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2021 through December 31, 2022 pursuant to the tabular format above.

Use the space below to provide any additional details, including footnotes to the table above:

\_\_\_\_\_

## B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No: ☐ Yes: x☐ (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder. <small>*You must disclose the control person(s) for any entities listed.</small>	Reason for Issuance (e.g. Loan, Services, etc.)
Feb.7, 2006	873,641.20	290,114 and on-going	0	On Demand	Convertible into Common Shares of the publicly trading company at a price no lower than the last 12 month average closing price of the parent company's common shares listed on the OTC Pink Sheets	Arnold and Lynne Kellner	Funding the on-going operations of the company
July 31, 2021	1,597,712	782,080	0	On Demand	Unsecured, non-interest bearing	Douglas Wilson	On-going expenses
July 11, 2020	13,155	13,155	0	On Demand	Unsecured, non-interest bearing	Churchill & Lord Bryce Boucher	Expenses
Oct. 5, 2021	449,204.93	190,626	0	On Demand	Unsecured, non-interest bearing	Interactive Media Inc. Kelly Kellner	On-going expenses

Use the space below to provide any additional details, including footnotes to the table above:

\_\_\_\_\_

## 4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations.  
(Please ensure that these descriptions are updated on the Company's Profile on [www.otcmarkets.com](http://www.otcmarkets.com)).

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

HeadsUp Entertainment International Inc. is a global gaming operator and media company focusing on online gaming, online poker, eSports, sports betting, online lottery, mobile 50/50, charity fundraising platforms and blockchain based payment solutions.

B. List any subsidiaries, parent company, or affiliated companies.

HeadsUp Entertainment Inc. is a wholly owned subsidiary incorporated in Canada

C. Describe the issuers' principal products or services.

Technology and software

## 5) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

Operations are handled through the Canadian subsidiary (HeadsUp Entertainment Inc.) and are managed virtually

## 6) Officers, Directors, and Control Persons

Using the table below, please provide information, as of the period end date of this report, regarding any officers, or directors of the company, individuals or entities controlling more than 5% of any class of the issuers securities, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
Herbert Henry Van Dyke	Owner of more than 5%	Virginia Beach, VA	20,000,000	Common	8.7%	

Kathleen Kellner	Owner of more than 5%	Calgary, AB	19,000,000	Common	8.2%	
1992689 Alberta Inc.	Owner of more than 5%	Calgary, AB	18,000,000	Common	7.8%	Arnold Kellner
Serious Moonlight Capital L.P.	Owner of more than 5%	Toronto, ON	18,000,000	Common	7.8%	Raphael Verdugo
Douglas Wilson	Director and CEO	Calgary, AB	15,000,000	Common	6.5%	
Mark L. Hutchinson	Director, Business Development	Denver, CO	4,750,000	Common	2.1%	
Richard Keeley	Director	Calgary, AB	0			

## 7) Legal/Disciplinary History

A. Identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None



## 8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

### Securities Counsel (must include Counsel preparing Attorney Letters).

Name: Joel Mayersohn, Dickinson-Wright PLLC  
Address 1: Ste. 1750, 350 East Las Olas Blvd.  
Address 2: Ft. Lauderdale, FL 33301  
Phone: 954-991-5426  
Email: jmayersohn@dickinson-wright.com

### Accountant or Auditor

Name: Dong Shim  
Firm: Shim & Associates LLP  
Address 1: 2665 Renfrew St.  
Address 2: Vancouver, B.C. V5M 0A7  
Phone: 604-559-3511  
Email: dongshim@shimaccounting.com

### Investor Relations

Name: Richard Keeley  
Firm: HeadsUp Entertainment Inc.  
Address 1: 1739-246 Stewart Green SW  
Address 2: Calgary, AB T3H 3C8  
Phone: 403-230-8709  
Email: info@headsumentertainment.com

### *All other means of Investor Communication:*

Twitter: HeadsUpHDUP  
Discord: \_\_\_\_\_  
LinkedIn: \_\_\_\_\_  
Facebook: \_\_\_\_\_  
[Other ]: \_\_\_\_\_

### Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: \_\_\_\_\_  
Firm: \_\_\_\_\_  
Nature of Services: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

## 9) Financial Statements

A. The following financial statements were prepared in accordance with:

☐ IFRS

☒ U.S. GAAP

B. The following financial statements were prepared by (name of individual)<sup>2</sup>:

Name: Dong Shim

Title: Accountant

Relationship to Issuer: Company's accounting firm

Describe the qualifications of the person or persons who prepared the financial statements: Chartered Professional Accountant

Provide the following financial statements for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- a. Audit letter, if audited;
- b. Balance Sheet;
- c. Statement of Income;
- d. Statement of Cash Flows;
- e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- f. Financial Notes

Important Notes:

- Financial statements must be "machine readable". Do not publish images/scans of financial statements.
- All financial statements for a fiscal period must be published together with the disclosure statement in one Annual or Quarterly Report.

