RIVALRY CORP. AND SUBSIDIARIES

Consolidated Financial Statements

As of September 30, 2021 and December 31, 2020 and
for the Three and Nine Months Ended
September 30, 2021 and 2020

Expressed in Canadian Dollars

mgo | Certified Public Accountants

Management's Responsibility for Financial Reporting

To the Shareholders of Rivalry Corp. and Subsidiaries:

Management of Rivalry Corp. and its Subsidiaries (combined the "Company") is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgements and estimates in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and ensuring that all information in the annual report is consistent with the consolidated financial statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgement is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external accountants. The Audit Committee is also responsible for recommending the appointment of the Company's external accountant. The accompanying consolidated financial statements of the Company were reviewed by the Audit Committee and approved by the Board of Directors.

Macias Gini & O'Connell LLP, an independent firm, is appointed by the Board of Directors to review the consolidated financial statements and report directly to them. Macias Gini & O'Connell LLP has full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss the review.

Steven Salz	Kejda Qorri
Chief Executive Officer	Chief Financial Officer

Los Angeles, California
November 23, 2021

RIVALRY CORP. AND SUBSIDIARIES
Index to the Consolidated Financial Statements

Page

CONSOLIDATED FINANCIAL STATEMENTS:

RIVALRY CORP. AND SUBSIDIARIES
Consolidated Statements of Financial Position
As of September 30, 2021 and December 31, 2020

	Financial Footnote	September 30, 2021 (Unaudited)	December 31, 2020
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	*2*	$ 41,317,415	$ 1,426,578
Accounts receivable	*2*	1,674,338	5,518,535
Prepaid expenses and deposits		213,039	54,813
Total current assets		43,204,792	6,999,926
Property and equipment, net	*3*	96,720	78,370
Intangible assets	*2*	134,663	134,663
Right-of-use assets, net	*4*	262,645	410,382
TOTAL ASSETS		$ 43,698,819	$ 7,623,341
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		$ 728,989	$ 493,980
Current portion of lease liabilities	*4*	118,432	92,458
Total current liabilities		847,421	586,438
Non-current portion of lease liabilities	*4*	70,785	228,183
TOTAL LIABILITIES		918,206	814,621
SHAREHOLDERS' EQUITY			
Subordinate voting shares	*5*	64,066,570	20,777,435
Multiple voting shares	*5*	10,000	10,000
Additional paid-in-capital		857,042	231,101
Accumulated deficit	*1*	(23,511,854)	(14,384,614)
Accumulated other comprehensive income		1,358,856	174,798
TOTAL SHAREHOLDERS' EQUITY		42,780,613	6,808,720
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 43,698,819	$ 7,623,341

See Accompanying Notes to Consolidated Financial Statements.

RIVALRY CORP. AND SUBSIDIARIES

Consolidated Statements of Operations and Comprehensive Loss
Three and Nine Months Ended September 30, 2021 and 2020

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2021 (Unaudited)	**September 30, 2020 (Unaudited)**	**September 30, 2021 (Unaudited)**	**September 30, 2020 (Unaudited)**
WAGERING AND OTHER REVENUES	$ 3,697,226	$ 474,833	$ 8,928,584	$ 1,244,352
COST OF REVENUES	(3,123,960)	(289,958)	(7,140,558)	(684,535)
GROSS PROFIT	573,266	184,876	1,788,026	559,817
OPERATING EXPENSES				
Bad debt expense	431,033	-	1,541,662	-
Finders warrants expense	417,208	-	528,390	-
Marketing, advertising and promotion	1,781,363	748,395	3,659,825	2,021,885
Technology and content	277,317	178,572	911,982	482,740
Depreciation and amortization	53,284	53,237	158,583	159,314
General and Administration	1,528,100	584,017	3,474,747	1,524,285
Miscellaneous expenses (net of SR&ED recoveries)	270,748	150,492	634,347	327,497
TOTAL OPERATING EXPENSES	4,759,052	1,714,713	10,909,536	4,515,721
LOSS FROM OPERATIONS	(4,185,787)	(1,529,837)	(9,121,510)	(3,955,904)
INTEREST EXPENSE	(1,903)	(3,159)	(5,731)	(9,047)
NET LOSS	(4,187,690)	(1,532,996)	(9,127,240)	(3,964,950)
OTHER COMPREHENSIVE INCOME				
Exchange rate differences on translation of foreign operations	2,007,804	226,755	1,184,058	352,004
TOTAL COMPREHENSIVE LOSS	$ (2,179,886)	$ (1,306,241)	$ (7,943,182)	$ (3,612,946)
Net Loss per Share				
Basic	$ (0.08)	$ (0.07)	$ (0.16)	$ (0.19)
Diluted	$ (0.06)	$ (0.05)	$ (0.14)	$ (0.12)

See Accompanying Notes to Consolidated Financial Statements.

