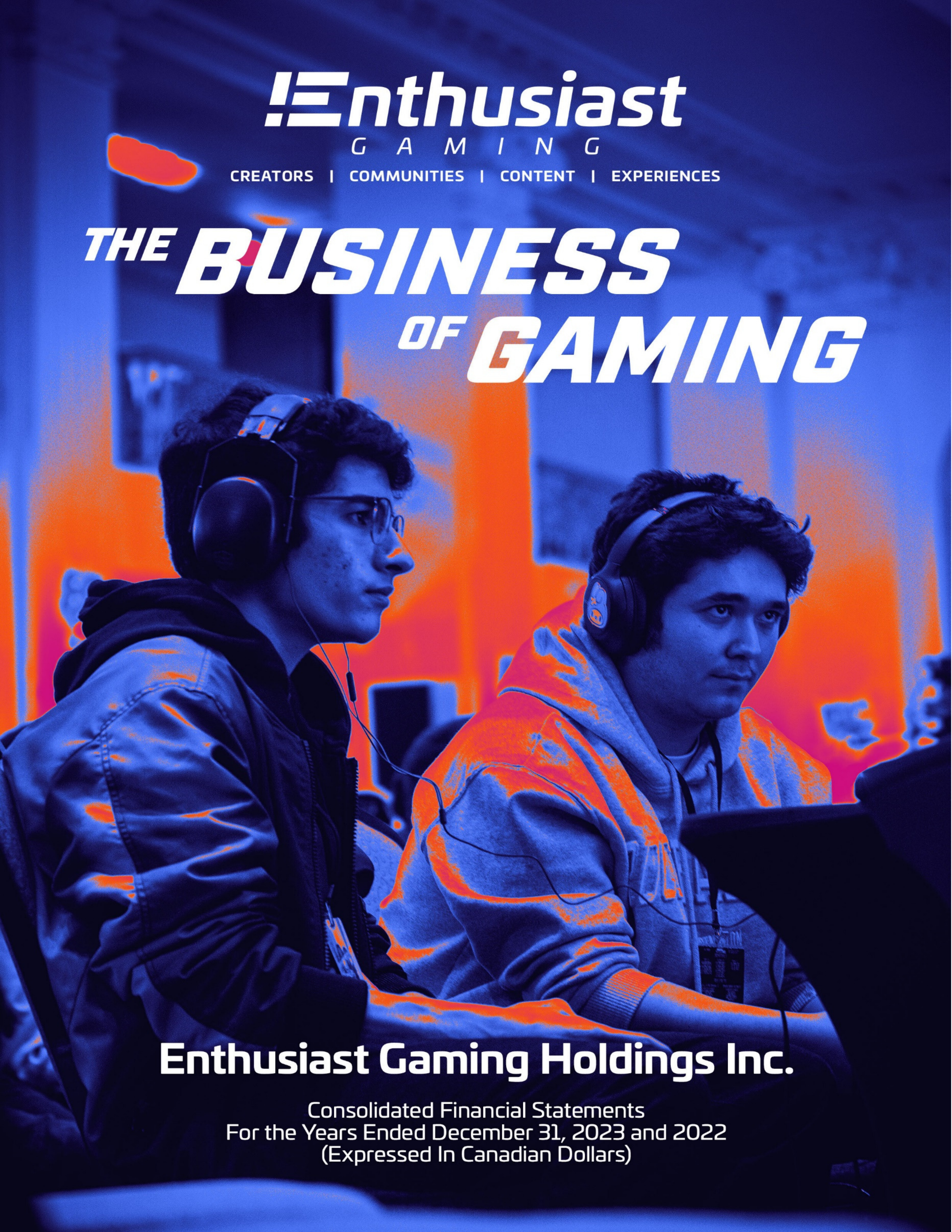

Enthusiast GAMING

CREATORS | COMMUNITIES | CONTENT | EXPERIENCES

THE BUSINESS OF GAMING

Enthusiast Gaming Holdings Inc.

Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022
(Expressed In Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Enthusiast Gaming Holdings Inc.

Opinion

We have audited the consolidated financial statements of Enthusiast Gaming Holdings Inc. (the Entity), which comprise:

- the consolidated statement of financial position as at end of December 31, 2023
- the consolidated statement of loss and comprehensive loss for the year then ended
- the consolidated statement of shareholders' equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at the end of December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Entity's future operations are dependent upon its ability to generate positive cash flows from operations, raise additional financing and satisfy the terms and conditions of its lending agreements.

As stated in Note 2 in the financial statements, these events or conditions, along with other matters as set forth in Note 2 in the financial statements, indicate that a material uncertainty exists that casts significant doubt on the Entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Evaluation of the impairment and assessment of the recoverability of the carrying value of goodwill and indefinite-life intangible assets

Description of the matter

We draw attention to Notes 3(x), 4(i), 9, and 10 to the consolidated financial statements. The Entity has seven cash-generating units ("CGUs") and goodwill is tested for impairment on an annual basis at the end of the fourth quarter or at an interim date when triggering events would more likely than not reduce the recoverable amount of a CGU below its carrying amount. An impairment loss is recognized for the amount by which the asset's or CGU's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell or value-in-use.

The Entity performed impairment tests as at December 31, 2023, and as at September 30, 2023, during the year ended December 31, 2023, the Entity determined that goodwill impairment charges were necessary for the Enthusiast Properties CGU of $15,313,649, the Luminosity CGU of $6,003,150, the Omnia CGU of $8,839,508, the Addicting Games CGU of $14,078,389 and the Outplayed CGU of $20,593,256, and intangible asset impairment of $21,440,143. The carrying value of goodwill and intangible assets were $105,868,081 and $85,421,227, respectively, as at December 31, 2023. The recoverable amount of the Entity's CGUs were estimated based on an assessment of their value in use using a discounted cash flow approach or fair value less costs to sell. In determining the estimated recoverable amounts, the Entity's significant assumptions include expected future cash flows, terminal growth rates and discount rates.

Why the matter is a key audit matter

We identified the evaluation of the impairment and assessment of the recoverability of the carrying value of goodwill and indefinite-life intangible assets as a key audit matter. This matter represented an area of significant risk of misstatement given the magnitude of goodwill and indefinite life intangible assets and the high degree of estimation uncertainty in assessing the assumptions used to determine the recoverable amounts. Significant auditor judgment and the involvement of professionals with specialized skills and knowledge were required to evaluate the evidence supporting the Entity's significant assumptions due to the sensitivity of the recoverable amounts to changes in those assumptions.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

- We evaluated the appropriateness of the Entity's expected future cash flows and terminal growth rates assumptions for the Entity's cash generating units, by comparing those assumptions to external market and industry data.
- We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the discount rate used in the estimated recoverable amount of each CGU by comparing the Entity's inputs to underlying documentation and publicly available data.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian general accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian general accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor’s report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor’s report is Derek Nathaniel Peters.

Vaughan, Canada

April 1, 2024

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Enthusiast Gaming Holdings Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Enthusiast Gaming Holdings Inc. and subsidiaries (collectively "the Company") as at December 31, 2022, the related consolidated statement of loss and comprehensive loss, shareholders' equity, and cash flows for the year ended December 31, 2022, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, its financial performance and its cash flows for the year ended December 31, 2022, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

We have served as the Company's auditor since 2020.

Vaughan, Canada
March 27, 2023

Enthusiast Gaming Holdings Inc.
Consolidated Statements of Financial Position
As of December 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Note	**December 31, 2023**	December 31, 2022
ASSETS			
Current			
Cash		**$ 6,851,966**	$ 7,415,516
Trade and other receivables	6	**31,502,732**	37,868,107
Investments		**-**	125,000
Loans receivable		**-**	50,935
Income tax receivable		**31,251**	367,092
Prepaid expenses		**1,820,144**	2,017,004
Total current assets		**40,206,093**	47,843,654
Non-current			
Property and equipment	8	**124,640**	180,621
Right-of-use assets	11	**1,441,149**	2,099,996
Investment in associates and joint ventures	7	**2,888,730**	2,450,031
Long-term portion of prepaid expenses		**182,108**	279,814
Intangible assets	9	**85,421,227**	116,967,438
Goodwill	10	**105,868,081**	171,615,991
Total Assets		**$ 236,132,028**	$ 341,437,545
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	12	**$ 47,101,272**	$ 32,823,320
Contract liabilities		**6,078,950**	5,380,378
Income tax payable		**274,924**	129,485
Current portion of long-term debt	13	**21,888,597**	17,431,625
Current portion of deferred payment liability	15	**82,231**	2,391,863
Current portion of lease liabilities	11	**740,212**	872,429
Current portion of other long-term debt	14	**9,668**	10,891
Total current liabilities		**76,175,854**	59,039,991
Non-current			
Long-term portion of deferred payment liability	15	**2,083,262**	1,451,939
Long-term portion of lease liabilities	11	**938,845**	1,478,438
Other long-term debt	14	**140,613**	144,844
Deferred tax liability	19	**14,076,780**	24,671,326
Total liabilities		**$ 93,415,354**	$ 86,786,538
Shareholders' Equity			
Share capital	16	**444,474,076**	442,781,376
Contributed surplus	17, 18	**35,877,189**	30,402,742
Accumulated other comprehensive income		**7,201,976**	8,629,848
Deficit		**(344,836,567)**	(227,162,959)
Total shareholders' equity		**142,716,674**	254,651,007
Total liabilities and shareholders' equity		**$ 236,132,028**	$ 341,437,545

Going Concern *(Note 2)*
Commitments (*Note 23*)
Subsequent events *(Note 25)*

Approved by the Board of Directors of the Company:

"Signed: Adrian Montgomery" — Director

Signed: "John Albright" — Director

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

Enthusiast Gaming Holdings Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Note	**December 31, 2023**	December 31, 2022
Revenue	24	**$ 178,178,127**	$ 202,835,921
Cost of sales		**110,756,401**	139,371,400
Gross margin		**67,421,726**	63,464,521
Operating expenses			
Professional fees		**2,413,954**	2,691,148
Consulting fees		**6,904,431**	5,789,576
Advertising and promotion		**4,335,937**	2,682,684
Office and general		**7,950,085**	9,533,291
Annual general meeting legal and advisory costs	16	**-**	3,386,596
Salaries and wages		**37,564,336**	36,493,089
Technology support, web development and content		**24,902,819**	21,858,408
Esports player, team and game expenses		**2,527,541**	4,352,150
Foreign exchange loss (gain)		**174,399**	(446,625)
Share-based compensation	17, 18	**5,474,447**	7,751,370
Amortization and depreciation	8, 9, 11	**10,432,382**	16,707,844
Total operating expenses		**102,680,331**	110,799,531
Other expenses (income)			
Goodwill impairment	10	**64,827,952**	31,281,286
Intangible asset impairment	9	**21,440,143**	-
Investment in associates impairment	7	**17,363**	-
Other long-term asset impairment	6	**3,364,584**	-
Transaction costs		**-**	114,853
Share of net income from investment in associates and joint ventures	7	**(456,062)**	(1,241,684)
Interest and accretion	11,13-15	**2,449,139**	3,620,186
Loss on settlement of deferred payment liability	15	**-**	3,302,824
Loss (gain) on revaluation of deferred payment liability	15	**592,053**	(621,780)
Loss on modification of long-term debt	13	**419,953**	-
Loss on derecognition of long-term debt	13	**-**	482,282
Gain on sale of intangible assets	9	**-**	(4,836,075)
Gain on player buyouts		**-**	(518,581)
Interest income		**(64,316)**	(36,252)
Net loss before income taxes		**(127,849,414)**	(78,882,069)
Income taxes			
Current tax expense	19	**261,947**	250,955
Deferred tax recovery	19	**(10,437,753)**	(2,302,219)
Net loss for the year		**(117,673,608)**	(76,830,805)
Other comprehensive income (loss)			
Items that may be reclassified to profit or loss			
Foreign currency translation adjustment		**(1,427,872)**	8,102,682
Net loss and comprehensive loss for the year		**$ (119,101,480)**	$ (68,728,123)
Net loss per share, basic and diluted		**$ (0.77)**	$ (0.54)
Weighted average number of common shares outstanding, basic and diluted		**153,191,778**	143,535,305

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

Enthusiast Gaming Holdings Inc.
Consolidated Statements of Shareholders' Equity
For the years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Note	**Number of shares**	**Share capital**	**Contributed surplus**	**Accumulated other comprehensive income (loss)**	**Deficit**	**Total shareholders' equity**
Balance, January 1, 2022		133,549,269	$ 387,087,948	$ 25,485,361	$ 527,166	$ (150,332,154)	$ 262,768,321
Issuance of shares to effect the Outplayed acquisition	16	35,770	181,389	-	-	-	181,389
Shares issued upon exercise of options	16	760,938	2,862,076	(2,527,504)	-	-	334,572
Shares issued upon settlement of restricted share units	16	42,838	306,485	(306,485)	-	-	-
Shares issued for settlement of deferred payment liability	15, 16	16,280,103	50,373,851	-	-	-	50,373,851
Shares issued for settlement of accounts payable	16	1,098,325	1,969,627	-	-	-	1,969,627
Share-based compensation	17, 18	-	-	7,751,370	-	-	7,751,370
Other comprehensive income for the year		-	-	-	8,102,682	-	8,102,682
Net loss for the year		-	-	-	-	(76,830,805)	(76,830,805)
Balance December 31, 2022		**151,767,243**	**$ 442,781,376**	**$ 30,402,742**	**$ 8,629,848**	**$ (227,162,959)**	**$ 254,651,007**
Shares issued for settlement of deferred payment liability	15, 16	2,626,037	1,692,700	-	-	-	1,692,700
Share-based compensation	17, 18	-	-	5,474,447	-	-	5,474,447
Other comprehensive loss for the year		-	-	-	(1,427,872)	-	(1,427,872)
Net loss for the year		-	-	-	-	(117,673,608)	(117,673,608)
Balance, December 31, 2023		**154,393,280**	**$ 444,474,076**	**$ 35,877,189**	**$ 7,201,976**	**$ (344,836,567)**	**$ 142,716,674**

