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CREATORS . COMMUNITIES . CONTENT . EXPERIENCES

***THE BUSINESS
OF GAMING***

Enthusiast Gaming Holdings Inc.

Management's Discussion and Analysis
For the Three Months Ended March 31, 2024

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis
For The Three Months Ended March 31, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis is management's assessment of the results and financial condition of Enthusiast Gaming Holdings Inc. (the "Company" or "Enthusiast Gaming" or "we" or "our"). The following information should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2024, and accompanying notes, and the Company's audited annual consolidated financial statements for the year ended December 31, 2023, and accompanying notes, all of which are available on Enthusiast Gaming's issuer profile on SEDAR at www.sedarplus.ca.

The date of this management's discussion and analysis ("MD&A") is May 15, 2024. Unless otherwise indicated, all financial data in this MD&A has been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*. Condensed consolidated interim financial statements do not include all of the information required for annual consolidated financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2023 which have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. This MD&A has been prepared pursuant to the disclosure requirements under National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators. All dollar amounts are stated in Canadian Dollars unless otherwise indicated.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation ("forward-looking information"). Such forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below and as detailed under "*risks and uncertainties*" in this MD&A.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is given as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results, except as may be required by applicable securities laws. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

NON-GAAP MEASURES

There are measures included in this MD&A that do not have a standardized meaning under generally accepted accounting principles ("GAAP") and therefore may not be comparable to similarly titled measures and metrics presented by other issuers and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. In particular, "working capital", "EBITDA" and "Adjusted EBITDA" are non-GAAP measures. Enthusiast Gaming includes these measures because it believes certain investors use these measures and metrics as a means of assessing financial performance and that such measures highlight trends in the Company's financial performance that may not otherwise be apparent when one relies solely on GAAP measures.

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NON-GAAP MEASURES (Continued)

The non-GAAP measure presented in this MD&A are:

- “working capital”, which is defined as current assets minus current liabilities;
- “EBITDA”, which is defined as earnings before interest, taxes, depreciation and amortization. Enthusiast Gaming calculates EBITDA using gross margin less total operating expenses plus share-based compensation, amortization and depreciation and annual general meeting legal and advisory costs; and,
- “Adjusted EBITDA”, which is defined as EBITDA plus severance and other non-recurring public costs. Non-recurring costs include items such as the annual Nasdaq listing fees and annual directors and officers (“D&O”) liability insurance specific to the Company’s former listing on Nasdaq.

Non-GAAP measures should not be considered in isolation or as a substitute for revenue, net income, cash flows generated by operating, investing or financing activities, or other financial statement data presented in accordance with GAAP, and may not be comparable to similarly titled measures used by other companies.

DESCRIPTION OF ENTHUSIAST GAMING HOLDINGS INC.

Enthusiast Gaming is building a highly engaged media platform for gamers to connect worldwide. Through its proprietary mix of digital media and entertainment assets, Enthusiast Gaming has built a vast network of engaged communities to deliver the ultimate gamer experience. This vertically integrated media platform engages a diverse, youthful and affluent audience who are watching, reading and consuming gaming content. Around 80%¹ of Enthusiast Gaming’s audience is comprised of Gen Zs and Millennials who rely on the Enthusiast Gaming platform to learn, engage, communicate, create, and share gaming related content.

Between its online digital media properties, its network of partner websites and video channels, its library of web and mobile casual games, and its esports organization (Luminosity Gaming Inc., “Luminosity Gaming” or “Luminosity”), the Company has become one of the largest gaming properties in the U.S. according to Comscore.²

Enthusiast Gaming was incorporated under the Business Corporation Act (British Columbia) on June 27, 2018. The Company is a publicly traded company listed on the Toronto Stock Exchange (“TSX”) and previously traded on the Nasdaq Capital Market (see *Nasdaq Minimum Bid Price Requirement*) 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. Enthusiast Gaming maintains its registered office at 510 West Georgia Street, Suite 1800, Vancouver, British Columbia, V6B 0M3 and its executive office at 90 Eglinton Avenue East, Suite 805, Toronto, Ontario, M4P 2Y3.

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 USD \$3,000,000. The Asset Sale Agreement closed on April 15, 2024. Pursuant to the terms of the Asset Sale Agreement, the Company divested certain non-core and non-profitable casual gaming assets in exchange for (i) a cash payment of USD \$2,000,000 on closing, (ii) a payment of USD \$500,000 on the six-month anniversary of closing, and (iii) a payment of USD \$500,000 on the six-month anniversary of closing. Among the casual gaming assets included as part of divestment are Shockwave, LittleBigSnake, MathGames.com, and TypeRacer.com.

¹ Calculated based on data provided by Comscore Plan Metrix as of January 2024.

² Comscore Media Metrix® Multi-Platform, Total Audience, March 2024, U.S.

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BUSINESS PRODUCTS AND SERVICES

Enthusiast Gaming deploys its products and services as a single reportable segment in the digital media and entertainment industry. Enthusiast Gaming's products and services fall into three principal pillars, which consist of Media and Content, Esports and Entertainment, and Subscription.

MEDIA AND CONTENT

Enthusiast Gaming's media and content revenue stream is comprised of a vast number of websites that are wholly owned or monetized by the Company and contain news, reviews, videos, live streams, and all types of video-gaming related content and casual games. Central to Enthusiast Gaming's ability to create valuable advertising space that can be sold on its websites, video channel and casual games (referred to as "Inventory") is the ability to both develop content rich digital media and foster the interaction with its highly engaged communities. The communities across the gaming landscape are drawn to different games, aspects and forms of content on Enthusiast Gaming's network of websites.

For any digital media publishing company, the key mission is to build highly engaged communities that are also the targeted demographic for brands to run successful advertising campaigns. Enthusiast Gaming has amassed a platform of engaged, lifestyle gamers that have become a leading advertising platform for brands targeting the gamer demographic.

Enthusiast Gaming's web and video platforms generate billions of views per quarter (see *Select Operating Metrics*). This Inventory is available for sale both through direct sales and programmatically. Having this valuable Inventory alongside a direct sales team allows for Enthusiast Gaming to provide its clients with integrated advertising solutions.