RIVALRY CORP. AND SUBSIDIARIES

Consolidated Statements of Changes in Shareholders' Equity

Nine Months Ended September 30, 2021 and 2020

	Subordinate Voting Shares		Multiple Voting Shares		Additional	Accumulated	Accumulated Comprehensive Other	
	Units	Amount	Units	Amount	Paid-in-capital	Deficit	Income	Total
Balance at December 31, 2019	18,310,459	$ 11,371,096	2,222,220	$ 10,000	$ 121,458	$ (7,484,417)	$ 129,325	$ 4,147,462
Issuance of common shares	2,088,803	3,774,483	-	-	-	-	-	3,774,483
Series A warrants exercised	2,416,666	10,875	-	-	-	-	-	10,875
Series B warrants exercised	155,555	35,000	-	-	-	-	-	35,000
Finders warrants expense	-	-	-	-	-	-	-	-
Share-based compensation	-	-	-	-	53,172	-	-	53,172
Net loss	-	-	-	-	-	(3,964,950)	-	(3,964,950)
Comprehensive income	-	-	-	-	-	-	352,004	352,004
Balance at September 30, 2020	22,971,483	$ 15,191,454	2,222,220	$ 10,000	$ 174,630	$ (11,449,367)	$ 481,329	$ 4,408,046
Balance at December 31, 2020	26,096,047	$ 20,777,435	2,222,220	$ 10,000	$ 231,101	$ (14,384,614)	$ 174,798	$ 6,808,720
Issuance of Subordinate Voting Shares, net of issuance costs	13,281,671	17,128,332	-	-	-	-	-	17,128,332
Issuance of Subscription receipts, net of issuance costs	8,403,242	24,910,352	-	-	-	-	-	24,910,352
Series B warrants exercised	5,388,885	1,212,460	-	-	-	-	-	1,212,460
Series D warrants exercised	40,055	18,026	-	-	-	-	-	18,026
Series F warrants exercised	15,598	19,965	-	-	-	-	-	19,965
Finders warrants expenses		-	-	-	528,390	-	-	528,390
Share-based compensation	-	-	-	-	97,551	-	-	97,551
Net loss	-	-	-	-	-	(9,127,240)	-	(9,127,240)
Comprehensive income	-	-	-	-	-	-	1,184,058	1,184,058
Balance at September 30, 2021	53,225,498	$ 64,066,570	2,222,220	$ 10,000	$ 857,042	$ (23,511,854)	$ 1,358,856	$ 42,780,613

See Accompanying Notes to Consolidated Financial Statements.

RIVALRY CORP. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Nine Months Ended September 30, 2021 and 2020

	For the Nine Months Ended	
	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (9,127,240)	$ (3,964,950)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation of property and equipment	10,845	11,577
Amortization of right-of-use asset	147,738	147,737
Finance costs	5,731	9,047
Exchange rate differences on translation of foreign operations	1,184,058	352,004
Finders warrants expense	528,390	-
Share-based compensation	97,551	53,172
Changes in operating assets and liabilities		
Accounts receivable	3,844,197	(2,149,445)
Prepaid expenses and deposits	(158,226)	93,562
Accounts payable and accrued liabilities	235,009	1,961,998
NET CASH USED IN OPERATING ACTIVITIES	(3,231,947)	(3,485,299)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(29,195)	(17,052)
NET CASH USED IN INVESTING ACTIVITIES	(29,195)	(17,052)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of Subordinated Voting Shares, net of issuance costs	17,128,332	3,774,483
Proceeds from issuance of Subscription Receipts, net of issuance costs	24,910,352	-
Proceeds received from exercise of warrants	1,250,450	45,875
Lease payments	(137,155)	(46,460)
NET CASH PROVIDED BY FINANCING ACTIVITIES	43,151,979	3,773,898
CHANGE IN CASH AND CASH EQUIVALENTS	39,890,837	271,547
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,426,578	3,538,894
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 41,317,415	$ 3,810,441
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
CASH PAID DURING THE NINE-MONTH PERIOD FOR:		
Interest	$ 5,731	$ 9,047

See Accompanying Notes to Consolidated Financial Statements.

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Business Description

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

Effective October 5, 2021, the Company's Subordinate Voting Shares began trading on the TSX Venture Exchange under the symbol RVLY. The Subordinate Voting Shares are also traded on the Frankfurt Stock Exchange under the symbol 9VK. Subsequent to receipt of shareholder approval on September 20, 2021, the Company completed: (a) a share consolidation resulting in four and a half pre-consolidation shares for one post-consolidation share; and (b) reorganized its share capital such that all: (i) common shares were reclassified as Subordinate Voting Shares; and (ii) all Class A shares were reclassified as Multiple voting shares (the "Multiple Voting Shares") with each Multiple Voting Share carrying 100 votes per share on all matters where the holders of shares of the Company are entitled to vote and the holders of Subordinate Voting Shares and Multiple Voting Shares shall vote together, except to the extent that a separate vote of holders as a separate class is required by law or provided by the Company's articles. Unless otherwise stated, the options and warrants along with corresponding exercise prices and per-share amounts have been restated retrospectively to reflect this share consolidation.

The business objective of the Company and its subsidiaries (together the "Group") is to offer real money wagering on esports and traditional sports to players where legally permitted.