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

Enthusiast Gaming Holdings Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

	Note	**December 31, 2023**	December 31, 2022
Cash flows from operating activities			
Net loss for the year		**$ (117,673,608)**	$ (76,830,805)
Items not affecting cash:			
Goodwill impairment	10	**64,827,952**	31,281,286
Intangible asset impairment	9	**21,440,143**	-
Investment in associates impairment	7	**17,363**	-
Other long-term asset impairment	6	**3,364,584**	-
Amortization and depreciation	8, 9, 11	**10,432,382**	16,707,844
Share-based compensation	17, 18	**5,474,447**	7,751,370
Interest and accretion	11, 13-15	**191,722**	2,334,783
Deferred tax recovery		**(10,437,753)**	(2,302,219)
Share of net income from investment in associates and joint ventures	7	**(456,062)**	(1,241,684)
Loss (gain) on revaluation of deferred payment liability	15	**592,053**	(621,780)
Loss on settlement of deferred payment liability	15	**-**	3,302,824
Gain on sale of intangible assets	9	**-**	(4,876,659)
Foreign exchange loss (gain)		**245,058**	(775,004)
Gain on player buyouts		**-**	(518,581)
Gain on settlement of accounts payable	16	**-**	(587,769)
Loss on modification of long-term debt	13	**419,953**	-
Loss on derecognition of long-term debt	13	**-**	482,282
Shares for services		**-**	(179,374)
Provisions		**105,512**	479,007
Changes in working capital:			
Changes in trade and other receivables		**2,865,276**	(3,328,743)
Changes in prepaid expenses		**289,713**	128,180
Changes in loans receivable		**-**	125,995
Changes in accounts payable and accrued liabilities		**14,277,952**	944,457
Changes in contract liabilities		**698,572**	1,142,087
Changes in income tax receivable and payable		**633,073**	98,932
Income tax paid		**(151,793)**	(156,784)
Net cash used in operating activities		**(2,843,461)**	(26,640,355)
Cash flows from investing activities			
Cash paid for mergers and acquisitions	5	**-**	(2,937,520)
Cash acquired from mergers and acquisitions	5	**-**	1,748,602
Proceeds from sale of intangible assets	9	**-**	5,460,959
Proceeds from player buyouts, net of transaction costs		**-**	518,581
Proceeds from redemption of investments		**125,000**	6,865
Repayment of deferred payment liability	15	**(844,350)**	(472,833)
Acquisition of intangible assets	9	**(27,488)**	-
Acquisition of property and equipment	8	**(20,430)**	(11,278)
Net cash (used in) provided by investing activities		**(767,268)**	4,313,376
Cash flows from financing activities			
Proceeds from long-term debt, net of transaction costs	13	**8,222,904**	9,758,128
Repayment of long-term debt	13	**(4,129,561)**	(2,588,238)
Proceeds from exercise of options	16	**-**	289,034
Repayment of other long-term debt	14	**(12,569)**	(12,871)
Lease payments	11	**(986,802)**	(948,040)
Net cash provided by financing activities		**3,093,972**	6,498,013
Foreign exchange effect on cash		**(46,793)**	590,220
Net change in cash		**(563,550)**	(15,238,746)
Cash, beginning of year		**7,415,516**	22,654,262
Cash, end of year		**$ 6,851,966**	$ 7,415,516

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

1. Nature of operations

Enthusiast Gaming Holdings Inc. (the "Company" or "Enthusiast") was incorporated under the *Business Corporation Act* (British Columbia) on June 27, 2018. The Company is publicly traded on the Toronto Stock Exchange ("TSX") and previously traded on the Nasdaq Capital Market under the symbol "EGLX". On October 23, 2023, the Company announced that it has notified the Nasdaq Stock Market LLC ("Nasdaq") of its intention to voluntarily delist its common shares from the Nasdaq Capital Market. The Company's common shares were delisted from the Nasdaq Capital Market on November 9, 2023. On February 9, 2024, the Company filed a form with the Securities and Exchange Commissions ("SEC") to deregister the Company's common shares and to suspend the Company's SEC reporting obligations (Note 25). The Company maintains its registered office at 510 West Georgia Street, Suite 1800, Vancouver, British Columbia and its executive office at 90 Eglinton Avenue East, Suite 805, Toronto, Ontario, M4P 2Y3.

The Company's principal business activities are comprised of media and content, esports and entertainment and subscription. The Company's digital media platform includes video gaming related websites, YouTube channels and a library of casual games, where the Company derives the vast majority of its media and content revenue. The Company's esports and entertainment business, includes Luminosity Gaming Inc. ("Luminosity"), a leading global esports franchise that consists of professional esports teams under ownership and management, and Pocket Gamer Connects, the largest mobile gaming event in Europe. The Company's subscription revenue includes owned and operated video related websites such as The Sims Resource.

On April 28, 2022, the Company, through its wholly-owned subsidiary, Steel Media Limited, acquired all of the issued and outstanding treasury shares of Fantasy Media Ltd ("FML") and Fantasy Football Scout Limited ("FFS", which together with "FML" is herein referred to as "FFS"), pursuant to a share purchase agreement dated April 28, 2022 (the "FFS SPA"). The FFS SPA is accounted for in accordance with IFRS 3, as the operations of FFS constitute a business. The FFS SPA is called "Mergers and Acquisitions" in these consolidated financial statements. For information relating to the accounting of the FFS SPA refer to Note 5.

Approval of Financial Statements

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on April 1, 2024.

2. Statement of compliance and basis of preparation and going concern

(i) Statement of compliance

The Company prepares its consolidated financial statements in accordance with IFRS Accounting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB") and interpretations by the IFRS Interpretations Committee.

(ii) Basis of preparation and going concern

These consolidated financial statements are prepared under the historical cost convention except for the revaluation of certain financial assets and liabilities to fair value. All financial information is presented in Canadian dollars, except as otherwise noted.

The Company's future operations are dependent upon its ability to generate positive cash flows from operations and raise additional financing. For the year ended December 31, 2023, the Company had negative cash flows from operations of $2,843,461 (December 31, 2022 – $26,640,355) and as of December 31, 2023, the Company has a working capital deficit of $35,969,761 (December 31, 2022 - $11,196,337), which includes the current portion of long-term debt of $21,888,597 (December 31, 2022 - $17,431,625), and an accumulated deficit of $344,836,567 (December 31, 2022 – $227,162,959). The Company was also in breach of a covenant under the Amended and Restated Commitment Letter as of December 31, 2023, for which a waiver has not been received as of the date of approval of these financial statements. As a result, this debt has been presented as current as it is due and payable under the terms of the Amended and Restated Commitment Letter.

The Company's cash resources as of December 31, 2023, are not sufficient to fund its planned business operations over the next 12 months or to remain in compliance with certain covenants under the Amended and Restated Commitment Letter. Additional financing will be required in order to settle current liabilities and to service the Company's Term Credit and Operating Credit and remain in compliance with covenants (Note 13), as well as continue to fund a seasonal business.

2. Statement of compliance and basis of preparation (continued)

(ii) Basis of preparation and going concern (continued)

These factors represent a material uncertainty that casts substantial doubt as to the Company's use of the going concern assumption in preparation of these consolidated financial statements. These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, adjustments may be necessary to the carrying value of assets and liabilities or reported expenses, and these adjustments could be material.

(iii) Basis of consolidation

Subsidiaries are entities controlled by the Company where control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases. All intercompany balances, transactions, income and expenses have been eliminated on consolidation.

These consolidated financial statements include the accounts of Enthusiast Gaming Holdings Inc. and its wholly-owned subsidiaries. The accounts of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The table below lists the Company's wholly-owned subsidiaries:

Name of Subsidiary	Jurisdiction	Functional Currency	Accounting Method
GameCo Esports Canada Inc. (formerly Aquilini GameCo Inc.)	Canada	Canadian dollars	Consolidation
GameCo eSports USA Inc.	USA	U.S. dollars	Consolidation
Luminosity Gaming Inc.	Canada	Canadian dollars	Consolidation
Enthusiast Gaming Properties Inc.	Canada	Canadian dollars	Consolidation
Enthusiast Gaming Inc.	Canada	U.S. dollars	Consolidation
Enthusiast Gaming Live Inc.	Canada	Canadian dollars	Consolidation
Enthusiast Gaming Media (US) Inc.	USA	U.S. dollars	Consolidation
Tabwire LLC	USA	U.S. dollars	Consolidation
GameKnot LLC	USA	U.S. dollars	Consolidation
Addicting Games, Inc.	USA	U.S. dollars	Consolidation
TeachMe, Inc.	USA	U.S. dollars	Consolidation
Outplayed, Inc.	USA	U.S. dollars	Consolidation
Enthusiast Gaming (PG) Inc.	Canada	Canadian dollars	Consolidation
Steel Media Limited	England and Wales	UK Pound Sterling	Consolidation
Fantasy Media Ltd.	England and Wales	UK Pound Sterling	Consolidation
Fantasy Football Scout Limited	England and Wales	UK Pound Sterling	Consolidation
Omnia Media Inc.	USA	U.S. dollars	Consolidation
Vedatis SAS	France	Euro	Consolidation

On December 29, 2023, the Company dissolved Luminosity Gaming (USA) LLC and Storied Talent, LLC.

Refer to Note 7 for the Company's investment in associates and joint ventures.

3. Material accounting policies

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

(i) Foreign currency

The consolidated financial statements are presented in Canadian dollars. The functional currency of Enthusiast Gaming Holdings Inc., GameCo Esports Canada Inc., Luminosity Gaming Inc., Enthusiast Gaming Properties Inc., Enthusiast Gaming Live Inc., Enthusiast Gaming (PG) Inc., AIG eSports Canada Holdings Ltd. and AFK Media Partnership is Canadian dollars. The functional currency of Enthusiast Gaming Inc., Omnia Media Inc., Enthusiast Gaming Media (US) Inc., GameCo eSports USA Inc., Tabwire LLC, GameKnot LLC, Addicting Games, Inc., TeachMe, Inc., Outplayed, Inc. and AIG eSports USA Intermediate Holdings, LLC is United States dollars. The functional currency of Steel Media Limited, Fantasy Football Scout Limited and Fantasy Media Ltd. is the UK pound sterling. The functional currency of Vedatis SAS is Euro.

3. Material accounting policies (continued)

(i) Foreign currency (continued)

Assets and liabilities of subsidiaries having a functional currency other than the Canadian dollar are translated at the rate of exchange at the reporting period date. Revenues and expenses are translated at average rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transaction are used. The resulting foreign currency translation adjustments are recognized in accumulated other comprehensive loss included in the consolidated statements of shareholders' equity. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the reporting period date. Gains and losses on translation of monetary items are recognized in the consolidated statements of loss and comprehensive loss.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income ("OCI") in the translation reserve.

(ii) Revenue

Media and content revenue

The Company generates media and content revenues primarily by delivering brand advertising. Brand advertising enhances users' awareness of and affinity with advertisers' products and services, through videos, text, images, and other advertisements that run across various devices sites and platforms as well as devices. Revenue from digital advertising is recognized when the user views the advertisement for a specified period of time or based on cost-per-impression, which is based on the number of times an advertisement is displayed.

Brand advertising revenue is also earned from talent management and representation. Within brand advertising revenue, the Company generates revenue through programs and promotions directly with advertisers on behalf of the talent it represents, by arranging for product placement, presentation, or additional advertisement of brands embedded directly within or around the video and social media content that is produced by the represented talent. This brand advertising revenue is recognized over time, using an output method, upon fulfillment of contractual campaigns based on the number of advertising units utilized.

Subscription revenue

The Company generates recurring subscription revenue from subscriptions to websites and casual games. Revenue is recognized ratably over the contractual subscription term as control of the goods or services is transferred to the customer, beginning on the date that the subscription is made available to the customer.

Entertainment revenue

The Company generates revenue through ticket sales and sponsorships during its exhibition events. The exhibition events are short in duration ranging from three to four days. The Company records revenue from ticket sales and sponsorships once the event is held and the performance obligation is met.

Esports revenue

The Company earns brand advertising revenue by undertaking programs and promotions directly with advertisers by arranging for product placement, presentation, or additional advertisement of brands embedded directly within or around video content that is produced by Luminosity influencers and teams. This brand advertising revenue is recognized over time, using an output method, upon fulfillment of contractual campaigns.

The Company earns prize revenue from its winnings from various esports tournaments and competitions that Luminosity teams enter into. Revenue is recognized once the competition ends.

The Company earns league fees from Luminosity teams being participants in certain various esports leagues. These fees are recognized over the term of the participation in the league.

3. Material accounting policies (continued)

(ii) Revenue (continued)

Esports revenue (continued)

The Company earns revenue on physical and digital merchandise that it sells through its website and video games. Revenue is recognized when the products are shipped or digital products have been redeemed.

Gross versus net revenue

Third party arrangements are evaluated to determine whether the Company acts as the principal or agent under the specific terms of each arrangement. To the extent that the Company acts as the principal in an arrangement, revenues are reported on a gross basis; revenue and expenses are recognized in their respective financial statement line items. Conversely, if the Company acts as the agent, revenues are reported on a net basis; revenues are presented net of any expenses.

Determination of principal or agent classification is based on an evaluation of whether the nature of the Company's promise is a performance obligation to provide specific goods or services to the customer (principal), or simply arrange for those goods and services to be provided to the customer by a third party (agent). The most significant factors to consider include whether the Company controls the good or service immediately before it is transferred to the customer, is primarily responsible for fulfilling the promise to provide the specified good or service, has inventory risk before transferring the specified good or service, and has discretion in establishing prices for the specified good or service.

(iii) Contract liabilities

Contract liabilities represents the portion of goods or services to be transferred to the customer for the contractual subscription term remaining as of the period-end date, the portion of goods to services to be transferred to the customer for performance and brand advertising invoicing in excess of delivery as of the period-end date and amounts received in advance of live entertainment events to be held as of the period-end date.

(iv) Investment in associates and joint ventures

An associate is an entity over which the Company has significant influence and is neither a subsidiary nor a joint arrangement. The Company has significant influence when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control over those policies. A joint venture is a type of joint arrangement whereby the parties that have joint control of the contractual arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Company accounts for its investments in associates and joint ventures using the equity method.

Under the equity method, the Company's investments in associates and joint ventures are initially recognized at cost, including transaction costs, and subsequently increased or decreased to recognize the Company's share of net earnings or losses of the associates and joint ventures after any adjustments necessary to give effect to uniform accounting policies and for impairment losses after the initial recognition date. The Company's share of earnings or losses of the associates and joint ventures are recognized in net loss during the period. Unrealized gains and losses on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest in the associates and joint ventures.

The Company assesses if there are any indicators of impairment of the carrying amount of the investments in associates and joint ventures at each reporting period. An impairment test is performed when there is objective evidence of impairment, such as significant adverse changes in the external environment in which the associates and joint ventures operates or a significant or prolonged decline in the fair value of the investment in associates and joint ventures below its carrying amount. An impairment loss is recorded when the recoverable amount becomes lower than the carrying amount.

3. Material accounting policies (continued)

(v) Share-based payments

The Company has a stock option plan for directors, officers, employees and consultants. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. For employees and those performing employee like services, the fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. For non-employees, the fair value of each tranche is measured based on the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case, the Company measures their value based on the fair value of the equity instruments granted. Compensation expense is recognized over the tranche's vesting period based on the number of awards expected to vest with the offset credited to contributed surplus. The number of awards expected to vest is reviewed quarterly with any impact being recognized immediately.

If and when stock options are exercised, consideration received is credited to share capital and the fair value attributed to these options is transferred from contributed surplus to share capital.

(vi) Income taxes and deferred taxes

The income tax provision comprises current and deferred tax. Income tax is recognized in the consolidated statements of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the asset is realized or liability is settled. Deferred tax assets are recognized for deductible temporary differences, unused tax losses and other income tax deductions to the extent that it is probable the Company will have taxable income against which those deductible temporary differences, unused tax losses and other income tax deductions can be utilized. The extent to which deductible temporary differences, unused tax losses and other income tax deductions are expected to be realized is reassessed at the end of each reporting period.

In a business combination, temporary differences arise as a result of differences in the fair values of identifiable assets and liabilities acquired and their respective tax basis. Deferred tax assets and liabilities are recognized for the tax effects of these differences. Deferred tax assets and liabilities are not recognized for temporary differences arising from goodwill or from the initial recognition of assets and liabilities acquired in a transaction other than a business combination which do not affect either accounting or taxable income or loss.

