

**EAST SIDE GAMES GROUP INC.**  
**Condensed Consolidated Interim Financial Statements**  
**(Unaudited - Presented in Canadian Dollars)**  
**For the Three and Nine Month Periods Ended September 30, 2025 and 2024**

NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2025 AND 2024

The accompanying unaudited condensed consolidated interim financial statements of East Side Games Group (the “Company”) for the three and nine month periods ended September 30, 2025 and 2024 have been prepared by, and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of the Company’s unaudited condensed consolidated interim financial statements for the three and nine month periods ended September 30, 2025 and 2024.

**EAST SIDE GAMES GROUP INC.**  
**Consolidated Statement of Financial Position**  
**(Unaudited - Presented in Canadian dollars)**  
**As at September 30, 2025 and December 31, 2024**

	<i>Note</i>	<b>2025</b> <i>September 30</i>	<b>2024</b> <i>December 31</i>
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash and cash equivalents	3	\$ 3,206,008	\$ 7,554,463
Trade and other receivables	4	8,597,973	7,768,788
Government assistance receivable	5	1,946,915	2,674,200
Prepaid development costs	6	1,890,347	2,592,770
Prepaid expenses and deposits	6	1,072,087	1,034,719
		<b>16,713,330</b>	21,624,940
PROPERTY AND EQUIPMENT	7	356,182	356,723
INTANGIBLE ASSETS	8	8,525,459	9,138,765
GOODWILL		30,507,520	30,507,520
LONG TERM INVESTMENTS	9	827,576	827,576
DEFERRED INCOME TAXES	12	110,571	110,515
		<b>\$ 57,040,638</b>	<b>\$ 62,566,039</b>
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Trade and other payables	11	\$ 13,954,593	\$ 12,256,649
Bank indebtedness	10	1,990,000	-
Deferred revenue		118,275	242,903
Income taxes payable		385,982	694,768
		<b>16,448,850</b>	13,194,320
LONG TERM LIABILITIES	11	353,420	407,780
DEFERRED INCOME TAXES	12	1,942,215	2,103,628
		<b>\$ 18,744,485</b>	<b>\$ 15,705,728</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	13	85,603,800	85,953,088
Contributed surplus	14	9,084,277	8,913,508
Deficit		(56,391,924)	(48,006,284)
		<b>38,296,153</b>	46,860,312
		<b>\$ 57,040,638</b>	<b>\$ 62,566,039</b>
COMMITMENTS AND CONTINGENCIES	16		

**APPROVED ON BEHALF OF THE BOARD**

"Jason Bailey"  
*Director*

"Jeremy Pierce"  
*Director*

**EAST SIDE GAMES GROUP INC.**  
**Consolidated Statement of Income (Loss)**  
**and Comprehensive Income (Loss)**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three and Nine Month Periods Ended September 30, 2025 and 2024**

	<i>Note</i>	<b>2025</b>	2024	<b>2025</b>	2024
<b>REVENUE</b>					
Gaming		\$ 15,171,206	\$ 16,382,209	\$ 44,349,917	\$ 48,056,240
Advertising		4,881,458	5,030,941	13,468,812	14,712,798
		<b>20,052,664</b>	21,413,150	<b>57,818,729</b>	62,769,038
<b>COST OF SALES</b>					
		<b>7,559,637</b>	8,604,496	<b>22,353,780</b>	24,331,071
<b>GROSS PROFIT</b>					
		<b>12,493,027</b>	12,808,654	<b>35,464,949</b>	38,437,967
<b>EXPENSES</b>					
Research and development		503,994	510,797	1,777,256	2,581,492
Sales and marketing		12,007,468	6,359,924	24,224,132	17,446,680
General and administrative		3,264,631	3,484,842	9,868,317	9,710,550
Transaction expenses and restructuring charges		553,217	108,069	653,688	126,497
Depreciation of property and equipment	7	34,589	34,836	89,387	97,911
Depreciation of intangible assets	8	2,573,021	2,430,187	7,425,302	7,236,280
		<b>18,936,920</b>	<b>12,928,655</b>	<b>44,038,082</b>	<b>37,199,410</b>
<b>LOSS BEFORE OTHER INCOME (EXPENSES) AND INCOME TAXES</b>					
		<b>\$ (6,443,893)</b>	\$ (120,001)	<b>\$ (8,573,133)</b>	\$ 1,238,557
<b>OTHER INCOME (EXPENSES)</b>					
Investment and other income		126,198	66,311	244,249	209,274
Unrealized gain (loss) on investment		(66,374)	(20,960)	31,440	(27,947)
Gain (loss) on foreign exchange		(55,304)	(108,509)	(249,666)	31,600
		<b>4,520</b>	(63,158)	<b>26,023</b>	212,927
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>					
		<b>\$ (6,439,373)</b>	\$ (183,159)	<b>\$ (8,547,110)</b>	\$ 1,451,484
<b>INCOME TAX EXPENSE (RECOVERY)</b>					
Deferred	12	2,371	(196,543)	(161,470)	(1,085,474)
		<b>2,371</b>	(196,543)	<b>(161,470)</b>	(1,085,474)
<b>NET AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>					
		<b>\$ (6,441,744)</b>	\$ 13,384	<b>\$ (8,385,640)</b>	\$ 2,536,958
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>					
		<b>\$ (0.08)</b>	\$ 0.00	<b>\$ (0.11)</b>	\$ 0.03
<b>SHARES USED IN CALCULATING EARNINGS PER SHARE</b>					
Basic and Diluted		<b>77,012,280</b>	81,536,394	77,012,280	81,536,394

