

**RIVALRY CORP. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS**

As of September 30, 2025 and December 31, 2024 and for  
the Three Months and Nine Months Ended September 30, 2025, and 2024

***(Unaudited - Expressed in Canadian Dollars)***

## **NOTICE OF NO AUDIT OR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a note indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of management. The Company's independent auditor has not performed a review of these interim financial statements.

**RIVALRY CORP. AND SUBSIDIARIES****Condensed Consolidated Interim Statements of Financial Position****As of September 30, 2025, and December 31, 2024****(Unaudited - Expressed in Canadian Dollars unless otherwise noted)**

	<b>Note</b>	<b>September 30, 2025</b>	<b>December 31, 2024</b>
		<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		130,658	1,574,112
Restricted cash		1,120,218	1,095,971
Accounts receivable		96,422	72,358
Prepaid expenses and deposits		263,458	280,258
<b>TOTAL CURRENT ASSETS</b>		<b>1,610,756</b>	<b>3,022,699</b>
Property and equipment, net	4	183,026	248,096
Intangible assets		134,663	134,663
Right-of-use assets, net	5	70,742	198,078
Other non-current assets		-	488,490
<b>TOTAL ASSETS</b>		<b>1,999,188</b>	<b>4,092,027</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities		2,891,937	3,672,252
Deferred Revenue	12	4,636,808	4,990,809
Promissory Note Payable	10	4,415,977	-
Current portion of lease liabilities	5	79,970	154,454
<b>TOTAL CURRENT LIABILITIES</b>		<b>12,024,692</b>	<b>8,817,514</b>
<b>NON-CURRENT LIABILITIES</b>			
Non-current portion of lease liabilities	5	-	32,251
Convertible Debenture	9	13,595,369	12,034,575
<b>TOTAL LIABILITIES</b>		<b>25,620,061</b>	<b>20,884,340</b>
<b>SHAREHOLDERS' EQUITY</b>			
Subordinate Voting Shares	6	80,733,469	80,733,469
Multiple Voting Shares	6	10,000	10,000
Contributed surplus		16,169,407	15,864,484
Equity Component of Convertible Debenture	9	3,036,677	3,036,678
Accumulated deficit		(123,570,428)	(116,436,945)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>(23,620,872)</b>	<b>(16,792,312)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,999,188</b>	<b>4,092,027</b>

The accompanying notes are an integral part of the Unaudited Condensed Consolidated Interim Financial Statements.

## RIVALRY CORP. AND SUBSIDIARIES

### Condensed Consolidated Interim Statements of Operations and Comprehensive Loss For the Three Months and Nine Months Ended September 30, 2025, and 2024 (Unaudited – Expressed in Canadian Dollars unless otherwise noted)

		For the Three Months Ended		For the Nine Months Ended	
	Note	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
		\$	\$		
<b>NET REVENUE</b>	11	1,925,562	2,952,574	4,855,738	12,111,863
<b>OPERATING EXPENSES</b>					
General and Administration		2,508,628	4,237,464	7,980,227	13,301,989
Marketing, advertising and promotion		220,458	2,114,851	723,088	8,943,045
Technology and content		725,707	1,864,861	2,174,174	4,292,335
Share based compensation	8	10,114	168,010	72,541	749,157
Depreciation and amortization	4,5	60,560	86,356	181,256	253,349
<b>TOTAL OPERATING EXPENSES</b>		<u>3,525,467</u>	<u>8,471,542</u>	<u>11,131,286</u>	<u>27,539,873</u>
<b>LOSS FROM OPERATIONS</b>		(1,599,905)	(5,518,968)	(6,275,548)	(15,428,010)
<b>OTHER INCOME (EXPENSES)</b>					
Foreign exchange loss/(gain)		256,551	154,328	849,891	541,901
Interest (expense)/income, net	5	(1,565)	(4,002)	(6,451)	(13,583)
Interest expense on promissory note payable		(96,347)	-	(140,582)	-
Interest expense on convertible debenture		<u>(519,135)</u>	<u>(519,865)</u>	<u>(1,560,794)</u>	<u>(1,560,478)</u>
<b>NET LOSS</b>		(1,960,401)	(5,888,507)	(7,133,483)	(16,460,170)
<b>OTHER COMPREHENSIVE LOSS</b>					
Foreign currency translation (loss)/gain		<u>(462,279)</u>	<u>(204,689)</u>	<u>232,382</u>	<u>(1,123,436)</u>
<b>TOTAL COMPREHENSIVE LOSS</b>		<u>(2,422,680)</u>	<u>(6,093,196)</u>	<u>(6,901,101)</u>	<u>(17,583,606)</u>
<b>NET LOSS PER SHARE:</b>					
Basic and Diluted		(0.03)	(0.09)	(0.11)	(0.25)
<b>WEIGHTED-AVERAGE SHARES OUTSTANDING:</b>					
Basic and Diluted		67,078,946	65,124,344	67,078,946	65,124,344

The accompanying notes are an integral part of the Unaudited Condensed Consolidated Interim Financial Statements.

## RIVALRY CORP. AND SUBSIDIARIES

### Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the Nine Months Ended September 30, 2025 and 2024

(Unaudited - Expressed in Canadian Dollars unless otherwise noted)

Note	Subordinate Voting Shares		Subordinate Voting Shares to be Issued		Multiple Voting Shares		Reserves	Equity Component of Convertible Debenture	Accumulated Deficit	Accumulated Comprehensive Other Income (Loss)	Total
	Units	Amount	Units	Amount	Units	Amount					
<b>Balance at January 1, 2024</b>	64,857,990	77,121,242	205,759	651,352	2,222,220	10,000	16,805,544	3,036,677	(94,026,702)	(1,667,772)	1,930,342
Issuance of Subordinate Voting Shares, net of issuance costs	6	-	-	-	-	-	-	-	-	-	-
Issuance of shares on exercise of options	8	-	-	-	-	-	-	-	-	-	-
Issuance of shares on vesting of RSUs	8	177,362	-	(177,362)	-	-	-	-	-	-	-
Share-based compensation	8	-	-	-	-	-	749,157	-	-	-	749,157
Net loss	-	-	-	-	-	-	-	-	(16,460,170)	-	(16,460,170)
Foreign currency translation loss	-	-	-	-	-	-	-	-	-	(1,123,436)	(1,123,436)
<b>Balance at September 30, 2024</b>	65,035,352	77,121,242	28,397	651,352	2,222,220	10,000	17,554,701	3,036,677	(110,486,871)	(2,791,208)	(14,904,108)
<b>Balance at December 31, 2024</b>	87,268,461	80,733,469	-	-	2,222,220	10,000	15,864,484	3,036,677	(116,436,945)	-	(16,792,314)
Issuance of Subordinate Voting Shares, net of issuance costs	-	-	-	-	-	-	-	-	-	-	-
Issuance of shares on exercise of options	-	-	-	-	-	-	-	-	-	-	-
Issuance of shares on vesting of RSUs	486	-	-	-	-	-	-	-	-	-	-
Share-based compensation	-	-	-	-	-	-	72,541	-	-	-	72,541
Net loss	-	-	-	-	-	-	-	-	(7,133,483)	-	(7,133,483)
Foreign currency translation loss	-	-	-	-	-	-	232,382	-	-	-	232,382
<b>Balance at September 30, 2025</b>	87,268,947	80,733,469	-	-	2,222,220	10,000	16,169,407	3,036,677	(123,570,428)	-	(23,620,873)

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Interim Financial Statements.