(vii) Property and equipment

Property and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the consolidated statements of loss and comprehensive loss during the period in which they are incurred.

Depreciation is calculated at 20% of the declining balance for furniture and fixtures, 30% of the declining balance for computer equipment, 20% of the declining balance for production equipment and over the term of the lease for leasehold improvements. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted, if required.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in the consolidated statements of loss and comprehensive loss.

3. Material accounting policies (continued)

(viii) Intangible assets

Intangible assets with finite lives that are acquired separately are measured on initial recognition at cost, which comprises its purchase price plus any directly attributable costs of preparing the asset for its intended use. Following initial recognition, such intangible assets are carried at cost less any accumulated amortization on a straight-line basis over the following periods:

Game application and technology development	0.5 - 1.5 years
Website content	2 years
Sponsorship relationships	2 - 6 years
Application and technology development	0.25 - 2 years
Digital content	2 years
Talent contracts	3 years
Subscriber relationships	2 - 10 years
Multi-channel network license	10 years
Player contracts	Over the term of the contract including renewal options
Domain name	Indefinite life
Brand name	Indefinite life
Talent management brand	Indefinite life
Owned and operated content brand	Indefinite life

Amortization expense is included in the consolidated statements of loss and comprehensive loss.

The estimated useful life and amortization method are reviewed annually, with the effect of any change in estimate being accounted for on a prospective basis.

(ix) Goodwill

Goodwill represents the excess of the acquisition cost in a business combination over the fair value of the Company's share of the identifiable net assets acquired. Goodwill is carried at cost less accumulated impairment losses.

(x) Impairment testing of goodwill, other intangible assets and property and equipment

For purposes of assessing impairment under IFRS, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating unit). The Company has seven cash-generating units ("CGUs") and goodwill is tested for impairment on an annual basis at the end of the fourth quarter or at an interim date when events or changes in the business environment (triggering events) would more likely than not reduce the recoverable amount of a CGU below its carrying amount. Intangible assets that have indefinite useful lives are also tested for impairment at each reporting period. The Company assesses if there are any indicators of impairment of the carrying amount of goodwill and indefinite-life intangible assets at each reporting period. All other long-lived assets and finite life intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's or CGU's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell or value-in-use. Fair value less cost to sell is estimated as the arm's length sale price between knowledgeable willing parties less costs of disposal. To determine the value-in-use, management estimates expected future cash flows from the CGU and determines a suitable pre-tax discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements.

Discount factors have been determined for each CGU and reflect its risk profile as assessed by management.

Impairment losses for the CGU reduce first the carrying amount of any goodwill allocated to that CGU, with any remaining impairment loss charged pro rata to the other assets in the CGU. In allocating an impairment loss, the Company does not reduce the carrying amount of an asset below the highest of its fair value less costs to sell or its value-in-use and zero.

3. Material accounting policies (continued)

(x) Impairment testing of goodwill, other intangible assets and property and equipment

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment charge is reversed if the assets' recoverable amount exceeds its carrying amount only to the extent that the new carrying amount does not exceed the carrying value of the asset, had it not originally been impaired.

(xi) Financial instruments

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash, trade and other receivables and loans receivable.
- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income is calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.
- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets mandatorily measured at fair value through profit or loss.
- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different basis. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated at fair value through profit or loss.

The Company measures all equity investments at fair value. Changes in fair value are recorded in profit or loss.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives.

3. Material accounting policies (continued)

(xi) Financial instruments (continued)

Financial assets *(continued)*

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company’s claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions. The Company applies the simplified approach for trade receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets’ contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statements of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

3. Material accounting policies (continued)

(xii) Provisions

Provisions represent liabilities of the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Where material, provisions are measured at the present value of the expected expenditures to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(xiii) Cash

Cash comprises of cash held with financial institutions.

(xiv) Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similarly to basic loss per share except that the weighted average number of shares outstanding is increased to include additional shares for the assumed exercise of stock options and vesting of restricted share units, if dilutive. The average number of shares is calculated by assuming that the proceeds upon exercise of stock options were used to acquire common shares at the average market price during the reporting period. For the years ended December 31, 2023 and 2022, potentially dilutive common shares issuable upon the exercise of stock options and vested restrictive share units were not included in the computation of loss per share because their effect was anti-dilutive.

(xv) Business combinations

On the acquisition of a business, the acquisition method of accounting is used, whereby the purchase consideration is allocated to the identifiable assets and liabilities on the basis of fair value of the date of acquisition. Provisional fair values allocated at a reporting date are finalized as soon as the relevant information is available, within a period not to exceed twelve months from the acquisition date with retroactive restatement of the impact of adjustment to those provisional fair values effective as at the acquisition date. Incremental costs related to acquisitions are expensed as incurred.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, *Financial Instrument*s, or IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

(xvi) Restricted Share Units

The Company has a Share Unit Plan for directors, officers, employees and consultants. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of equity-settled restricted share units is measured at the grant date based on the market value of the Company's common shares on that date. Compensation expense is recognized over the tranche's vesting period based on the number of awards expected to vest with the offset credited to contributed surplus. The number of awards expected to vest is reviewed quarterly with any impact being recognized immediately.

When common shares are issued for restricted share units, the fair value attributed to these restricted share units is transferred from contributed surplus to share capital.

3. Material accounting policies (continued)

(xvii) Leases

The Company assesses, at the inception of contract, whether it contains a lease. A contract is classified as a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any indirect costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined using the same criteria as those for property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses and adjusted for certain remeasurements of the lease liability, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Company's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payment arising from a change in an index or rate, or changes in assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(xviii) New standards, interpretations or amendments adopted

The following new standards, interpretations or amendments adopted for the first time on January 1, 2023:

IAS 1 – *Presentation of Financial Statements* ("IAS 1")

In February 2021, the IASB issued amendments to IAS 1 to assist entities in determining which accounting policies to disclose in the financial statements. The amendments to IAS 1 require that an entity disclose its material accounting policies, instead of its significant accounting policies. The amendments apply to annual reporting periods beginning on or after January 1, 2023. There was no material impact from the adoption of this amendment on the Company's consolidated financial statements.

In January 2020, IAS 1 was amended to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or non-current is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023 and are to be applied retrospectively. There was no material impact from the adoption of this amendment on the Company's consolidated financial statements.

IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors* ("IAS 8")

In February 2021, the IASB issued "Definition of Accounting Estimates", which amends IAS 8. The amendment replaces the definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty." The amendment provides clarification to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023. There was no material impact from the adoption of this amendment on the Company's consolidated financial statements.

3. Material accounting policies (continued)

(xviii) New Standards, interpretations or amendments adopted (continued)

IAS 12 – Income Taxes ("IAS 12")

In May 2021, the IASB issued "Deferred Tax related to Assets and Liabilities arising from a Single Transaction", which amends IAS 12. The amendment narrows the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offset temporary differences. As a result, companies will need to recognize a deferred tax asset and deferred tax liability for temporary differences arising on initial recognition of transactions such as leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied retrospectively. There was no material impact from the adoption of this amendment on the Company's consolidated financial statements.

4. Material accounting judgments, estimates and uncertainties

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and notes to the consolidated financial statements. These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimates are revised. Significant areas requiring the Company to make estimates include goodwill impairment testing and recoverability of assets, identification and valuation of intangible assets acquired in business combinations, estimated useful lives of long-lived assets, income taxes, the fair value of share-based payments, provisions for expected credit losses, recognition of revenue on a gross versus net basis and functional currency. These estimates and judgments are further discussed below.

(i) Goodwill impairment testing and recoverability of assets

In evaluating impairment, the Company determines the recoverable amount based on an assessment of value-in-use using a discounted cash flow approach. In determining the estimated recoverable amount, the Company's significant assumptions include expected future cash flows, terminal growth rates and discount rates. The approach uses cash flow projections based upon a financial forecast approved by management, covering a five-year period. Cash flows for the years thereafter are extrapolated using the estimated terminal growth rate. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ or change quickly, depending on economic conditions and other events.

(ii) Identification and valuation of intangible assets acquired in business combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of intangible assets. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, management with assistance from an independent valuation expert develops the fair value using appropriate valuation techniques which are based on a forecast of the total expected future net cash flows. In determining the fair value of the intangible assets at the acquisition date, the Company's significant assumptions include the future net cash flows, royalty rates, attrition rates and the discount rate applied.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will last for one year from the acquisition date.

(iii) Estimated useful lives of long-lived assets

Management reviews the useful lives of depreciable assets at each reporting date. Management assesses that the useful lives represent the expected utilization in terms of duration of the assets to the Company. Actual utilization, however, may vary due to technical obsolescence, particularly relating to website content and application and technology development.

4. Material accounting judgments, estimates and uncertainties (continued)

(iv) Income taxes

At the end of each reporting period, the Company assesses whether the realization of deferred tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the exercise of judgment on the part of management with respect to, among other things, benefits that could be realized from available income tax strategies and future taxable income, as well as other positive and negative factors. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income and benefits from available income tax strategies are lowered, or if changes in current income tax regulations are enacted that impose restrictions on the timing or extent of the Company's ability to utilize deferred tax benefits.

The Company's effective income tax rate can vary significantly quarter-to-quarter for various reasons, including the mix and volume of business in lower income tax jurisdictions and in jurisdictions for which no deferred income tax assets have been recognized because management believed it was not probable that future taxable profit would be available against which income tax losses and deductible temporary differences could be utilized. The Company's effective income tax rate can also vary due to the impact of foreign exchange fluctuations.

(v) Share-based payments

The fair value of all share-based payments granted are determined using the Black-Scholes option pricing model which incorporates assumptions regarding risk-free interest rates, dividend yield, expected volatility, estimated forfeitures, and the expected life of options. The Company has a significant number of options outstanding and expects to continue to make option grants.

(vi) Provision for expected credit losses ("ECLs")

The Company performs impairment testing annually for trade receivables in accordance with IFRS 9. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

IFRS 9 outlines a three-stage approach to recognizing ECLs, which is intended to reflect the increase in credit risks of a financial instrument based on i) 12-month ECLs, or ii) lifetime ECLs. The Company measures provisions for ECLs at an amount equal to lifetime ECLs. The Company applies the simplified approach to determine ECLs on trade receivables by using a provision matrix based on historical credit loss experiences. The historical results are used to calculate the run rates of default which are then applied over the expected life of the trade receivables, adjusted for forward looking estimates.

(vii) Recognition of revenue on a gross versus net basis

The Company follows the guidance provided in IFRS 15, *Revenue from Contracts with Customers*, for determining whether the Company is the principal or an agent in arrangements with customers that involve another party that contributes to providing a specified service to a customer. In these instances, the Company determines whether it controls the promised specified service itself (as principal) or arranges for the specified service to be provided by another party (as an agent). This determination depends on the facts and circumstances of each arrangement and, in some instances, involves significant judgment. The most significant factors to consider include whether the Company controls the good or service immediately before it is transferred to the customer, is primarily responsible for fulfilling the promise to provide the specified good or service, has inventory risk before transferring the specified good or service, and has discretion in establishing prices for the specified good or service.

(viii) Functional currency

The functional currency of the Company and each of its subsidiaries is the currency of the primary economic environment in which the entities operate. The Company has determined that the functional currency for the Company is Canadian dollars while the functional currencies of subsidiaries are United States dollars, UK pound Sterling or Euro. Assessment of functional currency involves certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

(Expressed in Canadian Dollars)

5. Mergers and acquisitions

FFS SPA

As described in Note 1, on April 28, 2022, the Company, through its wholly-owned subsidiary, Steel Media Limited, completed the acquisition of FFS. Based in England and Wales, FFS owns the web property Fantasy Football Scout. Pursuant to the terms of the FFS SPA, the Company acquired all of the outstanding treasury shares of FFS in exchange for (i) a cash payment of $2,937,520 (GBP £1,825,000) on closing, which includes an agreed upon cash excess amount of $523,120 (GBP £325,000), which was paid in April 2022, (ii) a payment of $1,609,600 (GBP £1,000,000) on the first anniversary of closing which may be paid in cash or common shares at the option of the Company, which was settled through the issuance of 2,626,037 common shares on June 16, 2023 (Notes 15 and 16), (iii) an earn-out cash payment $804,800 (GBP £500,000) on the first anniversary of closing, based on the renewal of a Fantasy Premier League agreement, subject to adjustments, which was paid on May 9, 2023 (Note 15), and (iv) a cash payment of $80,480 (GBP £50,000) on the second anniversary of closing, subject to adjustments.

The earn-out cash payment of $804,800 (GBP £500,000) will be paid if the Fantasy Premier League agreement, which expired on August 1, 2022, is renewed for an additional three-year period, on substantially similar or more favourable terms. The Fantasy Premier League agreement was renewed on August 1, 2022 for an additional three-period on substantially similar terms.

Following the acquisition, the Company controls FFS and for accounting purposes the Company is deemed the acquirer. The FFS SPA is accounted for in accordance with IFRS 3 as the operations of FFS constitute a business. As a result, the business combination is accounted for using the acquisition method of accounting and FFS' identifiable net assets acquired are recognized at their fair value.

The FFS SPA has been accounted for at the fair value of the consideration provided to FFS, consisting of cash and the deferred payment liability. The Company's deferred payment liability to the former shareholder of FFS is carried at fair value. Management uses current and historical operational results of the acquired business, estimates and probabilities of the Fantasy Premier League agreement renewal to estimate the earn-out payment, see Note 15.

The following table summarizes the recognized amounts of assets acquired, liabilities assumed, and consideration paid, at the date of acquisition:

		Fair Value
Fair value of identifiable net assets		
Cash	$	1,748,602
Trade and other receivables		85,031
Intangible assets		2,573,000
Goodwill		2,053,293
Accounts payable and accrued liabilities		(193,030)
Contract liabilities		(347,722)
Income tax payable		(62,517)
Deferred tax liability		(603,098)
	$	**5,253,559**

		Purchase Price
Consideration:		
Cash[(a)]	$	2,937,520
Deferred payment liability[(b)]		2,316,039
	$	**5,253,559**

a. Cash consists of the $2,937,520 (GBP £1,825,000) amount due on closing.
b. The fair value of the deferred payment liability consists of the present value of the payment of $1,609,600 (GBP £1,000,000) due on the first anniversary of closing, the present value of earn-out cash payment of $804,800 (GBP £500,000) due on the first anniversary of closing and the present value of the cash payment of $80,480 (GBP £50,000) due on the second anniversary of closing, see Note 15.

(Expressed in Canadian Dollars)

5. Mergers and acquisitions (continued)

FFS SPA (continued)

Trade receivables have been recorded at fair value which represent gross contractual amounts receivable. Goodwill represents intangible assets that cannot be measured directly such as brand name, subscriber and sponsorship relationships and website technology, and synergies expected to be achieved from integrating FFS into the Company's existing business. Goodwill is not expected to be deductible for tax purposes.

For a pre-existing relationship between the Company and the Mergers and Acquisitions that is not extinguished on the business combination, such a relationship is considered effectively settled as part of the business combination even if it is not legally cancelled. At the acquisition date, it becomes an intercompany relationship and is eliminated upon consolidation.

