**CONTAGIOUS GAMING INC.**

**Condensed Consolidated Interim Financial Statements**

**December 31, 2024**

*Expressed in Canadian Dollars*

## Consolidated Statements of Financial Position
## As at December 31, 2024 and March 31, 2024

| *(Expressed in Canadian Dollars)* | Notes | | December 31, 2024 | | March 31, 2024 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current** | | | | | |
| Cash | | $ | 911 | $ | 4,516 |
| Accounts receivable | 4 | | 3,386 | | 3,885 |
| **Total Assets** | | $ | 4.297 | $ | 8,401 |
| **LIABILITIES** | | | | | |
| **Current** | | | | | |
| Accounts payable and accrued liabilities | | $ | 807,249 | $ | 787,701 |
| Due to related parties | 5 | | 494,862 | | 457,551 |
| Note payable | 6 | | 300,000 | | 300,000 |
| Interest payable | | | 101,853 | | 83,967 |
| **Total Liabilities** | | | 1,703,964 | | 1,629,219 |
| **EQUITY** | | | | | |
| Share capital | 8 | | 22,259,191 | | 22,259,191 |
| Reserves | 8 | | 3,166,013 | | 3,166,013 |
| Deficit | | | (27,124,871) | | (27,046,022) |
| **Total Equity** | | | (1,699,667) | | (1,620,818) |
| **Total Liabilities and Equity** | | $ | 4,297 | $ | 8,401 |
| **Commitments and contingencies** | 7 | | | | |

Approved on behalf of the Board of Directors:

*"Manish Grigo"*, Director *"Justin Barragan"*, Director

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

## Consolidated Statements of Comprehensive Loss

## For the Three and Nine Months Ended December 31, 2024 and 2023

| *Expressed in Canadian Dollars* | Notes | | Three Months Ended December 31 2024 | | 2023 | | Nine Months Ended December 31 2024 | | 2023 |
|---|---|---|---|---|---|---|---|---|---|
| **Expenses** | | | | | | | | | |
| General and administrative | | | 8,803 | | 44,667 | | 60,963 | | 97,812 |
| Financing costs | | | 6,000 | | 6,000 | | 17,886 | | 18,006 |
| Foreign exchange loss | | | - | | - | | - | | 39 |
| | | | 14,803 | | 50,667 | | 78,849 | | 115,857 |
| **Comprehensive loss for the period** | | $ | (14,803) | $ | (50,667) | $ | (78,849) | $ | (115,857) |
| **Loss per share - basic and diluted** | 13 | $ | (0.00) | $ | (0.00) | $ | (0.00) | $ | (0.00) |
| **Weighted average number of shares outstanding - basic and diluted** | | | 94,036,835 | | 47,006,835 | | 94,036,835 | | 47,006,835 |

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

## Consolidated Statements of Changes in Equity
## For the Nine Months Ended December 31, 2024 and 2023

| *Expressed in Canadian Dollars* | Share Capital *(Note 8)* Number of Shares* | Amount $ | Reserves *(Note 8)* $ | Deficit $ | Total $ |
|---|---|---|---|---|---|
| **Balance at March 31, 2023** | 47,006,835 | 21,788,891 | 3,166,013 | (27,189,846) | (2,234,942) |
| Net profit for the period | - | - | - | (115,857) | (115,857) |
| **Balance at December 31, 2023** | 47,006,835 | 21,788,891 | 3,166,013 | (27,305,703) | (2,350,799) |

| *Expressed in Canadian Dollars* | Share Capital *(Note 8)* Number of Shares* | Amount $ | Reserves *(Note 8)* $ | Deficit $ | Total $ |
|---|---|---|---|---|---|
| **Balance at March 31, 2024** | 94,036,835 | 22,259,191 | 3,166,013 | (27,046,022) | (1,620,818) |
| Net loss for the period | - | - | - | (78,849) | (78,849) |
| **Balance at December 31, 2024** | 94,036,835 | 22,259,191 | 3,166,013 | (27,124,871) | (1,699,667) |