Omnia Media Inc.'s ("Omnia"), a subsidiary of the Company, principal business activities include the representation and management of underlying talent as well as the creation, distribution, and exploitation of owned and talent-produced gaming-related video content. Omnia generates advertising revenue from its direct brand sales as well as its external talent network and owned and operated content. Omnia owns content brands that matter to fans who love gaming and pop culture including Arcade Cloud and Wisecrack. Arcade Cloud is a gaming channel featuring original animations. Wisecrack is a collective of comedians, academics, filmmakers, and artists. The ownership of content allows for the exploitation of valuable intellectual property leading to direct engagement between users and advertisers.

Programmatic Media Value Chain

The programmatic media value chain consists of various industry players seeking to facilitate optimal purchasing of advertising from targeted publishers. Importantly, both the supply side (websites or video properties with ad space) and the demand side (brands and/or advertisers seeking ad space) have their own respective options when it comes to platforms. Supply-side Platforms ("SSPs") and Display Side Platforms ("DSPs") have been created in order to streamline publishing and ad-buying processes. Companies strategically use both SSPs and DSPs to facilitate optimal purchasing of advertising from targeted publishers.

A common advertising spending metric utilized in the digital publishing industry, is known as "Cost Per Thousand" ("CPM") impressions.

CPM and other relevant metrics allow SSPs and DSPs to navigate on a common basis whereby a more targeted marketing campaign will typically demand a higher CPM given that each ad impression can justifiably be worth more to the advertiser.

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BUSINESS PRODUCTS AND SERVICES (Continued)

MEDIA AND CONTENT (Continued)

Sale of Inventory

The digital media advertising revenue stream of Enthusiast Gaming's business flows from the digital media publishing revenue stream. With content-rich digital media properties drawing billions of monthly page and video views, Enthusiast Gaming is able to sell valuable Inventory on its digital media properties. In addition to selling its own Inventory, Enthusiast Gaming acts as a representative for the sale of third-party Inventory on websites and video properties and applications that also host similarly themed content. By combining the Inventory in its own network with third-party Inventory, and in some instances, acting as an exclusive provider of advertising to third parties, Enthusiast Gaming gets access to exclusive ad auctions and sales opportunities through which it is able to command higher advertising revenues.

Digital advertising revenue is determined by a number of metrics that are not always directly correlated to the amount of revenue being generated. Advertising revenues may factor in the number of individuals who view particular web pages or video properties in Enthusiast Gaming's network of digital media properties, how often the web pages or videos are viewed, and how much time a user spends on a website or video property during each visit. Revenue can be accorded based on the number of advertising impressions, and the rate at which advertisements lead to sales. The functioning of the advertisements themselves can have a significant effect on achieving key advertising metrics.

The Inventory or advertising space can be found in a variety of locations throughout the websites and video properties. New advertising impressions are generally created when a user opens a website or navigates to a different page, or when they watch a video. They can take on the form of pre-roll video advertisements, banner advertisements, ad-words, "skins" or background advertisements, in-application ads, or other forms of ad units as may be applicable to the respective property.

Enthusiast Gaming derives part of its total revenue from direct advertising campaigns. When a client opts for a direct campaign, Enthusiast Gaming will prepare a marketing plan with the client, consisting of the length of the campaign and set parameters which will define how the ad will be displayed such as, specific countries where the ad will be displayed, on desktop or mobile, whether the ad will click through to another site, etc. Additionally, depending on the campaign, Enthusiast Gaming may guarantee a certain amount of impressions. Additionally, Enthusiast Gaming may produce custom campaigns that involve activations by talent including conducting contests, livestreams, and social media posts to increase brand awareness.

Enthusiast Gaming's media and content revenue is primarily derived from the sales of ad inventory on its network of digital media properties. Enthusiast Gaming's revenue is largely dependent on supply and demand such as, in preparation for retail-oriented holidays, retail sector advertisers may increase their advertising budgets, thus reducing the availability of ad inventory and increasing its value.

Online advertisements can be sold in a variety of ways. Enthusiast Gaming enters into agreements with online advertising exchanges, through which advertisers will bid on space and time in Enthusiast Gaming Inventory and the Inventory of companies Enthusiast Gaming represents.

Under its affiliate agreements, Enthusiast Gaming provides advertising sales as a third-party representative, to digital media publishers. Generally, Enthusiast Gaming will receive the right to market and sell all available advertising space within the digital media publisher's website or video property for the duration of the agreement. In exchange for the opportunity to monetize the digital media publisher's property, Enthusiast Gaming will compensate the digital media publisher, either in the form of fixed monthly payments subject to page views, or a percentage of ad revenue, or a combination of the two.

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BUSINESS PRODUCTS AND SERVICES (Continued)

MEDIA AND CONTENT (Continued)

Sale of Inventory (Continued)

The advertising technology space is ever evolving, but like most industries, the race tends to be toward optimal efficiency. Enthusiast Gaming therefore believes, as do many industry experts, that original content production, curation, and publishing will continue to thrive and generate more value given its importance to target consumers. Large advertisers are interested in widely distributed publishers like Enthusiast Gaming.

ESPORTS AND ENTERTAINMENT

The Company's esports division, Luminosity Gaming, is a professional esports organization. It currently has fully owned teams competing in Apex Legends, Rocket League, Overwatch, Super Smash Bros: Ultimate, Brawl Stars, and Pokémon Unite. Luminosity Gaming's teams compete globally and Luminosity positions itself as a significant contender at the highest level of competition in all games in which it fields teams. In addition to its competitive esports' teams, Luminosity also has a team of content creators on YouTube, Twitch, Kick, Instagram and TikTok.

Enthusiast Gaming's enterprise is made up of interrelated operations intended to derive revenue from assets acquired by Enthusiast Gaming across the esports value chain. Enthusiast Gaming leverages its esports operations to build content and develop an audience and fan base to facilitate merchandising and subscriptions, pursuant to direct sponsorships, endorsement deals, product placement deals, advertising sales and advertising.

The branding of Enthusiast Gaming and Luminosity Gaming is particularly important to its marketing initiatives and its ability to gain traction in the industry and engage marketing partners such as sponsors. The outcome of any contest, competition, or tournament for the teams and players that Enthusiast Gaming intends to manage and provide services to may affect the ability for Enthusiast Gaming to strengthen its brand. Enthusiast Gaming believes its business depends on identifiable intangible properties such as brand names.