The Mergers and Acquisitions are consistent with the Company's targeted acquisition strategy of identifying value-enhancing independent gaming web and video properties that can enhance viewership base, data and analytics platform and pricing optimization strategy.

The Company incurred transaction costs of $Nil (December 31, 2022 - $114,853) relating to the Mergers and Acquisitions which are included in the consolidated statements of loss and comprehensive loss.

Since the date of acquisition of FFS, revenue of $1,188,062 and net income of $364,430 have been included in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2022. If the FFS acquisition had occurred on January 1, 2022, pro-forma revenue and net loss would have been $203,641,308 and $76,404,672 respectively for the year ended December 31, 2022.

6. Trade and other receivables

A summary of trade and other receivables is as follows:

	December 31, 2023	December 31, 2022
Trade receivables (Note 22)	**$ 31,118,146**	$ 31,894,090
Other receivables	**611,452**	5,906,625
HST and VAT receivables	**109,767**	368,127
Expected credit loss provision (Note 22)	**(336,633)**	(300,735)
	$ 31,502,732	$ 37,868,107

As of December 31, 2023, other receivables include:

(i) amounts advanced to Surge eSports LLC, a former related party by nature of it being under the control or direction of the former Chairman of the Company, of $Nil (December 31, 2022 - $3,445,481). The advances are non-interest bearing and are receivable if the Company does not obtain share subscriptions in Surge eSports LLC. As of December 31, 2023, it is management's intention to obtain share subscriptions in Surge eSports LLC for the amounts advanced. As a result, as of December 31, 2023, the amount advanced of $3,364,584 was classified as an other long-term asset and assessed for impairment. The other long-term asset is considered impaired and the Company recorded other long-term asset impairment of $3,364,584 during the year ended December 31, 2023; and,

(ii) a promissory note receivable of $Nil (December 31, 2022 - $1,354,400) relating to the sale of certain web properties pursuant to an asset purchase agreement dated September 29, 2022 (Note 9). The promissory note was non-interest bearing and was due by September 29, 2023.

(Expressed in Canadian Dollars)

7. Investment in associates and joint ventures

(i) Investment in associates

On August 30, 2019, pursuant to an investment agreement between GameCo Esports Canada Inc. ("GameCo") and Aquilini Properties LP (a former related party by nature of it being under the control or direction of the former Chairman of the Company), GameCo acquired 100 class B common shares of AIG eSports Canada Holdings Ltd. ("AIG Canada") and GameCo eSports USA Inc. acquired a 25% non-voting participating interest in AIG eSports USA Intermediate Holdings, LLC ("AIG USA"). Collectively, AIG Canada and AIG USA own and manage professional esports teams in Canada and the United States. Aquilini Properties LP controls AIG Canada and AIG USA.

On October 1, 2022, the Company made a capital contribution of $323,078 to AIG Canada through the settlement of trade receivables due from AIG eSports LP. GameCo, through the class B common shares acquired in AIG Canada, holds 25% of the limited partnership units of AIG eSports LP.

Pursuant to a termination agreement dated November 7, 2023, the league in which AIG Canada and AIG USA own and manage professional esports teams in Canada and the United States has been terminated. As consideration for terminating participation in the league, the league will pay AIG Canada and AIG USA a termination payment. The Company recognized impairment on its investments in AIG Canada and AIG USA based on the settlement amount to be paid to the Company, net of adjustments by AIG Canada and AIG USA. As a result, during the year ended December 31, 2023, the Company recognized investments in associates impairment of $17,363.

A summary of the Company's investment in associates is as follows:

		AIG Canada		**AIG USA**		**Total**
Balance, January 1, 2022	$	662,853	$	163,507	$	826,360
Contributions		323,078		-		323,078
Share of net income from investment in associate		760,117		528,240		1,288,357
Balance, December 31, 2022	**$**	**1,746,048**	**$**	**691,747**	**$**	**2,437,795**
Share of net income from investment in associate		17,104		440,170		457,274
Investment in associate impairment		(10,574)		(6,789)		(17,363)
Balance, December 31, 2023	**$**	**1,752,578**	**$**	**1,125,128**	**$**	**2,877,706**

(ii) Investment in joint ventures

On July 7, 2021, the Company, through its wholly-owned subsidiary, Enthusiast Gaming Inc., entered into a joint venture with Toronto Star Newspapers Limited ("Torstar") to create an original online news platform and community for gamers named AFK Media Partnership ("AFK"). The Company and Torstar each hold a 50% interest in this joint venture. The Company and Torstar have each invested $125,000 into AFK as startup capital.

A summary of the Company's investment in AFK is as follows:

		Amount
Balance, January 1, 2022	$	58,909
Share of net loss from investment in joint venture		(46,673)
Balance, December 31, 2022	**$**	**12,236**
Share of net loss from investment in joint venture		(1,212)
Balance, December 31, 2023	**$**	**11,024**

A summary of the Company's investment in associates and joint ventures is as follows:

		December 31, 2023		December 31, 2022
AIG Canada	**$**	**1,752,578**	$	1,746,048
AIG USA		**1,125,128**		691,747
AFK		**11,024**		12,236
Total investment in associates and joint ventures	**$**	**2,888,730**	$	2,450,031

(Expressed in Canadian Dollars)

8. Property and equipment

	Furniture and fixtures	Computer equipment	Leasehold improvements	Production equipment	Total
Cost					
Balance, January 1, 2022	$ 186,245	$ 191,093	$ 86,919	$ 45,739	$ 509,996
Additions	514	10,764	-	-	11,278
Effect of movement in exchange rates	8,729	10,706	4,625	3,125	27,185
Balance, December 31, 2022	**$ 195,488**	**$ 212,563**	**$ 91,544**	**$ 48,864**	**$ 548,459**
Additions	437	19,993	-	-	20,430
Effect of movement in exchange rates	(3,135)	(3,722)	(1,698)	(1,147)	(9,702)
Balance, December 31, 2023	**$ 192,790**	**$ 228,834**	**$ 89,846**	**$ 47,717**	**$ 559,187**
Accumulated depreciation					
Balance, January 1, 2022	$ 67,945	$ 131,692	$ 41,679	$ 20,692	$ 262,008
Depreciation	30,645	28,412	17,558	12,419	89,034
Effect of movement in exchange rates	3,931	8,169	2,779	1,917	16,796
Balance, December 31, 2022	**$ 102,521**	**$ 168,273**	**$ 62,016**	**$ 35,028**	**$ 367,838**
Depreciation	25,593	19,934	18,065	10,662	74,254
Effect of movement in exchange rates	(1,959)	(3,113)	(1,437)	(1,036)	(7,545)
Balance, December 31, 2023	**$ 126,155**	**$ 185,094**	**$ 78,644**	**$ 44,654**	**$ 434,547**
Net book value					
Balance, December 31, 2022	$ 92,967	$ 44,290	$ 29,528	$ 13,836	$ 180,621
Balance, December 31, 2023	**$ 66,635**	**$ 43,740**	**$ 11,202**	**$ 3,063**	**$ 124,640**

(Expressed in Canadian Dollars)

9. Intangibles

	Domain names	Application & technology development & website content	Brand names	Subscriber & sponsorship relationships	Player contracts	Multi-channel network license	Talent management & owned & operated content brand	Talent contracts & digital content	Game application & technology development	Total
Balance, January 1, 2022	$ 50,834,054	$ 16,955,178	$ 34,574,132	$ 7,914,405	$311,200	$10,749,000	$ 9,363,000	$ 5,507,000	$ 6,063,887	$142,271,856
Mergers and Acquisitions	-	837,000	845,000	891,000	-	-	-	-	-	2,573,000
Disposals	(1,955,000)	(340,000)	-	-	(311,200)	-	-	-	-	(2,606,200)
Effect of movement in foreign exchange rates	676,519	865,525	1,558,148	70,014	-	-	-	-	275,749	3,445,955
Balance, December 31, 2022	**$ 49,555,573**	**$ 18,317,703**	**$ 36,977,280**	**$ 8,875,419**	**$ -**	**$ 10,749,000**	**$ 9,363,000**	**$ 5,507,000**	**$ 6,339,636**	**$145,684,611**
Additions	-	27,488	-	-	-	-	-	-	-	27,488
Intangible asset impairment	(6,586,188)	-	(2,395,744)	-	-	(3,095,211)	(9,363,000)	-	-	(21,440,143)
Effect of movement in foreign exchange rates	(196,977)	(134,526)	(488,655)	16,775	-	-	-	-	(5,980)	(809,363)
Balance, December 31, 2023	**$ 42,772,408**	**$ 18,210,665**	**$ 34,092,881**	**$ 8,892,194**	**$ -**	**$ 7,653,789**	**$ -**	**$ 5,507,000**	**$ 6,333,656**	**$123,462,593**
Accumulated amortization										
Balance, January 1, 2022	$ -	$ 4,394,766	$ -	$ 1,856,235	$311,200	$ 1,440,120	$ -	$ 3,103,940	$ 2,027,000	$ 13,133,261
Amortization	-	7,605,307	-	1,333,806	-	1,074,920	-	1,826,400	3,853,494	15,693,927
Disposals	-	(340,000)	-	-	(311,200)	-	-	-	-	(651,200)
Effect of movement in foreign exchange rates	-	311,890	-	24,828	-	-	-	-	204,467	541,185
Balance, December 31, 2022	**$ -**	**$ 11,971,963**	**$ -**	**$ 3,214,869**	**$ -**	**$ 2,515,040**	**$ -**	**$ 4,930,340**	**$ 6,084,961**	**$ 28,717,173**
Amortization	-	6,332,119	-	1,206,842	-	1,074,920	-	576,660	254,336	9,444,877
Effect of movement in foreign exchange rates	-	(109,398)	-	(5,645)	-	-	-	-	(5,641)	(120,684)
Balance, December 31, 2023	**$ -**	**$ 18,194,684**	**$ -**	**$ 4,416,066**	**$ -**	**$ 3,589,960**	**$ -**	**$ 5,507,000**	**$ 6,333,656**	**$ 38,041,366**
Balance, December 31, 2022	$ 49,555,573	$ 6,345,740	$ 36,977,280	$ 5,660,550	$ -	$ 8,233,960	$ 9,363,000	$ 576,660	$ 254,675	$116,967,438
Balance, December 31, 2023	**$ 42,772,408**	**$ 15,981**	**$ 34,092,881**	**$ 4,476,128**	**$ -**	**$ 4,063,829**	**$ -**	**$ -**	**$ -**	**$85,421,227**

During the year ended December 31, 2022, the Company derecognized $311,200 of player contracts, which were fully amortized, for players no longer on the Company's active roster.

During the year ended December 31, 2022, the Company sold certain web properties for gross proceeds of $6,831,659 (USD $5,000,000) pursuant to an asset purchase agreement dated September 29, 2022. As of December 31, 2022, the Company had a promissory note receivable for $1,354,400 (USD $1,000,000) of the gross proceeds which was included in trade and other receivables (Note 6). The promissory note was non-interest bearing and was due by September 29, 2023 and was paid to the Company on July 31, 2023. The Company derecognized $1,955,000 of domain names and $340,000 of application and technology development and website content, which were fully amortized, as a result of the asset sale. During the year ended December 31, 2022, the Company recognized a gain on sale of intangible assets of $4,836,075, net of $40,584 of transaction costs, which is included in the consolidated statements of loss and comprehensive loss.

The Company performed impairment testing during the year ended December 31, 2023 and determined that the carrying amount of the Omnia CGU exceeded its estimated recoverable amount by $21,297,719, resulting in an intangible asset impairment charge of $9,363,000 for talent management and owned and operated content brand and $3,095,211 for multi-channel network license (Note 10).

The Company performed impairment testing during the year ended December 31, 2023 and determined that the carrying amount the Addicting Games CGU exceeded its estimated recoverable amount by $20,664,577, resulting in an intangible asset impairment charge of $6,586,188 for domain names (Note 10).

During the year ended December 31, 2023, the Company recorded an impairment charge of $2,395,744 relating to brand names relating to the EGP CGU (Note 10).

(Expressed in Canadian Dollars)

10. Goodwill

The following comprises the balance of goodwill by cash-generating unit ("CGU"). Goodwill arose through the mergers and acquisitions of (i) Luminosity on August 27, 2019, (ii) Enthusiast Gaming Properties Inc. ("Enthusiast Properties) on August 30, 2019, (iii) Steel Media Limited ("Steel Media") on October 3, 2019, (iv) Omnia Media Inc. ("Omnia") on August 30, 2020, (v) Vedatis SAS ("Vedatis") on May 1, 2021, (vi) Tabwire LLC ("Tabwire") on June 21, 2021, (vii) GameKnot LLC ("GameKnot") on August 30, 2021, (viii) Addicting Games, Inc. ("Addicting Games") on September 2, 2021, (ix) Outplayed, Inc. ("Outplayed") on November 22, 2021, and (x) FFS on April 28, 2022.

In April 2019, Enthusiast Properties acquired 100% of the assets of The Sims Resource ("TSR") from Generatorhallen AB and IBIBI HB. TSR is identified as a separate CGU from Enthusiast Properties based on the nature of the business and the assessment that TSR generates cash flows that are largely independent of the cash flows from other assets deployed in Enthusiast Properties. The Company has included Vedatis, Tabwire and GameKnot within the Enthusiast Properties CGU based on the nature of these businesses and the assessment that they generate cash flows that are not largely independent of the cash flows from other assets deployed in Enthusiast Properties. The Company has included FFS within the Steel Media CGU based on the nature of these businesses and the assessment that they generate cash flows that are not largely independent of the cash flows from other assets deployed in Steel Media.

A summary goodwill by CGU is as follows:

	Enthusiast Properties	TSR	Luminosity	Steel Media	Omnia	Addicting Games	Outplayed	Total
Balance, January 1, 2022	$76,263,276	$ 20,898,598	$ 6,003,150	$1,890,627	$ 22,921,670	$29,282,414	$37,837,924	$195,097,659
Mergers and Acquisitions	-	-	-	2,053,293	-	-	-	2,053,293
Goodwill impairment	-	-	-	-	(14,082,162)	(17,199,124)	-	(31,281,286)
Effect of movement in foreign exchange rates	849,126	-	-	45,344	-	2,015,165	2,836,690	5,746,325
Balance, December 31, 2022	$77,112,402	$ 20,898,598	$ 6,003,150	$3,989,264	$ 8,839,508	$14,098,455	$40,674,614	$171,615,991
Goodwill impairment	(15,313,649)	-	(6,003,150)	-	(8,839,508)	(14,078,389)	(20,593,256)	(64,827,952)
Effect of movement in foreign exchange rates	(93,312)	-	-	105,039	-	(20,066)	(911,619)	(919,958)
Balance, December 31, 2023	**$61,705,441**	**$ 20,898,598**	**$ -**	**$4,094,303**	**$ -**	**$ -**	**$19,169,739**	**$105,868,081**

The Company performs its annual impairment tests at December 31 or at an interim date when events or changes in the business environment (triggering events) would more likely than not reduce the fair value of a CGU below its carrying value. During the years ended December 31, 2023 and 2022, the Company concluded that there were triggering events requiring an impairment assessment as of September 30, 2023 and 2022 and December 31, 2023 and 2022 due to overall macroeconomic conditions including but not limited to increasing interest rates, high inflation, and softening of the digital advertisement demand and spending due to uncertain market economic outlook. In addition, there was a decline in the Company's share price resulting in market capital being lower than the net assets of the Company.