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

## Consolidated Statements of Cash Flows
## For the Nine Months Ended December 31, 2024 and 2023

| *Expressed in Canadian Dollars* | | 2024 | | 2023 |
|---|---|---|---|---|
| **Cash provided by/ (used in) operations** | | | | |
| loss for the period | $ | (78,849) | $ | (115,857) |
| Items not affecting cash: | | | | |
| | | (78,849) | | (115,857) |
| **Changes in non-cash working capital:** | | | | |
| Accounts receivable | | 499 | | 7,206 |
| Accounts payable and accrued liabilities | | 19,548 | | 4,759 |
| Interest payable | | 17,886 | | 12,006 |
| | | (40,916) | | (91,886) |
| **Cash flows (used in)/ from financing activities** | | | | |
| Increase in due to related parties | | 37,311 | | 76,395 |
| | | - | | |
| **Decrease in cash** | | (3,605) | | (15,491) |
| **Cash at beginning of period** | | 4,516 | | 26,421 |
| **Cash at end of period** | $ | 911 | $ | 24,120 |

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

## 1. CORPORATE INFORMATION

Contagious Gaming Inc. (on a consolidated basis the **"Company"** or **"Contagious"**) is in the business of developing software solutions for regulated gaming and lottery markets. The Company's head office address is at #800 – 789 West Pender Street, Vancouver, BC, V6C 1H2. The registered and records office address is at Suite 1500-1055 West Georgia Street, P.O. Box 11117, Vancouver, British Columbia, V6E 4N7. The Company is listed on the TSX Venture Exchange ("TSX.V") under the symbol "CNS" and on the Frankfurt Stock Exchange under the symbol "RHRD".

## 2. BASIS OF PRESENTATION

### a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee. The policies set out below were consistently applied to all the years presented unless otherwise noted.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on February 26, 2024.

### b) Basis of Presentation

The condensed interim consolidated financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The standards that are effective in the annual financial statements for the year ending March 31, 2024 are subject to change and may be affected by additional interpretation(s).

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

### c) Basis of Consolidation

The condensed interim consolidated 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 the Group companies are therefore eliminated in full.

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

### d) Going Concern

As at December 31, 2024, the Company does not have sufficient cash to meet anticipated cash needs for working capital and capital expenditures through the next twelve months. The Company will require additional financing in the near term to enable the launch of current initiatives. There can be no assurance however, that additional financing can be obtained, or obtained in a timely manner.

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

## 2. BASIS OF PRESENTATION – *CONTINUED*

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

### e) Use of Estimates and Judgments

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

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

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

**(i) Accruals and provisions**

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

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

### f) Functional and Presentation Currency

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

*Expressed in Canadian Dollars*

## 4. ACCOUNTS RECEIVABLE

| | December 31, 2024 | March 31, 2024 |
|---|---|---|
| Government remittances | $3,386 | $3,885 |

## 5. RELATED PARTIES TRANSACTIONS AND BALANCES

### a) Amounts Due To Related Parties

| | | December 31, 2024 | | March 31, 2024 |
|---|---|---|---|---|
| **Due to related parties:** | | | | |
| Due to directors, officers and their companies (i) | $ | 494,862 | $ | 457,551 |

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

### b) Compensation of Key Management Personnel

Key management personnel are those persons that have authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly. As of December 31, 2024 the Company's key management personnel consist of the Company's directors and senior management (Chief Executive Officer, President, Corporate Secretary and Chief Financial Officer). The Company incurred fees and expenses in the normal course of operations in connection with the key management and directors. Details are as follows:

| Nature of Transactions | | December 31 2024 | | March 31 2024 |
|---|---|---|---|---|
| Management fees | $ | - | $ | 24,624 |
| Directors' fees | | - | | 40,650 |
| | $ | - | $ | 65,274 |

During the current period, the Company recorded $29,802 (2023 - $Nil) of legal fees to McMillan LLP, a law firm in which one of the Company's directors is a partner.