## 10) Issuer Certification

*Principal Executive Officer:*

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Douglas Wilson certify that:

1. I have reviewed this Disclosure Statement for HeadsUp Entertainment International Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under

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<sup>2</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

6/14/2024



[CEO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

**HEADSUP ENTERTAINMENT INTERNATIONAL, INC.**

Condensed Consolidated Interim Financial Statements

For the three months ended April 30, 2024 and 2023

(Expressed in Canadian dollars)

(Unaudited)



**SHIM & Associates LLP**  
**Chartered Professional Accountants**  
Suite 900 - 777 Hornby Street  
Vancouver, B.C. V6Z 1S4  
T: 604 559 3511 | F: 604 559 3501

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## COMPILATION ENGAGEMENT REPORT

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On the basis of information provided by management, we have compiled the condensed consolidated interim balance sheets of HeadsUp Entertainment International, Inc. as at April 30, 2024 and January 31, 2024, and the condensed consolidated interim statements of operations, cash flows and equity for the three months ended April 30, 2024 and 2023, and Note 3, which describes the basis of accounting applied in the preparation of the compiled financial information.

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion or provide any form of assurance on the financial information.

Readers are cautioned that these statements may not be appropriate for their purposes.

***SHIM & Associates LLP***

**Chartered Professional Accountants**  
Vancouver, Canada  
June 7, 2024

**HeadsUp Entertainment International, Inc.**  
**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS**  
**(Unaudited)**  
**As at April 30, 2024 and January 31, 2024**  
(Expressed in Canadian dollars)

	<b>April 30, 2024</b>	<b>January 31, 2024</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 731	\$ 258
Interest receivable (Note 5)	88,749	79,360
Prepaid expenses	119,943	132,443
<b>Total current assets</b>	<b>209,423</b>	<b>212,061</b>
<b>Investment in Interactive Media Inc. (Note 4)</b>	<b>500,000</b>	<b>500,000</b>
<b>Advance to Spinola Software Solutions Limited (Note 5)</b>	<b>2,086,722</b>	<b>2,086,722</b>
<b>Loans and notes receivable (Note 6)</b>	<b>581,196</b>	<b>581,196</b>
<b>TOTAL ASSETS</b>	<b>\$ 3,377,341</b>	<b>\$ 3,379,979</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 147,342	\$ 141,834
Short-term loan payable (Note 7)	2,076,100	2,074,275
Due to related parties (Note 8)	759,275	742,206
<b>TOTAL LIABILITIES</b>	<b>2,982,717</b>	<b>2,958,315</b>
<b>EQUITY</b>		
Common shares (Note 9)	234,740	234,740
Preferred shares (Note 9)	-	-
Contributed surplus	3,636,807	3,636,807
Deficit	(3,476,923)	(3,449,883)
<b>TOTAL EQUITY</b>	<b>394,624</b>	<b>421,664</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 3,377,341</b>	<b>\$ 3,379,979</b>

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

**HeadsUp Entertainment International, Inc.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS**  
**(Unaudited)**  
**For the three months ended April 30, 2024 and 2023**  
(Expressed in Canadian dollars)

	<b>2024</b>	<b>2023</b>
	Restated (Note 15)	
<b>Revenue</b>	\$ 403	\$ 19,782
<b>Operating expenses</b>		
Advertising and promotion	15,993	15,827
Consulting fees (Note 12)	636	36,817
Interest expenses (Note 8)	3,600	3,600
Office and miscellaneous	10,370	18,626
Professional fees	4,175	19,565
Travel	-	4,698
<b>Total operating expenses</b>	<b>34,774</b>	<b>99,133</b>
<b>Net loss before other items</b>	<b>(34,371)</b>	<b>(79,351)</b>
Interest income (Note 5)	7,331	8,009
<b>Net loss for the period</b>	<b>\$ (27,040)</b>	<b>\$ (71,342)</b>
<b>Loss per share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares</b>	<b>234,739,368</b>	<b>231,553,975</b>