Based on the impairment testing performed as of September 30, 2023 and December 31, 2023, during the year ended December 31, 2023, the Company determined that impairment charges were necessary for the Enthusiast Properties CGU of $5,391,633 (December 31, 2022 - $Nil), the Luminosity CGU of $6,003,150 (December 31, 2022 - $Nil), the Omnia CGU of $21,297,719 (December 31, 2022 - $14,082,162), the Addicting Games CGU of $20,664,577 (December 31, 2022 - $17,199,124) and the Outplayed CGU of $20,593,256 (December 31, 2022 - $Nil) due to the overall macroeconomic conditions and a change in corporate strategy. The Omnia impairment charge was allocated to goodwill in the amount of $8,839,508 and intangible assets (talent management and owned and operated content brand and multi-channel network license) in the amount of $12,458,211 (Note 9). The Addicting Games impairment charge was allocated to goodwill in the amount of $14,078,389 and intangible assets (domain names) in the amount of $6,586,188 (Note 9).

During the year ended December 31, 2023, the Company evaluated and concluded that certain intangible assets and related goodwill within the Enthusiast Properties CGU should be retired, and an impairment charge recorded to write off the related carrying values. As a result, the Company recorded an impairment charge of $12,317,760 (December 31, 2022 - $Nil). The impairment charge was allocated to goodwill in the amount of $9,922,016 and intangible assets (brand names) in the amount of $2,395,744 (Note 9).

(Expressed in Canadian Dollars)

10. Goodwill (continued)

The Company determined the recoverable amount based on the value-in-use approach to assess the value of Enthusiast Properties, TSR, Luminosity, Steel Media, Omnia, and Outplayed CGUs. The recoverable amount of the Company's CGUs was estimated based on an assessment of their value-in-use using a discounted cash flow approach. The approach uses cash flow projections based upon a financial forecast approved by management and reviewed by the Board of Directors, covering a five-year period. Cash flows for the years thereafter are extrapolated using the estimated terminal growth rate. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ or change quickly, depending on economic conditions and other events. The Company determined the recoverable amount based on fair value less cost to sell to assess the value of Addicting Games CGU. Fair value less cost to sell for the Addicting Games CGU is based on the arm's length sale price between willing parties, see Note 25. Costs to sell were estimated to be 2% of total fair value for the CGU.

The Company has made certain assumptions in determining the expected future cash flows and include management's best estimate of expected market conditions. Accordingly, it is possible that future changes in assumptions may negatively impact future valuations of goodwill and the Company would be required to recognize an impairment loss.

As of December 31, 2023, the following are key assumptions on which management based its determinations of the recoverable amount for goodwill based on each CGU's value-in-use:

	Enthusiast Properties	TSR	Luminosity	Steel Media	Omnia	Outplayed
Average revenue growth rates	16.4%	9.8%	16.5%	4.5%	-4.0%	24.0%
Terminal revenue growth rates	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Pre-tax discount rate	26.3%	23.8%	23.8%	21.9%	24.4%	23.2%

As of December 31, 2022, the following are key assumptions on which management based its determinations of the recoverable amount for goodwill based on each CGU's value-in-use:

	Enthusiast Properties	TSR	Luminosity	Steel Media	Omnia	Addicting Games	Outplayed
Average revenue growth rates	28.6%	6.4%	54.7%	18.0%	12.7%	22.5%	32.5%
Terminal revenue growth rates	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Pre-tax discount rate	23.1%	25.0%	23.8%	23.8%	27.3%	25.9%	22.3%

As of September 30, 2023, the following are key assumptions on which management based its determinations of the recoverable amount for goodwill based on each CGU's value-in-use:

	Enthusiast Properties	TSR	Luminosity	Steel Media	Omnia	Addicting Games	Outplayed
Average revenue growth rates	26.4%	5.6%	25.2%	11.8%	6.9%	12.8%	27.4%
Terminal revenue growth rates	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Pre-tax discount rate	24.4%	24.7%	23.8%	24.2%	26.4%	25.5%	23.2%

As of September 30, 2022, the following are key assumptions on which management based its determinations of the recoverable amount for goodwill based on each CGU's value-in-use:

	Enthusiast Properties	TSR	Luminosity	Steel Media	Omnia	Addicting Games	Outplayed
Average revenue growth rates	14.3%	2.7%	41.5%	19.4%	10.0%	23.7%	31.4%
Terminal revenue growth rates	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Pre-tax discount rate	24.8%	25.3%	22.7%	23.8%	27.1%	25.6%	22.8%

The Company determined the revenue growth rate and the terminal revenue growth rate based on past performance and its expectations for market development. The pre-tax discount rates used reflect specific risks in relation to the CGU.

(Expressed in Canadian Dollars)

11. Right-of-use assets and lease liabilities

The Company's leased assets consist of office premises. When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using incremental borrowing rates of 4.20% to 5.00%.

A summary of right-of-use assets is as follows:

		Amount
Balance, January 1, 2022	$	2,885,662
Depreciation		(924,883)
Effect of movement in exchange rates		139,217
Balance, December 31, 2022	**$**	**2,099,996**
Lease modification		293,754
Depreciation		(913,251)
Effect of movement in exchange rates		(39,350)
Balance, December 31, 2023	**$**	**1,441,149**

A summary of lease liabilities is as follows:

		Amount
Balance, January 1, 2022	$	3,010,347
Payments		(948,040)
Accretion		105,496
Effect of movement in exchange rates		183,064
Balance, December 31, 2022		**2,350,867**
Lease modification		293,754
Payments		(986,802)
Accretion		84,097
Effect of movement in exchange rates		(62,859)
Balance, December 31, 2023		**1,679,057**
Current portion of lease liabilities		**740,212**
Long-term portion of lease liabilities	**$**	**938,845**

Note 22 provides a summary of undiscounted lease payments to be made from the statement of financial position date. Variable lease payments during the year ended December 31, 2023, which are not included in lease liabilities are $214,243 (December 31, 2022 - $247,968). The total cash outflow for leases during the year ended December 31, 2023 is $1,201,045 (December 31, 2022 - $1,196,008).

12. Accounts payable and accrued liabilities

A summary of accounts payable and accrued liabilities is as follows:

		December 31, 2023		December 31, 2022
Accounts payable	**$**	**35,247,840**	$	23,404,129
Accrued liabilities		**11,853,432**		9,419,191
	$	**47,101,272**	$	32,823,320

The Company, in the course of its normal operations, is subject to claims, lawsuits, and contingencies. Accruals are made in instances where it is probable that liabilities may be incurred and where such liabilities can be reasonably estimated.

13. Long-term debt

Under the terms of a commitment letter (the "Commitment Letter") dated December 3, 2021, an arm's length lender (the "Bank") agreed to provide the Company, as borrower, and certain Canadian and U.S. subsidiaries of the Company, as guarantors, with a non-revolving term facility (the "Term Credit") and an operating line (the "Operating Credit").

The Term Credit consisted of an authorized credit limit amount of $10,000,000, bearing interest at the Banker's Acceptance fee equal to CDOR rate plus 7.5% per annum, with interest payable monthly. The Term Credit was repayable in up to 24 equal monthly instalments of principal based on an amortization period of 60 months, with final payment of the remaining principal then outstanding due 24 months from the initial drawdown date of advance. On December 17, 2021 the Company was advanced $10,000,000 which was used to extinguish a prior long-term debt. The Term Credit was used for purposes of (i) working capital, and (ii) to finance mergers and acquisitions.

The Operating Credit consisted of an authorized amount of $5,000,000, subject to a borrowing base, bearing interest at the greater of (i) the Bank's prime lending rate plus 1.25%, and (ii) 2.45% per annum, with interest payable monthly. The Operating Credit was repayable no later than 24 months from the date of the satisfaction or waiver of conditions precedent. The Operating Credit is to be used for purposes of general operating requirements.

The aggregate of all advances under the Operating Credit and Bank credit cards are not to exceed the lesser of (i) the Operating Credit, and (ii) the borrowing base. The borrowing base is based on a percentage of eligible accounts receivable less certain accounts payable for material subsidiaries of the Company.

Subject to the Bank's approval, the Company can exercise an option to extend the maturity date of both the Term Credit and Operating Credit for an additional 12-month period. The Term Credit and Operating Credit are secured by substantially all of the assets of the Company and the guarantor subsidiaries. The Company will be entitled to prepay all or part of the Term Credit and Operating Credit at any time with penalty.

On September 12, 2022, the Company entered into an amendment to commitment letter (the "Amended Commitment Letter") which increased the total amount of the Term Credit to a maximum amount of $20,000,000. On September 16, 2022, the Company was advanced an incremental $10,000,000 pursuant to the Amended Commitment Letter. The Company incurred transaction costs of $241,872 in connection with the Amended Commitment Letter. As the terms of the Amended Commitment Letter were substantially different from the terms of the Commitment Letter, the amendment was determined to be derecognition of debt in accordance with IFRS 9. During the year ended December 31, 2022, a loss on derecognition of long-term debt in the amount of $482,282 was recognized in the consolidated statements of loss and comprehensive loss.

The Term Credit under the Amended Commitment Letter was amortized at an effective interest rate of 11.08% following the transaction costs incurred and loss on derecognition of long-term debt recognized pursuant to the amendment.

On October 6, 2023, the Company entered into an amendment to the existing Amended Commitment Letter (the "Amended and Restated Commitment Letter") which further resulted in the following significant amendments:

(a) the Term Credit is subject to an interest-only payment period until April 6, 2024, resulting in the deferral of monthly principal payments of $362,745 for six months, subsequent to which, the balance of the Term Credit is repayable in 14 equal monthly instalments of principal over an amortization of 60 months, with final payment of the remaining principal then outstanding due on June 30, 2025;
(b) An increase in the Operating Credit authorized amount from $5,000,000 to $7,500,000, a minimum of $2,500,000 of the Operating Credit shall be guaranteed by Export Development Canada ("EDC"), with a maturity date of June 30, 2025. On November 2, 2023, the Company received the EDC guarantee;
(c) Subject to the Bank's approval, the Company may request a one-time increase of an additional $2,500,000 to the Operating Credit, for a maximum amount of $10,000,000, by providing an accordion notice to the Bank provided that among other requirements, the borrowing base shall be at least $12,000,000. The bank may require, without limitation, an additional guarantee by EDC on the one-time increase of $2,500,000;
(d) the Operating Credit bears interest at the greater of (i) the Bank's prime lending rate plus 1.50%, and (ii) 2.45% per annum, with interest payable monthly, and
(e) Subject to the Bank's approval, the Company can exercise an option to extend the maturity date of both the Term Credit and Operating Credit for an additional 12-months up to June 30, 2026.

(Expressed in Canadian Dollars)

13. Long-term debt (continued)

The Company incurred transaction costs of $141,952 in connection with the Amended and Restated Commitment Letter. As the terms of the Amended and Restated Commitment Letter were not substantially different from the terms of the Amended Commitment Letter, the amendment was determined to be a modification of debt in accordance with IFRS 9. During the year ended December 31, 2023, a loss on modification of long-term debt in the amount of $419,953 is recognized in the consolidated statements of loss and comprehensive loss.

The Term Credit under the Amended and Restated Commitment Letter is amortized at an effective interest rate of 11.41% following the transaction costs incurred and loss on modification of long-term debt recognized pursuant to the amendment.

The Amended and Restated Commitment Letter contains certain covenants that the Company must comply with, including (i) a minimum EBITDA of not less than an applicable amount calculated on a rolling four quarter basis, which varies by quarter and tested quarterly, until the quarter ending March 31, 2024, (ii) minimum Funded Debt to Gross Profit that is equal to or less than 0.45 calculated on rolling four quarter basis, tested quarterly until the quarter ending September 30, 2023, (iii) at all times, a cash runway ratio of a minimum of 6 months, tested quarterly, until the quarter ending March 31, 2024, and (iv) beginning June 30, 2024 and thereafter, a minimum funded debt to EBITDA ratio of no more than 4.0x, calculated based on the trailing 12 months and tested quarterly. The Company was in compliance with all covenants other than covenant (i) during the year ended December 31, 2023. As the Company was not in compliance with covenant (i) as of December 31, 2023, the long-term debt is classified as a current liability.

During the year ended December 31, 2023, the Company recognized $2,232,234 (December 31, 2022 – $1,199,267) of interest expense and $56,324 (December 31, 2022 – expense of $97,586) of accretion income which are included in interest and accretion in the consolidated statements of loss and comprehensive loss.

The following tables shows the movement of the Term Credit and Operating Credit balance during the years ended December 31, 2023 and 2022:

		Amount
Balance, January 1, 2022	$	9,681,867
Advances		10,000,000
Repayments		(2,588,238)
Accretion		97,586
Transaction costs		(241,872)
Loss on derecognition of long-term debt		482,282
Balance, December 31, 2022	$	17,431,625
Advances		8,364,856
Repayments		(4,129,561)
Accretion		(56,324)
Transaction costs		(141,952)
Loss on modification of long-term debt		419,953
Balance, December 31, 2023		**21,888,597**
Current portion of long-term debt		**21,888,597**
Long-term debt	**$**	**-**

A summary of the Company's Term Credit and Operating Credit is as follows:

		December 31, 2023		December 31, 2022
Term credit	**$**	**14,388,597**	$	17,431,625
Operating credit		**7,500,000**		-
	$	**21,888,597**	$	17,431,625
Current portion of long-term debt		**21,888,597**		17,431,625
Long-term debt	**$**	**-**	$	-

(Expressed in Canadian Dollars)

14. Other long-term debt

Upon the acquisition of Addicting Games, the Company obtained a USD $150,000 United States of America Small Business Administration loan ("SBA Loan"). The SBA Loan has a term which is thirty years from the date of the initial advance, expiring July 2, 2050. The SBA loan bears interest at 3.75% per annum, is repayable in monthly installment payments until maturity of USD $731, which includes principal and interest, the remaining outstanding principal amount will be repaid on July 2, 2050. The SBA Loan is secured by Addicting Games' assets. The SBA Loan is being amortized at an effective interest rate of 7.10%.

The following table shows the movement of the SBA Loan during the years ended December 31, 2023 and 2022:

		Amount
Balance, January 1, 2022	$	147,445
Accretion		11,089
Repayments		(12,871)
Effect of movement in exchange rates		10,072
Balance, December 31, 2022	**$**	**155,735**
Accretion		10,771
Repayments		(12,569)
Effect of movement in exchange rates		(3,656)
Balance, December 31, 2023		**150,281**
Current portion of other long-term debt		**9,668**
Other long-term debt	**$**	**140,613**

15. Deferred payment liability

The deferred payment liability relates to the mergers and acquisitions of (i) Steel Media on October 3, 2019, (ii) Vedatis on May 1, 2021, (iii) GameKnot on August 30, 2021, (iv) Addicting Games on September 3, 2021, (v) Outplayed on November 22, 2021, and (vi) FFS on April 28, 2022.