**RIVALRY CORP. AND SUBSIDIARIES**

Condensed Consolidated Interim Statements of Cash Flows  
For the Nine-Month Period Ended September 30, 2025, and 2024  
(Unaudited - Expressed in Canadian Dollars unless otherwise noted)

	Note	For the Nine Months Ended	
		September 30, 2025	September 30, 2024
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net loss		(7,133,483)	(16,460,170)
Adjustments to reconcile net income to net cash:			
Depreciation and ammortization expense		53,919	85,869
Loss on disposal of fixed assets		14,725	-
Depreciation- Right of use	5	127,336	127,335
Finance cost		6,451	13,583
Finance cost on debenture		1,560,794	1,560,336
Restricted cash		(24,247)	973,901
Share-based compensation	8	72,541	749,157
Changes in operating assets and liabilities:			
Accounts receivable		(24,064)	(2,643)
Prepaid expenses and deposits		16,800	74,345
Accounts payable and accrued liabilities		(780,173)	918,314
Deferred Revenue		(354,001)	3,085,671
Promissory Note		4,415,977	-
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		<b>(2,047,424)</b>	<b>(8,874,302)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Long term assets		488,490	(12,809)
Interest Income		1,374	-
Purchased of property and equipment	4	(5,090)	(95,750)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>484,774</b>	<b>(108,559)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Lease payments		(113,186)	(109,454)
<b>NET CASH PROVIDED BY(USED IN) FINANCING ACTIVITIES</b>		<b>(113,186)</b>	<b>(109,454)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,675,836)</b>	<b>(9,092,315)</b>
Impact of foreign exchange on cash		232,382	(1,309,192)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD</b>		<b>1,574,112</b>	<b>10,540,613</b>
<b>CASH AND CASH EQUIVALENTS, END OF THE PERIOD</b>		<b>130,658</b>	<b>139,107</b>

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Interim Financial Statements.

## RIVALRY CORP. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements  
For the Three and Nine Months Ended September 30, 2025 and 2024  
(Unaudited - Expressed in Canadian Dollars unless otherwise noted)

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

#### Nature of Operations

Rivalry Corp. (“Rivalry” or the “Company”), formally known as PMML Corp., was incorporated pursuant to the Business Corporations Act, under the laws of the Province of Ontario on October 28, 2016. The address of the registered and record office is 116 Spadina Ave, Unit 701, Toronto, ON, M5V 2K6.

The Company was incorporated on October 28, 2016 under the *Business Corporations Act* (Ontario) as “PMML Corp.”. On September 20, 2021, PMML Corp. filed articles of amendment to, *inter alia*, change its name to “Rivalry Corp.” and consolidate its share capital on the basis of 4.5 pre-consolidation shares for every 1 post-consolidation shares (the “**Consolidation**”). Effective October 5, 2021, the Company’s subordinate voting shares (the “**Subordinate Voting Shares**”) began trading on the TSX Venture Exchange (the “**TSXV**”) under the symbol RVLV. The Subordinate Voting Shares are also traded on the Frankfurt Stock Exchange under the symbol 9VK and the OTCQX Best Market under the symbol RVLCF.

Rivalry offers regulated betting on sports, esports, casino, and fantasy in Ontario and globally through its Isle of Man license. The company uses emerging technology, design, and entertainment value to create proprietary gambling experiences. This includes an interactive gaming platform called Casino.exe, in-house developed games such as Rushlane and Cash & Dash.

#### Going Concern

As of September 30, 2025, the Company had an accumulated deficit of \$123,570,428 (September 30, 2024 - \$110,486,871), a net loss from operations of \$7,133,483 (September 30, 2024 - \$16,460,170) and net cash used in operating activities of \$2,047,424 (September 30, 2024 - \$8,874,302). These circumstances indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern, and therefore, the Company may not be able to realise its assets and discharge its liabilities in the normal course of business.

The Company’s ability to continue as a going concern is dependent upon its ability to generate profits and positive cash flows from operations, obtaining additional funding from financing arrangements through issuance of shares and or convertible debentures. However, there can be no assurance that these activities will be successful or that financing will be available on terms acceptable to the Company. The condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.



## **RIVALRY CORP. AND SUBSIDIARIES**

Notes to the Condensed Consolidated Interim Financial Statements  
For the Three and Nine Months Ended September 30, 2025 and 2024  
(Unaudited - Expressed in Canadian Dollars unless otherwise noted)

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### **1 NATURE OF OPERATIONS AND GOING CONCERN (continued)**

If the going concern basis was not appropriate for these condensed consolidated interim financial statements, then adjustments would be necessary to the carrying values and classification of assets and liabilities, and such adjustments could be material (note 16).

### **2. BASIS OF PRESENTATION**

#### **Basis of Presentation and Statement of Compliance**

These condensed consolidated interim financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS").

These condensed consolidated financial statements are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2024, which includes information necessary or useful to understanding the Company's business and financial statement presentation.

These condensed consolidated interim financial statements have been prepared using the historical cost convention, except for certain items, which are recorded at fair value.

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors of the Company on December 1, 2025.

#### **Functional and Presentation Currency**

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Group. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21. The Company considers the functional currency for its Canadian operations to be Canadian Dollars ("C\$"). The Company considers the functional currency for its significant subsidiaries to be the currency of the primary economic environment in which the subsidiary operates.

The presentation currency of the condensed consolidated interim financial statements is in Canadian Dollars ("C\$"). These condensed consolidated interim financial statements and the tables within the notes to the financial statements are in C\$ dollars except when otherwise indicated.

## **RIVALRY CORP. AND SUBSIDIARIES**

Notes to the Condensed Consolidated Interim Financial Statements  
For the Three and Nine Months Ended September 30, 2025 and 2024  
(Unaudited - Expressed in Canadian Dollars unless otherwise noted)

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### **2. BASIS OF PRESENTATION (continued)**

#### **Basis of Consolidation**

These condensed consolidated interim financial statements include the results of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. Subsidiaries are included in the condensed consolidated interim financial statements from the effective date of the acquisition up to the effective date of disposal or loss of control.

De facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de facto control exists the company considers all relevant facts and circumstances, including:

- The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- Substantive potential voting rights held by the Company and by other parties;
- Other contractual arrangements; and
- Historic patterns in voting attendance.

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.