**EAST SIDE GAMES GROUP INC.**  
**Consolidated Statement of Changes in Equity**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Nine Month Periods Ended September 30, 2025 and 2024**

	<i>Note</i>	Number of shares	Share capital	Contributed surplus	Retained deficit	<b>Total equity</b>
<b>As at January 1, 2024</b>		81,536,394	\$ 87,812,158	\$ 8,151,543	\$ (47,081,078)	\$ <b>48,882,623</b>
Stock based compensation	<i>14</i>	-	-	409,958	-	<b>409,958</b>
Share buyback	<i>13</i>	-	(391,297)	-	-	<b>(391,297)</b>
Comprehensive income for the period		-	-	-	2,536,958	<b>2,536,958</b>
<b>As at September 30, 2024</b>		81,536,394	\$ 87,420,861	\$ 8,561,501	\$ (44,544,120)	\$ <b>51,438,242</b>
<b>As at January 1, 2025</b>		81,536,394	\$ 85,953,088	\$ 8,913,508	\$ (48,006,284)	\$ <b>46,860,312</b>
Stock based compensation	<i>14</i>	-	-	170,769	-	<b>170,769</b>
Share buyback	<i>13</i>	(4,524,114)	(349,288)	-	-	<b>(349,288)</b>
Comprehensive loss for the period		-	-	-	(8,385,640)	<b>(8,385,640)</b>
<b>As at September 30, 2025</b>		77,012,280	\$ 85,603,800	\$ 9,084,277	\$ (56,391,924)	\$ <b>38,296,153</b>

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

**EAST SIDE GAMES GROUP INC.**  
**Consolidated Statement of Cash Flow**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Nine Month Periods Ended September 30, 2025 and 2024**

	<i>Note</i>	<b>2025</b> <i>September 30</i>	<b>2024</b> <i>September 30</i>
<b>OPERATING ACTIVITIES</b>			
Net and comprehensive income		\$ (8,385,640)	\$ 2,536,958
Items not affecting cash:			
Depreciation of intangible assets	8	7,425,302	7,236,280
Stock based compensation	14	170,769	409,958
Depreciation of property and equipment	7	89,387	97,911
Deferred income tax	12	(161,469)	(1,085,474)
Changes in non-cash working capital			
Trade and other payables	11	1,697,944	1,764,370
Government assistance receivable	5	727,285	(1,434,513)
Prepaid expenses and deposits	6	(37,368)	16,061
Long term liabilities	11	(54,360)	(1,955,189)
Deferred revenue		(124,628)	(1,171,394)
Income taxes payable		(308,786)	-
Trade and other receivables	4	(829,185)	(173,508)
Cash flow from operating activities		<b>\$ 209,251</b>	<b>\$ 6,241,460</b>
<b>INVESTING ACTIVITIES</b>			
Prepaid development costs	6	\$ 702,423	\$ 550,036
Purchase of equipment	7	(88,846)	(43,559)
Purchase of intangibles	8	(6,811,996)	(3,284,385)
Cash flow used in investing activities		<b>\$ (6,198,419)</b>	<b>\$ (2,777,908)</b>
<b>FINANCING ACTIVITIES</b>			
Bank indebtedness	10	\$ 1,990,000	\$ -
Share buybacks	13	(349,288)	(391,297)
Cash flow used in financing activities		<b>\$ 1,640,712</b>	<b>\$ (391,297)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>\$ (4,348,455)</b>	<b>\$ 3,072,255</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD</b>		<b>7,554,463</b>	<b>5,237,381</b>
<b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>		<b>\$ 3,206,008</b>	<b>\$ 8,309,636</b>