Esports entities that rely on marketing initiatives as a source of revenue will need to have a large following in order to enable marketing partners to generate revenue by leveraging this following. To that end, Enthusiast Gaming has retained a management team that has business acumen, sports and entertainment experience and industry connections. Enthusiast Gaming leverages its direct sales team to not only sell advertising inventory, but to also sell sponsorships for its esports assets.

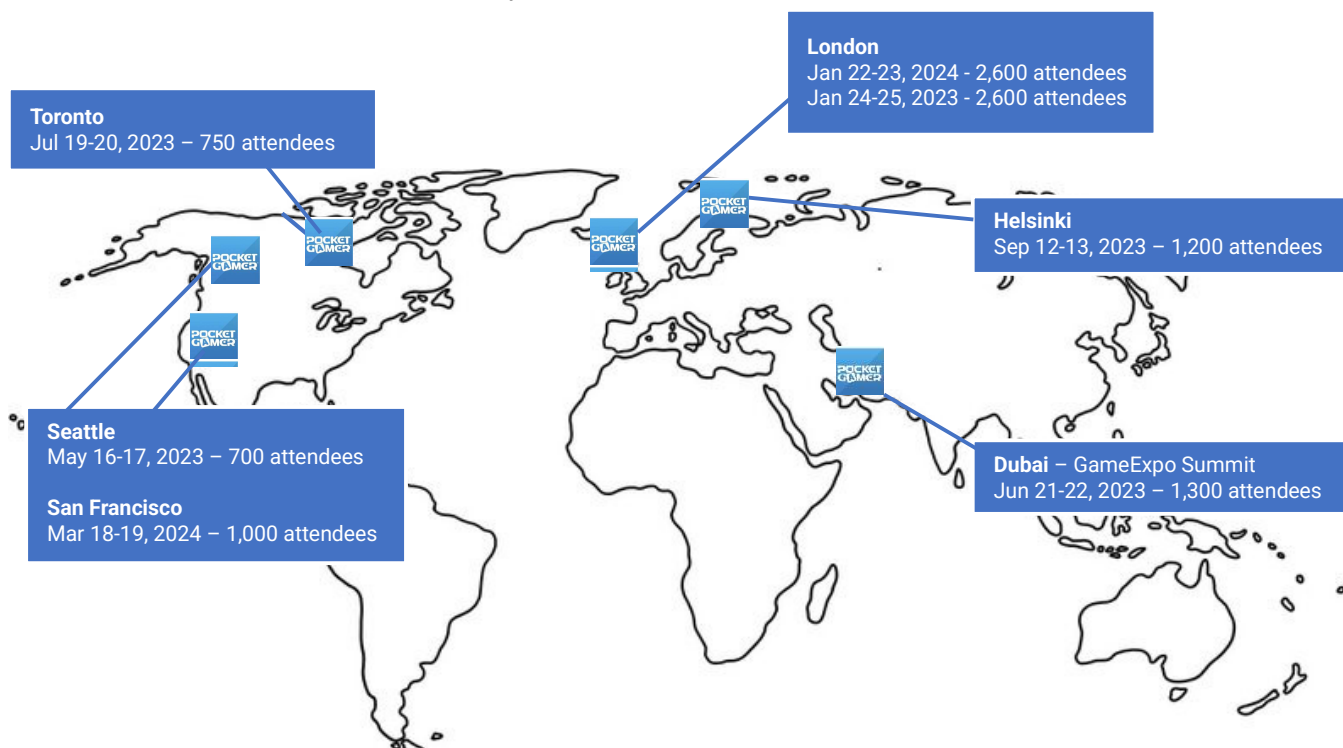
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BUSINESS PRODUCTS AND SERVICES (Continued)

ESPORTS AND ENTERTAINMENT (Continued)

The Company's entertainment division is also the operator of over 25 video game networking events across 11 countries, including key markets such as the US and UK. The Company is an industry leader in B2B and consumer mobile gaming events. It owns and operates numerous successful networking events around the world with registered industry attendees and key sponsors and partners. As part of its B2B events, the Company hosts Pocket Gamer Party, Top 50 Developer Guide, Mobile Mixers, the Mobile Games Awards, and a feature event, Pocket Gamer Connects ("PGC"), the largest B2B mobile games conference series, with both virtual events and live events in locations such as London, San Francisco, Helsinki, and Seattle. The following summarizes select Pocket Gamer events over 2023 and 2024 year to date:



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BUSINESS PRODUCTS AND SERVICES (Continued)

SUBSCRIPTION

The Company offers membership subscriptions to the following owned and operated properties:



The Sims Resource ("TSR") operates a subscription-based model and has a current subscriber base of approximately 196,000 monthly subscribers. TSR's subscribers pay on average approximately USD\$4 per month to access its VIP features.



Offers monthly and yearly premium membership subscriptions to the GameKnot website.



Offers premium subscriptions to the Icy Veins website.



Offers membership subscriptions to the U.GG website.



Offers membership subscriptions to the FFS and Live FPL websites.

The Company plans to continue to expand its subscription offerings across its networks of web and video properties.

On April 15, 2024, pursuant to the terms of an Asset Sale Agreement, the Company divested certain non-core and non-profitable casual gaming assets including Shockwave, LittleBigSnake, MathGames.com, and TypeRacer.com (See *Description of Enthusiast Gaming Holdings Inc.*), as well as its respective subscription revenue.

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GROWTH STRATEGIES

Enthusiast Gaming has a complementary organic and inorganic growth strategy. Mergers and acquisitions have been an important growth lever for the Company historically, having helped the Company grow and serve its highly engaged communities. The Company believes it has a clear path to further monetize the communities through multiple organic growth initiatives including: increasing direct sales, optimizing CPMs, and growing subscribers.

Increase Direct Sales

Selling high-impact advertising inventory as well as content directly to brands creates additional margin accretion as marketers are charged a higher price than traditional programmatic sales. Direct selling specifically relates to contracting directly with brands to produce custom content and campaigns and is typically supplemented with paid media for customer activations. Direct sales included in revenue for the three months ended March 31, 2024 was \$6.6 million as compared to approximately \$10.0 million for the three months ended March 31, 2023. The decrease was due to timing of certain consumer product goods customers included Q1 2023 relative to Q1 2024 as well as general macroeconomic impact on the technology/telecommunication sales vertical. Enthusiast Gaming's direct sales efforts began in Q1 2020 and continue to see increased success with advertisers at large.