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

**HeadsUp Entertainment International, Inc.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF EQUITY**  
**(Unaudited)**  
**For the three months ended April 30, 2024 and 2023**  
**(Expressed in Canadian dollars)**

	<u>Common Stock</u>		<u>Preferred Stock</u>		<u>Contributed Surplus</u>	<u>Deficit</u>	<u>TOTAL</u>
	<u>Number of Shares</u>	<u>Amount</u>	<u>Number of Shares</u>	<u>Amount</u>			
<b>Balance, January 31, 2023 (Restated, Note 15)</b>	229,239,368	229,240	5,000,000	250,000	3,371,983	(3,254,375)	596,848
Shares issued for service	500,000	500	-	-	19,824	-	20,324
Preferred shares converted to common shares	5,000,000	5,000	(5,000,000)	(250,000)	245,000	-	-
Net loss for the period	-	-	-	-	-	(71,342)	(71,342)
<b>Balance, April 30, 2023</b>	234,739,368	234,740	-	-	3,636,807	(3,325,717)	545,830
<b>Balance, January 31, 2024</b>	234,739,368	234,740	-	-	3,636,807	(3,449,883)	421,664
Net loss for the period	-	-	-	-	-	(27,040)	(27,040)
<b>Balance, April 30, 2024</b>	234,739,368	234,740	-	-	3,636,807	(3,476,923)	394,624

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



**HeadsUp Entertainment International, Inc.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
**(Unaudited)**  
**For the three months ended April 30, 2024 and 2023**  
(Expressed in Canadian dollars)

	2024	2023
	Restated (Note 15)	
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (27,040)	\$ (71,342)
<b>Adjustment for non-cash items:</b>		
Accrued interest expense	3,600	3,600
Consulting fees paid in common shares	-	20,324
<b>Change in non-cash working capital:</b>		
Interest receivable	(9,389)	(8,009)
Prepaid expenses	12,500	(2,281)
Accounts payable and accrued liabilities	5,508	3,952
<b>CASH USED IN OPERATING ACTIVITIES</b>	<b>(14,821)</b>	<b>(53,756)</b>
<b>FINANCING ACTIVITIES</b>		
(Repayments to) advances from related parties	13,469	(95,997)
Short-term loan	1,825	161,531
<b>CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>15,294</b>	<b>65,534</b>
<b>INCREASE IN CASH</b>	<b>473</b>	<b>11,778</b>
<b>CASH - BEGINNING OF PERIOD</b>	<b>258</b>	<b>13,970</b>
<b>CASH - END OF PERIOD</b>	<b>\$ 731</b>	<b>\$ 25,748</b>
<b>Cash paid for interest expense</b>	<b>-</b>	<b>-</b>
<b>Cash paid for income taxes</b>	<b>-</b>	<b>-</b>

Supplemental cash flow information (Note 13)

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

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**1. NATURE OF OPERATIONS AND GOING CONCERNS**

HeadsUp Entertainment International, Inc. (the "Company") is a global media and entertainment company engaged in the creation of branded entertainment through the development, production and marketing of televised programming based on poker and other entertainment themes. The address of the registered office is 1739 – 246 Stewart Green SW, Calgary, Alberta T3H 3C8.

**Basis of consolidation**

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary, HeadsUp Entertainment Inc., a company incorporated in Canada.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the Company's the consolidated financial statements.

**Going concerns**

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. At April 30, 2024, the Company had a working capital deficiency of \$2,773,294 (January 31, 2024 – \$2,746,254) and had an accumulated deficit of \$3,476,923 (January 31, 2024 – \$3,449,883) which has been funded primarily by equity financing or loans from related parties. The Company's continuing operations, as intended, and its financial success may be dependent upon the extent to which it can successfully raise the capital to carry out its business plan. If the Company is unable to fund its future plan, its business, financial condition or results of operations could be materially and adversely affected. The success of the Company depends on its ability to profitably penetrate its target market with its new products on a sustainable basis. The Company has never generated revenue, cash flows or profits from operations.

The Company's ability to launch its operations as intended is dependent on its ability to generate cash flows or profits and raise capital sufficient to cover its marketing and other costs. All of these factors indicate a material uncertainty that raise substantial doubt about the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary should the Company be unable to continue in existence.

