



PLAYGON GAMES INC.
Consolidated Financial Statements
For the Years Ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

PLAYGON GAMES INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	December 31, 2025	December 31, 2024
		\$	\$
ASSETS			
Current assets			
Cash		101,756	378,555
Amounts receivable		-	65,002
Sales tax receivable		157,478	105,002
Prepays		381,719	93,646
		640,953	642,205
Other assets	3	74,086	442,618
Property and equipment	4	-	130,813
		715,039	1,215,636
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	5,9	9,146,984	6,947,706
Loans payable	6	16,225,167	11,300,625
Purchase obligation payable		-	35,846
Convertible debentures	7	15,491,000	15,370,379
		40,863,151	33,654,556
SHAREHOLDERS' DEFICIENCY			
Share capital	8	60,334,756	57,769,001
Reserves	8	6,146,848	6,160,115
Accumulated other comprehensive income		17,254	26,806
Accumulated deficit		(106,646,970)	(96,394,842)
		(40,148,112)	(32,438,920)
		715,039	1,215,636

Nature of operations and going concern (Note 1)

Subsequent events (Note 15)

Approved on behalf of the Board of Directors on April 30, 2026:

/s/ Darcy Krogh
Darcy Krogh
Director

/s/ Mike Marrandino
Mike Marrandino
Director

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

PLAYGON GAMES INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Year Ended December 31,	
		2025	2024
		\$	\$
Revenue	12	38,146	604,580
Operating expenses			
Advertising and promotion		-	40,218
Bad debts		106,583	83,500
Consulting fees		1,312,593	1,229,693
Data access fees		1,183,040	1,681,842
Depreciation and amortization	4	127,490	4,172,599
Interest and bank charges	6, 7, 9	3,357,065	3,768,652
Management and directors fees	9	685,801	784,503
Other general and administrative expenses		151,945	251,624
Professional fees		799,534	634,210
Regulatory and shareholder services		60,286	35,251
Rent and utilities		34,918	114,200
Sales commissions		7,721	168,853
Salaries and benefits	9	1,805,302	5,864,217
Share-based compensation	9	776	39,096
Travel		11,663	32,215
		9,644,717	18,900,673
Loss before other income (expenses)		(9,606,571)	(18,296,093)
Other income (expenses)			
Interest income		3,258	14,297
Foreign exchange loss		116,656	(245,209)
Write-off other assets	3	(373,878)	-
(Loss) gain on debt settlement	5,8	(391,593)	332,498
		(645,557)	101,586
Loss for the year before taxes		(10,252,128)	(18,194,507)
Income tax recovery	10	-	-
Loss for the year		(10,252,128)	(18,194,507)
Items that may be reclassified to profit or loss in subsequent year			
Foreign currency translation adjustment		(9,522)	(22,257)
Loss and comprehensive loss for the year		(10,261,680)	(18,216,764)
Basic and diluted loss per common share		(0.02)	(0.06)
Weighted average number of common shares outstanding			
Basic and diluted		430,197,042	313,313,085

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

PLAYGON GAMES INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31,	
	2025	2024
	\$	\$
Cash flows provided by (used in) operating activities		
Loss for the year	(10,252,128)	(18,194,507)
Items not affecting cash:		
Interest expense	1,493,977	1,914,475
Accretion expense	286,865	1,352,254
Depreciation and amortization	127,490	4,172,599
Bad debt	106,583	-
Write-off of other asset	373,878	-
Unrealized FX	(194,096)	
Share-based compensation	776	39,096
Gain on debt settlement	391,593	(332,498)
Changes in non-cash working capital:		
Amounts receivable	(41,581)	262,012
Sales tax receivable	(52,476)	6,064
Prepays	(288,073)	56,796
Accounts payable and accrued liabilities	2,701,784	1,649,770
	(5,345,408)	(9,073,939)
Cash flows provided by (used in) investing activities		
Acquisition of property and equipment	-	(3,954)
	-	(3,954)
Cash flows provided by (used in) financing activities		
Loan proceeds	5,077,394	9,466,908
Repayment of lease liability	-	(239,455)
Share issuance costs	-	(4,202)
	5,077,394	9,223,251
Effect of foreign exchange on cash	(8,785)	24,749
Change in cash during the year	(276,799)	170,107
Cash, beginning of year	378,555	208,448
Cash, end of year	101,756	378,555
Supplemental cash flow information:		
Interest settled through share issuances	2,423,130	1,440,087

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

PLAYGON GAMES INC.**Consolidated Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian Dollars)**

	Share Capital	Share Capital	Reserves	Accumulated Other Comprehensive (Loss)/income	Deficit	Total
	#	\$	\$	\$	\$	\$
Balance, December 31, 2023	288,574,727	56,665,614	6,121,019	49,063	(78,200,335)	(15,364,639)
Shares issued for debt, net of issue costs	43,675,801	1,107,589	-	-	-	1,107,589
Share issue costs	-	(4,202)	-	-	-	(4,202)
Share-based compensation	-	-	39,096	-	-	39,096
Foreign exchange on translation	-	-	-	(22,257)	-	(22,257)
Loss for the year	-	-	-	-	(18,194,507)	(18,194,507)
Balance, December 31, 2024	332,250,528	57,769,001	6,160,115	26,806	(96,394,842)	(32,438,920)
Shares issued for debt, net of issue costs	152,085,404	2,423,130	-	-	-	2,423,130
Convertible Debt - share conversion	1,858,219	142,625	(14,043)	-	-	128,582
Share-based compensation	-	-	776	-	-	776
Foreign exchange on translation	-	-	-	(9,552)	-	(9,552)
Loss for the year	-	-	-	-	(10,252,128)	(10,252,128)
Balance, December 31, 2025	486,194,151	60,334,756	6,146,848	17,254	(106,646,970)	(40,148,112)

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

PLAYGON GAMES INC.