The condensed consolidated interim financial statements incorporate the results of business combinations using the acquisition method. In the condensed consolidated interim statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the condensed consolidated interim statement of comprehensive income from the date on which control is obtained.

## RIVALRY CORP. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Financial Statements  
For the Three and Nine Months Ended September 30, 2025 and 2024  
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### 2. BASIS OF PRESENTATION (continued)

The list of the subsidiaries in the Group is as follows:

Name	Place of Incorporation	Functional Currency	Percentage of equity interest		Nature of business
			2025	2024	
PMML Dev Corp.	Ontario	CAD	100%	100%	Administration of employees and contractors.
PMML Advisors Corp.	Ontario	CAD	100%	100%	Advisory services. Inactive so far.
PMML IP Corp.	Ontario	CAD	100%	100%	Holds the intellectual property.
Pick Win Earn Corp.	Ontario	CAD	100%	100%	Administration of employees.
Rivalry Limited	Isle of Man	USD	100%	100%	Holder of gambling license in Isle of Man.
Rivalry Service Limited	Isle of Man	USD	100%	100%	Service transmission.
Rivalry Australia Proprietors Limited	Australia	AUD	100%	100%	Holder of gambling license in Australia.
Rivalry Ontario Corp.	Ontario	CAD	100%	100%	Holder of gambling license in Ontario.
Rivalry US Corp.	USA	USD	100%	100%	Administration of employees
Rivalry (BVI) Corp.	BVI	USD	100%	100%	Token creation and management.

### 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the condensed consolidated interim financial statements are set out below.

#### Foreign Currency Translation

The functional currency of each entity is determined using the currency of the primary economic environment in which that entity operates. In preparation of the condensed consolidated interim financial statements of the Company, the results of foreign operations with a functional currency other than Canadian dollars are translated to Canadian dollars. Each entity's assets and liabilities are translated to Canadian dollars at the prevailing exchange rate at reporting date. The revenue and expenses of these foreign operations are translated to Canadian dollars using average exchange rates prevailing for each reporting period. Foreign exchange differences arising on translation are recognized directly in the condensed consolidated interim statements of operations and comprehensive income and presented in accumulated other comprehensive loss within equity.

At the entity level, transactions in currencies other than the entity's functional currency are recorded at the exchange rates prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the prevailing exchange rates on the date of the statement of financial position. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the prevailing exchange rates on the date when the fair value was determined. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in the condensed consolidated interim statements of operations and comprehensive loss and accumulated in the foreign currency translation reserve within equity.

## **RIVALRY CORP. AND SUBSIDIARIES**

Notes to the Condensed Consolidated Interim Financial Statements  
For the Three and Nine Months Ended September 30, 2025 and 2024  
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### **3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**

#### **Financial Instruments**

##### *Recognition and Initial Measurement*

The Company classifies its financial instruments based on the purpose for which the financial assets and liabilities were acquired. Management determines the classification of the financial assets and liabilities at initial recognition. The Company has the following types of financial assets and liabilities:

a) Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise accounts receivables, cash and cash equivalents, and restricted cash, and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received and subsequently carried at amortized cost using the effective interest rate method with gains and losses recorded in the condensed consolidated interim statement of operations.

b. Other financial liabilities: Other financial liabilities are carried at amortized cost and include accounts payable, deferred revenue, lease liabilities, and convertible debenture. They are initially recognized at the amount required to be paid and or fair value and subsequently measured at amortized cost using the effective interest rate method with gains or losses recorded in the condensed consolidated interim statement of operations.

##### *Impairment of financial and non-financial assets*

#### **Financial assets**

The Company's financial assets that are subject to IFRS 9's expected credit loss model consist of accounts receivables, all of which are measured at amortized cost. While cash, cash equivalents and restricted cash are also subject to the impairment requirements of IFRS 9, the impairment loss is insignificant as all cash, cash equivalents and restricted cash are placed with high credit quality financial institutions. For accounts receivables, the Company applies the simplified expected credit loss model which requires the recognition of loss allowance based on lifetime expected credit loss. The Company has determined that due to extremely low credit risk from its receivables, the expected credit loss provision is de minimis.

#### **Non-financial assets**

The carrying amounts of the Company's non-financial assets, which includes property and equipment, intangible assets, and right of use assets, are reviewed at each reporting date to

## **RIVALRY CORP. AND SUBSIDIARIES**

Notes to the Condensed Consolidated Interim Financial Statements  
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### **3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**

determine whether there are any events or changes that are indicators of impairment. If such an indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together in the smallest group of assets that generate cash inflows from continuing use that is largely independent of the cash inflows of other assets or groups of assets or cash generating units ("CGUs"). The recoverable amount of an asset or CGU is the greater of its value in use and fair value less costs to sell. In assessing value in use, future discounted cash flows are estimated. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the condensed consolidated interim statement of operations. The Company evaluates impairment losses for potential reversals (other than goodwill) when events or circumstances warrant such consideration.

#### *Derecognition of financial assets and liabilities*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are recognized in the condensed consolidated interim statements of operations and comprehensive loss. The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the condensed consolidated interim statements of operations and comprehensive loss.

#### **Critical Accounting Estimates and Key Sources of Estimation Uncertainties**

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. The Company regularly reviews its estimates and assumptions; however, it is possible that circumstances may arise which may cause actual results to differ from management estimates, and these differences could be material. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to estimates are recorded prospectively. The Company's critical accounting policies and estimates include revenue recognition, and share-based compensation.

#### **Cash and Cash Equivalents**

The Company considers cash equivalents to be highly liquid investments with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## **RIVALRY CORP. AND SUBSIDIARIES**

Notes to the Condensed Consolidated Interim Financial Statements  
For the Three and Nine Months Ended September 30, 2025 and 2024  
(Unaudited - Expressed in Canadian Dollars unless otherwise noted)

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### **3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**

#### **Restricted Cash**

Restricted cash includes cash and cash equivalents that are contractually restricted and related to player deposits and player protection funds. Player balances are composed of the net cash deposited, won or lost, and withdrawn by each user which is recorded as accrued liabilities on the condensed consolidated interim statements of financial position.

#### **Accounts Receivable**

Accounts receivable is recorded at the invoiced amount and do not bear interest. The Company reviews all outstanding accounts receivable for collectability on a regular basis. An allowance for doubtful accounts is recorded for any amounts deemed uncollectable. As of September 30, 2025, and December 31, 2024, no allowance was deemed necessary.

#### **Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated and discounted where the effect is material.

#### **Property and Equipment**

Property and equipment are stated at historic cost less accumulated depreciation.

Depreciation of property and equipment is calculated based on the estimated useful lives, beginning at service date, deducting the residual value of property and equipment using the following methods described below:

<b>Asset Type</b>	<b>Depreciation</b>	<b>Depreciation Rate</b>
Computers	Straight-line	30%
Office Furniture and Equipment	Straight-line	20%

Useful lives, residual values and depreciation methods are reviewed annually. Such a review takes into consideration the nature of the assets, their intended use and technological changes.