The Company has expanded upon its direct sales custom content and advertising solutions through its partnership with the National Football League ("NFL") with NFL Tuesday Night Gaming ("NFL TNG"). In September 2022, the Company partnered with the NFL, in a multi-year partnership, to launch a first-of-its-kind gaming collaboration bringing together NFL players and Legends with top gaming content creators from marquee gaming organizations including Luminosity Gaming.

NFL TNG debuted September 13, 2022, on YouTube in the United States and Canada, and airs Tuesdays during the NFL regular season. The show consists of a rotating roster of NFL players and legends, competing with gaming creators across multiple game titles each week. For more information on NFL TNG, visit nfltuesdaynightgaming.com.

In addition, the Company has also signed a partnership with the National Hockey League ("NHL") which will commence on April 30, 2024, to provide further advertising solutions and content to its' partners.

Optimize CPMs

Enthusiast Gaming is focused on utilizing programmatic optimization tools to target specific viewers and delivering high value advertising. Enthusiast Gaming continues to enter into new relationships that contribute to increased sell through rates and revenue performance. The Company has partnered with Playwire LLC beginning on March 11, 2024 to accelerate its ad tech tools and expects to be able to achieve further revenue optimization on the Company's web platforms.

Grow Subscribers

The Company has more than quadrupled the number of paid subscribers for its properties from approximately 61,000 in March 2019 to approximately 259,000 in March 2024. Enthusiast Gaming continues to look for opportunities to grow existing subscription offerings, launch new subscription offerings, and is in the early stages of developing an Enthusiast Gaming platform wide subscription model available to web, video, and esports audiences of the Company.

On April 15, 2024, pursuant to the terms of an Asset Sale Agreement, the Company divested certain non-core and non-profitable casual gaming assets including Shockwave, LittleBigSnake, MathGames.com, and TypeRacer.com (See *Description of Enthusiast Gaming Holdings Inc.*). Paid subscribers for Shockwave, LittleBigSnake, MathGames.com, and TypeRacer.com as of March 31, 2024 were approximately 23,000.

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MARKET

Gaming Market

Gaming is a massive industry that is expected to continue to grow. According to Statista, the global advertising budget towards the gaming market reached USD\$227.0 billion in 2023 and is expected to grow to USD\$266.0 billion by 2025.³ Gamers are a highly engaged customer base that average 8.5 hours played a week globally⁴. Advertisers are highly active in the space due to its attractive demographic reach, high engagement rates, and increasing cultural relevance. More and more, younger generations are delving into gaming ecosystems, opting for gaming as their main form of entertainment. Nearly 50% of the Gen Z and Millennials prefer gaming than any other traditional media such as streaming TV, broadcast TV, music and reading.⁵

It is expected that player numbers will grow to 3.7 billion users in 2025 with North America holding the highest average game spend per year per gamer.⁶

As the industry continues to evolve, developers and publishers continue to create new content, with better monetization and communication capabilities. Additionally, technology companies are fueling the rise of gaming by enhancing content through better platforms i.e., larger mobile phones, new consoles and cloud gaming, which allow gamers to play anytime, anywhere using any platform. With the industry's growth, devoted gamers stay immersed in gaming content well after turning off their devices. Video games have led to the rise of esports, streaming, dedicated news and fan sites as well as celebrities all of which accelerate the global excitement around gaming. Of the total population, 79% of the population engages with some sort of gaming with a positive skew in engagement towards younger generations such as Generation Alpha and Generation Z.⁸

Digital Media

Digital media has become an increasingly important component of the industry. Gamers are now allocating significant time to gaming outside of playing their favorite titles, choosing to watch gaming video content, following esports teams and joining forums/blogs. Gamers are spending time on gaming websites containing news, reviews, videos, blog posts, tips, chats, message boards, and other content. Furthermore, 92% of Gen Alpha and Gen Z have spent money on in-game purchases⁷, and their attitudes towards brands are more positive than non-payers.⁸ More than half of the Gen Alpha, Gen Z and Millennials players discover new brands while gaming.⁹ In 2023, USD\$57.2 billion of consumer spending on video game products were recorded in the U.S, of which 84% sales were related to video game content.¹⁰

Viewers of Enthusiast Gaming's network of digital media properties are both men and women ages 13 to 65+ with the majority of its users spending, on average, more than 15+ hours gaming per week. These individuals represent a highly sought-after demographic in a number of key advertising categories.

³ Based on data provided by Statista as of January 2023.

⁴ Based on data provided by BankmyCell's Worldwide Gamers Statistics in 2024.

⁵ Based on data provided by Digiday, Gaming Advertising Forum published on July 11, 2022.

⁶ Based on data provided by Canaccord Genuity equity research report as at June 2023.

⁷ Based on Newzoo's "Gen Alpha & Gen Z - The Future of Gaming" Report published on September 28, 2022.

⁸ Based on Newzoo's "How Consumers Engage with Video Games Today – Newzoo's Global Gamer Study 2023", published on June 20, 2023.

⁹ Based on Newzoo's "How different generations engage with video games today" Report published on October 17, 2023.

¹⁰ Based on the article "U.S Consumer Video Game Spending Totaled \$57.2 Billion in 2023" by Yahoo Finance on Feb 7, 2024.

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MARKET (Continued)

Esports

Esports, or electronic sports, is the evolution of video gaming. “Esports” typically refers to competitive gaming whereby gamers can, individually or in teams, compete against one another. Spectators can typically observe these competitions via different platforms online or in person at live events. The advent of online platforms, such as Twitch, has allowed more and more spectators to watch competitions globally from anywhere in the world and has contributed to the growth in the popularity of esports. Competitive gamers can now participate in regulated leagues, tournaments or other competitions and matches, for various different games on different entertainment systems. Further, competitive gamers, teams, team managers, streamers, game developers, viewing platforms and other participants in the esports industry are able to monetize the attention through different means, including through viewer subscriptions and marketing sponsorships.