COVID – 19 Pandemic

In March 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared it a pandemic which continues to exist as of the date of these financial statements causing business disruptions and, in some cases, business closures. The extent of the impact on the Company's operations, it's suppliers and other vendors, customer base, and employees will depend on certain developments, including the duration and spread of the virus, and vaccine availability. To address the uncertainties posed by COVID-19, the Company and its management have taken certain steps and measures to address the risks to its operations, and potential impacts on future results. Measures taken include cash management and implementation of new health and safety and remote work procedures where possible.

Liquidity and Capital Resources

As of September 30, 2021, and for the nine-month period then ended, the Company had an accumulated deficit of $23,511,854, a net loss from operations of $9,127,240 and net cash used in operating activities of $3,231,948. The Company's management continues to finance its cash needs through issuance of Subordinate Voting Shares. If management is unsuccessful in its efforts to generate profitable operations, the Company may not be able to continue as a going concern. The ability of the Company to continue as a going concern and to meet its obligations will be dependent upon successful operations and cash flows. The accompanying consolidated financial statements do not reflect any adjustment that might result from the outcome of this uncertainty.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Statement of compliance and application of new International Financial Reporting Standards ("IFRS"). The consolidated financial statements of the Company have been prepared by the Manager in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements were approved by the Board of Directors on November 23, 2021.

Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company.

The Company determines the functional currency through an analysis of several indicators such as financing activities, the currency in which the majority of costs and expenses are denominated and settled, and frequency of transactions with the reporting entity. Transactions in currencies other than the Canadian dollar 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 are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange rate differences on foreign currency transactions are included in profit and loss in the consolidated statements of operations and other comprehensive income (loss), as appropriate.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions between the Company and its subsidiaries have been eliminated upon consolidation.

Name	Place of Incorporation	Percentage of equity interest September 30, 2021	Percentage of equity interest December 31, 2020	Nature of business
PMML Dev Corp.	Ontario	100%	100%	Administration of employees and contractors.
PMML Advisors Corp.	Ontario	100%	100%	Advisory services. Inactive so far.
PMML IP Corp.	Ontario	100%	100%	Holds the intellectual property.
Pick Win Earn Corp.	Ontario	100%	100%	Administration of employees.
Rivalry Limited	Isle of Man	100%	100%	Holder of gambling license in Isle of Man
Rivalry Service Limited	Isle of Man	100%	100%	Service transmission.
Rivalry Australia Proprietors Limited	Australia	100%	100%	Holder of gambling license in Australia.

Cash and Cash Equivalents

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivables

Accounts receivable are recorded at the invoiced amount and do not bear interest. The Company reviews all outstanding accounts receivable for collectability on a regular basis. An allowance for doubtful accounts is recorded for any amounts deemed uncollectable. As of September 30, 2021 and December 31, 2020, no allowance was deemed necessary. Included within accounts receivables as at September 30, 2021 and December 31, 2020, is a balance of $1,674,338 and $5,302,309, respectively, that was held in trust.

Property and Equipment

Property and equipment are stated at historic cost less accumulated depreciation. Depreciation is calculated using the straight-line method at annual depreciation rates as follows:

Computers	30%
Office furniture and equipment	20%

An item of property and equipment is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statements of operations and comprehensive loss. The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for property and equipment and any changes arising from the assessment are applied by the Company prospectively. Right-of-use assets are amortized according to their asset category.

Intangible Assets

At September 30, 2021 and December 31, 2020, all of the Company's intangible assets consisted of domains. The domains have been treated as indefinite lived assets and are not being amortized.

Impairment of Long-Lived Assets

Property and equipment and definite lived intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Indefinite lived intangible assets, including goodwill, are tested for impairment annually. For the purposes of measuring recoverable values, assets are aggregated into cash generating units ("CGUs") based on an assessment of the lowest levels for which there are separately identifiable cash flows. The determination of individual CGUs is based on management's judgement regarding shared infrastructure, geographical proximity and similar exposure to market risk. The recoverable value is the greater of an asset's fair value less costs of disposal and value in use. In assessing the value in use, 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 risk specific to the asset. An impairment loss is recognized for the value by which the asset's carrying value exceeds its recoverable value.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Right-of-Use Assets and Lease Liabilities

The Company assesses whether a contract is or contains a lease, at inception of a contract. Leases are recognized as a right-of-use asset and corresponding liability at the commencement date. The right-of-use asset is amortized over the estimated life of the asset. Each lease payment included in the lease liability is apportioned between the repayment of the liability and a finance cost. The finance cost is recognized in net finance costs in the consolidated statements of operations and comprehensive income (loss) over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Share Capital

Subordinated Voting Shares are classified as equity with incremental costs directly attributable to the issuance of shares being recognized as a reduction of equity.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. The Company recognizes revenue when it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Revenue consists of esports online gaming revenue, which is comprised of bets placed less payouts to customers, adjusted for the fair value of open betting positions.

Income (Loss) Per Share

Basic income (loss) per share is calculated by dividing net loss by the weighted average number of shares outstanding during the reporting period. Diluted income (loss) per share is determined by adjusting the net loss and the weighted average number of shares outstanding, for the effects of all dilutive potential shares.