Notes to Consolidated Financial Statements

For the Years ended December 31, 2025, and 2024

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1. NATURE OF OPERATIONS AND GOING CONCERN

Playgon Games Inc. (“Playgon”) was incorporated on December 2, 1985, under the laws of the Province of British Columbia. All references in this document to the “Company” refer to Playgon Games Inc. and its wholly owned subsidiaries. The Company is listed and traded on the TSX Venture Exchange (“TSXV”) under the symbol “DEAL”. The Company’s principal office is located at #1100 - 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5, Canada.

The Company’s principal business is the development and licensing of digital content for the growing iGaming market. The Company provides a multi-tenant gateway that allows online operators the ability to offer their customers innovative iGaming software solutions. Its current software platform includes Live Dealer Casino and E-Table games (“Live Dealer Product”), through a seamless integration at the operator level, allows customer access without having to share or compromise any sensitive customer data.

On July 26, 2024, the Company announced that its subsidiary, Bitrate Productions, had received an order from the Nevada Gaming Control Board (the “NGCB”) to halt operations at its Las Vegas Studio and the Company complied with the order. Prior to commencing operations at the Las Vegas studio, the Company initiated a legal review conducted by a specialist in Nevada gaming law. The legal opinion stated that Playgon’s business model was in compliance with Nevada state laws, Playgon’s business is exclusively outside the US and does not target any US operators or players. While the Company has complied with the order and halted operations at the Las Vegas Studio, the Company’s e-table games, which are not hosted in Nevada, remain live and available for licensed operators to access. These e-table games are available exclusively outside the USA and do not target Nevada or any U.S. state operators or players.

This halt in operations has had a material adverse effects on, among other things, the Company, its business and revenues. Management and the board are conducting a review and assessment of alternative studio locations.

In addition, the Company’s operations have been primarily funded from equity financings, loans and convertible notes, which are dependent upon many external factors and may be difficult to secure or raise when required on terms acceptable to the Company or at all. During the year ended December 31, 2025, the Company incurred a net loss of \$10,252,128 (December 31, 2024 - \$18,194,507). As at December 31, 2025, the Company had a working capital deficit balance of \$40,222,198 (December 31, 2024 – \$33,012,351) and an accumulated deficit of \$106,646,970 (December 31, 2024 - \$96,394,842). The Company recognizes that its objectives and scope of expenditure may change with ongoing results, and, as a result, it will need to seek additional financing. While the Company has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future. These factors indicate the existence of a material uncertainty that casts significant doubt about the Company’s ability to continue as a going concern. If for any reason the Company is unable to continue as a going concern, it could impact the Company’s ability to realize assets at their recognized values and to meet its liabilities in the ordinary course of business at the amounts stated in the consolidated financial statements.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Subsequent to December 31, 2025, the Company amended the maturity dates of its convertible debentures and secured loans (Note 15).

2. MATERIAL ACCOUNTING POLICIES

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

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Statement of compliance

These consolidated financial statements are audited and have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS”) in effect at December 31, 2025.

These consolidated financial statements were approved for issuance on April 30, 2026.

Recent accounting pronouncements and changes in accounting policies

The following accounting standards and amendments are for future periods.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 introduces three sets of new requirements to give investors more transparent and comparable information about companies’ financial performance for better investment decisions.

1. Three defined categories for income and expenses (operating, investing and financing) to improve the structure of the income statement, and require all companies to provide new defined subtotals, including operating profit.
2. Requirement for companies to disclose explanations of management-defined performance measures (MPMs) that are related to the income statement.
3. Enhanced guidance on how to organise information and whether to provide it in the primary financial statements or in the notes.

This new standard is effective for reporting periods beginning on or after January 1, 2027. The Company is currently in the process of assessing its impact on future consolidated financial statements.

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates that are either not applicable or are not expected to have a significant impact on the Company’s consolidated financial statements.

Basis of presentation

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

Consolidation

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

	Incorporation	Percentage owned	
		2025	2024
Playgon Interactive Inc. (“Playgon Interactive”)	Canada	100%	100%
Companies owned by Playgon Interactive			
Cleebo Games Inc.	Canada	100%	100%
Bitrate Productions (“Bitrate”)	USA	100%	100%
Playgon Distribution Limited	Cyprus	-	100%
Playgon Malta Holding Limited	Malta	100%	100%
Companies owned by Playgon Malta Holding Limited			
Playgon Malta Limited	Malta	100%	100%

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

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

Cash

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Company is not exposed to significant credit or interest rate risk although cash is held in excess of federally insured limits with a major financial institution.

Functional and presentation currency

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

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

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

Property and equipment

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

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

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

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

Computers	55%
Computer software	20%
Furniture and equipment	20%
Other equipment	20%
Leasehold improvements	5 years

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

Intangible assets

Intangible assets are carried at cost, less accumulated amortization and accumulated impairment losses. Intangible assets consist of licenses and costs incurred to develop software platforms, internet websites and mobile phone applications to promote, advertise and earn revenue with respect to the Company's business operations. Costs are capitalized when the expenditure can be directly attributed or allocated on a reasonable and consistent basis and was incurred for its intended use in accordance with IFRS, and in accordance with IAS 38, Intangible Assets, as issued by the IASB. Content developed for advertising or promoting is recognized as an expense when incurred.