Esports is an important component of online video gaming content. Most notably, esports turns competitive video-gaming into a spectator sport. Thousands of viewers will attend live events to watch professional video game players compete in tournaments. Additionally, these tournaments are often streamed online, with viewers logging on to watch from their computers, tablets or mobile devices. In 2022, the global esports market revenue was valued at just over US\$1.38 billion and forecast to grow to US\$1.87 billion in 2025. The global esports audience would reach 532 million.¹¹

SUSTAINABILITY

Being Transparent and Accountable, Responsible for a Sustainable Business Environment

Corporate governance and sustainable development are key to bringing credibility to management’s decision making and enhancing the communications process between the Company and all stakeholders.

Journey to Governance Best Practices and Supporting our Communities

The Board of Directors and management of Enthusiast Gaming believe that the Company’s performance requires a sound and effective Environment, Social and Governance (“ESG”) approach. The Board of Directors has adopted certain practices and procedures to ensure that effective corporate governance practices are followed, and the Board of Directors review the Company’s corporate governance practices and procedures on a regular basis to ensure that they address significant issues around corporate governance.

At Enthusiast Gaming, management believes its employees are the biggest asset and it is committed to fostering, cultivating, and preserving a culture of diversity, inclusion, and equality. The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities, and talent that the Company’s employees invest in their work represents a significant part of the Company’s culture, reputation and achievements.

¹¹ Based on data provided by Statista as of December 13, 2023

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SUSTAINABILITY (Continued)

Journey to Governance Best Practices and Supporting our Communities (Continued)

During the year ended December 31, 2023, numerous new social and governance policies were launched in addition to the existing policies, including a Diversity Policy, Parental Leave Policy, and a new Vacation and Leave Policy with the aim to provide an equitable and harmonious work environment for staff. As part of designing improved corporate governance practices throughout the organization, the Company is currently in process of establishing a new ERP system to ensure the continued support of business needs and strategic objectives, as well as further enhance the control environment, increase operational efficiencies, and maintain a high quality of its reporting capabilities as business continues to grow.

In 2023, the Company set up the following four Employee Resources Groups (“ERG”) spearheaded by the staff:

- Prism** – Recognising our LGBTQIA+ community.
- Tetris** – People of Color
- Joysticks** – Employee Mental Health Awareness Group
- RYG (Raise Your Game)** - Women’s Affinity ERG



Protecting our Environment

Enthusiast Gaming cares about the carbon footprint produced every day by our staff and customers. The Company provides a hybrid working environment, encouraging virtual meetings with internal and external stakeholders which greatly reduces travel and the use of utilities, plastics, and paper, and thereby minimizes our carbon footprint. For our PGC events, we provide both in person and virtual channels for participants to join our events in order to reduce emissions from attendee travel by opening the event to remote participation. We also support the Games Forest Club, a non-profit organisation which aims to guide the games industry towards a climate-positive future by 2030, with less environment impact, through donations for every PGC ticket we sell. These donations go towards preserving a section of forests in Peru, to help off-set our event-related carbon footprint.

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SIGNIFICANT ANNOUNCEMENTS DURING THE FIRST QUARTER OF 2024 AND SUBSEQUENT TO THE FIRST QUARTER OF 2024

DATE	DESCRIPTION
January 4, 2024	The Company announced that the Luminosity Gaming, in partnership with Even Matchup Gaming, will kickoff 2024 with the first major Super Smash Bros tournament of the year: <i>Luminosity Makes BIG Moves New York</i> .
January 8, 2024	The Company announced that Nick Brien has provided notice of his resignation as Chief Executive Officer and director of the Company, the resignation became effective upon acceptance of the Board of Directors on January 8, 2024. The Company has appointed the current Chairman of the Board of Directors, Adrian Montgomery, as interim Chief Executive Officer. Mr. Montgomery previously served as Chief Executive Officer of Enthusiast Gaming from its inception until March of 2023. The Board of Directors intends to commence a search to select a new Chief Executive Officer who will lead the Company into its next phase of growth.
January 10, 2024	The Company announced that the Company and the National Football League will wrap the second season of the popular video gaming series NFL TNG with a collection of special episodes that highlight the moments fans crave the most. For those who missed all the action during the regular season, for the first time NFL TNG will air on FOX for a one-hour broadcast on January 13, 2024.
February 9, 2024	The Company announced that it filed a Form 15F with the SEC to deregister its common shares under Section 12(g) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), and to suspend its 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. Once the Form 15F is effective, which is expected to occur within 90 days of filing, the Company will no longer be a public reporting company and its obligations to file other reports with the SEC will also be suspended. The Company's common shares will continue to trade on the TSX.
February 15, 2024	The Company announced that Luminosity Gaming has seen a number of recent successes in connection with its continued investment in highly engaged gaming communities. In January 2024, Luminosity hosted one of its tentpole Super Smash Bros Ultimate events, Luminosity Makes Big Moves 2024, at the New Yorker Hotel in New York City in partnership with Even Matchup Gaming. The three-day event had over 1,100 individuals competing in a variety of competitions and brought in over 1,500 total live attendees.
February 20, 2024	The Company announced that its flagship event, PGC London 2024, set records as its largest event to date. The show marked the start of the 10th anniversary of PGC events and surpassed all previous shows on a number of key metrics, with over 2,600 attendees representing more than 1,300 companies from 65 countries.

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SIGNIFICANT ANNOUNCEMENTS DURING THE FIRST QUARTER OF 2024 AND SUBSEQUENT TO THE FIRST QUARTER OF 2024 (Continued)