Gains or losses on disposals of property and equipment, are determined as the difference between the disposal proceeds and the carrying amount of the assets and are presented distinctly in the condensed consolidated interim statement of operations and comprehensive loss.

## **RIVALRY CORP. AND SUBSIDIARIES**

Notes to the Condensed Consolidated Interim Financial Statements  
For the Three and Nine Months Ended September 30, 2025 and 2024  
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### **3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**

#### **Amount due to or from Payment Processors**

Amounts due from payment processors represent funds held by payment processors to ensure the processors have adequate funds to honour future winnings and withdrawals from player wallets. These amounts are included in accrued liabilities and or cash and cash in transit as it represents cash in transit that is usually received within 3 business days when earned.

#### **Right-of-Use Assets and Lease Liabilities**

At inception of a contract, the Company determines if a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset the Company assesses whether:

- the contract involves the use of an identified asset;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use; and
- the Company has the right to direct the use of the asset

For contracts assessed as or containing a lease, the Company records a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, consisting of:

- the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or restore the site on which it is located; less
- any lease incentives received.

The right-of-use asset is depreciated on a straight-line basis over the lease term. The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The Company uses the relevant incremental borrowing rate as the rate implicit in the Company's leases cannot be readily determined.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and

## **RIVALRY CORP. AND SUBSIDIARIES**

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### **3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**

- amounts expected to be payable under a residual value guarantee.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise purchase, extension or termination options.

Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of lease liabilities are recognized in the condensed consolidated interim statements of operations and comprehensive loss.

#### **Incremental borrowing rates**

The Company's incremental borrowing rate is used to estimate the initial value of the lease liability and associated right of use asset. The Company's incremental borrowing rate is determined with reference to the borrowing rate for a similar asset within a country for a similar lease term. For determination of the applicable lease term, management takes into consideration any options for lease extensions, as well as contractually agreed break clauses within each lease.

#### **Loss per Share**

Basic loss per share is calculated by dividing the net loss attributable to shareholders by the weighted average number of Subordinate Voting Shares outstanding during each of the years presented. Contingently issuable shares (including shares held in escrow) are not considered outstanding Subordinate Voting Shares and consequently are not included in the loss per share calculations. Diluted loss per share is calculated by adjusting the weighted average number of Subordinate Voting Shares outstanding to assume conversion of all dilutive potential Subordinate Voting Shares.

The Company categories of dilutive potential Subordinate Voting Shares include Multiple Voting shares, warrants, stock options, convertible debenture, and restricted share units. In order to determine diluted loss per share, it is assumed that any proceeds from the exercise of dilutive stock options would be used to repurchase Subordinate Voting Shares at the average market price during the period. The diluted loss per share calculation excludes any potential conversion of options or warrants that would increase earnings per share or decrease loss per share.

On September 30, 2025 and December 31, 2024, the multiple voting shares, stock options, convertible debentures and restricted share units as described in Notes 6, 7, and 8 and are anti-dilutive.



## **RIVALRY CORP. AND SUBSIDIARIES**

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### **3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**

#### **Share Capital**

Subordinate Voting Shares are classified as equity with incremental costs directly attributable to the issuance of shares being recognized as a reduction of equity. Multiple Voting Shares are classified as equity and carry one hundred votes per share while the Subordinate Voting Shares hold one vote per share.

#### **Revenue Recognition**

To determine whether to recognise revenue, the Company follows a 5-step process:

The Company determines revenue recognition through the following steps:

- Identify the contract(s) with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when or as the Company satisfies performance obligations by transferring the promised goods or services.

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

The amount of net revenue recognized by the Company is measured at the fair value of the consideration received or receivable and is recognized when the Company satisfies a performance obligation of settling a bet. Net revenue is recognized as wagers less payouts to winning bettors, adjusted for cancellations, corrections and promotional expenses. The Company has two main sources: sportsbook and gaming.

Gaming revenue represents the business transactions accounted for under both IFRS 9, Financial Instruments ("IFRS 9") and IFRS 15, Revenue from Contracts with Customers ("IFRS 15"). The Company has assessed that it is the primary obligor in its sports-betting and online casino gaming contracts with its players. The Company offers sports-betting and online casino related transactions, where it generates a net gain or loss on a bet that is determined by an uncertain future event. These transactions are within the scope of IFRS 9. Revenue is recorded as the gain or loss on betting transactions settled during the period net of free bets, promotional costs, bonuses and fair value adjustments on open (unsettled) bets. The Company recognizes the gain or loss on a betting transaction as revenue when a bet is settled.

Proceeds received from players making deposit to their virtual accounts are recorded as deferred

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### **3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**

revenues. The proceeds received from players are recorded as deferred revenue, as the Company has an implied obligation to provide the services which enable the virtual items exchanged with the virtual currencies to be displayed or used in the games.

The attributable portion of the deferred revenue relating cash received in advance is recognised as revenue only when the services are rendered to the respective paying players.

Revenues are recorded net of cost of revenues includes direct costs incurred by the Company associated with revenue generation activities and principally comprises operator participant fees and service provider fees. In connection with the launch of operations of the Company's online gaming site. These operator participant fees are based on a percentage of gross gaming revenue are expensed simultaneously as gaming revenue is earned. Service provider fees reflect fees that the Company pays to vendors that provide services utilized by the Company to generate gaming revenue. Service provider fees include supplier costs and customer payment transaction fees and are recorded based on the level of transactions and contractual amounts and are expensed as incurred.

#### **Operating Segments**

The Company's reportable segments are comprised of the Sportsbook segment and Gaming segment. Sportsbook generates revenues from esports and traditional sports betting. Gaming segment revenues are earned from originally developed and third-party casino products such as, Rushlane and Aviator. Segment performance is shown on a revenue basis, with a reconciliation to total group revenue. The segments disclosed in the condensed consolidated interim statements of operations and comprehensive loss are aligned with the reports that the Group's Chief Executive Officer and Chief Financial Officer review to make strategic decisions.

#### **Share-Based Compensation**

The Company grants stock options, restricted share units and restricted shares to eligible employees and directors as part of its compensation package under the equity incentive award plan. The fair value of the share-based compensation is recognized as an expense in the condensed consolidated interim statements of operations and comprehensive loss over the vesting period of the award.

##### *Stock Options*

The fair value of stock options granted is estimated using the Black-Scholes option pricing model. The inputs used in the model include the expected volatility of the Company's share price, the risk-free interest rate, and the expected term of the options. The fair value of the options is recognized as an expense in the condensed consolidated interim statements of operations and comprehensive

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### **3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**

loss over the vesting period of the options.

#### *Restricted Share Units (RSUs)*

RSUs represent a promise by the Company to issue a certain number of its shares to eligible employees or directors, subject to the satisfaction of vesting conditions. The fair value of the RSUs granted is based on the market price of the Company's shares at the date of grant. The fair value of the RSUs is recognized as an expense in the condensed consolidated interim statements of operations and comprehensive loss over the vesting period of the RSUs.