## 6. NOTE PAYABLE

The $300,000 note payable is unsecured, bears interest at 8% per annum compounded quarterly, with interest payable on a quarterly basis. Subsequent to maturity on December 31, 2019, the note payable remains due on demand, bearing interest at a rate of 8% per annum with no specified terms of repayment.

## 7. COMMITMENTS AND CONTINGENCIES

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

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

*Expressed in Canadian Dollars*

## 8. SHARE CAPITAL

### a) Authorized and Issued Share Capital

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

### b) Issued and Outstanding

On January 26, 2024, the Company entered into debt settlement agreements with certain parties to settle an aggregate $470,300 in debt. In settlement of the debt, the company issued an aggregate of 47,030,000 common shares at a price of one cent per share. All shares issued in connection with the debt settlement are subject to a statutory hold period of four months plus one day from the date of issuance in accordance with applicable securities legislation.

### c) Stock Options

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

There are no stock options outstanding as at December 31, 2024 and March 31, 2024.

### d) Share Purchase Warrants

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

| March 31, 2024 | Granted | Forfeited | Exercised | Expired | December 31, 2024 | Weighted Average Exercise Price | Expiry Date |
|---|---|---|---|---|---|---|---|
| 9,222,000 | - | - | - | 9,222,000 | - | - | |

**(i)** On September 19, 2022, the Company completed a non-brokered private placement of 8,700,000 units at $0.015 per Unit for gross proceeds of $130,500. Each Unit consisted of one common share in the capital of the Company and one common share purchase warrant. Each Warrant entitles the holder to purchase one additional Share at a price of $0.05 until September 19, 2024. The Warrants will have an acceleration provision pursuant to which the Company has the option to force conversion if the weighted average daily trading price of the Company's common shares on the TSX Venture Exchange is $0.25 or more for 10 consecutive trading days. The Warrants expired on September 19, 2024.

In connection with the Offering, the Company issued 522,000 finders' units to eligible finders, being 6% of the total number of Units sold under the Offering to purchasers introduced by such finders.

Each Finder's Unit is comprised of one common share and one common share purchase warrant. The Finder's Warrants have the same terms as the Warrants. The Finder's Warrants expired on September 19, 2024.

*Expressed in Canadian Dollars*

### 8. SHARE CAPITAL - *CONTINUED*

The fair value of 9,222,000 warrants was estimated to be $35,285 using the Black-Scholes option pricing model with the following weighted average assumptions, and was expensed as financing fees:

| | |
|---|---|
| Stock price volatility | 100% |
| Risk-free interest rate | 2.75% |
| Expected life | 2 years |
| Expected dividend yield | 0.00% |

**e) <u>Reserves</u>**

| | Contribution | Options | Warrants | Total |
|---|---|---|---|---|
| **Balance - March 31, 2023** | 265,407 | 1,546,275 | 1,354,331 | 3,166,013 |
| **Balance - December 31, 2024** | 265,407 | 1,546,275 | 1,354,331 | 3,166,013 |

Contribution reserve arose on the issuance of the redeemable Class A Preferred Shares in 2006 and 2007 and equity portion of convertible note described in Note 6.

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

### 9. INCOME TAX

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

| | | December 31, 2024 | | March 31, 2024 |
|---|---|---|---|---|
| Loss from continuing operations before taxes | $ | (78,849) | $ | 143,824 |
| Canadian statutory tax rate | | 27.00% | | 27.00% |
| Income tax recovery | $ | (21,289) | $ | 38,832 |
| Foreign and provincial tax rate differences | | (550) | | (772) |
| Items (deductible)/non-deductible for tax purposes | | 4,027 | | (159,380) |
| Operating losses not set-up as deferred tax assets | | 17,812 | | 121,320 |
| Future income tax recovery | $ | - | $ | - |