Share-Based Payments

The estimation of share-based payments requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The model used by the Company is the Black-Scholes valuation model at the date of the grant. The Company makes estimates as to the volatility, the expected life, dividend yield and the time of exercise, as applicable. The expected volatility is based on the average volatility of share prices of similar companies over the period of the expected life of the applicable warrants and stock options. The expected life is based on historical data. These estimates may not necessarily be indicative of future actual patterns.

Scientific Research and Experimental Development Tax Credits

The Company is entitled to scientific research and experimental development ("SR&ED") tax credits, which are accounted for using the cost reduction approach. Under this approach, tax credits are recognized as a deduction from the related expenses or capital expenditures in the period in which those expenditures are incurred. These credits are also subject to a review by the tax authorities. Any differences between the credits granted and the credits recognized will be recorded in net income. As at September 30, 2021 and December 31, 2020, these amounts totaled $205,864 and $205,864, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Income taxes and tax exposures recognized in the consolidated financial statements reflect management's best estimate based on facts known at the reporting date. When the Company anticipates a future income tax payment based on its estimates, it recognizes a liability. The difference between the expected amount and the final tax outcome has an impact on current and deferred taxes when the Company becomes aware of this difference. In addition, when the Company incurs losses for income tax purposes, it assesses the probability of taxable income being available in the future based on its budgeted forecasts. These forecasts are adjusted to consider certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate that sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

The Company recognizes interest and penalties related to income taxes on the interest expense and other expense line in the accompanying consolidated statement of operations. Accrued interest and penalties are included on the accounts payable and accrued liabilities line in the consolidated statements of financial position.

Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities, including derivatives, are recognized when the Company becomes a party to the contractual provisions of a financial instrument or non-financial derivative contract. All financial instruments are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities classified as FVTPL, are added to or deducted from the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in the consolidated statements of operations and comprehensive loss.

Classification and Subsequent Measurement

The Company classifies financial assets, at the time of initial recognition, according to the Company's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are classified in the following measurement categories:

a) amortized cost;
b) fair value through profit or loss ("FVTPL"); and
c) fair value through other comprehensive income ("FVTOCI").

Financial assets are subsequently measured at amortized cost if both the following conditions are met and they are not designated as FVTPL: a) the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

These assets are subsequently measured at amortized cost using the effective interest rate method, less any impairment, with gains and losses recognized in the consolidated statements of loss and comprehensive loss in the period that the asset is derecognized or impaired. All financial assets not classified as amortized cost as described above are measured at FVTPL or FVTOCI depending on the business model and cash flow characteristics. The Company has no financial assets measured at FVTOCI.

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method with gains and losses recognized in the consolidated statements of loss and comprehensive loss in the period that the liability is derecognized, except for financial liabilities classified as FVTPL.

Financial instruments are classified into one of the following categories: FVTPL; financial assets at amortized cost, financial liabilities at amortized cost, and financial assets at FVTOCI.

Impairment of Financial Instruments – Expected Credit Losses ("ECL")

For all financial assets recorded at amortized cost, the Company applies the simplified approach to providing for expected credit losses prescribed, which requires the use of the lifetime expected loss provision for all accounts receivables based on the Company's historical default rates over the expected life of the accounts receivable and is adjusted for forward-looking information and macro-economic factors and estimates. The methodologies and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

Derecognition of Financial Assets and Liabilities

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are recognized in the consolidated statements of operations and comprehensive income (loss).

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss and comprehensive income (loss).

Use of Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New and Revised Standards and Interpretations to be Adopted

The following is a brief summary of the new standards issued but not yet effective:

(i) *Amendments to IAS 1: Classification of Liabilities as Current or Non-Current*

In January 2020, the IASB issued Classification of Liabilities as Current or Non-current (“Amendments to IAS 1”). The Amendments to IAS 1 aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The Amendments to IAS 1 include clarifying the classification requirements for debt a company might settle by converting it into equity. The Amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted.

(ii) *Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract*

In May 2020, the IASB issued Onerous Contracts – Cost of Fulfilling a Contract (“Amendments to IAS 37”) amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendment is effective for annual reporting periods beginning on or after January 1, 2022.

NOTE 3 – PROPERTY AND EQUIPMENT

As of September 30, 2021 and December 31, 2020, property and equipment consisted of the following:

	Computers	Office Furniture and Equipment	Total
Cost			
Balance, January 1, 2020	$ 60,826	$ 28,786	$ 89,612
Additions	25,965	-	25,965
Balance, December 31, 2020	86,791	28,786	115,577
Additions	29,195	-	29,195
Balance, September 30, 2021	$ 115,986	$ 28,786	$ 144,772
Accumulated Depreciation			
Balance, January 1, 2020	$ 16,915	$ 4,196	$ 21,111
Additions	11,520	4,576	16,096
Balance, December 31, 2020	28,435	8,772	37,207
Additions	8,729	2,116	10,845
Balance, September 30, 2021	$ 37,164	$ 10,888	$ 48,052
Net Book Value			
December 31, 2020	$ 58,356	$ 20,014	$ 78,370
September 30, 2021	$ 78,822	$ 17,898	$ 96,720

NOTE 4 – RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company entered into a lease obligation on October 1, 2019. At that time, the Company recorded a right-of-use asset and a corresponding lease liability of $656,612. The right-of-use asset is being amortized over 3 years and 4 months. For the three and nine-month period ended September 30, 2021, amortization expense totaled $49,246 and $147,738, respectively. For the three and nine-month period ended September 30, 2020, amortization expense totaled $49,246 and $147,738, respectively.