Intangible assets acquired in business combinations and pursuant to asset purchases are recorded at their fair values.

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

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

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

The Company's intangible assets have a finite life and are being amortized using the straight-line method over 5 years. The estimated useful life and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. In the current year, in light of the NGCB order the Company determined that the intangible assets amortization period had concluded. As a result, the Company reassessed the useful life of the intangible assets with the remaining balance fully amortized at the end of the current fiscal year.

Government grants

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

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If indicators exist, then the asset's recoverable amount is estimated. The recoverable amounts of the following types of intangible assets are measured annually whether or not there is any indication that it may be impaired:

- (i) an intangible asset with an indefinite useful life; and
- (ii) an intangible asset not yet available for use.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use ("VIU") and its fair value less costs to sell ("FVLCS"). In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Company's assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

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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 consolidated statement of loss and comprehensive loss.

In respect of assets other than intangible assets that have indefinite useful lives, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed in a subsequent period when there has been an increase in the recoverable amount of a previously impaired asset or CGU. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Financial Instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value, with transaction costs expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

Financial assets and liabilities carried at FVOCI are initially recorded at fair value plus or minus transaction costs, respectively. Unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVOCI are included in comprehensive income or loss in the period in which they arise.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. Regardless of whether credit risk has increased significantly, the loss allowance for trade receivables without a significant financing component classified at amortized cost, are measured using the lifetime expected credit loss approach. The Company shall recognize in the statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

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Derecognition

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 of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

Convertible debentures

Convertible debentures issued by the Company represent a compound financial instrument that includes the host debt liability and the convertible component, with the proceeds received allocated between the two components at the date of issue. The Company assesses whether the convertible component qualifies as equity or is considered a derivative liability. If the conversion feature meets the definition of equity, the fair value of the liability component is estimated at the date of issue of the instrument using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability (net of transaction costs) on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. Transaction costs are apportioned between the liability and equity components of the convertible instrument, based on the allocation of proceeds to the financial liability and equity components when the instruments are initially recognized. On conversion, the financial liability is reclassified to equity and no gain or loss is recognized.

If the conversion feature of a convertible instrument does not meet the definition of equity, it is classified as an embedded derivative and measured accordingly. The debt component of the instrument is determined by deducting the fair value of the embedded derivative at inception from the fair value of the consideration received for the instrument as a whole. The debt component is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, an impairment loss is recognized in profit or loss.

Impairment losses on financial assets carried at amortized cost, including loans and receivables, are calculated as the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Share capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any tax effects.

Equity financing

The Company engages in equity financing transactions to obtain the funds necessary to continue operations. These equity financings transactions may involve the issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Company has adopted the residual value method with respect to the allocation of proceeds received on sale of units to the underlying common shares and share purchase warrants issued as private placement units. The fair

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value of the common shares issued in private placements is determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached share purchase warrants.

Share-based payments

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled reserves in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

For employees, the fair value is measured at grant date and each tranche is recognized on a straight-line basis over the period during which the share options vest. The fair value of the share options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share options were granted.

At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

Current and deferred income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive loss or directly in equity. In this case income tax is also recognized in other comprehensive loss or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Loss per share

Basic loss per share is computed by dividing income attributable to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share earnings. The Company computes the dilutive impact of common shares using the treasury stock method, which assumes the proceeds received from the pro forma exercise of in-the-money share options and warrants are used to purchase common shares at average prices.

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Revenue recognition

The Company generates Software as a service (“SAAS”) revenue from contracts with customers by providing them access to the Company’s Live Dealer Product. The Company recognizes revenues at the fair value of the consideration received or receivable when a performance obligation is satisfied.

The Company accounts for revenue from a contract with a customer when the following criteria are met:

- 1) The contract has been approved by the parties to the contract;
- 2) When the performance obligations for both parties to the service contract have been established;
- 3) When the payment terms for the contract have been identified and can be allocated to the established performance obligations;
- 4) When the Company has fulfilled its performance obligations per the customer contract; and
- 5) When it is probably the Company will collect the consideration to which it is entitled for providing the services as laid out in the customer contract.

The Company records the gross revenue generated from customers and records commissions paid to third parties within operating expenses.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to liability. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount, which is determined on a cost recovery basis.

Use of estimates

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

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

Financial instruments

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

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Valuation of convertible debentures

The identification of convertible debenture components is based on interpretation of the substance of the contractual arrangement and therefore requires judgment from Management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent measurement of interest on the liability component. The determination of fair value of the liability is based on a number of assumptions including contractual future cash flows, discount rates and the presence of any derivative financial instruments. Changes in the input assumptions can materially affect the fair value estimate.

Valuation of share-based compensation

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

Useful lives of intangible assets

Management determined that intangible asset costs incurred which were capitalized are expected to have future economic benefits and are expected to be economically recoverable. Management uses several criteria in its assessments of economic recoverability and the probability of future economic benefits including anticipated cash flows and estimated economic life. The amortization expense related to intangible assets is determined using estimates relating to the useful life of the intangible asset. Finite-lived intangible assets are tested for impairment when indicators of impairment exist. As at December 31, 2025, Management determined there were no impairment indicators and no impairment charge was required. During the year ended December 31, 2025, due to the halt in the Company's operations, the Company reassessed the useful life of its intangible assets and determined that based on the lack of revenue generation and uncertainty of when they would be in use the useful life had concluded. The Company fully amortized its intangible assets because of the change in the estimate.