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

**EAST SIDE GAMES GROUP INC.**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three and Nine Month Periods Ended September 30, 2025 and 2024**

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1. NATURE AND CONTINUANCE OF OPERATIONS

East Side Games Group Inc. (the "Company", "ESGG") was incorporated provincially under the Business Corporations Act of British Columbia on November 29, 2018. The head office of the Company is Suite 3104 – 1055 Dunsmuir Street, Vancouver, British Columbia, V6C 3A8.

Eastside Games Inc. ("ESG") and LDRLY (Technologies) Inc. ("LDRLY"), wholly owned subsidiaries of the Company, are mobile game developers and publishers, specialising in free-to-play casual mobile games. ESG and LDRLY generate in-app purchases revenue from the sale of in-game virtual items that enhance the game-playing experience, and through advertising.

On February 5, 2021, the Company received approval from the Toronto Stock Exchange ("TSX") and the TSX Venture Exchange ("TSX-V") to close its acquisition by ESG. On February 10, 2021, the Company resumed trading on the TSX under the symbol "LEAF". On December 8, 2021, the Company changed its ticker to "EAGR" on the TSX and "EAGRF" on the OTCQB Marketplace in the United States.

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2. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and Interpretations (collectively IFRS Accounting Standards).

These consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the years ended December 31, 2024 and 2023, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company's financial statements for the years ended December 31, 2024 and 2023. The disclosures which follow do not include all disclosures required for the annual financial statements.

The consolidated financial statements were authorized for issue by the Board of Directors on November 13, 2025.

Basis of measurement

The consolidated financial statements have been prepared on an accrual basis and are based on historical cost with the exception of financial instruments classified at fair value through profit and loss ("FVTPL"). The consolidated financial statements are presented in Canadian dollars unless otherwise noted, which is the Company's functional currency.

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**EAST SIDE GAMES GROUP INC.**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three and Nine Month Periods Ended September 30, 2025 and 2024**

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2. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. Details of the controlled entities are as follows:

			<b>Percentage Owned</b>	
	<b>Country of Incorporation</b>	<b>Functional Currency</b>	<b>September 30, 2025</b>	<b>December 31, 2024</b>
Eastside Games Inc.	Canada	Canadian Dollar	100%	100%
LDRLY (Technologies) Inc.	Canada	Canadian Dollar	100%	100%
Eastside Games (Ontario) Inc.	Canada	Canadian Dollar	100%	100%
Eastside Games USA Inc.	United States	United States Dollar	100%	100%
1182533 B.C. Ltd. ("118Co")	Canada	Canadian Dollar	100%	100%
Keh Kaw Games Inc. ("KKG")	Canada	Canadian Dollar	100%	100%

Control is achieved when the Company has power over the investee, is exposed or has right to variable returns from its involvements with the investee and has the ability to use its power to affect its returns. The results of operations of the subsidiaries are included in the consolidated financial statements from the respective dates of acquisition or incorporation. All intercompany balances and transactions have been eliminated.

Critical accounting estimates and judgements

These condensed consolidated interim financial statements have been prepared following the same accounting policies, estimates and judgements used in preparation of the audited consolidated financial statements of the Company for the years ended December 31, 2024 and 2023.

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**EAST SIDE GAMES GROUP INC.**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three and Nine Month Periods Ended September 30, 2025 and 2024**

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3. FINANCIAL INSTRUMENTS

Categories of financial assets and financial liabilities

The carrying values of the Company's financial instruments are classified into the following categories:

<b>Financial instrument</b>	<b>Category</b>	<b>September 30, 2025</b>	<b>December 31, 2024</b>
Cash and cash equivalents	Amortized Cost	3,206,008	7,554,463
Trade and other receivables	Amortized Cost	8,597,973	7,768,788
Long term investments without significant influence	FVTPL	654,279	654,279
Bank indebtedness	Amortized Cost	1,990,000	-
Trade and other payables	Amortized Cost	13,954,593	12,256,649
Long-term liabilities	Amortized Cost	353,420	407,780

Fair value

IFRS 13 establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs in making fair value measurements as follows:

Level 1 – applied to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 – applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

Level 3 – applies to assets or liabilities for which there are unobservable market data.