As of September 30, 2021, the weighted average remaining life of the lease is 1 year and 4 months and the weighted average discount rate is 2.45%. For the three and nine-month period ended September 30, 2021, the Company recorded interest expense of $1,903 and $5,731, respectively. For the three and nine-month period ended September 30, 2020, the Company recorded interest expense of $3,159 and $9,047, respectively.

Information related to the Company's right-of-use assets and lease liabilities at September 30, 2021 and December 31, 2020, is as follows:

	Right-of-Use Assets	Lease Liabilities
Net book value at January 1, 2020	$ 607,366	$ 407,473
Interest expense	-	12,765
Principal repayments	-	(99,597)
Amortization	(196,984)	-
Net book value at December 31, 2020	410,382	320,641
Interest expense	-	5,731
Principal repayments	-	(137,155)
Amortization	(147,737)	-
Net book value at September 30, 2021	$ 262,645	$ 189,217

Maturities of the lease liabilities as of September 30, 2021, are expected to be as follows:

2022	$ 175,969
2023	17,753
Total lease payments	193,722
Less: Imputed interest	(4,505)
Total lease liabilities	189,217
Less: Current portion of lease liabilities	118,432
Non-current portion of lease liabilities	$ 70,785

NOTE 5 – CAPITAL STOCK

Subordinate Voting Shares:

On December 14, 2016, the Company closed the first tranche of the first-round non-brokered private placement of 5,875,555 units of the Company at the price of $0.23 per unit for gross proceeds of $1,322,000. Each unit consists of one subordinate voting share and one Series B warrant. Each warrant entitles the holder to purchase one additional subordinate voting share of the Company on or before December 14, 2021, at a price of $0.23 per subordinate voting share.

On February 3, 2017, the Company closed the second tranche of the first-round non-brokered private placement of 646,666 units of the Company at the price of $0.23 per unit for gross proceeds of $145,500. Each unit consists of one subordinate voting share and one Series B warrant. Each warrant entitles the holder to purchase one additional subordinate voting share of the Company on or before February 3, 2022, at a price of $0.23 per subordinate voting share.

On September 6, 2017, the Company closed the first tranche of the second-round non-brokered private placement of 1,556,666 units of the Company at the price of $0.45 per unit for gross proceeds of $700,500.

On November 7, 2017, the Company closed the second tranche of the second-round non-brokered private placement of 2,064,444 units of the Company at the price of $0.45 per unit for gross proceeds of $929,000. At the same time, the Company also issued 12,944 Finders warrants. These warrants expired on November 7, 2019.

On December 18, 2017, the Company closed the third tranche of the second-round non-brokered private placement of 1,968,888 units of the Company at the price of $0.45 per unit for gross proceeds of $886,000. At the same time, the Company also issued 40,055 Finders warrants. Each warrant entitles the holder to purchase one additional subordinate voting share of the Company on or before December 18, 2021, at a price of $0.45 per subordinate voting share.

On January 30, 2018, the closed the fourth tranche of the second-round non-brokered private placement of 222,222 units of the Company at the price of $0.45 per unit for gross proceeds of $100,000.

On May 4, 2018, the Company closed the first tranche of the third round brokered private placement of 5,264,328 units of the Company at the price of USD $1.04 per unit for gross proceeds of USD $5,448,580. At the same time, the Company also issued 136,940 Finders warrants. These warrants expired on May 4, 2020.

On August 22, 2018, the Company closed the second tranche of the third-round non-brokered private placement of 517,241 units of the Company at the price of USD $1.04 per unit for gross proceeds of USD $535,345.

On June 26, 2020, the Company issued 2,416,666 Subordinate Voting Shares from the exercise of 2,416,666 Series A warrants at the exercise price of $0.005 for gross proceeds of $10,875.

NOTE 5 – CAPITAL STOCK (Continued)

On August 6, 2020, the Company closed the first tranche of the fourth-round non-brokered private placement of 2,088,803 units of the Company at the price of USD $1.53 per unit of gross proceeds of USD $3,195,869. Each unit consists of one subordinate voting share. At the same time, the Company also issued 109,843 Finders warrants. Each warrant entitles the holder to purchase one additional subordinate voting share of the Company on or before August 6, 2022 at a price of USD $1.53 per subordinate voting share. The warrants vested immediately.

On September 18, 2020, the Company issued 155,555 Subordinate Voting Shares from the exercise of 155,555 Series B warrants at the exercise price of $0.23 for gross proceeds of $35,000.

On October 6, 2020, the Company issued 222,222 Subordinate Voting Shares from the exercise of 222,222 Series B warrants at the exercise price of $0.23 for gross proceeds of $50,000.