Useful lives of property and equipment

The Company is required to reassess the useful economic life of its property and equipment at least annually, if expectations differ from previous estimates. During the year ended December 31, 2025, due to the halt in the Company's operations, the Company reassessed the useful life of its other equipment and determined that based on the lack of revenue generation and uncertainty of when they would be in use the useful life had concluded. The Company fully depreciated these assets because of the change in the estimate.

3. OTHER ASSETS

In October 2018 the Company's bank in Malta, Satabank, was directed by the Malta Financial Services Authority (MFSA) to refrain, cease and desist from taking further deposits into the accounts of its current customers. The MFSA also retained Ernst & Young LLP to take charge of the bank's assets for the purpose of safeguarding the interests of the depositors and to assume control of the bank's business. The Company has EUR €46,047 (CAD\$74,086) (December 31, 2024 - EUR €46,047 (CAD\$68,739)) in a bank account at Satabank and is in the process of transferring these funds to a new bank in Malta. As the funds are not currently available, the cash amount has been categorized as "Other assets" in the consolidated statement of financial position. Dialogue with Satabank's appointed receiver is ongoing and the Company has submitted a request for receipt of the funds.

On December 14, 2020, Devkey Consulting Limited ("Devkey"), a company controlled by the former CFO of Playgon, Paul Dever, initiated a civil claim against the Company in the Supreme Court of British Columbia (the "Court") for failure to pay monthly fees and invoiced expenses from July 2018 to August 2020 and an unpaid severance amount upon termination of his consulting contract. The claim was for EUR €231,569 (CAD - \$373,878) and on December 16, 2020, the Court ordered the full amount claimed be garnished from the Company and paid into court until a judgement on the claim is reached. The Company has retained

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legal counsel regarding this matter and strongly believes the garnishment order will be lifted. As at December 31, 2025, the Company has written off the balance of the garnishment but will continue to pursue the recovery of the funds. An amount owing to Devkey of EUR €186,569 (CAD - \$289,928) is recorded in accounts payable and accrued liabilities.

4. PROPERTY AND EQUIPMENT

	Computers	Computer Software	Furniture and Equipment	Other Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$	\$	\$
Cost:						
At December 31, 2023	145,144	4,494	327,931	467,757	964,379	1,909,705
Additions	1,454	-	-	2,500	-	3,954
Net exchange differences	8,701	-	26,371	41,257	84,801	161,130
At December 31, 2024	155,299	4,494	354,302	511,514	1,049,180	2,074,789
Additions	-	-	-	2,551	-	2,551
Net exchange differences	(5,139)	-	(15,487)	(2,551)	-	(23,177)
At December 31, 2025	150,160	4,494	338,815	511,514	1,049,180	2,054,163
Amortization:						
At December 31, 2023	120,827	2,551	192,177	184,875	944,405	1,444,835
Additions	14,741	389	28,113	295,477	20,687	359,407
Net exchange differences	7,729	-	16,755	31,162	84,088	139,734
At December 31, 2024	143,297	2,940	237,045	511,514	1,049,180	1,943,976
Additions	11,764	1,554	114,171	-	-	127,489
Net exchange differences	(4,901)	-	(12,401)	-	-	(17,302)
At December 31, 2025	150,160	4,494	338,815	511,514	1,049,180	2,054,163
Net book value:						
At December 31, 2024	12,002	1,554	117,257	-	-	130,813
At December 31, 2025	-	-	-	-	-	-

During the year ended December 31, 2025, due to the halt in the Company's operations, the Company reassessed the useful life of its other equipment and determined that based on the lack of revenue generation and uncertainty of when they would be in use the useful life had concluded.

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5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2025	December 31, 2024
	\$	\$
Accounts payable	5,124,435	4,516,306
Accrued liabilities	747,983	627,967
Payroll taxes payable	129,483	136,225
Accrued interest payable (Note 6, 7)	3,145,083	1,667,208
	9,146,984	6,947,706

During the year ended December 31, 2025, the Company wrote off \$38,365 of purchase obligations that are no longer owing and \$431,573 of accounts payable that had been forgiven by the vendor.

6. LOANS PAYABLE

	Promissory Notes	Secured Loans	Loans Payable	CEBA	Total
	\$	\$	\$	\$	\$
Balance, December 31, 2023	1,170,000	-	515,033	60,000	1,745,033
Additions	7,948,601	1,518,307	-	-	9,466,908
Accretion	-	19,675	-	-	19,675
Foreign exchange adjustment	-	35,474	33,535	-	69,009
Balance, December 31, 2024	9,118,601	1,573,456	548,568	60,000	11,300,625
Additions	-	5,077,394	-	-	5,077,394
Accretion	-	41,243	-	-	41,243
Foreign exchange adjustment	-	(174,401)	(19,694)	-	(194,095)
Balance, December 31, 2025	9,118,601	6,517,692	528,874	60,000	16,225,167

Interest Payable

	Promissory Notes	Secured Loans	Loans Payable	CEBA	Total
	\$	\$	\$	\$	\$
Balance, December 31, 2023	157,651	-	91,011	-	248,662
Additions	710,505	16,120	26,507	1,967	755,099
Foreign exchange adjustment	-	-	6,922	-	6,922
Balance, December 31, 2024	868,156	16,120	124,440	1,967	1,011,588
Additions	1,058,064	407,012	26,835	2,066	1,493,977
Foreign exchange adjustment	-	(5,806)	(4,857)	-	(10,663)
Balance, December 31, 2025	1,926,220	417,326	146,418	4,033	2,493,997

Promissory Notes

During the year ended December 31, 2023, the Company received \$5,966,000 in promissory notes which are due on demand and accrue interest at 8% and 10% per annum. Of the \$5,966,000 in promissory notes received, \$4,746,000 were from related parties.