DATE	DESCRIPTION
February 28, 2024	The Company announced that its data-driven and insights platform, U.GG, has achieved over 2.1 million downloads of its League of Legends desktop applications, including over 575,000 downloads of its proprietary application since June 2023.
March 7, 2024	The Company announced that it has undertaken a series of strategic and operational actions designed to enhance the Company's business model in the areas most critical to its future success, renewing its commitment to the growth and development of its highly engaged gaming communities and focusing the business on drivers of high-margin revenue growth and sustainable profitability. These actions are expected to generate \$10 million in annual run-rate savings and will be completed largely by the end of Q1 2024. Cost savings initiatives and operational efficiencies include efficiencies in ad tech, the consolidation of offices, the insourcing of production and content resources, headcount reductions and other areas. Enthusiast Gaming's immediate priority is to enhance organizational effectiveness and community engagement.
March 14, 2024	The Company announced that its next live event PGC will take place in San Francisco on March 18-19, 2024. Being held immediately prior to the Game Developers Conference, PGC San Francisco is expected to draw a large crowd of video game developers, publishers and other industry professionals to connect, do business and learn from industry leaders.
March 22, 2024	The Company announced Thomas Hearne has been appointed to the Board of Directors, effective as of March 20, 2024.
March 28, 2024	The Company announced a multi-year partnership with leading advertising technology provider Playwire. Enthusiast Gaming will leverage RAMP®, Playwire's complete Revenue Amplification Management Platform, to power Enthusiast Gaming's network of gaming websites, channels and apps.
April 1, 2024	The Company announced it has 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 \$4.1 million (USD \$3.0 million). Among the casual gaming assets included as part of the divestment are Shockwave, LittleBigSnake, MathGames.com, and TypeRacer.com.
April 11, 2024	The Company announced that Luminosity Gaming, the Company's gaming and esports brand, will be hosting a live in-person Super Smash Bros Ultimate invitational event in partnership with Kroger and Blackhawk Network. The one-day event will be hosted in Miami, Florida, at the ROK Esports Center on April 20th, 2024, and will feature ten of the top competitors in Super Smash Bros Ultimate.

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis
For The Three Months Ended March 31, 2024

SIGNIFICANT ANNOUNCEMENTS DURING THE FIRST QUARTER OF 2024 AND SUBSEQUENT TO THE FIRST QUARTER OF 2024 (Continued)

DATE	DESCRIPTION
April 17, 2024	The Company announced that in partnership with Amazon, its esports team, Luminosity will be hosting a Rocket League invitational event featuring North America's top-ranked teams and players to promote Amazon Prime. The two-day invitational event will be hosted by Sean 'Spaceman' Rogers and Jack 'Corelli' Collier and feature eight of the top professional North American Rocket League teams, including Luminosity's very own, as they compete to earn a \$15,000 prize pool on April 30th and May 1st.
April 30, 2024	The Company announced that its data-driven and insights platform, U.GG, has expanded into Teamfight Tactics, another of Riot's principal titles. U.GG's Teamfight Tactics' offering leverages a content management system curated by professional players to provide item builds, augments, board placement, and tempo recommendations for the best team comps in the current meta.

OVERALL PERFORMANCE

Summary of Financial and Operating Results For the Three Months Ended March 31, 2024 and 2023

Selected financial information for the Company for the indicated period is provided below:

	Three Months Ended March 31, 2024 \$	Three Months Ended March 31, 2023 \$
Total revenue	23,328,239	42,879,966
Cost of sales	9,252,080	26,114,408
Gross margin	14,076,159	16,765,558
Interest income	(5,053)	(61,207)
Operating expenses	15,526,240	25,231,120
Net loss and comprehensive loss for the period	(1,315,621)	(8,730,149)
Net loss per share – basic and diluted	(0.01)	(0.06)

Revenue for the three months ended March 31, 2024 and 2023, was \$23,328,329 and \$42,879,966 respectively. The table below provides a breakdown of the revenue for the indicated period:

	Three Months Ended March 31, 2024 \$	Three Months Ended March 31, 2023 \$
Media and content (a)	15,884,852	35,531,707
Esports and entertainment (b)	3,417,000	3,393,997
Subscriptions (c)	4,026,387	3,954,262
Total Revenue	23,328,239	42,879,966

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis

For The Three Months Ended March 31, 2024

OVERALL PERFORMANCE (Continued)

Summary of Financial and Operating Results (Continued)

For the Three Months Ended March 31, 2024 and 2023 (Continued)

Notes:

- (a) Media and content revenue predominantly consists of advertising revenue on the Company's web, video, and casual gaming platforms, and content licensing revenue. Q1 2024 media and content revenue attributable to the video platform is \$6.6 million, which decreased \$14.5 million compared to \$21.1 million in Q1 2023. The decrease in media and content revenue for Q1 2024, relating to the video platform, is mainly attributable to the continued de-prioritization of video platform which the Company elected for in order to reduce operating costs relating to video channels. In addition, a decrease in video views of 67% in Q1 2024 compared to Q1 2023, mainly due to the de-prioritization of the video platform, and a revenue per thousand impressions ("RPM") for the video platform which was 22% lower in Q1 2024 compared to Q1 2023, also attributed to the decrease in media content revenue relating to the video platform.

Q1 2024 media and content revenue, excluding the video platform, is \$9.3 million, which decreased \$5.1 million compared to \$14.4 million in Q1 2023. The decrease in media and content revenue for Q1 2024, when excluding the video platform, is mainly attributable to a decrease in web pageviews of 56% in Q1 2024 compared to Q1 2023 which is mainly due to a large partner publisher departing from the Company's web platform in October 2023, and a decrease in direct sales. An increase in web RPM of 56% in Q1 2024 compared to Q1 2023 offsets a portion of the decrease in web pageviews relating to the web platform. The increase in RPM is due to the Company having owned and operated properties represent a larger portion of the web platform.

Direct sales, the majority of which is included in media and content revenue, also attributed to the decrease in media and content revenue. Direct sales decreased from \$10.0 million in Q1 2023 to \$6.6 million in Q1 2024, a decrease of \$3.4 million. The decrease in direct sales is due to timing of certain consumer product goods customers included Q1 2023 relative to Q1 2024 as well as general macroeconomic impact on the technology/telecommunication sales vertical.

Direct sales and the de-prioritization of the video platform are significant drivers for the increase in gross profit from 39.1% in Q1 2023 to 60.3% in Q1 2024. Direct sales represent a larger percentage of overall revenue in Q1 2024 compared to Q1 2023. The majority of direct sales are included in media and content. Video views were 1.9 billion in Q1 2024, compared to 5.8 billion in Q1 2023 and web pageviews were 1.9 billion in Q1 2024 compared to 4.3 billion in Q1 2023 (see *Select Operating Metrics*).

- (b) Esports revenue is generated through sponsorships, brand advertising, prize money, merchandise sales, and other esports related sources. Entertainment revenue mainly relates to PGC mobile gaming events which occur throughout each year. Esports and entertainment revenue remained relatively consistent in Q1 2024 as compared to Q1 2023.
- (c) Subscription revenue is generated from paid subscribers (see *Select Operating Metrics*) on the Company's web properties including TSR, Icy Veins, GameKnot, Addicting Games, Shockwave, TeachMe, TypeRacer, LittleBigSnake, U.GG, and FFS. Subscription revenue remained relatively consistent in Q1 2024 as compared to Q1 2023. The cost of sales attributable to subscription revenue is nominal.