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

| | | December 31, 2024 | | March 31, 2024 |
|---|---|---|---|---|
| **Deferred income tax assets related to:** | | | | |
| Non-capital losses | $ | 2,233,879 | $ | 2,304,188 |
| Intangible assets | | 63,953 | | 69,935 |
| Total future income tax assets | $ | 2,297,832 | $ | 2,374,123 |
| Valuation allowance | | - | | - |
| Less deductible temporary differences for which deferred income tax assets are not recognized | | (2,297,832) | | (2,374,123) |
| **Net deferred income tax asset** | $ | - | $ | - |

As at December 31, 2024, the Company had non-capital losses in Canada of approximately $8,333,326 that may be applied against future income for income tax purposes. These losses expire at various dates between 2026 and 2045. The Company has deferred tax assets that have not been recognized because it is not probable that future taxable profit will be available against which the Company can utilize these benefits.

## 10. FINANCIAL INSTRUMENTS

### a) Fair Value of Financial Instruments

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

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

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

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

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

There were no transfers between levels during the period.

### b) Management of Risks Arising from Financial Instruments

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

*Credit risk*

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Company is exposed to credit risk from credit sales. The Company provides credit to its customers in the normal course of its operations and credit sales represent a significant portion of the Company's sales activities. The Company does not obtain collateral or security to support trade receivables but mitigates this risk by granting credit only to financially reliable customers. An allowance for doubtful accounts is established using an expected credit loss model that is based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

Cash is spread across the Company with different institutions which helps to manage cash credit risk. Excess cash is held in Canadian Guaranteed Investment Certificates. The Company only engages banks with appropriate credit ratings.

*Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly with respect to ensuring the sufficiency of funds for working capital and commitments. The Company monitors the maturity dates of existing accounts payables and accrued liabilities, loans payable, and commitments to mitigate this risk. As at December 31, 2024, the Company does not have sufficient cash to meet anticipated cash needs for working capital and capital expenditures through the next twelve months. The Company intends on raising financing before the end of fiscal 2025. The Company will require additional financing in the near term to enable the launch of current initiatives. There can be no assurance however, that additional financing can be obtained, or obtained in a timely manner, especially in light of the potential impact of COVID-19 on capital markets.

*Expressed in Canadian Dollars*

**10. FINANCIAL INSTRUMENTS - *CONTINUED***

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

| March 31, 2024 | 2025<br>$ | 2026<br>$ | 2027<br>$ | Total<br>$ |
|---|---|---|---|---|
| Accounts payable | 787,701 | - | - | 787,701 |
| Due to related parties | 457,551 | - | - | 457,551 |
| Interest payable | 83,967 | | | 83,967 |
| Note payable | 300,000 | - | - | 300,000 |
| | 1,629,219 | - | - | 1,629,219 |

| December 31, 2024 | 2025<br>$ | 2026<br>$ | 2027<br>$ | Total<br>$ |
|---|---|---|---|---|
| Accounts payable | 807,249 | - | - | 807,249 |
| Due to related parties | 494,862 | - | - | 494,862 |
| Interest payable | 101,853 | | | 101,853 |
| Note payable | 300,000 | - | - | 300,000 |
| | 1,703,964 | - | - | 1,703,964 |

**11. CAPITAL MANAGEMENT**

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern (refer to Note 2d) and to grow the Company's operations. The Company depends on revenue generated and external financing to fund its activities. The capital structure of the Company currently consists of common shares, share purchase warrants, loans payable and related party debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may arrange more loans, issue new shares through private placements, or sell assets to fund operations. Management reviews its capital management approach on a regular basis. The Company is not subject to externally imposed capital requirements. The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments, such as cash and other short-term guaranteed deposits, all held with major financial institutions.

**12. SEGMENTED INFORMATION**

The Company is engaged in the business of developing software solutions for regulated gaming and lottery markets. Based on the Company's organizational structure and the manner in which the operations are managed and evaluated by senior management, the Company is considered to be operating in one reportable segment.

**13. EARNINGS/(LOSS) PER SHARE**

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

Diluted and basic loss per share are the same because the effects of potential issuances of shares under stock options and warrants would be anti-dilutive.