The carrying values of trade and other receivables, trade and other payables and bank indebtedness approximate their fair value as most of these instruments are short-term in nature, while long-term liabilities are discounted to their present value. Long-term investments not subject to significant influence are measured using Level 3 inputs.

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**EAST SIDE GAMES GROUP INC.**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three and Nine Month Periods Ended September 30, 2025 and 2024**

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3. FINANCIAL INSTRUMENTS *(continued)*

***Credit risk***

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Company's main exposure to credit risk relates to its trade receivables. The credit risk is minimal since the majority of the Company's receivables come from large corporations who pay the Company advertising and gaming revenue. There is no bad debt expense in the current or prior periods and in the opinion of management, none of the amounts comprising this balance were considered impaired. As at September 30, 2025, 68% (December 31, 2024 – 71%) of the Company's trade receivables were concentrated to three major Digital Storefronts and advertisers. The Company has not had any problems with payment from these Digital Storefronts and advertisers and as such management is of the opinion that any concentration of credit risk is minimal.

***Liquidity risk***

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. The following are the remaining contractual maturities of financial liabilities at the reporting date:

	<b>Contractual cash flows</b>				
	<b>Total</b>	<b>2 months</b>	<b>3-12 months</b>	<b>13-24 months</b>	<b>25-48 months</b>
<b>September 30, 2025</b>					
Trade and other payables	13,954,593	12,895,320	1,059,273	-	-
Long-term liabilities <sup>(i)</sup> (minimum guarantee payments)	353,420	-	-	75,000	278,420
	<b>14,308,013</b>	<b>12,895,320</b>	<b>1,059,273</b>	<b>75,000</b>	<b>278,420</b>
<b>December 31, 2024</b>					
Trade and other payables	12,256,649	10,268,799	1,987,850	-	-
Long-term liabilities <sup>(i)</sup> (minimum guarantee payments)	434,725	-	-	434,725	-
	<b>12,691,374</b>	<b>10,268,799</b>	<b>1,987,850</b>	<b>434,725</b>	<b>-</b>

(i) Total cash payment amounts do not include present value discounts.

**EAST SIDE GAMES GROUP INC.**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three and Nine Month Periods Ended September 30, 2025 and 2024**

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3. FINANCIAL INSTRUMENTS *(continued)*

***Currency risk***

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is exposed to foreign currency exchange risk on cash and cash equivalents, trade and other receivables, and trade and other payables held primarily in U.S. dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

At September 30, 2025, 1 Canadian Dollar was equal to \$0.7183 US Dollar (December 31, 2024 - \$0.6950).

	September 30, 2025		December 31, 2024	
	US Dollar	CDN Equivalent	US Dollar	CDN Equivalent
Cash and cash equivalents	<b>1,553,158</b>	<b>2,162,151</b>	3,695,569	5,317,554
Trade and other receivables	<b>4,945,751</b>	<b>6,884,980</b>	4,466,761	6,427,222
Trade and other payables	<b>(2,736,683)</b>	<b>(3,809,736)</b>	(2,263,445)	(3,256,871)

Based on the net exposures as of September 30, 2025 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the US Dollar would result in a change to the Company's net income by approximately \$476,127 (December 31, 2024 - \$771,628).

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**EAST SIDE GAMES GROUP INC.**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three and Nine Month Periods Ended September 30, 2025 and 2024**

4. TRADE AND OTHER RECEIVABLES

	<b>Current</b>	<b>Over 30 days past due</b>	<b>Over 90 days past due</b>	<b>Total</b>
<b>September 30, 2025</b>				
Trade receivables	\$ 5,500,836	\$ 2,417,461	\$ 418,225	\$ 8,336,522
Goods and services tax recoverable	261,451	-	-	261,451
	<b>\$ 5,762,287</b>	<b>\$ 2,417,461</b>	<b>\$ 418,225</b>	<b>\$ 8,597,973</b>
<b>December 31, 2024</b>				
Trade receivables	\$ 7,350,877	\$ 393,246	\$ (997)	\$ 7,743,126
Goods and services tax recoverable	25,662	-	-	25,662
	<b>\$ 7,376,539</b>	<b>\$ 393,246</b>	<b>\$ (997)</b>	<b>\$ 7,768,788</b>