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During the year ended December 31, 2023, the Company repaid \$1,932,000 of the promissory notes through the issuance of shares and repaid \$8,096,000 of the promissory notes in cash.

During the year ended December 31, 2024, the Company received \$7,948,601 in promissory notes from related parties, which are due on demand and accrue interest at 10% per annum.

As at December 31, 2025, the Company owes \$9,118,601 (December 31, 2024 - \$9,118,601) in short-term promissory notes. The promissory notes are unsecured and as at December 31, 2025, the amount outstanding is due on demand and incurs interest of 10% to 12% per annum. During the year ended December 31, 2025, the Company recorded interest expense of \$1,058,064 (December 31, 2024 - \$710,505) on the promissory notes. As at December 31, 2025, interest of \$1,926,220 (December 31, 2024 - \$868,156) remains outstanding and is included in accounts payable and accrued liabilities.

Secured Loans

During the year ended December 31, 2024, the Company entered into a secured promissory note (the "Secured Note") with Pure Live Interactive Inc. (the "Noteholder"), a related party of Playgon, pursuant to which the Noteholder has agreed, for a period of 6 months to make available to Playgon, in the Noteholder's sole discretion, one or more advances of immediately available funds over the Term, which advances would carry an annual interest rate equal to 10% per annum accruing as of the date of the relevant advance until the Note is repaid. The maximum facility available was \$5,000,000. All advances are guaranteed by a guarantee granted by Playgon Interactive, Playgon Malta Limited and Playgon Malta Holdings Limited, in favour of the Noteholder and secured by a grant of security interest in all of Playgon's and Playgon Interactive's (including its subsidiaries) present and after acquired personal property, a pledge of the shares held by Playgon in Playgon Malta Limited and Holdings. The aggregate unpaid principal amount of the Loan, all accrued and unpaid interest and all other amounts payable under the Note shall be due and payable as at the expiry of the Term. Playgon may, at its discretion, prepay the Loan, in whole or in part at any time and from time to time by paying the principal amount to be prepaid, together with accrued interest thereon to date of prepayment. Playgon is also subject to various covenants and obligations under the Note customary for transactions of this nature. The Noteholder is a company owned by Ms. Kathleen Crook, a current "control person" of Playgon.

During the year ended December 31, 2025, the Company received USD \$3,632,857 (CAD \$5,077,394) in promissory notes from related parties, which are due on demand and accrue interest at 10% per annum.

As at December 31, 2025, the Company owes \$6,517,692 (December 31, 2024 - \$1,572,603) in secured loans. During the year ended December 31, 2025, the Company recorded interest expense of \$407,012 (December 31, 2024 - \$16,120) on the secured loans. As at December 31, 2025, interest of \$417,325 (December 31, 2024 - \$16,120) remains outstanding and is included in accounts payable and accrued liabilities.

As at December 31, 2025, the Company had received \$6,595,701 in secured loans, exceeding the \$5,000,000 maximum. As a result, the Company is seeking an extension on both the term and amount of the Secured Note. The Company has agreed with the Noteholder to increase the maximum to \$14,000,000 with the maturity date extended to September 30, 2026 and this was approved by the Exchange on March 27, 2026.

Loans Payable

As at December 31, 2025, the Company had \$133,660 and US\$288,351 (CAD \$395,214) owing to various third-party lenders. The loans are unsecured and bear interest at 5% per annum. The loans became due on demand upon the Company completing a financing greater than \$5,000,000. Playgon Interactive is the obligor under the loans and as of December 31, 2025, they remain owing and unpaid. During the year ended December 31, 2025, the Company recorded interest expense of \$26,835 (December 31, 2024 -

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\$26,507) on the loans payable. As at December 31, 2025, interest of \$146,418 (December 31, 2024 - \$124,440) remains outstanding and is included in accounts payable and accrued liabilities.

On April 10, 2024, a third-party lender initiated a claim against Playgon Interactive for USD\$25,974 (CAD \$35,257) and \$133,660 of principal outstanding and USD \$5,404 (CAD \$7,335) and \$27,811 of interest outstanding at the date of the claim. The Company has filed a response to the application.

Canada Emergency Business Account

As at December 31, 2025, the Company owed the Government of Canada \$60,000 (December 31, 2024 - \$60,000) in relation to two loans received under the Canada Emergency Business Account ("CEBA") program. As the Company did not repay any amount of the CEBA program loans by January 18, 2024, the expiry date of the loan was extended for a two-year term and accrues interest at 5% per annum. During the year ended December 31, 2025, the Company recorded interest expense of \$2,066 (December 31, 2024 - \$1,967) on the CEBA loans. As at December 31, 2025, interest of \$4,033 (December 31, 2024 - \$1,967) remains outstanding and is included in accounts payable and accrued liabilities.

7. CONVERTIBLE DEBENTURES

	Principal	Interest	Total
			\$
Balance, December 31, 2023	14,037,802	539,388	14,577,190
Accretion expense	1,332,577	-	1,332,577
Interest expense	-	1,557,224	1,557,224
Interest settled by shares	-	(1,440,087)	(1,440,087)
Balance, December 31, 2024	15,370,379	656,525	16,026,904
Accretion expense	245,621	-	245,621
Conversion to shares	(125,000)	-	(125,000)
Interest expense	-	1,559,743	1,559,743
Interest settled by shares	-	(1,565,182)	(1,565,182)
Balance, December 31, 2025	15,491,000	651,086	16,142,086

On January 19, 2023, and March 24, 2023, the Company raised gross proceeds of \$2,095,000 through the issuance of 2,095 convertible note units at a price of \$1,000 per unit. Each unit consists of \$1,000 in principal amount of an unsecured convertible note of the Company. The convertible note units were to mature on January 19, 2025, and March 24, 2025, respectively, and bear interest at a simple rate of 10% per annum. Interest is payable semi-annually on June 30 and December 31. The entire principal amount of the convertible note may be converted at the election of the holder into common shares of the Company at a conversion price of \$0.10 per share at any time prior to the maturity date. The accrued interest is payable in cash or, at the option of the Company, may also be converted into common shares at a conversion price equal to the 25-day volume weighted average price ("VWAP") of the Company's common shares on the TSXV immediately preceding the date the interest is due.