(i) Steel Media deferred payment liability

The Steel Media deferred payment liability consisted of the present value of the earn-out payment (the "Steel Media Earn-Out Payment") of USD $500,000 expected to be paid based on the performance of Steel Media by April 15, 2022.

The Company had, at its option, the ability to settle the Steel Media Earn-Out Payment either in cash or by the allotment and issuance of such number of common shares determined by the volume weighted average price for the five trading days immediately prior to the date that the amount of any Steel Media Earn-Out Payment was conclusively determined.

The expected Steel Media Earn-Out Payment was calculated on a dollar-for-dollar basis to the extent the average annualized normalized gross revenue of Steel Media for the period from January 1, 2020 to December 31, 2021 exceeded USD $2,500,000. The maximum Steel Media Earn-Out Payment would not exceed USD $500,000.

The Steel Media Earn-Out Payment was amortized at an effective interest rate of 13.15%.

During the year ended December 31, 2022, the Steel Media Earn-Out Payment was determined to be $461,891 (USD $369,631) resulting in gain on revaluation of deferred payment liability of $149,399. On April 29, 2022, the Company settled the Steel Media Earn-Out Payment through a cash payment of $472,833 (USD $369,631).

(Expressed in Canadian Dollars)

15. Deferred payment liability (continued)

(i) Steel Media deferred payment liability (continued)

A summary of the movement in the Steel Media deferred payment liability is as follows:

		Steel Media Earn-Out Payment
Balance, January 1, 2022	$	600,508
Accretion		20,698
Payment – cash		(472,833)
Gain on revaluation of deferred payment liability		(149,399)
Effect of movement in exchange rates		1,026
Balance, December 31, 2022 and December 31, 2023	**$**	**-**

(ii) Vedatis deferred payment liability

The Vedatis deferred payment liability consists of the present value of a Euro €750,000 payment (the "Vedatis Deferred Payment") to be paid on May 1, 2022 and the present value of the estimated earn-out payment (the "Vedatis Earn-Out Payment") expected to be paid based on the performance of Vedatis by August 29, 2025.

The Vedatis Earn-Out Payment, subject to certain conditions, is equal to the sum of earnings before interest, taxes, depreciation and amortization for the best four consecutive quarters of the existing Vedatis business at the time of closing excluding new business generated or enhanced by the Company. The earn-out period is for four years following May 1, 2021.

The Company had, at its option, the ability to settle the Vedatis Deferred Payment of Euro €750,000 either in cash or by the allotment and issuance of such number of common shares determined by the volume weighted average price for the two trading days immediately prior to May 1, 2022. On June 2, 2022, the Vedatis Deferred Payment has been settled by the Company issuing 348,852 common shares of the Company through the exercise of the Company's option (Note 16).

The Company has, at its option, the ability to settle the Vedatis Earn-Out Payment half in cash and half in common shares, the share payment portion will be settled by the allotment and issuance of such number of common shares determined by the volume weighted average price for the two trading days immediately prior to May 1, 2025.

The Company uses Monte-Carlo simulation valuation techniques to estimate the net present value of the Vedatis Earn-Out Payment. The cash portion and equity portion are present valued separately based on the outcomes of the Monte-Carlo simulation. The Vedatis Earn-Out Payment is revalued each reporting period with changes in fair value of the Vedatis Earn-Out Payment recorded in the consolidated statements of loss and comprehensive loss.

On December 31, 2023, the Vedatis Earn-Out Payment was revalued at $2,083,262 (December 31, 2022 - $1,377,764) based on a discounted valuation using a 13.75% (December 31, 2022 – 11.01%) and 3.99% (December 31, 2022 – 3.68%) discount rate for the cash settled and equity settled portion, respectively, and an expectation that a Vedatis Earn-Out Payment of $2,406,437 (December 31, 2022 – $1,667,515) is probable. Following the December 31, 2023 revaluation, the cash portion of the Vedatis Earn-Out Payment is amortized at an effective interest rate of 13.83% (December 31, 2022 – 11.06%).

(Expressed in Canadian Dollars)

15. Deferred payment liability (continued)

(ii) Vedatis deferred payment liability (continued)

The fair value of the Vedatis Earn-Out Payment as of December 31, 2023 and 2022 was calculated using the following inputs:

	December 31, 2023	December 31, 2022
Payment date	**August 29, 2025**	August 29, 2025
Time to maturity	**1.66 years**	2.66 years
Required metric risk premium	**21.75%**	21.75%
EBITDA volatility	**21.00%**	15.00%
Senior credit rating	**CCC+**	B-
Earn-out payment credit rating	**CCC**	CCC+
Drift rate	**4.15%**	3.73%
Discount rate (risk free rate) for equity-based payment	**3.99%**	3.68%
Discount rate (risk adjusted rate) for cash payment	**13.75%**	11.01%
Discount rate for lack of marketability	**Nil%**	Nil%

A summary of the movement in the Vedatis deferred payment liability is as follows:

	Vedatis Deferred Payment	**Vedatis Earn-Out Payment**	**Total**
Balance, January 1, 2022	$ 1,058,789	$ 1,774,336	$ 2,833,125
Accretion	21,117	64,110	85,227
Payment – shares	(1,013,400)	-	(1,013,400)
Gain on revaluation of deferred payment liability	-	(472,381)	(472,381)
Effect of movement in exchange rates	(66,506)	11,699	(54,807)
Balance, December 31, 2022	**$ -**	**$ 1,377,764**	**$ 1,377,764**
Accretion	-	90,355	90,355
Loss on revaluation of deferred payment liability	-	592,053	592,053
Effect of movement in exchange rates	-	23,090	23,090
Balance, December 31, 2023	**-**	**2,083,262**	**2,083,262**
Current portion of deferred payment liability	**-**	**-**	**-**
Long-term portion of deferred payment liability	**$ -**	**$ 2,083,262**	**$ 2,083,262**

(iii) GameKnot deferred payment liability

The GameKnot deferred payment liability consisted of the present value of a USD $500,000 six-month anniversary payment (the “GameKnot Deferred Payment”) to be paid on February 28, 2022.

The Company had, at its option, the ability to settle the GameKnot Deferred Payment either in cash or by the allotment and issuance of such number of common shares determined by the volume weighted average price for the ten trading days prior to August 30, 2021.

The GameKnot Deferred Payment was amortized at an effective interest rate of 6.01%.

On February 28, 2022, the GameKnot Deferred Payment has been settled by the Company issuing 111,267 common shares of the Company through the exercise of the Company’s option (Note 16).

A summary of the movement in the GameKnot deferred payment liability is as follows:

	GameKnot Deferred Payment
Balance, January 1, 2022	$ 627,781
Accretion	6,111
Payment – shares	(634,900)
Effect of movement in exchange rates	1,008
Balance, December 31, 2022 and December 31, 2023	**$ -**

(Expressed in Canadian Dollars)

15. Deferred payment liability (continued)

(iv) Addicting Games deferred payment liability

The Addicting Games deferred payment liability consisted of the present value of a USD $7,000,000 first anniversary payment (the "Addicting Games First Anniversary Deferred Payment") to be paid on September 3, 2022 and the present value of a USD $3,800,000 second anniversary payment (the "Addicting Games Second Anniversary Deferred Payment") to be paid on September 3, 2023 (collectively the "Addicting Games Deferred Payment").

The Company had, at its option, the ability to settle the Addicting Games Deferred Payment either in cash or by the allotment and issuance of such number of common shares determined by the volume weighted average price for the ten trading days prior to the payment due dates.

The Addicting Games First Anniversary Deferred Payment and Addicting Games Second Anniversary Deferred Payment were amortized at an effective interest rate of 6.88% and 6.88% respectively.

On May 25, 2022, the Company and former shareholders of Addicting Games entered into an amending agreement to the Addicting Games share purchase agreement to satisfy the settlement of the Addicting Games Deferred Payment by the Company issuing 4,320,000 common shares of the Company. On June 2, 2022, the Addicting Games Deferred Payment has been settled by the Company issuing 4,319,996 common shares of the Company (Note 16) resulting in a loss on settlement of deferred payment liability of $248,358 which was recognized in the consolidated statements of loss and comprehensive loss. The common shares issued were 4 common shares less than 4,320,000 common shares to be issued due the elimination of fractional common shares.

A summary of the movement in the Addicting Games deferred payment liability is as follows:

		Addicting Games Deferred Payment
Balance, January 1, 2022	$	12,768,719
Accretion		372,915
Payment - shares		(13,305,588)
Loss on settlement of deferred payment liability		248,358
Effect of movement in exchange rates		(84,404)
Balance, December 31, 2022 and December 31, 2023	**$**	**-**

(v) Outplayed deferred payment liability

The Outplayed deferred payment liability consisted of the present value of a USD $8,500,000 first anniversary payment (the "Outplayed First Anniversary Deferred Payment") to be paid on November 22, 2022, the present value of a USD $8,500,000 second anniversary payment (the "Outplayed Second Anniversary Deferred Payment") to be paid on November 22, 2023 (collectively, the "Outplayed Deferred Payment"), the present value of the first anniversary earn-out payment USD $6,000,000 (the "Outplayed First Anniversary Earn-Out Payment") expected to be paid based on the performance of Outplayed by December 22, 2022, and the present value of the second anniversary earn-out payment USD $6,000,000 (the "Outplayed Second Anniversary Earn-Out Payment") expected to be paid based on the performance of Outplayed by December 22, 2023 (collectively, the "Outplayed Earn-Out Payment").

The Outplayed Earn-Out Payment, subject to certain conditions, was to be paid if certain site traffic based targets were met in the first and second years of operations. The first anniversary earn-out period was for one year from the closing date and the second anniversary earn-out period was for one year from the end of the first anniversary earn-out period.

The Company had, at its option, the ability to settle the Outplayed Deferred Payment either in cash or by the allotment and issuance of such number of common shares determined by the volume weighted average price for the ten trading days two business days prior to the anniversary payment due dates. The Company had, at its option, the ability to settle the Outplayed Earn-Out Payment either in cash or by the allotment and issuance of such number of common shares determined by the volume weighted average price for the ten trading days prior to the date the applicable earn-out is achieved.

(Expressed in Canadian Dollars)

15. Deferred payment liability (continued)

(v) Outplayed deferred payment liability (continued)

The Outplayed First Anniversary Earn-Out Payment, the Outplayed Second Anniversary Earn-Out Payment, Outplayed First Anniversary Earn-Out Payment and the Outplayed Second Anniversary Earn-Out Payment were amortized at an effective interest rate of 7.38%, 7.38%, 17.97% and 17.96% respectively.

On May 25, 2022, the Company and former shareholders of Outplayed entered into an amending agreement to the Outplayed merger agreement to satisfy the settlement of the Outplayed Deferred Payment and Outplayed Earn-Out Payment by the Company issuing 11,500,000 common shares of the Company. On June 2, 2022, the Outplayed Deferred Payment and Outplayed Earn-Out Payment was settled by the Company issuing 11,499,988 common shares of the Company (Note 16) resulting in a loss on settlement of deferred payment liability of $2,900,068 which was recognized in the consolidated statements of loss and comprehensive loss. The common shares issued were 12 common shares less than 11,500,000 common shares to be issued due the elimination of fractional common shares.

A summary of the movement in the Outplayed deferred payment liability is as follows:

	Outplayed Deferred Payment	Outplayed Earn-Out Payment	Total
Balance, January 1, 2022	$ 19,467,148	$ 11,741,140	$ 31,208,288
Accretion	610,138	912,424	1,522,562
Payment – shares	(20,763,426)	(14,656,537)	(35,419,963)
Loss on settlement of deferred payment liability	815,138	2,084,930	2,900,068
Effect of movement in exchange rates	(128,998)	(81,957)	(210,955)
Balance, December 31, 2022 and December 31, 2023	**$ -**	**$ -**	**$ -**

(vi) FFS deferred payment liability

The FFS deferred payment liability consists of the present value of a $1,609,600 (GBP £1,000,000) first anniversary payment (the "FFS First Anniversary Deferred Payment") to be paid on April 28, 2023, the present value of a $80,480 (GBP £50,000) second anniversary payment (the "FFS Second Anniversary Payment") to be paid April 28, 2024 (collectively, the "FFS Deferred Payment") and the present value of the first anniversary earn-out payment of $804,800 (GBP £500,000) (the "FFS Earn-Out Payment") expected to be on April 28, 2023.

The FFS Earn-Out Payment will be paid if the Fantasy Premier League agreement, which expired on August 1, 2022, is renewed for an additional three-year period, on substantially similar or more favourable terms. The Fantasy Premier League agreement was renewed on August 1, 2022 for an additional three-year period on substantially similar terms.

The Company has, at its option, the ability to settle the FFS First Anniversary Deferred Payment either in cash or by the allotment and issuance of such number of common shares determined by the volume weighted average price for the ten trading days prior to the payment due date.

The FFS First Anniversary Deferred Payment was included in FFS' total purchase price consideration at an initial fair value of $1,497,581 based on a discounted valuation using a 7.48% discount rate. The FFS Second Anniversary Deferred Payment was included in FFS' total purchase price consideration at an initial fair value of $69,668 based on a discounted valuation using a 7.48% discount rate. The FFS Earn-Out Payment was included in FFS' total purchase price consideration at an initial fair value of $748,790 based on a discounted valuation using a 7.48% discount rate with an expectation that payment of the full earn-out of GBP £500,000 is probable.

(Expressed in Canadian Dollars)

15. Deferred payment liability (continued)

(vi) FFS deferred payment liability (continued)

The FFS First Anniversary Deferred Payment, FFS Second Anniversary Deferred Payment and FFS Earn-Out Payment are amortized at an effective interest rate of 7.23%, 7.23% and 7.23% respectively.

On May 9, 2023, the Company settled the FFS Earn-Out Payment through a cash payment of $844,350 (GBP £500,000).

On June 16, 2023, the FFS First Anniversary Deferred Payment has been settled by the Company issuing 2,626,037 common shares of the Company through the exercise of the Company's option (Note 16).

A summary of the movement in the FFS deferred payment liability is as follows:

	FFS Deferred Payment	FFS Earn-Out Payment	Total
Balance, January 1, 2022	$ -	$ -	$ -
Initial fair value of deferred payment liability (Note 5)	1,567,249	748,790	2,316,039
Accretion	76,532	36,567	113,099
Effect of movement in exchange rates	24,969	11,931	36,900
Balance, December 31, 2022	**$ 1,668,750**	**$ 797,288**	**$ 2,466,038**
Accretion	43,782	19,041	62,823
Payment – cash	-	(844,350)	(844,350)
Payment – shares	(1,692,700)	-	(1,692,700)
Effect of movement in exchange rates	62,399	28,021	90,420
Balance, December 31, 2023	**82,231**	**-**	**82,231**
Current portion of deferred payment liability	**82,231**	**-**	**82,231**
Long-term portion of deferred payment liability	**$ -**	**$ -**	**$ -**

The following table shows the aggregate movement of the deferred payment liability during the years ended December 31, 2023 and 2022:

	December 31, 2023	December 31, 2022
Beginning balance	**$ 3,843,802**	$ 48,038,421
Initial fair value of deferred payment liability (Note 5)	**-**	2,316,039
Accretion	**153,178**	2,120,612
Payment – cash	**(844,350)**	(472,833)
Payment – shares	**(1,692,700)**	(50,373,851)
Loss on settlement of deferred payment liability	**-**	3,148,426
Loss (gain) on revaluation of deferred payment liability	**592,053**	(621,780)
Effect of movement in exchange rates	**113,510**	(311,232)
Ending balance	**2,165,493**	3,843,802
Current portion of deferred payment liability	**82,231**	2,391,863
Long-term portion of deferred payment liability	**$ 2,083,262**	$ 1,451,939

The Company had a working capital adjustment receivable from the acquisition of Addicting Games of $154,398 which was settled as part of the amending agreement to the Addicting Games share purchase agreement and is included in the loss on settlement of deferred payment liability in the consolidated statements of loss and comprehensive loss resulting in a total loss on settlement of deferred payment liability of $3,302,824 during the year ended December 31, 2022.