**2. RECENT ACCOUNTING PRONOUNCEMENTS**

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13 "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss methodology, which will result in more timely recognition of credit losses. ASU 2016-13 is effective for annual reporting periods, and interim periods within those years beginning after December 15, 2022. This amendment did not have any impact on the condensed consolidated interim financial statements.

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In October 2021, the FASB issued ASU 2021-08, Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers. ASU 2021-08 requires the recognition and measurement of contract assets and contract liabilities acquired in a business combination in accordance with ASC 606, Revenue from Contracts with Customers. Considerations to determine the amount of contract assets and contract liabilities to record at the acquisition date include the terms of the acquired contract, such as timing of payment, identification of each performance obligation in the contract and allocation of the contract transaction price to each identified performance obligation on a relative standalone selling price basis as of contract inception. ASU 2021-08 is effective for the Company with fiscal years beginning after December 15, 2023. ASU 2021-08 should be applied prospectively for acquisitions occurring on or after the effective date of the amendments. Early adoption of the proposed amendments would be permitted, including adoption in an interim period. This amendment did not have a significant impact on the condensed consolidated interim financial statements.

The Company does not believe other recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the condensed consolidated interim financial position, statements of operations and cash flows.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of presentation**

These condensed consolidated interim financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP") and are expressed in Canadian dollars. The Company's fiscal year end is January 31.

#### **Revenue recognition**

Due to the nature of the Company's revenue, the Company does not have material contract assets or liabilities that fall under the scope of ASC 606.

The Company's revenues accounted for under ASC 606, generally, do not require significant estimates or judgments based on the nature of the Company's revenue streams. The sales prices are generally fixed and all consideration from contracts is included in the transaction price. The Company's contracts do not include multiple performance obligations or material variable consideration.

#### **Loans receivable**

The Company carries its loans receivable at cost and are reviewed for indicators of impairment at least annually.

#### **Income taxes**

Deferred income taxes are reported for timing differences between items of income or expense reported in the condensed consolidated interim financial statements and those reported for income tax purposes in accordance with ASC 740, "Income Taxes", which requires the use of the asset/liability method of accounting for income taxes. Deferred income taxes and tax benefits are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases, and for tax losses and credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company provides for deferred taxes for the estimated future tax effects attributable to temporary differences and carry-forwards when realization is more likely than not.

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The Company recognizes uncertain income tax positions at the largest amount that is more-likely-than-not to be sustained upon examination by the relevant taxing authority. An uncertain income tax position will be recognized if it has less than a 50% likelihood of being sustained. Recognition or measurement is reflected in the period in which the likelihood changes. Any interest and penalties related to unrecognized tax liabilities are presented within income tax expense in the consolidated statements of operations and comprehensive income.

**Basic and diluted net income (loss) per share**

The Company computes net income (loss) per share in accordance with ASC 260, "Earnings per Share". ASC 260 requires presentation of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excluded all dilutive potential shares if their effect is anti-dilutive.

**Fair value measurements**

The Company accounts for certain assets and liabilities at fair value. The hierarchy below lists three levels of fair value based on the extent to which inputs used in measuring fair value are observable in the market. We categorize each of our fair value measurements in one of these three levels based on the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

- Level 1 – inputs are based upon unadjusted quoted prices for identical instruments in active markets.
- Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques (e.g. the Black-Scholes model) for which all significant inputs are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves, credit spreads, foreign exchange rates, and forward and spot prices for currencies.
- Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques, including option pricing models and discounted cash flow models. Our Level 3 assets and liabilities include investments in other private entities, and goodwill and intangible assets, when they are recorded at fair value due to an impairment charge. Unobservable inputs used in the models are significant to the fair values of the assets and liabilities.

The Company measures equity investments without readily determinable fair values on a nonrecurring basis. The fair values of these investments are determined based on valuation techniques using the best information available, and may include quoted market prices, market comparables, and discounted cash flow projections.

Other current financial assets and current financial liabilities have fair values that approximate their carrying values.

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**Use of estimates and assumptions**

The preparation of condensed consolidated interim financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

**4. INVESTMENT IN INTERACTIVE MEDIA INC.**

The Company's investment in the amount of \$500,000 in Enteractive Media Inc. ("Enteractive"), a private company incorporated in Alberta, Canada, was unsecured, non-interest bearing, and due on demand (the "Enteractive Loan").