On December 4, 2020, the Company issued 8,888 Subordinate Voting Shares from the exercise of 8,888 Series B warrants at the exercise price of $0.23 for gross proceeds of $2,000.

On December 23, 2020, the Company closed a second tranche of the fourth-round non-brokered private placement of 2,893,451 units of the Company at the price of USD $1.53 per unit of gross proceeds of USD $4,426,981.

On January 15, 2021, the Company closed a third tranche of the fourth-round non-brokered private placement of 1,431,728 units of the Company at the price of USD $1.53 per unit of gross proceeds of USD $2,190,545. Each unit consists of one subordinate voting share.

On January 22, 2021, the Company closed a fourth tranche of the fourth-round non-brokered private placement of 383,298 units of the Company at the price of USD $1.53 per unit of gross proceeds of USD $586,446. Each unit consists of one subordinate voting share.

On January 29, 2021, the Company issued 44,444 Subordinate Voting Shares from the exercise of 44,444 Series B warrants at the exercise price of $0.23 for gross proceeds of $10,000.

On February 4, 2021, the Company closed a fifth tranche of the fourth-round non-brokered private placement of 2,823,066 units of the Company at the price of USD $1.53 per unit of gross proceeds of USD $4,319,292. Each unit consists of one subordinate voting share.

On February 12, 2021, the Company closed a sixth tranche of the fourth-round non-brokered private placement of 1,056,314 units of the Company at the price of USD $1.53 per unit of gross proceeds of USD $1,616,160. Each unit consists of one subordinate voting share.

On February 21, 2021, the Company closed a seventh tranche of the fourth-round non-brokered private placement of 581,908 units of the Company at the price of USD $1.53 per unit of gross proceeds of USD $890,320. Each unit consists of one subordinate voting share.

On March 3, 2021, the Company closed an eighth tranche of the fourth-round non-brokered private placement of 2,841,829 units of the Company at the price of USD $1.53 per unit of gross proceeds of USD $4,348,000. Each unit consists of one subordinate voting share. The Company issued 273,610 finders warrants exercisable in two years at USD $1.53.

NOTE 5 – CAPITAL STOCK (Continued)

On April 6, 2021, the Company issued 88,888 Subordinate Voting Shares from the exercise of 88,888 Series B warrants at the exercise price of $0.23 for gross proceeds of $20,000.

On April 7, 2021, the Company issued 44,444 Subordinate Voting Shares from the exercise of 44,444 Series B warrants at the exercise price of $0.23 for gross proceeds of $10,000.

On April 9, 2021, the Company issued 350,000 Subordinate Voting Shares from the exercise of 350,000 Series B warrants at the exercise price of $0.23 for gross proceeds of $78,750.

On April 13, 2021, the Company issued 222,222 Subordinate Voting Shares from the exercise of 222,222 Series B warrants at the exercise price of $0.23 for gross proceeds of $50,000.

On April 23, 2021, the Company issued 15,333 Subordinate Voting Shares from the exercise of 15,333 Series D warrants at the exercise price of $0.45 for gross proceeds of $6,900.

On April 23, 2021, the Company issued 15,598 Subordinate Voting Shares from the exercise of 15,598 Series F warrants at the exercise price of USD $1.04 for gross proceeds of USD $16,144.

On May 5, 2021, the Company issued 24,722 Subordinate Voting Shares from the exercise of 24,722 Series D warrants at the exercise price of $0.45 for gross proceeds of $11,125.

On June 3, 2021, the Company issued 222,222 Subordinate Voting Shares from the exercise of 222,222 Series B warrants at the exercise price of $0.23 for gross proceeds of $50,000.

On August 19, 2021, the Company closed a first tranche of the fifth round non-brokered private placement of 191,570 units of the Company at the price of USD $2.61 per unit of gross proceeds of USD $500,000. Each unit consists of one subordinate voting share.

On August 19, 2021, the Company issued 533,332 Subordinate Voting Shares from the exercise of 533,332 Series B warrants at the exercise price of $0.23 for gross proceeds of $120,000.

On August 26, 2021, the Company granted 1,625,843 restricted share units under the equity incentive plan that vested immediately. Each unit consists of one subordinate voting share.

On September 21, 2021, the Company granted 2,346,288 restricted shares under the equity plan of which 1,292,830 vested immediately. Each unit consists of one subordinate voting share.

On September 27, the Company issued 3,133,332 Subordinate Voting Shares from the exercise of 3,133,332 Series B warrants at the exercise price of $0.23 for gross proceeds of $705,000.

On September 29, the Company issued 749,999 Subordinate Voting Shares from the exercise of 749,999 Series B warrants at the exercise price of $0.23 for gross proceeds of $168,750.

Issuance costs associated with fundraising activities, other than those pertaining to the Subscription Receipts Offering, totaled $384,655 and $1,421,730 for the three and nine months ended September 30, 2021. The Company incurred issuance costs of $195,937 for the nine month period ended September 30, 2020.