5. GOVERNMENT ASSISTANCE RECEIVABLE

Included in research and development expenses are tax credits from various government assistance programs. The Company claims investment tax credits (“ITC”) from the British Columbia and Ontario Interactive Digital Media Tax Credits (“BC IDMTC” and “Ontario IDMTC”). During the nine-month period ended September 30, 2025 and the year ended December 31, 2024, the Company accrued the following tax credits from the government assistance programs, which are offset against research and development expenses:

	<b>2025 September 30</b>	<b>2024 December 31</b>
<b>BC IDMTC</b>		
Carryforward from prior periods	\$ 1,105,842	\$ 1,341,635
Received during the period	(1,105,842)	(1,171,137)
Adjustments to prior period	-	(170,498)
Accrued during the period	1,125,000	1,105,842
	<b>1,125,000</b>	1,105,842
<b>Ontario IDMTC</b>		
Carryforward from prior periods	1,568,358	1,351,930
Received during the period	(1,132,036)	(158,954)
Adjustments to prior period	(4,407)	(56,533)
Accrued during the period	390,000	431,915
	<b>821,915</b>	1,568,358
	<b>\$ 1,946,915</b>	<b>\$ 2,674,200</b>

**EAST SIDE GAMES GROUP INC.**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three and Nine Month Periods Ended September 30, 2025 and 2024**

6. PREPAID EXPENSES AND DEPOSITS

	<b>2025</b> <i>September 30</i>	<b>2024</b> <i>December 31</i>
Prepaid expenses	\$ 1,036,130	\$ 998,762
Security deposits	35,957	35,957
Prepaid expenses and deposits	<b>1,072,087</b>	1,034,719
Prepaid development costs - current	<b>1,890,347</b>	2,592,770
	<b>\$ 2,962,434</b>	\$ 3,627,489

7. PROPERTY AND EQUIPMENT

	<b>Computer equipment</b>	<b>Furniture and fixtures</b>	<b>Leasehold improvement</b>	<b>Right-of-use asset</b>	<b>Total</b>
<b>Cost</b>					
Balance at January 1, 2024	\$ 1,292,343	\$ 242,715	\$ 62,576	\$ 581,874	\$ 2,179,508
Additions	75,502	-	-	-	75,502
Balance at December 31, 2024	\$ 1,367,845	\$ 242,715	\$ 62,576	\$ 581,874	\$ 2,255,010
Additions	88,846	-	-	-	88,846
Balance at September 30, 2025	\$ 1,456,691	\$ 242,715	\$ 62,576	\$ 581,874	\$ 2,343,856
<b>Accumulated depreciation</b>					
Balance at January 1, 2024	\$ 933,659	\$ 177,786	\$ 62,576	\$ 581,874	\$ 1,755,895
Depreciation for the period	129,406	12,986	-	-	142,392
Balance at December 31, 2024	\$ 1,063,065	\$ 190,772	\$ 62,576	\$ 581,874	\$ 1,898,287
Depreciation for the period	81,595	7,792	-	-	89,387
Balance at September 30, 2025	\$ 1,144,660	\$ 198,564	\$ 62,576	\$ 581,874	\$ 1,987,674
<b>Carrying value</b>					
At December 31, 2024	\$ 304,780	\$ 51,943	\$ -	\$ -	\$ 356,723
At September 30, 2025	\$ 312,031	\$ 44,151	\$ -	\$ -	\$ 356,182

**EAST SIDE GAMES GROUP INC.**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited - Presented in Canadian dollars)**