In connection with the offering, the Company paid cash finders' fees of \$30,000 and incurred \$22,599 in other transaction costs.

The fair value of the liability component of the convertible notes on inception was estimated at \$1,847,252 based on an estimated 18% market discount rate less \$46,375, the pro-rata portion of the \$52,599 transaction costs. The remaining value of \$247,748 and \$6,224 of transaction costs was allocated to the equity component.

On May 3, 2023, the Company raised gross proceeds of \$2,550,000 through the issuance of unsecured convertible debentures through a brokered private placement. The debentures were to mature on May 3,

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2025, and bear interest at 10% per annum. Interest is payable semi-annually on June 30 and December 31. The entire principal of the convertible note may be converted at the election of the holder into common shares of the Company at a conversion price of \$0.10 per share at any time prior to the maturity date., subject to standard adjustments and a forced conversion right granted to the Company. The accrued interest is payable in cash or, at the option of the Company may also be converted into common shares at a conversion price equal to the 25-day VWAP of the Company's common shares on the TSXV immediately preceding the date the interest is due.

In connection with the offering, the Company paid cash finders' fees of \$153,000, incurred \$103,305 in cash transaction costs and issued 1,530,000 agent warrants at a value of \$76,888 with each agent warrant being exercisable for a 24-month period at an exercise price of \$0.10.

The fair value of the liability component of the convertible debentures on inception was estimated at \$2,248,938 based on an estimated 18% market discount rate less \$293,855, the pro-rata portion of the \$333,193 transaction costs. The remaining value of \$301,061 and \$39,338 of transaction costs was allocated to the equity component.

On May 3, 2023, the Company raised gross proceeds of \$6,000,000 through the issuance of unsecured convertible debentures to a related party ("Anchor Financing"). The debentures were to mature on May 3, 2025, and bear interest at 10% per annum. Interest is payable semi-annually on June 30 and December 31. The entire principal of the convertible note may be converted at the election of the holder into common shares of the Company at a conversion price of \$0.10 per share at any time prior to the maturity date, subject to standard adjustments and a forced conversion right granted to the Company. The accrued interest is payable in cash or, at the option of the Company may also be converted into common shares at a conversion price equal to the 25-day VWAP of the Company's common shares on the TSXV immediately preceding the date the interest is due.

In connection with the offering, the Company incurred \$30,000 in cash transaction costs.

The fair value of the liability component of the convertible debentures on inception was estimated at \$5,291,622 based on an estimated 18% market discount rate less \$26,458, the pro-rata portion of the \$30,000 transaction costs. The remaining value of \$708,378 and \$3,542 of transaction costs was allocated to the equity component.

On December 29, 2023, the Company raised gross proceeds of \$4,971,000 through the issuance of unsecured convertible debentures through a non-brokered private placement. The debentures were to mature on December 29, 2024, and bear interest at 10% per annum. Interest is payable quarterly on March 31, June 30, September 30 and December 31. The entire principal of the convertible note may be converted at the election of the holder into common shares of the Company at a conversion price of \$0.05 per share at any time prior to the maturity date., subject to standard adjustments and a forced conversion right granted to the Company. The accrued interest is payable in cash or, at the option of the Company may also be converted into common shares at a conversion price equal to the 25-day volume weighted average price of the Company's common shares on the TSX.V immediately preceding the date the interest is due.

In connection with the offering, the Company incurred \$64,005 in cash transaction costs.

The fair value of the liability component of the convertible debentures on inception was estimated at \$4,520,961 based on an estimated 21.75% market discount rate less \$58,211, the pro-rata portion of the \$64,005 transaction costs. The remaining value of \$450,039 and \$5,795 of transaction costs was allocated to the equity component.

During the year ended December 31, 2025, \$245,621 (December 31, 2024 - \$1,332,577) of accretion and \$1,559,743 (December 31, 2024 - \$1,557,224) of interest expense was recorded on the convertible

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debentures. Accretion expense is recorded in interest and bank charges on the consolidated statements of loss and comprehensive loss.

As at December 31, 2025, \$651,086 (December 31, 2024 - \$656,525) of accrued interest is recorded in accounts payable and accrued liabilities (Note 7).

During the year ended December 31, 2025, a debenture holder converted \$125,000 in convertible debentures and \$3,582 in interest into common shares of the Company. The Company issued 1,858,219 common shares and transferred \$14,043 from reserves to equity.

During the year ended December 31, 2025, all convertible debentures had their maturity dates extended to November 30, 2025 and then March 31, 2026. Subsequent to December 31, 2025, the Company has initiated the process to further extend the maturity date of the convertible debentures to September 30, 2026.

8. SHARE CAPITAL AND RESERVES

Authorized share capital

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

Issued share capital

During the year ended December 31, 2025:

- The Company issued 152,085,404 common shares to settle \$2,423,130 of interest owed on the convertible debentures. The Company recorded a loss on debt settlement of \$861,531 based on the share price on the date of issuance.
- The Company issued 1,858,219 common shares to settle \$125,000 of convertible debentures and \$3,582 of interest.