16. Share capital

Authorized:
Unlimited number of common shares
Unlimited number of preferred shares

During the year ended December 31, 2023:

(i) On June 16, 2023, the Company issued 2,626,037 common shares to settle the FFS First Anniversary Deferred Payment (Note 15).

(Expressed in Canadian Dollars)

16. Share capital (continued)

During the year ended December 31, 2022:

(i) The Company received proceeds of $289,034 from the exercise of 760,938 stock options. Stock option proceeds of $45,538 were not received in cash but were used to settle accounts payable. The fair value assigned to these stock options of $2,527,504 was reclassified from contributed surplus to share capital.

(ii) On February 14, 2022, the Company issued the remaining 35,770 common shares to be issued relating to the Outplayed share purchase agreement dated November 22, 2021.

(iii) On February 28, 2022, the Company issued 111,267 common shares to settle the GameKnot Deferred Payment liability (Note 15).

(iv) On June 2, 2022, the Company issued 348,852 common shares to settle the Vedatis Deferred Payment liability (Note 15).

(v) On June 2, 2022, the Company issued 4,319,996 common shares to settle the Addicting Games Deferred Payment liability (Note 15).

(vi) On June 2, 2022, the Company issued 11,499,988 common shares to settle the Outplayed Deferred Payment liability and Outplayed Earn-Out Payment liability (Note 15).

(vii) On July 25, 2022 the Company issued 307,692 common shares to settle accounts payable of $800,000 related to annual general meeting costs. The Company recorded a gain on settlement of accounts payable of $95,386 based on a share price of $2.29 per share. This gain has been netted against the annual general meeting legal and advisory costs in the consolidated statement of loss and comprehensive loss.

(viii) On September 19, 2022 the Company issued 790,633 common shares to settle accounts payable of $1,757,396 related to annual general meeting legal and advisory costs and consulting fees. The Company recorded a gain on settlement of accounts payable of $492,383 based on a share price of $1.60 per share. A gain of $288,679 has been netted against the annual general meeting legal and advisory costs and the remaining gain of $203,704 has been netted against the consulting fees in the consolidated statement of loss and comprehensive loss.

(ix) On December 14, 2022, the Company issued 42,838 common shares to settle 42,838 restricted share units. The fair value assigned to these restricted share units of $306,485 was reclassified from contributed surplus to share capital.

17. Stock options

On January 20, 2021, the shareholders of the Company approved and ratified the adoption of the stock option plan (the "Stock Option Plan") which allows the Board of Directors to grant stock options to directors, officers, employees and consultants of the Company as performance incentives. The maximum number of common shares issuable under the Stock Option Plan is limited to 10% of the issued and outstanding common shares of the Company. There are also limitations on the number of common shares issuable to insiders. At the time of granting a stock option, the Board of Directors must approve: (i) the exercise price, being not less than the market value of the common shares; (ii) the vesting provisions; and (iii) the expiry date, generally being no more than ten years after the grant date.

The following table reflects the continuity of stock options as of December 31, 2023 and 2022:

	December 31, 2023		December 31, 2022	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Beginning balance	**3,941,982**	**$ 3.46**	3,923,491	$ 3.35
Granted	**6,062,976**	**0.91**	1,772,909	2.56
Exercised	**-**	**-**	(760,938)	(0.44)
Expired/forfeited	**(519,624)**	**(3.74)**	(993,480)	(3.73)
Ending balance	**9,485,334**	**$ 1.81**	3,941,982	$ 3.46
Exercisable	**2,629,049**	**$ 3.29**	1,972,929	$ 3.10

The weighted average share price on the date of exercise is $Nil (December 31, 2022 - $1.10).

17. Stock options (continued)

On April 20, 2022, the Company issued 1,560,697 stock options to directors, officers, employees and consultants, of which 902,141 were issued to directors and officers. These stock options are exercisable at $2.75, expire April 20, 2027 and vest as follows: (i) 34,000 on April 20, 2022, (ii) 503,308 on January 1, 2023, (iii) 17,000 on April 20, 2023, (iv) 503,308 on January 1, 2024, and (v) 503,351 on January 1, 2025. The fair value of these stock options issued was $2.07 per stock option, which was estimated using the Black-Scholes option pricing model using the following inputs and assumptions: stock price - $2.75; exercise price - $2.75; expected life in years – 5 years; expected volatility – 105.61% (based on comparable companies); expected dividend yield – Nil%; expected forfeiture rate – 3.55%; and, risk-free interest rate – 2.74%.

On November 17, 2022, the Company issued 211,942 stock options to directors, officers and employees, of which 174,011 were issued to directors and officers. Stock options issued to directors and officers of 122,608 are exercisable at $1.13, expire February 16, 2027 and vest as follows: (i) 40,868 on January 1, 2023, (ii) 40,868 on January 1, 2024, and (iii) 40,872 on January 1, 2025. The fair value of these stock options issued was $0.55 per stock option, which was estimated using the Black-Scholes option pricing model using the following inputs and assumptions: stock price - $0.81; exercise price - $1.13; expected life in years – 4.25 years; expected volatility – 109.11% (based on comparable companies); expected dividend yield – Nil%; expected forfeiture rate – 4.13%; and, risk-free interest rate – 3.33%. Stock options issued to employees and officers of 89,334 are exercisable at $1.13, expire November 17, 2027 and vest as follows: (i) 12,500 on November 17, 2022 (ii) 33,944 on January 1, 2023, (iii) 21,444 on January 1, 2024, and (iv) 21,446 on January 1, 2025. The fair value of these stock options issued was $0.59 per stock option, which was estimated using the Black-Scholes option pricing model using the following inputs and assumptions: stock price - $0.81; exercise price - $1.13; expected life in years – 5 years; expected volatility – 107.44% (based on comparable companies); expected dividend yield – Nil%; expected forfeiture rate – 4.13%; and, risk-free interest rate – 3.33%.

On March 1, 2023, the Company issued 5,305,104 stock options to the former Chief Executive Officer. These stock options are exercisable at $0.91, expire March 1, 2033 and vest as follows: (i) 1,326,276 on March 1, 2024, and (ii) 3,978,828 in substantially equal installments of 110,523 at the end of each month starting March 31, 2024 for 36 months ending on February 28, 2027. The fair value of these stock options issued was $0.84 per stock option, which was estimated using the Black-Scholes option pricing model using the following inputs and assumptions: stock price - $0.91; exercise price - $0.91; expected life in years – 10 years; expected volatility – 107.75% (based on comparable companies); expected dividend yield – Nil%; expected forfeiture rate – Nil%; and, risk-free interest rate – 3.41%. These stock options were forfeited subsequent to the year ended December 31, 2023 (Note 25).

On March 1, 2023, the Company issued 757,872 performance stock options to the former Chief Executive Officer. These performance stock options are exercisable at $0.91, expire March 1, 2033 and vest as follows: (i) 189,468 on March 1, 2024, and (ii) 568,404 in substantially equal installments of 15,789 at the end of each month starting March 31, 2024 for 36 months ending on February 28, 2027 and, in all events, are subject to the Company's common shares having an average share price of at least USD $5.00 on the Nasdaq over a period of 90 consecutive days with such threshold being subject to adjustment in the event of any stock split, reverse split or other capital reorganization event (the "Performance Award Requirement"). The Performance Award Requirement is a market condition, an expense for a market-linked performance condition is recognized based on the probable outcome of the market-linked performance condition being met over the vesting period. As of December 31, 2023, it was considered probable that the market-linked performance condition would not be met during the vesting period, as a result no expense was recognized during the year. These stock options were forfeited subsequent to the year ended December 31, 2023 (Note 25).

The Company recorded share-based compensation expense of $3,073,262 (December 31, 2022 - $2,638,687) for stock options vesting during the year ended December 31, 2023.

(Expressed in Canadian Dollars)

17. Stock options (continued)

The Company has the following stock options outstanding as of December 31, 2023:

Expiry date	Number of stock options outstanding	Exercise price	Number of stock options exercisable	Weighted average remaining life (years)
March 29, 2024	137,150	2.37	137,150	0.24
August 27, 2024	843,750	2.40	843,750	0.66
December 9, 2025	569,149	3.20	569,149	1.94
January 1, 2026	506,315	8.75	347,036	2.01
February 16, 2027	122,608	1.13	102,173	3.13
April 20, 2027	964,052	2.75	393,347	3.30
November 17, 2027	89,334	1.13	46,444	3.38
December 12, 2028	190,000	1.00	190,000	4.95
March 1, 2033	6,062,976	0.91	-	9.17
	9,485,334	**1.81**	**2,629,049**	**6.66**

18. Share units

On January 20, 2021, the shareholders of the Company approved and ratified the adoption of the Share Unit Plan ("SU Plan") which allows for the issuance of restricted share units and performance share units (collectively "Share Units") to directors, officers, employees and consultants. The Board of Directors, or a committee appointed by the Board of Directors, will establish vesting conditions of Share Units at the time of grant. The maximum number of common shares that are issuable to settle Share Units cannot exceed 4% of the aggregate number of common shares issued and outstanding and the maximum number of common shares issuable in aggregate under the SU Plan and other share-based compensation arrangements adopted by the Company cannot exceed 10% of the common shares issued and outstanding. Share Units can be settled in cash or common shares at the option of the Company.

On April 20, 2022, the Company issued 1,922,877 restricted share units to directors, officers, employees and consultants, of which 1,531,349 were issued to directors and officers. These restricted share units are expected to be settled through the issuance of 1,922,877 common shares of the Company. These restricted share units vest as follows: (i) 166,666 on April 20, 2022, (ii) 557,608 on January 1, 2023, (iii) 83,334 on April 20, 2023, (iv) 557,608 on January 1, 2024, and (v) 557,661 on January 1, 2025. The fair value of these restricted share units issued was $2.69 per restricted share unit using the following inputs and assumptions: quoted market price on the date of issuance - $2.75; and, expected forfeiture rate - 2.58%.

On November 17, 2022, the Company issued 437,636 restricted share units to directors, officers and employees, of which 401,229 were issued to directors and officers. These restricted share units are expected to be settled through the issuance of 437,636 common shares of the Company. These restricted share units vest as follows: (i) 155,018 on November 17, 2022, (ii) 102,507 on January 1, 2023, (iii) 90,007 on January 1, 2024, and (iv) 90,014 on January 1, 2025. The fair value of these restricted share units issued was $0.80 per restricted share unit using the following inputs and assumptions: quoted market price on the date of issuance - $0.81; and, expected forfeiture rate - 2.70%.

On May 17, 2023, the Company issued 212,868 restricted share units to directors. These restricted share units are expected to be settled through the issuance of 212,868 common shares of the Company. These restricted share units vest on the date of issuance. The fair value of these restricted share units issued was $0.68 per restricted share unit using the following inputs and assumptions: quoted market price on the date of issuance - $0.68; and, expected forfeiture rate – Nil%.

On June 22, 2023, the Company issued 202,694 restricted share units to directors. These restricted share units are expected to be settled through the issuance of 202,694 common shares of the Company. These restricted share units vest on the date of issuance. The fair value of these restricted share units issued was $0.59 per restricted share unit using the following inputs and assumptions: quoted market price on the date of issuance - $0.59; and, expected forfeiture rate – Nil%.

On November 17, 2023, the Company issued 100,439 restricted share units to directors. These restricted share units are expected to be settled through the issuance of 100,439 common shares of the Company. These restricted share units vest on the date of issuance. The fair value of these restricted share units issued was $0.36 per restricted share unit using the following inputs and assumptions: quoted market price on the date of issuance - $0.36; and, expected forfeiture rate – Nil%.

(Expressed in Canadian Dollars)

18. Share units (continued)

On November 17, 2023, the Company issued 1,067,066 restricted share units to employees. These restricted share units are expected to be settled through the issuance of 1,067,066 common shares of the Company. These restricted share units vest one-third on January 1, 2024, January 1, 2025 and January 1, 2026 respectively. The fair value of these restricted share units issued was $0.34 per restricted share unit using the following inputs and assumptions: quoted market price on the date of issuance - $0.36; and, expected forfeiture rate – 3.65%.

The Company recorded share-based compensation expense of $2,401,185 (December 31, 2022 - $5,112,683) for restricted share units vesting during the year ended December 31, 2023.

The Company has the following restricted share units outstanding as of December 31, 2023 and 2022:

	December 31, 2023	December 31, 2022
Beginning balance	**4,139,454**	2,455,697
Granted	**1,583,067**	2,360,513
Released	**-**	(42,838)
Forfeited	**(82,277)**	(633,918)
Ending balance	**5,640,244**	4,139,454
Vested	**3,670,906**	1,752,170

19. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.60% (2022 - 26.60%) to the effective tax rate for the years ended December 31, 2023 and 2022 is as follows:

	December 31, 2023	December 31, 2022
Statutory income tax rate	**26.60%**	26.60%
Net loss before income taxes	**$ (127,849,414)**	$ (78,882,069)
Computed income tax recovery	**(34,007,944)**	(20,982,630)
Increase (decrease) resulting from:		
Non-deductible expenses and other	**20,258,194**	10,649,360
Differences in foreign tax rates	**1,059,685**	(721,376)
Change in tax rates	**330,277**	-
Recognition of previously unrecognized tax losses	**(4,198,023)**	(1,051,211)
Origination and reversal of temporary differences	**780,391**	1,708,015
Current period loss for which no benefit is recognized	**5,601,614**	8,346,578
Income tax recovery	**$ (10,175,806)**	$ (2,051,264)

The components of income tax expense (recovery) are as follows:

	December 31, 2023	December 31, 2022
Current tax expense	**$ 261,947**	$ 250,955
Deferred tax recovery	**(10,437,753)**	(2,302,219)
Income tax recovery	**$ (10,175,806)**	$ (2,051,264)

(Expressed in Canadian Dollars)

19. Income Taxes (continued)

The table below summarizes the movement of net deferred tax assets and liabilities:

	January 1, 2023	Recognized in net loss	Recognized in OCI	Acquisitions	December 31, 2023
Deferred tax asset					
Tax losses carried forward	$ 3,114,242	$ 2,049,121	$ (23,483)	$ -	**$ 5,139,880**
Intangible assets and other	150,120	1,011,089	(24,962)	-	**1,136,247**
	3,264,362	3,060,210	(48,445)	-	**6,276,127**
Deferred tax liability					
Intangible assets and other	$ (27,920,792)	$ 7,377,543	$ 205,239	$ -	**$ (20,338,010)**
Investments	(14,896)	-	-	-	**(14,896)**
	(27,935,688)	7,377,543	205,239	-	**(20,352,906)**
Net deferred tax asset (liability)	$ (24,671,326)	$ 10,437,753	$ 156,794	$ -	**$ (14,076,779)**

	January 1, 2022	Recognized in net loss	Recognized in OCI	Acquisitions	December 31, 2022
Deferred tax asset					
Tax losses carried forward	$ 3,940,741	$ (873,785)	$ 47,286	$ -	**$ 3,114,242**
Intangible assets and other	1,135,771	(1,062,707)	77,056	-	**150,120**
	5,076,512	(1,936,492)	124,342	-	**3,264,362**
Deferred tax liability					
Intangible assets and other	$ (30,802,501)	$ 4,238,711	$ (753,904)	$ (603,098)	**$ (27,920,792)**
Investments	(14,896)	-	-	-	**(14,896)**
	(30,817,397)	4,238,711	(753,904)	(603,098)	**(27,935,688)**
Net deferred tax asset (liability)	$ (25,740,885)	$ 2,302,219	$ (629,562)	$ (603,098)	**$ (24,671,326)**

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	December 31, 2023	December 31, 2022
Non-capital losses carried forward	**$ 128,181,224**	$ 114,854,099
Capital losses carried forward	**3,365,312**	-
Intangible assets and goodwill	**26,959,373**	33,951,477
Investments	**3,658,835**	3,869,535
Financing and share issuance costs	**3,967,440**	6,735,102
Unrealized foreign exchange and other	**2,304,377**	818,939
	$ 164,639,561	$ 160,229,152

The Company has Canadian net operating losses of $87,060,172 available to reduce taxable income in future years. If not utilized, these net operating losses will expire between 2033 to 2043. The Company has Canadian capital losses of $3,365,312 available to reduce capital gains in future years, these capital losses will carryforward indefinitely.