**For the Three and Nine Month Periods Ended September 30, 2025 and 2024**

8. INTANGIBLE ASSETS

	<b>Brand</b>	<b>Customer relationships</b>	<b>Intellectual property rights, games acquired and external development costs</b>	<b>Total</b>
<b>Cost</b>				
Balance at January 1, 2024	\$ 7,130,000	\$ 5,010,000	\$ 34,881,255	\$ 47,021,255
Additions	\$ -	\$ -	\$ 4,130,448	\$ 4,130,448
Impairment	-	-	(640,700)	(640,700)
Balance at December 31, 2024	<u>\$ 7,130,000</u>	<u>\$ 5,010,000</u>	<u>\$ 38,371,003</u>	<u>\$ 50,511,003</u>
Additions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,811,996</u>	<u>\$ 6,811,996</u>
Balance at September 30, 2025	<u>\$ 7,130,000</u>	<u>\$ 5,010,000</u>	<u>\$ 45,182,099</u>	<u>\$ 57,322,099</u>
<b>Accumulated depreciation</b>				
Balance at January 1, 2024	\$ 4,159,167	\$ 5,010,000	\$ 22,909,338	\$ 32,078,505
Depreciation for the period	\$ 1,426,000	\$ -	\$ 8,173,298	\$ 9,599,298
Impairment for the period	-	-	(305,565)	(305,565)
Balance at December 31, 2024	<u>\$ 5,585,167</u>	<u>\$ 5,010,000</u>	<u>\$ 30,777,071</u>	<u>\$ 41,372,238</u>
Depreciation for the period	<u>\$ 1,069,500</u>	<u>\$ -</u>	<u>\$ 6,355,802</u>	<u>\$ 7,425,302</u>
Balance at September 30, 2025	<u>\$ 6,654,667</u>	<u>\$ 5,010,000</u>	<u>\$ 37,132,873</u>	<u>\$ 48,797,540</u>
<b>Carrying value</b>				
At December 31, 2024	<u>\$ 1,544,833</u>	<u>\$ -</u>	<u>\$ 7,593,932</u>	<u>\$ 9,138,765</u>
At September 30, 2025	<u>\$ 475,333</u>	<u>\$ -</u>	<u>\$ 8,050,126</u>	<u>\$ 8,525,459</u>

**EAST SIDE GAMES GROUP INC.**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited - Presented in Canadian dollars)**

**For the Three and Nine Month Periods Ended September 30, 2025 and 2024**

9. LONG TERM INVESTMENTS

	2025 <i>September 30</i>	2024 <i>December 31</i>
Creative Labs Limited Partnership (i)	\$ 654,279	\$ 654,279
Night Garden Studio Inc. (ii)	173,297	173,297
Truly Social Games Inc. (iii)	-	-
	\$ 827,576	\$ 827,576

- i. The Company entered into a subscription agreement with Creative Labs L.P. on December 5, 2016 and committed to subscribe for 500,000 units of the partnership and enter the partnership as a limited partner. As at September 30, 2025, 500,000 (December 31, 2024 – 500,000) of the committed units have been funded. The Company recognized an unrealized loss on investment of \$54,720 during the year ended December 31, 2024 (2023 – \$153,324). The unrealized loss is included in unrealized loss on investment on the consolidated statement of income (loss) and comprehensive income (loss).
  
- ii. The Company entered into a Share Purchase Agreement with Night Garden Studio Inc. (“Night Garden”) on November 15, 2020 to purchase 37,500 common shares of Night Garden for a purchase price of \$100,000. This transaction has resulted in 20% ownership in Night Garden and has been accounted for using the equity method. The Company recorded an investment loss of \$218,879 during the year ended December 31, 2024 (2023 – equity pick up of \$197,176). The investment loss is included in investment and other income on the consolidated statement of income (loss) and comprehensive income (loss).

The Company also entered into a Live-Ops Services Agreement with Night Garden on July 23, 2021 to support the game known as “RuPaul’s Drag Race: Superstar”. During the three-month period ended September 30, 2025, the Company incurred \$1,674,000 (2024 – \$1,674,000) in costs to Night Garden and is included in cost of sales on the consolidated statement of income (loss) and comprehensive income (loss).

- iii. The Company entered into a membership interest purchase agreement (the “MIPA”) to acquire Truly Social Games Inc. (“TSG”) on June 22, 2021, the details of which were announced in the Company’s news release on the same date. Pursuant to the MIPA, the Company was entitled to acquire a 20% membership interest in TSG, in consideration of the Company funding up to \$3,000,000 in development expenses in relation to four game titles to be developed by TSG for the Company. Additionally, the Company was granted options to acquire the remaining membership interests in TSG. The initial value of the 20% membership was considered to be nominal.