During the year ended December 31, 2024:

- The Company issued 37,462,051 common shares to settle \$1,440,087 of interest owed on the convertible debentures. The Company recorded a gain on debt settlement of \$332,498 based on the share price on the date of issuance.

Share options

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

During the year ended December 31, 2025, the Company recorded \$776 in share-based compensation (December 31, 2024 - \$39,096).

Share option transactions are summarized as follows:

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	Number of Share Options	Weighted Average Exercise Price
		\$
Balance, December 31, 2024	13,250,000	0.28
Expired	(9,150,000)	0.29
Balance, December 31, 2025	4,100,000	0.26
Unvested	(16,667)	0.06
Exercisable, December 31, 2025	4,083,333	0.26

A summary of the share options outstanding and exercisable at December 31, 2025 is as follows:

Number of Share Options Outstanding	Number of Share Options Exercisable	Exercise Price	Expiry Date
		\$	
500,000	500,000	0.37	January 1, 2026
1,000,000	666,667	0.37	January 1, 2027
50,000	50,000	0.47	February 10, 2026
50,000	50,000	0.38	June 30, 2026
100,000	100,000	0.28	August 25, 2026
100,000	100,000	0.30	September 1, 2026
50,000	33,334	0.32	January 6, 2027
1,550,000	1,550,000	0.21	February 24, 2027
50,000	33,334	0.07	May 2, 2027
100,000	33,334	0.07	May 9, 2027
500,000	500,000	0.10	February 27, 2028
50,000	33,333	0.06	August 10, 2028
4,100,000	4,083,333		

The weighted average life of share options outstanding at December 31, 2025, was 1.08 years. Subsequent to December 31, 2025, 550,000 options expired unexercised.

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
		\$
Balance, December 31, 2024	1,530,000	0.10
Expired	(1,530,000)	0.10
Balance, December December 31, 2025	-	-

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9. RELATED PARTY TRANSACTIONS

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

Summary of key management personnel compensation:

	For the year ended December 31,	
	2025	2024
	\$	\$
Management and directors' fees	818,537	784,503
Salaries and benefits	380,000	380,000
Professional fees	150,000	150,000
Share-based compensation	66	28,526
	1,348,603	1,343,029

Amounts receivable at December 31, 2025, includes \$nil (December 31, 2024 - \$7,482) receivable from a company related by way of common directors.

Accounts payable and accrued liabilities at December 31, 2025, includes \$3,358,408 (December 31, 2024 - \$2,360,419) owing to directors, officers, or to companies significantly controlled by common directors for unpaid fees and expense reimbursements.

During the year ended December 31, 2025, the Company received \$5,077,394 (2024 - \$1,518,307) in secured loans from a related party and recorded interest expense of \$407,012 (December 31, 2024 - \$17,025) during the year ended December 31, 2025. As at December 31, 2025, the Company owed interest of \$417,325 (2024 - \$17,025) pursuant to the secured loans to related parties.

As at December 31, 2025, \$9,118,601 (December 31, 2024 - \$7,948,601) in promissory notes was due to related parties and during the year ended December 31, 2025, the Company recorded interest expense of \$1,058,064 (December 31, 2024 - \$563,915). As at December 31, 2025, the Company owed interest of \$1,459,550 (December 31, 2024 - \$563,915) on promissory notes due to related parties, included in accounts payable and accrued liabilities.

On May 3, 2023, the Company raised gross proceeds of \$6,000,000 through the issuance of unsecured convertible debentures to a related party (Note 7). On December 29, 2023, the Company raised gross proceeds of \$4,846,000 through the issuance of unsecured convertible debentures to related parties (Note 7).

During the year ended December 31, 2025, \$127,858 (December 31, 2024 - \$875,810) of accretion and \$1,084,413 (December 31, 2024 - \$1,082,134) of interest expense was recorded on the convertible debentures due to related parties.

As at December 31, 2025, the principal amount of \$10,846,000 of convertible debentures (December 31, 2024 - \$10,846,000) is due to related parties. As at December 31, 2025, the Company owed interest of \$421,584 (December 31, 2024 - \$424,275) on convertible debentures due to related parties, included in accounts payable and accrued liabilities.

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10. CURRENT AND DEFERRED INCOME TAX

The reconciliation of the combined statutory income tax rates to the effective tax rate for fiscal 2025 and 2024 is as follows:

	2025	2024
	\$	\$
Combined statutory tax rates	27%	27.0%
Loss for the year before taxes:	(10,325,085)	(18,194,507)
Expected income tax (recovery)	(2,787,773)	(4,912,500)
Foreign income tax rate differences	6,928	196,400
Non-deductible expenditures	170,769	834,900
Other	-	-
Effect of foreign exchange	(215,231)	(986,400)
True-up of prior year provision to statutory tax returns	(1,325,860)	(52,300)
Impact of convertible debenture	-	-
Unrecognized benefit of income tax losses	4,151,167	4,919,900
Total income tax (recovery)	-	-

The Company recognizes tax benefits on losses or other deductible amounts where the probably criteria for the recognition of deferred tax assets has been met. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax assets is recognized consists of the following amounts:

	2025	2024
	\$	\$
Non-capital loss carryforwards	24,574,000	21,939,000
Restricted interest and financing expenses	1,435,000	
Property and equipment	764,000	610,000
Exploration and evaluation assets	54,000	54,000
Financing costs	56,000	130,000
Deferred tax assets note recognized	(26,883,000)	(22,733,000)
	-	-

The Company has not recorded potential deferred income tax assets as it is more likely than not that the deferred tax assets will not be recognized.