#### *Restricted Shares*

Restricted shares are shares issued to eligible employees or directors that are subject to restrictions on their transferability or other conditions. The fair value of the restricted shares granted is based on the market price of the Company's shares at the date of grant. The fair value of the restricted shares is recognized as an expense in the condensed consolidated interim statements of operations and comprehensive loss over the vesting period of the restricted shares.

The Company recognizes a corresponding increase in equity for the fair value of the share-based compensation granted. Any tax benefits related to share-based compensation are recognized in the condensed consolidated interim statements of operations and comprehensive loss or as a reduction of income tax expense, depending on the specific tax laws and regulations applicable to the Company.

#### **Convertible Debentures**

The Company issues financial instruments that contain both liability and equity components. The identification of liability and equity components of compound financial instruments requires management to evaluate the substance of the instrument. Measurement of the liability component at fair value on initial recognition requires management to estimate the prevailing market interest rate for similar non-convertible instruments.

#### **Warrants**

From time to time, the Company may issue units consisting of a combination of Subordinate Voting Shares and warrants to purchase Subordinate Voting Shares. Proceeds received from such unit offerings are allocated between the equity instruments in accordance with IAS 32 – *Financial Instruments: Presentation*.

When warrants are issued in conjunction with shares in a financing transaction, the Company

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### **3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)**

applies the residual value method. Under this method, the Company first determines the fair value of the shares issued, typically based on the quoted market price at the issuance date. The residual amount of the gross proceeds is then allocated to the warrants. Where the warrants are classified as equity, no subsequent remeasurement is required.

If the warrants do not meet the criteria for equity classification, they are accounted for as financial liabilities under IFRS 9 and measured at fair value on initial recognition and at each reporting period thereafter, with changes in fair value recognized in profit or loss.

#### **Current and Deferred Income Taxes**

The Company is subject to income taxes in numerous jurisdictions. Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable or recoverable is based on taxable profit or loss for the period. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the condensed consolidated interim financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are generally recognized for all temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled (taxable temporary differences). Deferred tax assets are generally recognized for all temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled (deductible temporary differences) only to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognized in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realized or the deferred tax liability to be settled on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

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**4. PROPERTY AND EQUIPMENT, NET**

As at September 30, 2025, and December 31, 2024, property and equipment consisted of the following:

	<b>Computers</b>	<b>Office Furniture and Equipment</b>	<b>Total</b>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b><u>Cost</u></b>			
<b>Balance, January 01, 2024</b>	296,633	52,052	348,685
Additions	140,849	-	140,849
Disposals	(110,725)	-	(110,725)
<b>Balance, December 31, 2024</b>	326,757	52,052	378,809
Additions	5,090	-	5,090
Disposals	(57,714)	-	(57,714)
<b>Balance, September 30, 2025</b>	274,132	52,052	326,184
<b><u>Accumulated Depreciation</u></b>			
<b>Balance, January 01, 2024</b>	88,915	17,094	106,009
Additions	87,665	6,992	94,657
Disposals	(69,954)	-	(69,954)
<b>Balance, December 31, 2024</b>	106,626	24,086	130,712
Additions	49,725	4,194	53,919
Disposals	(41,473)	-	(41,473)
<b>Balance, September 30, 2025</b>	114,878	28,280	143,158
<b><u>Net Book Value</u></b>			
December 31, 2024	220,131	27,966	248,096
September 30, 2025	159,254	23,772	183,026

**5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

On November 1, 2022, the Company entered a lease for a period of 3 years and 1 month. This lease replaces the old lease which ended in January 2023. The Company has recognized a right of-use asset for the new lease in the amount of \$565,937. The right-of-use asset is being amortized over 3 years. For the three months ended September 30, 2025, and 2024 amortization expense totaled \$42,445 in both periods respectively and for the nine months ended September 30, 2025, and 2024 amortization expense totaled \$127,335 in both periods respectively.

**RIVALRY CORP. AND SUBSIDIARIES**

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**5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)**

As of September 30, 2025, the weighted average remaining life of the lease is 5 months and the incremental borrowing rate is 6.781%.

For the three-month period ended September 30, 2025, and 2024, the Company recorded interest expense of \$1,565 and \$4,001 respectively and for the nine months ended September 30, 2025, and 2024, the Company recorded interest expense of \$6,451 and \$13,583 respectively.

Information related to the Company's right-of-use assets and lease liabilities as at September 30, 2025 and December 31, 2024, is shown below:

	<b>Right-of-Use Assets</b>	<b>Lease Liabilities</b>
	<b>\$</b>	<b>\$</b>
<b>Net book value at January 1, 2024</b>	<u>367,859</u>	<u>326,193</u>
Interest expense	-	16,875
Principal repayments	-	(156,363)
Amortization	<u>(169,781)</u>	<u>-</u>
<b>Net book value at December 31, 2024</b>	<u>198,078</u>	<u>186,705</u>
Interest expense	-	6,451
Principal repayments	-	(113,186)
Amortization	<u>(127,336)</u>	<u>-</u>
<b>Net book value at September 30, 2025</b>	<u>70,742</u>	<u>79,970</u>

Maturities of the lease liabilities as of September 30, 2025, are expected as follows:

	<b>\$</b>
2025	48,508
2026	<u>32,339</u>
Total lease payments	80,847
Less: Imputed interest	<u>(877)</u>
Total lease liabilities	79,970
Less: Current portion of lease liabilities	<u>79,970</u>
Non-current portion of lease liabilities	-

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### **6. CAPITAL STOCK**

#### Subordinate Voting Shares:

For the year ended December 31, 2022, the Company issued 1,343,702 Subordinate Voting shares from the vesting of restricted share units issued under the Equity Incentive Awards.

On May 5, 2023, the Company closed a first tranche of the private placement of 4,611,013 units of the Company at the price of \$1.50 per unit of gross proceeds of \$6,651,153, net of issuance costs of \$11,865. Each unit consists of one subordinate voting share.

On May 23, 2023, the Company closed a second tranche of the private placement of 254,999 units of the Company at the price of \$1.50 per unit of gross proceeds of \$382,499. Each unit consists of one subordinate voting share.

On December 12, 2023, the Company issued 31,161 Subordinate Voting Shares from the exercise of the options issued under the Equity Incentive Awards.

For the year December 31, 2023, the Company issued 287,848 Subordinate Voting shares from the vesting of restricted share units issued under the Equity Incentive Awards.

On November 28, 2024 the Company closed the first tranche of a non-brokered private placement consisting of 12,930,707 units at a price of \$0.15 per unit, for gross proceeds of \$1,939,606. Each unit is comprised of one subordinate voting share and one-half of one warrant, resulting in the issuance of 12,930,707 subordinate voting shares and 6,465,353 share purchase warrants. Each whole warrant entitles the holder to purchase one additional subordinate voting share of the Company at an exercise price of \$0.25 per share, exercisable for a period of 12 months from the date of issuance.