NOTE 5 – CAPITAL STOCK (Continued)

Multiple Voting Shares:

On December 12, 2016, the Company issued 2,222,220 Founders' units of the Company at the price of $0.005 per unit for gross proceeds of $10,000. Each unit consists of one Multiple Voting Shares, one Series A warrant, one Series B warrant and one Series C warrant. The Company also issued 194,444 Founders' units of the Company at the price of $0.005 per unit for gross proceeds of $875. Each unit consists of one subordinate voting share, one Series A warrant, one Series B warrant and one Series C warrant. Each Series A warrant entitles the holder to purchase one additional subordinate voting share of the Company on or before December 12, 2021, at a price of $0.005 per subordinate voting share. Each Series B warrant entitles the holder to purchase one additional subordinate voting share of the Company on or before December 12, 2021, at a price of $0.23 per subordinate voting share. Each Series C warrant entitles the holder to purchase one additional subordinate voting share of the Company on or before December 12, 2021, at a price of $1.13 per subordinate voting share.

Subscription Receipts

On June 9, 2021, the Company closed an offering of 8,403,242 subscription receipts of the Company ("Subscription Receipts") for total gross proceeds of approximately USD $21,932,500 (the "Subscription Receipt Offering"). The Subscription Receipts were sold at a price of USD $2.61 per Subscription Receipt (the "Offering Price") pursuant to the terms of an agency agreement among the Company, Eight Capital and Cormark Securities Inc. (together, the "Co-Lead Agents") and Canaccord Genuity Corp. and M Partners Inc. Each Subscription Receipt entitles the holder, without payment of additional consideration, to receive one subordinate voting share of the Company upon satisfaction of the Escrow Release Conditions as defined in the prospectus. The Company issued 419,235 compensation warrants to the agents at an exercise price of USD $2.61 expiring March 24, 2023.

In connection with this offering, the Company incurred issuance costs of USD $1,363,811 (CAD $1,668,352) during the nine months ended September 30, 2021.

NOTE 6 – WARRANTS

As discussed at Note 5, the Company has issued several tranches of warrants between December 2016 through September 30, 2021.

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

	Number of Warrants	Weighted Average Exercise Price
Balance at January 1, 2020	13,975,728	$ 0.36
Granted	109,843	1.94
Exercised	(2,818,931)	0.23
Forefeited	(147,882)	-
Balance at December 31, 2020	11,118,758	$ 0.41
Granted	708,444	1.94
Exercised	(5,444,539)	0.23
Forefeited	-	-
Balance at September 30, 2021	6,382,663	$ 0.50

The following table summarizes the Company's outstanding warrants as of September 30, 2021 and December 31, 2020:

Subordinate Voting Shares	Exercise Price	Expiration Date	September 30, 2021	December 31, 2020
Series B	$0.23	December 12, 2021	2,516,654	7,905,555
Series B	$0.23	February 3, 2022	646,660	646,666
Series C	$1.13	December 12, 2021	2,416,664	2,416,666
Series D	$0.45	December 28, 2021	-	40,055
Compensation Warrants	USD $1.53	August 6, 2022	109,841	109,843
Compensation Warrants	USD $1.53	March 3, 2023	273,609	-
Compensation Warrants	USD $2.61	March 24, 2023	419,235	-
			6,382,663	11,118,785

As of September 30, 2021 and December 31, 2020, 6,382,663 and 11,118,758 warrants were exercisable, respectively.

NOTE 6 – WARRANTS (Continued)

The accounting fair value of the warrants as of date of grant was calculated in accordance with a Black-Scholes option pricing model using the following average inputs:

	September 30, 2021	December 31, 2020
Risk free interest rate	1.98%	1.21%
Average forefeiture rate	1.25%	1.25%
Maximum life	2 years	2 years
Expected dividend	-	-
Expected share price volatility	38%	38%

NOTE 7 – EQUITY INCENTIVE AWARDS

The Company's equity incentive plan provides for incentive stock options, non-qualified stock options, restricted shares and restricted share units to be issued to directors, officers, employees and consultants of the Company so that they may participate in the growth and development of the Company. Subject to the specific provisions of the equity incentive plan, eligibility, vesting period, terms of the award, and the number of awards granted are to be determined by the board of Directors at the time of the grant. The stock option plan allows the Board of Directors to issue up to 20% of the Company's outstanding Subordinate Voting Shares as equity incentive awards.

A reconciliation of the beginning and ending balance of the equity incentive awards outstanding is as follows:

	Equity Incentive Awards	Weighted Average Exercise Price
Balance at January 1, 2020	989,011	$ 1.35
Granted	336,000	
Forfeited	(41,111)	
Balance at December 31, 2020	1,283,900	$ 1.35
Granted	2,471,408	
Forfeited	-	
Balance at September 30, 2021	3,755,308	$ 1.53

NOTE 7 – EQUITY INCENTIVE AWARDS (Continued)

The following table summarizes the Company's outstanding equity incentive awards as of September 30, 2021 and December 31, 2020:

	Outstanding	Exercise price	Remaining years	Exerciseable
At September 30, 2021	3,755,308	USD $1.04 - 2.61	0.13 - 3.96 years	1,058,264
At December 31, 2020	1,283,900	USD $1.04 - 1.53	1 - 3.96 years	678,463

The accounting fair value of the stock options as of date of grant was calculated in accordance with a Black-Scholes option pricing model using the following average inputs:

	September 30, 2021	December 31, 2020
Risk free interest rate	1.98%	1.21%
Average forefeiture rate	1.09%	3.47%
Average vesting period	1.52 years	1.27 years
Maximum life	3.96 years	3.96 years
Expected dividend	0.00%	0.00%
Expected share price volatility	38%	38%

For the three and nine-month period September 30, 2021, the Company recognized share-based compensation of $38,874 and $97,551, respectively. For the three and nine-month period September 30, 2020, the Company recognized share-based compensation of $17,724 and $53,172, respectively.