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As at December 31, 2025, the Company has non-capital losses carried forward of approximately \$62,466,000 in Canada, \$20,233,000 in the United States, and \$9,880,000 in Malta. The losses expire as follows:

	Canada \$	United States \$	Malta \$	Total \$
2029	89,000	-	-	89,000
2030	146,000	-	-	146,000
2031	122,000	-	-	122,000
2032	176,000	-	-	176,000
2033	151,000	-	-	151,000
2034	75,000	-	-	75,000
2035	161,000	-	-	161,000
2036	716,000	-	-	716,000
2037	850,000	-	-	850,000
2038	5,544,000	-	-	5,544,000
2039	2,377,000	-	-	2,377,000
2040	2,341,000	-	-	2,341,000
2041	10,396,000	-	-	10,396,000
2042	12,986,000	-	-	12,986,000
2043	13,018,000	-	-	13,018,000
2044	6,841,000	-	-	6,841,000
2045	6,477,000	-	-	6,477,000
Indefinite	-	20,233,000	9,880,000	30,113,000
	62,465,000	20,233,000	9,880,000	92,578,000

As at December 31, 2025, the Company has restricted interest and financing expenses carried forward of approximately \$5,315,000 in Canada, which can be carried forward indefinitely. The Company also has resource-related amounts available in Canada, subject to certain restrictions, of \$200,000.

The potential income tax benefits relating to these items have not been recognized in the financial statements, as their realization is not considered probable under the liability method of tax allocation. Accordingly, no deferred income tax assets have been recognized on account of these tax losses and deductible temporary differences.

11. 11. FINANCIAL INSTRUMENTS

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

Financial Instrument	Category	December 31, 2025 \$	December 31, 2024 \$
Cash	Amortized cost	101,756	378,555
Amounts receivable	Amortized cost	-	65,002
Other assets	Amortized cost	74,086	442,618
Accounts payable and accrued liabilities	Amortized cost	(9,231,846)	(6,947,706)
Loans payable	Amortized cost	(16,225,167)	(11,300,625)
Purchase obligation payable	Amortized cost	-	(35,846)
Lease liability	Amortized cost	-	-
Convertible debentures	Amortized cost	(15,491,000)	(15,370,379)

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

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.
- Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices at Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for cash, amounts receivable, accounts payable and accrued liabilities and loans payable approximate their fair value due to their short-term nature. The Company's fair value of cash and other assets under the fair value hierarchy is measured using Level 1 inputs.

Risk exposure

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

a) Currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's operations are carried out in Canada, the United States, Cyprus and Malta. As at December 31, 2025, the Company had assets totaling US\$61,430 and liabilities totalling US\$521,101. Additionally, the Company had assets totalling EUR\$46,829 and liabilities totaling EUR\$448,410. These factors expose the Company to foreign currency exchange rate risk, which could have an adverse effect on the profitability of the Company. A 10% change in the exchange rate with the USD would change other comprehensive income/loss by approximately CAD\$63,002 while a 10% change in the exchange rate with the Euro would change other comprehensive income/loss by approximately CAD\$64,610. At this time, the Company currently does not have plans to enter into foreign-currency future contracts to mitigate this risk, however it may do so in the future.

b) Credit risk

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

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. As at December 31, 2025, the Company had a cash balance of \$101,756 to settle current liabilities of \$40,948,013.

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d) Market risk

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

e) Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The loans included in loans payable and convertible debentures bear interest at rates ranging from 5% to 12% per annum with maturity dates occurring within the next twelve months. The Company does maintain bank accounts which earn interest at variable rates, but it does not believe it is currently subject to any significant interest rate risk.

f) Regulatory risk

The Company is exposed to risk due to the regulatory uncertainty of the online gaming industry. The Company is unable to predict whether regulations will be introduced in the future and if so, whether they could negatively impact the operations of the Company. On July 26, 2024, the Company received an order from the Nevada Gaming Control Board (“NGCB”) to halt operations at its Las Vegas Studio.

Capital Management

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

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

12. REVENUE

During the year ended December 31, 2025, the Company generated \$38,146 (December 31, 2024 - \$604,580) in licensing and use revenue from its Live Dealer Product. Revenue for the year ended December 31, 2025, and 2024, was generated through the operations of the Company’s Cyprus and Malta subsidiaries. On July 26, 2024, the Company announced that its subsidiary, Bitrate Productions, had received an order from the NGCB to halt operations at its Las Vegas Studio and the Company complied with the order.

13. SEGMENT INFORMATION

The Company has one operating segment being the development and licensing of digital content for the iGaming market. The Company’s assets and liabilities are primarily located in North America and revenue is generated through the Company’s European subsidiaries.

14. CLAIM

On June 14, 2024, a former employee of the Company’s wholly owned subsidiary, Bitrate Productions, filed a claim for wrongful termination against the Company. During the year ended December 31, 2025, the Company disengaged legal counsel on this matter and expects no further action to be taken.

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15. SUBSEQUENT EVENT

- The Company issued 65,090,000 common shares at \$0.01 per share to settle interest payable of \$650,900.
- The Company executed a definitive agreement with Digital Nationa Entertainment Ltd. (“DNE”) to co-develop and commercialize the Company’s next-generation AI Dealer Platform.
- The Company received additional secured loans of US\$ \$1,585,000
- The extension of the maturity date of the outstanding convertible debentures to September 30, 2026 was approved by the Exchange,