The Company also provided TSG with additional funding in excess of that amount. In October 2022, the Company provided notice to TSG that it did not intend to exercise its option to acquire the remaining membership interests in TSG. TSG subsequently filed claims in Oregon and in British Columbia, which claim, among other things, that the Company is in breach of its obligations under the MIPA and publishing agreements related to aforementioned game titles, and that the Company has improperly used TSG’s intellectual property with respect to the same. The Company believes these claims have no merit, continues to vigorously defend against all such claims, and has filed numerous responses to TSG’s claim and filed a counter claim against TSG in British Columbia. The Company intends to pursue all legal and/or equitable remedies available to it with respect to the repayment of all excess amounts funded. The claim was dismissed by the US District Court of Oregon in December 2023. The trial for the claim in British Columbia is expected to commence in May 2026.

**EAST SIDE GAMES GROUP INC.**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three and Nine Month Periods Ended September 30, 2025 and 2024**

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10. CREDIT FACILITIES

The Company has two authorized operating lines of credit and an acquisition line totalling \$27,100,000. One of the operating lines is with a Canadian Bank for up to \$7,100,000, limited to approximately 85% of its outstanding accounts receivables and carries interest at prime plus 0.75%. The other for \$10,000,000 is with a director of the Company and carries an interest rate of 5%. The acquisition line is with a Canadian Bank for \$10,000,000, is limited to 70% of the acquisition purchase price and carries interest at prime plus 1%. At September 30, 2025, \$1,990,000 have been drawn (December 31, 2024 - \$nil) from its lines of credit.

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11. TRADE AND OTHER PAYABLES

	<b>2025</b>	2024
	<b><i>September 30</i></b>	<i>December 31</i>
Trade payables and accrued liabilities (i)	\$ <b>12,788,099</b>	\$ 9,442,128
Minimum guarantee payments for intellectual property	<b>1,059,273</b>	2,707,300
Provincial sales tax payable	<b>107,221</b>	107,221
	<b>\$ 13,954,593</b>	\$ 12,256,649

Minimum guarantee payments for intellectual property included in long term liabilities at September 30, 2025 were \$353,420 (December 31, 2024 – \$407,780), of which \$75,000 are due in 2026 and \$278,420 are due in 2027.

(i) See note 19 for related party transactions with Bailey Ransen Family Trust.

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**EAST SIDE GAMES GROUP INC.**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three and Nine Month Periods Ended September 30, 2025 and 2024**

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12. DEFERRED INCOME TAXES

The following components of deferred income taxes are calculated based on a current period enacted rate of 27% (December 31, 2024 - 27%). The change in deferred income taxes is \$161,470 (December 31, 2024 - \$459,622) and is represented as a deferred income tax recovery on the consolidated statement of income (loss) and comprehensive income (loss). The deferred income tax assets and liabilities recognized as at September 30, 2025 and December 31, 2024 are as follows:

	<b>2025</b> <i>September 30</i>	2024 <i>December 31</i>
<b>Deferred income tax assets</b>		
Investment tax credits	\$ 583,117	\$ 583,117
Financing and share issuance costs	110,175	110,175
Fair value adjustments	67,842	72,087
Capital assets	46,676	46,555
Total deferred tax assets	\$ 807,810	\$ 811,934
<b>Deferred income tax liabilities</b>		
Intangible assets – RTO	\$ (334,800)	\$ (1,088,100)
Government assistance	(722,034)	(722,034)
Intangible assets	(1,582,620)	(994,913)
Total deferred tax liabilities	\$ (2,639,454)	\$ (2,805,047)
Net deferred tax liabilities	\$ (1,831,644)	\$ (1,993,113)
Deferred tax asset, as recognized on the balance sheet	110,571	110,515
Deferred tax liability, as recognized on the balance sheet	(1,942,215)	(2,103,628)
	\$ (1,831,644)	\$ (1,993,113)

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**EAST SIDE GAMES GROUP INC.**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three and Nine Month Periods Ended September 30, 2025 and 2024**

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13. SHARE CAPITAL

Authorized:

Unlimited common shares of the Company without par value.

Share transactions during the period

For the nine-month period ended September 30, 2025, the Company had the following transactions:

- 833,700 shares were repurchased under the Normal Course Issuer Bid (“NCIB”) for a total of \$349,288.
- 4,524,114 shares were cancelled

For the nine-month period ended September 30, 2024, the Company had the following transactions:

- 588,740 shares were repurchased under the NCIB for a total of \$391,297.