The Company has USA net operating losses of $41,121,502 available to reduce taxable income in future years. If not utilized, $14,912,170 of these net operating losses will expire between 2033 and 2036 and $26,208,882 of these net operating losses will carryforward indefinitely.

Other deductible temporary differences have an unlimited carryforward period pursuant to current tax laws.

Deferred tax liabilities related to undistributed earnings from investments in subsidiaries have not been recognized as the Company controls whether the liabilities will be incurred and the Company is satisfied that the liabilities will not be incurred in the foreseeable future.

(Expressed in Canadian Dollars)

20. Related party transactions and balances

The Company's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company. Key management personnel include members of the Board of Directors, Chief Executive Officer, Chief Financial Officer, Chief People Officer, former Chief Operating Officer, former Chief Corporate Officer, former President and Senior Vice President, Legal and General Counsel. Compensation of key management personnel may include short-term and long-term benefits. Short-term benefits include salaries and bonuses. Share-based compensation includes the fair value of stock options and restricted share units vested during the period.

Compensation provided to key management during the years ended December 31, 2023 and 2022 is as follows:

	December 31, 2023	December 31, 2022
Short-term benefits	**$ 4,182,146**	$ 3,133,569
Share-based compensation	**4,575,520**	5,332,426
	$ 8,757,666	$ 8,465,995

A summary of other related party transactions during the years ended December 31, 2023 and 2022 is as follows:

	December 31, 2023	December 31, 2022
Total transactions during the year:		
Expenses		
Consulting fees	**$ 37,515**	$ 475,916
Share of net loss (income) from investment in associates and joint ventures	**1,212**	(1,129,167)

A summary of related party balances as of December 31, 2023 and 2022 is as follows:

	December 31, 2023	December 31, 2022
Balances receivable (payable):		
Trade and other receivables	**$ 67,180**	$ 67,180
Investment in associates and joint ventures	**11,024**	12,236
Accounts payable and accrued liabilities	**(1,014,738)**	(249,976)

During the year ended December 31, 2023, the Company recognized consulting expenses of $37,515 (December 31, 2022 - $75,022) to Rivonia Capital Inc., a company in which a former director of the Company is a principal. As of December 31, 2022, a balance of $14,125 is included in accounts payable and accrued liabilities.

During the year ended December 31, 2023, the Company recognized $Nil (December 31, 2022 - $400,894) in consulting fees relating to Board of Director and committee fees to certain directors. As of December 31, 2023, a balance of $96,204 (December 31, 2022 - $235,851) is included in accounts payable and accrued liabilities.

As of December 31, 2023, a balance of $918,534 (December 31, 2022 - $Nil) is included in accounts payable and accrued liabilities for severance payable to the former Chief Executive Officer who is currently serving as interim Chief Executive Officer.

See Note 7 for information relating to an investment in a joint venture under common management as the Company. During the year ended December 31, 2023, the Company recognized a share of net loss from investment in joint ventures of $1,212 (December 31, 2022 – $46,673) from AFK, a related party by nature of it having common management as the Company. As of December 31, 2023, a balance of $67,180 (December 31, 2022 - $67,180) is included in trade and other receivables.

See Note 7 for information relating to an investment in associates controlled by the former Chairman of the Company. The former Chairman of the Company did not seek re-election at the Company’s July 19, 2022 annual general meeting and is no longer a related party as of July 19, 2022. During the period from January 1, 2022 to July 19, 2022, the Company’s share of net income from investment is associates was $1,175,840.

See Note 17 for information relating to stock options issued to officers and directors of the Company.

See Note 18 for information relating to restricted share units issued to officers and directors of the Company.

(Expressed in Canadian Dollars)

21. Capital management

The Company considers its capital structure to consist of shareholders' equity, long-term debt and deferred payment liability. The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support the acquisition and development of its business. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is dependent on external financing to fund its activities. In order to carry out the planned operations and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2023. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements aside from the covenants described in Note 13.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company's ability to raise future capital is subject to uncertainty and the inability to raise such capital may have an adverse impact over the Company's ability to continue as a going concern (Note 2).

22. Financial instruments

Fair values

The fair values of cash, investments, trade and other receivables, loans receivable, accounts payable and accrued liabilities and contract liabilities approximate their carrying values due to the relatively short-term nature of these financial instruments. The fair value of long-term debt, lease liabilities, deferred payment liability and other long-term debt is based on observable market data and the calculation of discounted cash flows. Discount rates were determined based on current terms and conditions observed in the credit market.

The Company follows a three-tier categorization for its financial instruments as a framework for disclosing fair value based upon inputs used to value the Company's investments. The hierarchy is summarized as:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2 – inputs that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data
- Level 3 – inputs for assets and liabilities not based upon observable market data

As of December 31, 2023, the Vedatis Earn-Out Payment liability is classified as a Level 3 financial instrument, see Note 15.

Total interest income and interest expense for the years ended December 31, 2023 and 2022 for financial assets or financial liabilities that are not at fair value through profit or loss is as follows:

	December 31, 2023	December 31, 2022
Interest income	**$ (64,316)**	$ (36,252)
Interest and accretion expense	**2,339,743**	2,586,387
Net interest expense	**$ 2,275,427**	$ 2,550,135

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, foreign currency risk and interest rate risk.

(Expressed in Canadian Dollars)

22. Financial instruments (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. Substantially all of the Company's cash is held with major financial institutions and thus the exposure to credit risk on cash balances is considered insignificant.

The Company's maximum exposure to credit risk for its trade receivables is summarized as follows:

	December 31, 2023	December 31, 2022
Trade receivables aging:		
0-30 days	**$ 22,974,148**	$ 26,077,091
31-60 days	**2,841,566**	1,455,672
61-90 days	**1,148,610**	1,803,214
Greater than 90 days	**4,153,822**	2,558,113
	31,118,146	31,894,090
Expected credit loss provision	**(336,633)**	(300,735)
Net trade receivables	**$ 30,781,513**	$ 31,593,355

The movement in the expected credit loss provision can be reconciled as follows:

	December 31, 2023	December 31, 2022
Expected credit loss provision, beginning balance	**$ (300,735)**	$ (58,472)
Increase in provision of expected credit losses	**(131,192)**	(240,603)
Write-offs	**14,062**	-
Recoveries	**79,257**	-
Effect of movement in exchange rates	**1,975**	(1,660)
Expected credit loss provision, ending balance	**$ (336,633)**	$ (300,735)

Credit risk

The following default rates, determined based on historical default rates based on the aging of trade receivables, are used to calculate the expected credit loss provision on trade receivables as of December 31, 2023:

	Total	Not past due	Over 30 days past due	Over 60 days past due	Over 90 days past due
Default rates		0.20%	1.19%	1.72%	5.72%
Trade receivables	**$ 31,118,146**	$ 22,974,148	$ 2,841,566	$ 1,148,610	$ 4,153,822
Expected credit loss provision	**$ 336,633**	$ 45,688	$ 33,834	$ 19,710	$ 237,401

Management actively monitors the Company's exposure to credit risk under its financial instruments.

Concentration risk

The Company has one customer which makes up more than 10% of revenue. This customer accounts for approximately 25.01% (December 31, 2022 – 30.24%) of trade receivables as of December 31, 2023 and 50.50% (December 31, 2022 – 55.83%) of revenue for the year ended December 31, 2023.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements.

(Expressed in Canadian Dollars)

22. Financial instruments (continued)

Liquidity risk (continued)

The Company's cash and working capital is maintained through stringent cash flow management to ensure sufficient liquidity is maintained. The table below summarizes the Company's contractual obligations into relevant maturity groups at the statement of financial position date based on the expected contractual maturity date. The amounts disclosed in the table are the contractual undiscounted payments.

	Less than one year	One to two years	Two to three years	More than three years	Total
Accounts payable and accrued liabilities	**$ 47,101,272**	$ -	$ -	$ -	$ 47,101,272
Contract liabilities	**6,078,950**	-	-	-	6,078,950
Income tax payable	**274,924**	-	-	-	274,924
Deferred payment liability	**84,185**	2,409,732	-	-	2,493,917
Lease liabilities	**792,211**	690,777	273,408	-	1,756,396
Long-term debt	**22,511,916**	-	-	-	22,511,916
Other long-term debt	**9,668**	11,602	11,602	357,769	390,641
	$ 76,853,126	$ 3,112,111	$ 285,010	$ 357,769	$ 80,608,016

A large portion of the Company's transactions occur in foreign currencies (including US dollars, UK pound sterling and Euro) and, therefore, the Company is exposed to foreign currency risk at the end of the reporting period through its US dollars, UK pound sterling and Euro denominated trade and other receivables, accounts payable and accrued liabilities, contract liabilities, deferred payment liability and cash. As of December 31, 2023, a 10% depreciation or appreciation of the US dollar, UK pound sterling and Euro against the Canadian dollar would have resulted in an approximate $934,000, $184,000, and $234,000 decrease or increase, respectively, in total net loss and comprehensive loss.

Interest rate risk

The Company's Term Credit bears interest at Banker's Acceptance fee equal to CDOR rate plus 7.5%. The Company's Operating Credit bears interest at the Bank's prime lending rate plus 1.50%. Fluctuations in the Banker's Acceptance fee equal to CDOR rate and the Bank's prime lending rate will result in changes to interest expense. A change in the annual interest rate of 0.50% would approximately result in a $99,000 change in the annual interest expense.

23. Commitments

As of December 31, 2023, the Company has the following payment commitments with respect to consulting and other contractual obligations:

Not later than one year	**$ 986,000**
Later than one year and not later than five years	**887,000**
	$ 1,873,000

24. Segment disclosure

The Company operates in one industry segment of digital media and entertainment. The majority of the Company's assets are located in Canada and the United States of America ("USA"). The Company sells into four major geographic centers: USA, Canada, England and Wales and other foreign countries. The Company has determined that it has a single reportable segment as the Company's decision makers reviews information on a consolidated basis.

Revenues by pillar for the years ended December 31, 2023 and 2022 is as follows:

	December 31, 2023	December 31, 2022
Media and content	**$ 154,825,175**	$ 180,765,848
Esports and entertainment	**8,311,342**	7,534,936
Subscription	**15,041,610**	14,535,137
	$ 178,178,127	$ 202,835,921

24. Segment disclosure (continued)

Revenues, in Canadian dollars, in each of the four major geographic locations for the years ended December 31, 2023 and 2022 is as follows:

	December 31, 2023	**December** 31, 2022
Canada	**$ 4,898,125**	$ 4,314,454
USA	**146,874,305**	174,674,636
England and Wales	**9,716,729**	9,810,393
All other countries	**16,688,968**	14,036,438
	$ 178,178,127	$ 202,835,921

Non-current assets, in Canadian dollars, in each of the Company's geographic locations as of December 31, 2023 and December 31, 2022 is as follows:

	December 31, 2023	December 31, 2022
Canada	**$ 132,820,450**	$ 153,899,948
USA	**54,268,252**	130,543,027
France	**3,335,000**	3,364,854
England and Wales	**5,502,233**	5,786,062
	$ 195,925,935	$ 293,593,891

25. Subsequent events

(i) On January 1, 2024, Enthusiast Gaming Live Inc. amalgamated with Enthusiast Gaming Inc.

(ii) On January 3, 2024, the Company issued 1,328,559 common shares to settle 1,328,559 vested restricted share units issued to directors, officers and consultants of the Company.

(iii) On January 8, 2024, Nick Brien resigned as the Chief Executive Officer of the Company. Concurrently, the Company appointed Adrian Montgomery as interim Chief Executive Officer. On March 1, 2023, the Company issued 5,305,104 stock options and 757,872 performance stock options (Note 17) to Nick Brien which were unvested and forfeited upon Nick's resignation. Share-based compensation expense recorded on Nick Brien's stock options vesting during the year ended December 31, 2023 in the amount of $2,194,888 will be credited against share-based compensation expense during the year ended December 31, 2024.

(iv) On January 16, 2024, the Company issued 1,089,007 restricted share units to officers. These restricted share units are expected to be settled through the issuance of 1,089,007 common shares of the Company. These restricted share units vest one-third on January 16, 2024, January 1, 2025 and January 1, 2026, respectively.

(v) On February 9, 2024, the Company filed Form 15F with the SEC to deregister the Company's common shares under Section 12(g) of the U.S. Securities Exchange Act of 1934, as amended ("the Exchange Act"), and to suspend the Company's reporting obligations under Section 15(d) of the Exchange Act. The Company's obligation to file reports with the SEC, including annual reports and Forms 6-K, will be suspended immediately upon filing of the Form 15F.

(vi) On March 7, 2024, the Company completed a reduction in force affecting approximately 45 employees, or 25% of the workforce.

(vii) On March 31, 2024, the Company entered into a definitive agreement (the "Asset Sale Agreement") for the divestment of certain non-core and non-profitable casual gaming assets for a purchase price of approximately $4,065,000 (USD $3,000,000). The Asset Sale Agreement is expected to close in 10 business days following March 31, 2024 (the "closing date") and is subject to customary closing conditions. The Asset Purchase Agreement may be terminated by the seller or purchaser prior to the closing date. Among the casual gaming assets included as part of the divestment are Shockwave, LittleBigSnake, MathGames.com, and TypeRacer.com.