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis
For The Three Months Ended March 31, 2024

OVERALL PERFORMANCE (Continued)

Summary of Financial and Operating Results (Continued) For the Three Months Ended March 31, 2024 and 2023 (Continued)

Operating expenses for the three months ended March 31, 2024 and 2023, were \$15,283,965 and \$25,231,120 respectively. The table below provides a breakdown of operating expenses for the indicated period:

	Three Months Ended March 31, 2024 \$	Three Months Ended March 31, 2023 \$
Professional fees (a)	552,558	453,336
Consulting fees (b)	1,452,236	1,308,484
Advertising and promotion (c)	479,804	1,456,111
Office and general (d)	994,398	2,291,783
Salaries and wages (e)	8,346,301	9,207,024
Technology support, web development and content (f)	4,268,659	5,296,024
Esports player, team and game expenses (g)	609,112	635,447
Foreign exchange gain (h)	105,935	114,557
Share-based compensation (i)	(1,998,257)	1,130,331
Amortization and depreciation (j)	715,494	3,338,023
Total Operating Expenses	15,526,240	25,231,120

Notes:

- Professional fees relate to corporate activities and are mainly comprised of legal, audit, tax and accounting fees. Professional fees remained relatively consistent in Q1 2024 as compared to Q1 2023.
- Consulting fees include management consultants and advisory services, investor relations services, and technology and data evaluation services. Consulting fees remained relatively consistent in Q1 2024 as compared to Q1 2023.
- Advertising and promotion expense relates to corporate marketing, brand marketing, and brand ambassadors. Advertising and promotion expenses decreased by \$1.0 million in Q1 2024 as compared to Q1 2023 due to decreased brand and product marketing initiatives, the majority of which relates to NFL TNG.
- Office and general costs include such costs as insurance expense relating to the listing of the Company's common shares formerly on the Nasdaq, travel expenses, payment processing fees, and listing fees relating to the TSX and formerly Nasdaq. Office and general costs decreased by \$1.3M in Q1 2024 as compared to Q1 2023 largely due to a decrease in insurance expense and travel expenses.
- The Company had a staff of approximately 130 employees as of March 31, 2024, compared to a staff of approximately 200 employees as of March 31, 2023. Salaries and wages decreased by \$0.9 million in Q1 2024 compared to Q1 2023 mainly due to decreased staff headcount which was offset by increased severance costs. On March 7, 2024, the Company completed a reduction in force affecting approximately 45 employees, or 25% of the workforce. The reduction in force was completed to enhance the Company's business model in areas most critical to its future success, renewing the Company's commitment to the growth and development of its highly engaged gaming communities and focusing the business on drivers of high-margin revenue growth and sustainable profitability.

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis

For The Three Months Ended March 31, 2024

OVERALL PERFORMANCE *(Continued)*

Summary of Financial and Operating Results *(Continued)*

For the Three Months Ended March 31, 2024 and 2023 *(Continued)*

Notes *(Continued)*:

- (f) Technology support, web development and content costs relate to media and content and esports and entertainment. Technology support, web development and content costs decreased \$1.0 million in Q1 2024 as compared to Q1 2023 due to a decrease in content and design costs incurred mainly for NFL TNG.
Technology support, web development and content costs include \$1.4 million of expenses relating to NFL TNG in Q1 2024 as compared to \$2.5 million in Q1 2023.
- (g) Esports player, team, and game expenses primarily relate to Luminosity Gaming, including but not limited to esports player and influencer salaries, and team travel. Esports player, team and games expense remained relatively consistent in Q1 2024 compared to Q1 2023.
- (h) The Company and its subsidiaries commonly transact and carry assets and liabilities in currencies other than their respective functional currencies. Foreign exchange gains or losses are caused by movements in exchange rates. The Company expects continued gains and losses due to fluctuating exchange rates.
- (i) Share-based compensation is a non-cash expense which relates to options and restricted share units granted to directors, officers, employees, and consultants of the Company, which are expensed over their respective vesting periods. Share-based compensation expense is impacted by issuances, vesting periods, black-scholes option pricing model inputs, and forfeitures. Share-based compensation expense decreased by \$3.1 million in Q1 2024 as compared to Q1 2023 largely due to forfeitures, but also driven by vesting periods, the share price on the date of grants, black-scholes option pricing model inputs, and issuances. In March 2023, the Company issued 6,062,976 options, these options were forfeited upon the resignation of the former Chief Executive Officer in Q1 2024. Share-based compensation expensed recorded on these options vesting during the year ended December 31, 2023 in the amount was \$2,194,888 was credited against share-based compensation expense during Q1 2024. In May 2023, Company issued 212,868 restricted share units. In June 2023, the Company issued 202,694 restricted share units. In November 2023, the Company issued 1,167,505 restricted share units. In January 2024, the Company issued 1,089,007 restricted share units. In March 2024, the Company issued 200,000 restricted share units.
- (j) Amortization and depreciation are significantly comprised of amortization of intangible assets. Amortization and depreciation expense decreased by \$2.6 million in Q1 2024 as compared to Q1 2023 mainly due certain intangible assets becoming fully amortized in Q1 2024 or prior to Q1 2024.

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis
For The Three Months Ended March 31, 2024

SELECT OPERATING METRICS

Quarterly select operating metrics

(Unaudited)	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Total Views (Millions)	10,048	9,729	9,755	10,046	9,389	10,115	6,900	3,820
Web pageviews	4,074	3,617	3,753	4,287	3,721	3,744	1,542	1,899
Video views	5,974	6,112	6,002	5,759	5,668	6,371	5,358	1,921
Paid subscribers (thousands – as of end of period)	258	260	262	275	272	265	268	259

Changes in views by quarter are impacted, but not limited to, seasonality (refer to *Seasonality*), trends, new game releases, new products and offerings, management decision, and global factors such as COVID-19. As the Company focuses on its' growth drivers, the Company is focused on highly engaged communities it can monetize.