The Enteractive Loan was convertible into common shares of Enteractive at \$1 per common share.

During the year ended January 31, 2023, the Company converted \$500,000 of the Enteractive Loan into 500,000 common shares of Enteractive.

In March 2023, Parsec Capital Acquisitions Corp. ("Parsec") completed the acquisition of the majority common shares of Enteractive. Pursuant to the Stock Exchange and Reorganization Agreement between Parsec and Enteractive, the Company's investment in Enteractive was converted into 50,000 Class B Common Stock of Parsec. As of April 30, 2024, Parsec's Class B shares are not listed for trading on an exchange.

**5. ADVANCE TO SPINOLA SOFTWARE SOLUTIONS LIMITED**

In May 2021, the Company entered into a letter of intent to acquire Spinola Software Solutions Limited and Jackpot Group Limited (together, "Spinola"). As a condition of the closing, the Company and Spinola entered into a Loan Agreement and Promissory Note, to be secured by stock in Spinola (the "Spinola Loan").

The Spinola Loan in the amount of US\$720,000 is effective May 5, 2021, bears interest of 3% per annum, and is due within 12 months. All payments are first applied to accrued interest and the balance to principal. The Spinola Loan can be paid in whole or in part, at any time and from time to time, without penalty or premium. The parties are in negotiation for the settlement of the loan at a later date.

During the three months ended April 30, 2024, the Company advanced \$Nil (2023 – \$Nil) to Spinola. As at April 30, 2024, total amount due from Spinola was \$2,086,722 (January 31, 2024 – \$2,086,722).

At April 30, 2024, the acquisition of Spinola has not been completed. All parties continue to move toward the disclosed corporate finance structure of the reverse triangle merger.

**6. LOANS AND NOTES RECEIVABLE**

The loans and notes receivable as of April 30, 2024 and January 31, 2024 are due from non-arm's length parties, unsecured, non-interest bearing, and due on demand. The parties agreed not to demand repayments for 12 months.

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**7. SHORT-TERM LOAN PAYABLE**

During the three months ended April 30, 2024, the Company received \$1,825, net of repayments (2023 – \$161,531, net) from a non-arm's length party. The loans are unsecured, non-interest bearing, and due on demand.

**8. DUE TO RELATED PARTIES**

The balance due to related parties as of April 30, 2024 and January 31, 2024 are payable to officers and directors of the Company (the "RP Loan"). The RP Loan is secured by the assets of the Company and is interest-bearing. During the three months ended April 30, 2024, the Company recorded an interest expense of \$3,600 (2023 – \$3,600). There are no set terms of repayment.

The RP Loan is convertible into common shares of the Company at a price no lower than the last 12-month average closing price of the Company's common shares listed on the OTC pink sheet.

**9. SHARE CAPITAL**

(a) Authorized:

During the year ended January 31, 2021, the Company's Articles of Incorporation were amended and restated, which resulted in a change of its authorized share capital as follows:

500,000,000 shares of common stock, with \$0.001 par value.  
10,000,000 shares of preferred stock, with \$0.001 par value.

The Company's share capital information has been retroactively restated to present the par value of its common stock, with the remaining amount presented as contributed surplus.

The Company is authorized to divide the 10,000,000 shares of preferred stock from time to time into one or more series. and to determine or change by resolution for each such series its designation, the number of shares of such series, the powers, preferences and rights and the qualifications, limitations, or restrictions for the shares of such series.

The Company designated 5,000,000 Series A Convertible Preferred Stock. The Series A Convertible Preferred Stock shall be pari passu with the Company's common stock. Each holder of outstanding shares of Series A Convertible Preferred Stock shall not be entitled to receive any dividends, except as may be declared by the Board of Directors in its sole and absolute discretion out of funds legally available for that purpose. The holders of Series A Convertible Preferred Stock shall not be entitled to vote on any matters submitted or required to be submitted to a vote of the shareholders of the Company, except as otherwise required by law, in which case every holder of Series A Convertible Preferred Stock shall be entitled to the number of votes equal to the number of whole shares of Common Stock into which such shares of Series A Convertible Preferred Stock are convertible, at the record date for the determination of shareholders entitled to vote on such matters or, if no such record date is established, at the date such vote is taken or any written consent of shareholders is solicited.

Each share of Series A Convertible Preferred Stock shall be convertible, at the option of the holder thereof, at any time, into one share of the Company's Common Stock.