Normal Course Issuer Bid

- On August 11, 2022, the Company announced a Normal Course Issuer Bid authorizing the Company to purchase up to 4,076,819 of its shares, and the renewal of its NCIB was subsequently announced on December 2, 2024. Through September 30, 2025, 4,558,614 shares were repurchased for a total of \$2,993,213, of which 4,524,114 shares were cancelled and the remaining are held in treasury.
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**EAST SIDE GAMES GROUP INC.**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three and Nine Month Periods Ended September 30, 2025 and 2024**

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14. STOCK OPTIONS

The Company has adopted an incentive stock option plan (the “Option Plan”) which provides that the board of directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the time of the grant. Under the Option Plan, options are required to have an exercise price not less than the closing market price of the Company’s shares prevailing on the day that the option is granted less applicable discount, if any, permitted by the policies of the Exchange. The range of exercise prices of outstanding share options at the nine-month period ended September 30, 2025 was \$0.39 - \$3.39 (2024 – \$0.39 - \$3.39). Pursuant to the Option Plan, the board of directors of the Company may from time to time authorize the issue of options to directors, officers, employees and consultants of the Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries. The number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or an aggregate maximum of 2% if the optionee is engaged in investor relations activities or if the optionee is a consultant, no more than 2% per consultant.

Details of the stock options are as follows:

	Number	Weighted Average Exercise Price 2025 <i>September 30</i>	Number	Weighted Average Exercise Price 2024 <i>December 31</i>
Outstanding at beginning of period	6,395,061	\$ 1.61	6,416,061	\$ 1.61
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	(42,661)	2.50	(21,000)	1.48
				\$
Outstanding at end of period	6,352,400	\$ 1.60	6,395,061	1.61
				\$
Exercisable at end of period	4,519,067	\$ 2.10	4,561,728	2.18

*(continues)*

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**EAST SIDE GAMES GROUP INC.**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three and Nine Month Periods Ended September 30, 2025 and 2024**

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14. STOCK OPTIONS *(continued)*

The Company applies the fair value method using the Black Scholes option pricing model in accounting for its stock options granted. The following inputs were used:

- The risk-free interest rate ranges from 2.98% - 3.17% (2024 – 0.34% - 3.45%).
- The expected life of the options ranges from 1 - 4 years (2024 – 2 - 5 years).
- The expected volatility is 79.4% (2024 – 67.5%).
- The expected forfeiture rate is 0% (2024 – 0%).
- The expected dividends yield is 0% (2024 – 0%).

Option pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide a reliable measure of the fair value of the Company's share options. Volatility was estimated based on comparable public companies given the lack of historical data for the Company.

Accordingly, during the nine-month period ended September 30, 2025, the Company recognized stock-based compensation expense of \$170,769 (2024 - \$409,958).

The weighted average fair value of all share options granted, using the Black Scholes option pricing model, during the nine-month period ended September 30, 2025 was \$0.12 per option (2024 – \$0.27). The weighted average remaining contractual life of outstanding share options at September 30, 2025 was 1.79 years (2024 – 2.82 years).

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15. CAPITAL MANAGEMENT

The Company manages, as capital, the components of shareholders' equity and its cash and cash equivalents. The Company's objectives, when managing capital, are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure, and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue common shares, borrow or adjust the amount of cash. The Company does not anticipate the payment of dividends in the foreseeable future.

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16. COMMITMENTS AND CONTINGENCIES

See note 9 for details surrounding legal claim filed by TSG.

See note 11 for minimum guarantee payments associated with intellectual property rights.

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**EAST SIDE GAMES GROUP INC.**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited - Presented in Canadian dollars)**  
**For the Three and Nine Month Periods Ended September 30, 2025 and 2024**

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17. RELATED PARTY TRANSACTIONS

The following is a summary of the Company's related party transactions during the nine-month periods ended September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
	<u>September 30</u>	<u>September 30</u>
Payments made to Night Garden <i>Entity with common directorship</i> <i>Refer to note 10 for nature of payments</i>	<u>\$ 1,674,000</u>	<u>\$ 1,674,000</u>
Bailey Ransen Family Trust <i>Entity with common directorship</i> Amount included in other payables	<u>\$ 35,227</u>	<u>\$ 54,195</u>
Vohora LLP <i>Entity in which director is a partner</i> Consulting fees	<u>\$ 31,500</u>	<u>\$ 31,500</u>
Growthworks Capital Ltd <i>Entity with common directorship</i> Accounting and administrative services	<u>\$ 22,157</u>	<u>\$ 16,237</u>

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