On November 29 2024 the Company closed the second tranche of a non-brokered private placement consisting of 6,984,891 units at a price of \$0.15 per unit, for gross proceeds of \$1,047,733. Each unit is comprised of one subordinate voting share and one-half of one warrant, resulting in the issuance of 6,984,891 subordinate voting shares and 3,492,444 share purchase warrants. Each whole warrant entitles the holder to purchase one additional subordinate voting share of the Company at an exercise price of \$0.25 per share, exercisable for a period of 12 months from the date of issuance.

On December 5, 2024 the Company closed the third tranche of a non-brokered private placement consisting of 2,231,253 units at a price of \$0.15 per unit, for gross proceeds of \$334,688. Each unit is comprised of one subordinate voting share and one-half of one warrant, resulting in the issuance of 2,231,253 subordinate voting shares and 1,115,626 share purchase warrants. Each

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### 6. CAPITAL STOCK (Continued)

whole warrant entitles the holder to purchase one additional subordinate voting share of the Company at an exercise price of \$0.25 per share, exercisable for a period of 12 months from the date of issuance.

#### Multiple Voting Shares:

On December 12, 2016, the Company issued 2,222,220 Founders' units of the Company at the price of \$0.005 per unit for gross proceeds of \$10,000. Each unit consists of one multiple voting shares, one Series A warrant, one Series B warrant and one Series C warrant. Each Series A warrant entitles the holder to purchase one additional subordinate voting share of the Company on or before December 12, 2021, at a price of \$0.005 per subordinate voting share. Each Series B warrant entitles the holder to purchase one additional subordinate voting share of the Company on or before December 12, 2021 at a price of \$0.23 per subordinate voting share. Each Series C warrant entitles the holder to purchase one additional subordinate voting share of the Company on or before December 12, 2021, at a price of \$1.13 per subordinate voting share.

### 7. WARRANTS

The Company has issued warrants to purchase common shares to various investors as part of financing arrangements. The various tranches are detailed below through September 30, 2025.

A reconciliation of the beginning and ending balance of the warrants outstanding is shown below:

The following table summarizes the Company's outstanding and exercisable warrants as of September 30, 2025:

	Number of Warrants	Weighted average exercise price \$
Balance at January 1, 2024	-	-
Granted	11,073,420	0.25
Exercised	-	-
Forefeited	-	-
Balance at December 31, 2024	<u>11,073,420</u>	<u>0.25</u>
Granted	-	-
Exercised	-	-
Forefeited	-	-
Balance at September 30, 2025	<u>11,073,420</u>	<u>-</u>



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### 7. WARRANTS (Continued)

Subordinate Voting Shares	Exercise Price	Expiration Date	September 30, 2025	December 31, 2024
Compensation Warrants	CAD \$0.25	26 November 2025	6,465,350	6,465,350
Compensation Warrants	CAD \$0.25	29 November 2025	3,492,444	3,492,444
Compensation Warrants	CAD \$0.25	6 December 2025	1,115,626	1,115,626
			<u>11,073,420</u>	<u>11,073,420</u>

As of September 30, 2025, and September 30, 2024, no warrants were exercised, respectively. For the three-month period ended September 30, 2025, and 2024 the Company recognized compensation relating to warrants issued in the amounts of \$ nil in both periods.

### 8. EQUITY INCENTIVE AWARDS

The Company's equity incentive plan provides for incentive stock options, non-qualified stock options, restricted shares and restricted share units to be issued to directors, officers, employees and consultants of the Company so that they may participate in the growth and development of the Company. Subject to the specific provisions of the equity incentive plan, eligibility, vesting period, terms of the award, and the number of awards granted are to be determined by the Board of Directors at the time of the grant. The equity incentive plan allows the Board of Directors to issue up to a rolling 10% of the of the Company's outstanding Subordinate Voting Shares in respect of Options and a fixed 10% of the of the Company's outstanding Subordinate Voting Shares plan in respect of Restricted Awards.

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### 8. EQUITY INCENTIVE AWARDS (Continued)

#### *Stock Options*

A reconciliation of the beginning and ending balance of the stock options outstanding is as follows:

	Stock Options	Weighted average exercise price
Balance at January 1, 2024 (restated)	3,779,351	\$ 1.85
Granted	477,517	0.74
Exercised	(55,363)	0.81
Forfeited	(1,359,556)	0.81
Expired	(373,333)	0.81
Balance at December 31, 2024	2,468,616	\$ 0.81
Granted	-	-
Exercised	-	-
Forfeited	(558,131)	0.81
Expired	(101,333)	0.81
Balance at September 30, 2025	1,809,151	\$ 0.81

As of September 30, 2025, and December 31, 2024, the amounts of stock options exercisable were 1,630,389, and 1,974,224 respectively.

The following table summarizes the Company's outstanding stock options as of September 30, 2025:

Date Issued	Outstanding at January 1 2025 (Restated)	Granted	Terminated	Expired	Exercised	Outstanding at September 30 2025	Exercisable	Exercise price	Remaining years
January 14, 2020	101,333	-	-	101,333	-	-	-	\$0.81-\$1.94	-
January 14, 2021	170,222	-	42,222	-	-	128,000	120,000	\$0.81-\$1.94	0.5-1.5 years
August 26, 2021	73,343	-	21,915	-	-	51,428	51,428	\$0.81-\$1.94	0.5-1.5 years
November 19, 2021	335,755	-	-	-	-	335,755	335,755	\$0.81-\$1.94	1-2 years
November 23, 2022	420,417	-	242,777	-	-	177,640	177,640	\$0.81-\$1.94	1.5 - 3 years
December 23, 2022	251,040	-	-	-	-	251,040	245,228	\$0.81-\$1.94	1.5 - 3 years
June 26, 2023	107,000	-	62,000	-	-	45,000	40,625	\$0.81-\$1.94	2 - 3.5 years
August 1, 2023	24,900	-	8,300	-	-	16,600	8,300	\$0.81-\$1.94	2 - 3.5 years
November 28, 2023	692,123	-	58,300	-	-	633,823	608,286	\$0.81-\$1.94	2 - 4.5 years
February 6, 2024	186,345	-	21,480	-	-	164,865	41,565	\$0.81-\$1.94	2 - 4.5 years
June 19, 2024	106,137	-	101,137	-	-	5,000	1,562	\$0.81-\$1.94	2 - 4.5 years
	2,468,615	-	558,131	101,333	-	1,809,151	1,630,389	\$0.81	

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**8. EQUITY INCENTIVE AWARDS (Continued)**

The accounting fair value of the equity incentive awards as of the date of grant was calculated in accordance with a Black-Scholes option pricing model for grants made in 2025 using the following average inputs:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>
Risk free interest rate	3.33-3.92%	3.33-3.92%
Average forfeiture rate	26%	26%
Average vesting period	2.81 years	2.81 years
Maximum life	4.5 years	4.5 years
Expected dividend	0.00%	0.00%
Volatility	54.67%-62.17%	54.67%-62.17%

*Restricted Shares*

During the three-month period ended September 30, 2025, and 2024, the Company recognized \$nil and \$1,605 in share-based compensation related to the vesting of restricted shares and restricted share units, respectively and \$nil and \$ 10,547 during the nine-month period ended September 30, 2025, and 2024.