On March 28, 2023, the holder of Series A Convertible Preferred Stock has exercised option to convert 5,000,000 shares of Series A Convertible Preferred Stock into 5,000,000 shares of the Company's Common Stock.

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(b) Issued and Outstanding:

On February 7, 2023, the Company issued 500,000 shares of common stock for \$0.04 (US\$0.03) per share for the consulting services valued at \$20,324 (US\$15,000).

## **10. MANAGEMENT OF FINANCIAL**

The financial risk arising from the Company's operations include credit risk, liquidity risk, interest rate risk and currency risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

### ***Credit risk***

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash and receivables. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies. The loans and note receivables are due from related parties and are subject to credit risk.

### ***Liquidity risk***

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company intends to ensure that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. As at April 30, 2024, the Company had cash of \$731 (January 31, 2024 – \$258) to settle the total current liabilities of \$2,982,717 (January 31, 2024 – \$2,958,315), of which \$2,822,220 (January 31, 2024 – \$2,803,326) is due to related parties. The Company continues to obtain financing via short-term loans or advances from related parties to meet its debt obligations as they become due.

### ***Foreign exchange risk***

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency.

The Company is not exposed to significant foreign exchange risk.

### ***Interest Rate Risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

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**11. FINANCIAL INSTRUMENTS**

**Classification of financial instruments**

	<b>Financial assets – FVTPL</b>	<b>Financial assets – amortized cost</b>	<b>Financial liabilities – amortized cost</b>
<b>As at April 30, 2024</b>			
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash	731	-	-
Interest receivable	-	88,749	-
Loans and notes receivable	-	581,196	-
Accounts payable	-	-	147,342
Short-term loan payable	-	-	2,076,100
Due to related parties	-	-	759,275
	<b>Financial assets – FVTPL</b>	<b>Financial assets – amortized cost</b>	<b>Financial liabilities – amortized cost</b>
<b>As at January 31, 2024</b>			
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash	258	-	-
Interest receivable	-	79,360	-
Loans and notes receivable	-	581,196	-
Accounts payable	-	-	141,834
Short-term loan payable	-	-	2,074,275
Due to related parties	-	-	742,206

The fair value of the Company's financial assets and liabilities approximates the carrying amount because of their nature and relatively short maturity dates or durations.

**12. RELATED PARTY TRANSACTIONS**

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Board of Directors and corporate officers. The aggregate values of transactions relating to key management are as follows:

<b>Three Months Ended April 30,</b>	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b><u>Consulting fees</u></b>		
Directors	636	27,098

See Notes 6, 7 and 8 for related party transactions.

**13. SUPPLEMENTAL CASH FLOW INFORMATION**

The Company issued 500,000 shares of common stock for \$0.04 (US\$0.03) per share for the consulting services valued at \$20,324 (US\$15,000) (2023 – \$Nil) for the three month ended April 30, 2023.



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**14. ACQUISITION OF ASSETS**

On May 13, 2022, the Company entered into an Asset Purchase Agreement ("APA") whereby the Company acquired certain assets, tangible and intangible, related to marketing and provision of web, mobile web, and native lottery/gambling applications (the "Purchased Assets"). As consideration for the Purchased Assets, the seller shall receive 8% of the gross revenue realized by the Company through the continued use of the Purchase Assets, minus government taxes and minus lottery payouts. The payment to the seller is perpetual and the Company's obligation only terminates upon the sale of the Purchase Assets to a bona fide third party for a minimum purchase price of \$5,000,000.

**15. RESTATEMENT OF FINANCIAL STATEMENTS**

The condensed consolidated interim financial statements of the Company for the three months ended April 30, 2023 have been restated to include the following:

1. Conversion of 5,000,000 Series A Convertible Preferred Stock into 5,000,000 shares of the Company's Common Stock.
2. Issuance of 500,000 shares of common stock for \$0.04 (US\$0.03) per share for the consulting services valued at \$20,324 (US\$15,000).

The restatement resulted in the following:

1. Increase in prepaid expenses, total current assets and total assets of \$14,781.
2. Increase in common shares of \$5,500, decrease in preferred shares of \$250,000, increase in contributed surplus of \$264,824 and increase in deficit of \$5,543, for a total increase in equity of \$14,781.
3. Total operating expenses and net loss increased by \$5,543.
4. There have been no changes to the cash flows.