NOTE 8 – INCOME TAXES

The income tax expenses for the three and nine-month period ended September 30, 2021 and 2020, were as follows:

	For the three Months Ended		For the Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Statutory tax rate	26.50%	26.50%	26.50%	26.50%
Loss for the year for tax purposes	$ (4,185,787)	$ (1,529,837)	$ (9,121,510)	$ (3,955,904)
Expected income tax (recovery)	(1,109,233)	(405,407)	(2,417,200)	(1,048,315)
Allowance for unrecognized current and prior tax attributes	1,109,233	405,407	2,417,200	1,048,315
Total income tax expense (recovery)	$ -	$ -	$ -	$ -

In the consolidated financial statements, losses for foreign entities have not been taken into consideration as those losses will not be available to be utilized for the Canadian Income Tax Purposes.

NOTE 9 – RELATED PARTY TRANSACTIONS

The remuneration of directors and key management personnel during the three and nine-month period ended September 30, 2021, included management fees of $286,414 and $582,381, respectively. The remuneration of directors and key management personnel during the three and nine-month period ended September 30, 2020, included management fees of $98,771 and $296,382, respectively These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by both parties.

As of and through the nine-month period ended September 30, 2021, the Company loaned a related party GG Corp $2,605,070 for operating purposes. As of September 30, 2021, this entire amount has been fully reserved.

NOTE 10 – FINANCIAL INSTRUMENTS AND RISK MANGEMENT

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

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

Fair Value (Continued)

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 Inputs are quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 Inputs are observable inputs other than quoted prices included within Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in markets that are not active, or other inputs that are observable directly or indirectly.

NOTE 10 – FINANCIAL INSTRUMENTS AND RISK MANGEMENT (Continued)

Fair Value (Continued)

- Level 3 Inputs are unobservable inputs for the asset or liability that reflect the reporting entity's own assumptions and are not based on observable market data.

There were no transfers into or out of the fair value levels for three and nine-month period ended September 30, 2021 and 2020.

The classification of financial instruments at their carrying and fair values is as follows:

(a) Fair Value

	September 30, 2021	December 31, 2020
Accounts payable and accrued liabilities	$ 728,989	$ 493,980

The Company is exposed to credit risk, liquidity risk and interest rate risk. The Company's management oversees the management of these risks. The Company`s management is supported by the external consultants that advise on financial risks and the appropriate financial risk governance framework for the Company. The Company's financial risk activities are governed by appropriate policies and procedures and financial risks are identified, measured and managed in accordance with Company policies and risk appetite statement.

(b) Credit Risk

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

(c) Liquidity Risk

Liquidity risk is the risk that the Company is unable to generate or obtain sufficient cash in a cost-effective manner to fund its obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company manages liquidity risk through obtaining financing from its members and third parties. As at September 30, 2021 and December 31, 2020, all trade payables and accrued liabilities are due within a year.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash and cash equivalents. Cash and cash equivalents bear interest at market rates.

NOTE 10 – FINANCIAL INSTRUMENTS AND RISK MANGEMENT (Continued)

(e) Currency Risk

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

At September 30, 2021 and December 31, 2020, the Company had no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

NOTE 11 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through November 23, 2021, which is the date these consolidated financial statements were available to be issued. All subsequent events requiring recognition at September 30, 2021, have been incorporated into these consolidated financial statements.

On October 7, 2021, the Company issued 400,000 Subordinate Voting Shares from the exercise of 400,000 Series B warrants at the exercise price of $0.23 for gross proceeds of $90,000.

On October 7, 2021, the Company issued 133,975 Subordinate Voting Shares from the exercise of 133,975 compensation warrants at the exercise price of US $1.53 for gross proceeds of US $204,982.

On October 8, 2021, the Company issued 173,204 Subordinate Voting Shares from the exercise of 173,204 compensation warrants at the exercise price of US $1.53 for gross proceeds of US $265,002.

On October 18, 2021, the Company issued 222,222 Subordinate Voting Shares from the exercise of 222,222 Series B warrants at the exercise price of $0.23 for gross proceeds of $50,000.

On October 22, 2021, the Company issued 88,889 Subordinate Voting Shares from the exercise of 88,889 Series B warrants at the exercise price of $0.23 for gross proceeds of $20,000.

On October 28, 2021, the Company submitted an application to the Alcohol and Gaming Commission of Ontario (the "AGCO") to become a fully registered operator of internet gaming and sports betting in Ontario, Canada.