**9. CONVERTIBLE DEBENTURES**

On November 14, 2023, the Company raised net proceeds of \$13,768,262 through the issuance of secured convertible debentures through a non-brokered private placement.

The debentures will mature on November 14, 2027, and bear interest at 10% per annum. Interest is payable quarterly on March 30, June 30, September 30, and December 30 of each year commencing December 31, 2025.

The entire principal of the convertible debentures may be converted at the election of the holder into Subordinate Voting Shares of the Company at a conversion price of \$1.40 per share at any time before the close of business on the last business day immediately preceding the Maturity Date. In connection with the offering, the Company incurred \$235,754 in transaction costs which were recorded pro rata against the liability (\$165,824) and equity components (\$70,930). The fair value of the convertible debentures was determined to be \$9,905,422 measured using a market rate of 21.53% less transaction costs for a similar secured debt without the conversion feature.

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### 9. CONVERTIBLE DEBENTURES (continued)

The remaining value of \$4,131,533, net of tax of \$1,094,856, was allocated to the equity component as the difference between the face value of the debenture and the fair value of the liability component. As at September 30, 2025, the Company recognized \$3,921,994 of interest expense and elected to accrue unpaid interest of \$1,254,217 to the principal outstanding on the convertible debenture. No payments have been made.

### 10. PROMISSORY NOTE PAYABLE

During the reporting period, the Company entered into multiple unsecured promissory note agreements with its senior lender to provide additional working capital in support of ongoing strategic initiatives. The notes bear interest at a rate of 10.0% per annum, calculated monthly and capitalized until maturity. The full principal and accrued interest are repayable in cash on the contractual maturity date of September 30, 2025.

The promissory notes are classified as financial liabilities and measured at cost. Interest expense is recognized on an accrual basis in accordance with IFRS.

As at September 30, 2025, the carrying amount of the promissory notes was \$4,267,536, including accrued interest of \$148,441.

### 11. NET REVENUE AND SEGMENT INFORMATION

Gross gaming revenue is measured at the fair value of the consideration received or receivable and comprises of the total wagers less payouts to winning bettors. Further adjustments as operational deductions are made for cancellations, corrections, and promotional expenses to arrive at net revenue. Gross gaming revenue and operational deductions are used as Non-IFRS measures to represent the amounts from the most directly comparable IFRS measure (Net Revenue). This method ensures that all adjustments reflect the true economic conditions under which the revenue was generated, providing a clear and accurate depiction of the Company's financial performance.

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30, 2025</u>	<u>September 30, 2024</u>	<u>September 30, 2025</u>	<u>September 30, 2024</u>
<b>Gross Gaming Revenue</b>	\$ 6,109,836	\$ 5,664,957	\$ 16,356,095	20,816,625
Operational Deductions	(4,184,274)	(2,712,382)	(11,500,357)	\$ (8,704,762)
<b>Net Revenue</b>	<u>1,925,562</u>	<u>2,952,574</u>	<u>4,855,738</u>	<u>12,111,863</u>

The segments disclosed in the condensed consolidated interim statements of operations and comprehensive loss are aligned with the reports that the Group's Chief Executive Officer and Chief Financial Officer as Chief Operating Decision Makers review to make strategic decisions.

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### 11. NET REVENUE AND SEGMENT INFORMATION (Continued)

The Company operates in two operating segments being that of sportsbook and gaming. Sportsbook betting involves a user wagering money on an outcome or series of outcomes occurring. When a user's wager wins, the Company pays the user a pre-determined amount known as fixed odds. Sportsbook revenue is generated from wagers adjusted for payouts for winning bets.

Gaming revenue involves the offerings under the proprietary casino platform "Casino.exe" which includes original games such as "Cash & Dash" as well as digital versions of wagering games available in land-based casinos, such as blackjack, roulette and slot machines. For these product offerings, the Company generates revenue from user wagers adjusted for payouts for winning bets.

The gross gaming revenue (GGR) amounts by segment are presented as follows:

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30, 2025</u>	<u>September 30, 2024</u>	<u>September 30, 2025</u>	<u>September 30, 2024</u>
Sportsbook GGR	4,731,032	4,085,993	13,205,778	15,992,010
Gaming GGR	1,378,804	1,578,963	3,150,318	4,824,615
<b>Gross Gaming Revenue</b>	<u>6,109,836</u>	<u>5,664,957</u>	<u>16,356,095</u>	<u>20,816,625</u>

### 12. DEFERRED REVENUE

The deferred revenue balance consists of prepayments from third-party customers for utility tokens and deposits from players into their virtual accounts.

The Company receives prepayments from third-party customers under agreements in which customers pay in advance for utility tokens that the Company intends to develop and issue at a future date. These prepayments are recognized as Deferred Revenue under liabilities on the balance sheet until the utility tokens are developed and issued, at which point revenue will be recognized.

In accordance with IFRS 15, *Revenue from Contracts with Customers*, the Company has assessed that these transactions constitute contracts with customers, and that the Company has a performance obligation to transfer goods or services in the future. Accordingly, the consideration received is classified as a liability until the performance obligation is satisfied.

The Company also receives deposits from players into their virtual accounts. These deposits are recorded as Deferred Revenue, as the Company has an implied obligation to provide services that enable the display or use of virtual items in games, which are exchanged through virtual currencies.

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### **12. DEFERRED REVENUE (Continued)**

As of September 30, 2025, total Deferred Revenue was \$4,636,808, largely comprising \$4,294,328 in prepayments for utility tokens and \$334,668 in player balances.

### **13. RELATED PARTY TRANSACTIONS**

The Company's related parties are its key management personnel and the companies controlled by its key management personnel. 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 members of the Company's Board of Directors and certain corporate officers. The remuneration of key management personnel during the three- and nine-month period ended September 30, 2025 included management were \$138,417 and \$394,398, respectively. The remuneration of directors and key management personnel during the three- and nine-month period ended September 30, 2024 included management fees of \$253,645 and \$ 925,056, respectively.

Cheesan Chew, a related party who previously provided consulting services, had no transactions with the Company during the three- and nine-month periods ended September 30, 2025 (2024 – nil), and no balances were outstanding at either reporting date.

On April 17, 2022, the Company advanced a secured demand loan of \$484,917 (USD \$385,000) to Kevin Wimer, the Chief Operating Officer and a Director of the Company. The loan bore interest at 3.2% per annum and was approved by the non-interested members of the Board of Directors. During the quarter ended March 31, 2025, the loan, together with all accrued interest, was fully settled. A portion of the outstanding balance was applied against deferred salary payable to Mr. Wimer, with the remaining amount of USD \$320,886 repaid in cash.

As at September 30, 2025, the Company had no outstanding balance receivable from Mr. Wimer (September 30, 2024 – \$549,801).

### **14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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### **14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)**

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which there is sufficient data with unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the condensed consolidated interim financial statements are categorized within the fair value hierarchy.

This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Inputs are quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2: Inputs are observable inputs other than quoted prices included within Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in markets that are not active, or other inputs that are observable directly or indirectly.
- Level 3: Inputs are unobservable inputs for the asset or liability that reflect the reporting entity's own assumptions and are not based on observable market data.

There were no transfers into or out of the fair value levels for nine-month period ended September 30, 2025, and 2024. The classification of financial instruments at their carrying and fair values as of September 30, 2025 are as follows:

#### **(a) Fair Value**

Due to the short-term of cash and cash equivalents, restricted cash, trade accounts receivable, convertible debenture, accounts payable and accrued expenses, the carrying value of these condensed consolidated interim financial instruments approximate their fair value.

#### **(b) Credit Risk**

Credit risk is the risk of unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents and accounts receivable. To address its credit risk arising from cash and cash equivalents, deposits and accounts receivable, the Company ensures to keep these balances with financial institutions of high repute. The Company has not recorded an ECL as all amounts are considered to be recoverable and are immaterial.

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### **14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)**

The Company is not significantly exposed to its accounts receivable due to its diversified customer base and a stringent collection policy.

#### **(c) *Liquidity Risk***

Liquidity risk is the risk that the Company is unable to generate or obtain sufficient cash in a cost-effective manner to fund its obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

The Company manages liquidity risk through maintaining adequate cash balances forecast and cash flows and obtaining financing from its members and third parties. As at September 30, 2025 and December 31, 2024, all trade payables and accrued liabilities are due within a year.

#### **(d) *Interest Rate Risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets or liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Company is exposed to interest rate risk on its cash and cash equivalents. Cash and cash equivalents bear interest at market rates.

The Company's debt bears an interest at a fixed coupon rate of 10%, accordingly any impact on the market interest rates would have no impact on the Company's interest payable to the lender.

#### **(e) *Industry Risk***

The Company operates in the gambling industry which is characterized by a unique set of risks that are inherent to its operations. These risks can impact the financial performance and stability of the Company, influencing the effectiveness of its financial instruments and risk management strategies. These risks include changes in regulatory risk, market competition, consumer preferences, economic conditions, technological risk, operational risk, and legal and reputational risk. The Company closely monitors the industry trends and changes in the regulatory environment that may affect its operations.

To mitigate industry risks, the Company has implemented strategies that target each risk listed above, including diversification of its products and services, expanding its customer base, and investing in research and development to stay ahead of technological advancements and partnering with strong legal and regulatory bodies to mitigate future changes. The Company maintains strong relationships with its customers, which helps in managing the risks associated with the industry.



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### 14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

#### (f) Foreign Currency Risk

The condensed consolidated interim operating results and financial position of the Company are reported in Canadian dollars. As the Company operates in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are subject to currency transaction and translation risks.

As of September 30, 2025, the Company's significant foreign exchange currency exposure on its financial instruments expressed in Canadian dollars was as follows:

	EUR	GBP	USD
Cash & cash equivalents	\$ 5	\$ 1,166	\$ 124,836
Restricted cash	47,133	489,956	79,760
Accounts payable and accrued liabilities	-	-	1,192,687
Net exposure	\$ 47,139	\$ 491,122	\$ 1,397,284
Effect of +/- 10% change in currency	\$ 4,714	\$ 49,112	\$ 139,728

Based on the above net exposures at September 30, 2025, a 10% depreciation or appreciation of the foreign currencies against the Canadian dollar would result in an increase or decrease, respectively, in the Company's loss by \$193,555 (September 30, 2024 - \$108,147).

At September 30, 2025 and 2024, the Company had no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

### 15. SUBSEQUENT EVENTS

#### 1. Private Placement

On October 8, 2025, the Company completed the first tranche of its non-brokered private placement (the "2025 Private Placement") by issuing 27,600,000 units (each, a "Unit") at a price of \$0.05 per Unit for aggregate gross proceeds of \$1,380,000. On October 17, 2025, the Company completed the second tranche of the 2025 Private Placement by issuing 27,600,000 Units for aggregate gross proceeds of \$1,380,000. On October 24, 2025, the Company completed the third tranche of the 2025 Private Placement by issuing 29,937,930 Units for aggregate gross proceeds of \$1,496,896.50. Across three tranches of the 2025 Private Placement completed to date, the

## **RIVALRY CORP. AND SUBSIDIARIES**

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### **15. SUBSEQUENT EVENTS (Continued)**

Company issued a total of 85,137,930 Units at a price of \$0.05 per Unit, for aggregate gross proceeds of \$4,256,896.50.

Each Unit consists of one Subordinate Voting Share and one Subordinate Voting Share purchase warrant exercisable at \$0.10 per share until October 8, 2027. All securities issued in the 2025 Private Placement are subject to a four-month statutory hold period in accordance with applicable securities legislation.

The Company intends to use the net proceeds from the 2025 Private Placement to support corporate development initiatives and general working capital needs. The Company may complete an additional tranche of the 2025 Private Placement on or before December 15, 2025.

### **2. Debt Restructuring**

The Company entered into a debt settlement agreement dated September 26, 2025 (the "Debt Settlement Agreement") with its senior lender, pursuant to which the parties agreed to restructure the Company's indebtedness consisting of:

- i. the senior secured convertible debenture issued on November 14, 2023 in the principal amount of \$14,000,000 (the "Secured Debenture"), and
- ii. certain unsecured promissory notes in the aggregate principal amount of US\$3,070,000 maturing September 30, 2025 (collectively, the "Indebtedness").

On October 24, 2025, the Company completed the debt restructuring. Under the terms of the Debt Settlement Agreement, the Company settled \$12,526,384.88 of the Indebtedness through the issuance of 250,527,697 units (each, a "Debt Settlement Unit") at a price of \$0.05 per Debt Settlement Unit. Each Debt Settlement Unit consists of one Subordinate Voting Share and one share purchase warrant exercisable at \$0.10 per share until October 24, 2027.

Following completion of the debt settlement, \$8,480,000 of principal remains outstanding under the Secured Debenture. In connection with the restructuring, the Secured Debenture was amended to:

- (i) establish a conversion price of \$0.10 per Subordinate Voting Share;
- (ii) extend the maturity date to November 14, 2028; and
- (iii) defer interest payments until December 31, 2026.

All securities issued in connection with the debt restructuring are subject to a four-month statutory hold period in accordance with applicable securities laws.