Web pageviews decreased 11% in Q3 2022 compared to Q2 2022, which management attributes to a decrease in traffic relating to the Elden Ring game following its initial surge upon launch in February 2022. Web pageviews increased 14% in Q1 2023 compared to Q4 2022, which management attributes to a continuation of the Q4 2022 trends, as well as higher web-based usage broadly across the web platform. The launch of Harry Potter Hogwarts Legacy game in Q1 2023 and renewed traffic from Premier League Fantasy users in FFS properties upon resumption of weekly Premier League games in Q1 2023 after end of FIFA World Cup in Q4 2022 also contributed to the Q1 2023 increase. Web pageviews decreased 13% in Q2 2023 compared to Q1 2023 mainly due to lack of any major game releases in Q2 2023, the conclusion of the Premier League season in early Q2 2023 and the seasonal impact prevalent in the months leading up to the summer break. Web pageviews decreased by 59% between Q4 2023 and Q3 2023 primarily due to web partner websites leaving the web platform. Web pageviews increased by 23% between Q1 2024 and Q4 2023 primarily due to the expansion of owned and operated sites in the web platform.

The video views increased to 6.4 billion in Q3 2023, or 12% from Q2 2023, which management attributes to increased content creation resulting from monetization of YouTube Shorts and the addition of partner channels to the video network. Video views decreased to 5.4 billion in Q4 2023, or 16% from Q3 2023. This decrease specifically relates to certain large partner channels leaving the video network, which the Company elected for in order to reduce operating costs relating to these channels. Video views decreased to 1.9 billion in Q1 2024, or 67% from Q4 2023 as the Company continues to reduce the video network in order to reduce operating costs relating to the channels.

Paid subscribers relate primarily to TSR. TSR was acquired by Enthusiast Properties in Q1 2019. In Q4 2019, the Company began initiatives to increase the numbers of paid subscribers, including pricing analysis, promotional events, and marketing initiatives. In Q3 and Q4 2020, the Company established a team of employees focused exclusively on subscription efforts, and the Company attributes the additional increase in the number of paid subscribers observed in the table above primarily to these initiatives as well as the Mergers and Acquisitions.

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis
For The Three Months Ended March 31, 2024

QUARTERLY RESULTS OF OPERATIONS

	Q2 2022 \$	Q3 2022 \$	Q4 2022 \$	Q1 2023 \$	Q2 2023 \$	Q3 2023 \$	Q4 2023 \$	Q1 2024 \$
Total revenue	51,119,028	50,578,758	53,970,597	42,879,966	42,598,769	45,558,271	47,141,121	23,328,239
Interest income	1,320	5,257	28,274	61,207	1,514	575	1,020	5,023
Operating expenses	29,117,767	26,600,236	30,259,158	25,231,120	24,586,889	25,017,247	27,845,075	15,526,240
Net loss and comprehensive loss	(13,811,933)	(30,189,879)	(12,484,952)	(8,730,149)	(12,358,392)	(57,249,044)	(40,763,895)	(1,315,621)
Loss per share – basic and diluted	(0.12)	(0.25)	(0.08)	(0.06)	(0.07)	(0.38)	(0.26)	(0.01)

In Q3 2022, the Company recognized a goodwill impairment charge on the Omnia cash-generating unit (“CGU”) and the Addicting Games CGU which caused a significant increase in net loss and comprehensive loss observed in Q3 2022 (see *Goodwill Impairment*).

In Q3 2023 and Q4 2023, the Company recognized goodwill impairment charges on the Omnia CGU, the Addicting Games CGU, the Luminosity CGU, the Outplayed CGU and the Enthusiast Properties CGU which caused a significant increase in net loss and comprehensive loss observed in Q3 2023 and Q4 2023, (see *Goodwill Impairment*).

In Q1 2024, the certain large partner channels left the video network, which the Company elected for in order to reduce operating costs relating to these channels which resulted in a significant change in revenue and cost of sales. Also, a large partner publisher departed from the Company’s web platform in October 2023 which impacted revenue and costs of sales. Q1 2024 also saw a benefit in cost savings from initiatives undertaken by the Company to improve operating results. Q1 2024 also had share-based compensation expense recovery from forfeitures. Refer to *Overall Performance*.

Period-to-period results are also impacted by certain operating metrics (see *Select Operating Metrics*) and seasonality (see *Seasonality*).

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis
For The Three Months Ended March 31, 2024

EBITDA AND ADJUSTED EBITDA

	Q2 2022 \$	Q3 2022 \$	Q4 2022 \$	Q1 2023 \$	Q2 2023 \$	Q3 2023 \$	Q4 2023 \$	Q1 2024 \$
Gross Margin	15,343,165	16,560,589	18,069,388	16,765,558	14,982,692	16,736,521	18,936,955	14,076,159
Operating expenses	(29,117,767)	(26,600,236)	(30,259,158)	(25,231,120)	(24,586,889)	(25,017,247)	(27,845,075)	(15,526,240)
Share-based compensation	3,128,625	821,811	2,414,753	1,130,331	1,788,490	1,364,059	1,191,567	(1,998,257)
Amortization & depreciation	4,435,374	4,055,415	3,450,031	3,338,023	2,886,075	2,562,229	1,646,055	715,494
Annual general meeting legal & advisory costs	2,237,200	1,149,396	-	-	-	-	-	-
EBITDA	(3,973,403)	(4,013,025)	(6,324,986)	(3,997,208)	(4,929,632)	(4,354,438)	(6,070,498)	(2,732,844)
Severance	13,259	250,000	257,989	60,985	995,563	375,445	2,617,134	584,198
Listing fees & D&O insurance specific to the Company's Nasdaq listing	920,346	876,490	876,490	881,238	530,117	429,797	429,797	379,035
Adjusted EBITDA	(3,039,798)	(2,886,535)	(5,190,507)	(3,054,985)	(3,403,952)	(3,549,196)	(3,023,567)	(1,769,611)

Severance and non-recurring public costs such as the annual Nasdaq listing fees and D&O insurance relating to the Nasdaq listing are added back to determine adjusted EBITDA as there are non-recurring expenses. On October 23, 2023, the Company announced that it has notified the Nasdaq of its intention to voluntarily delist its common shares from the Nasdaq Capital Market. On February 9, 2024, the Company filed a form with the SEC to deregister the Company's common shares and to suspend the Company's reporting obligations.

In Q4 2022, the EBITDA loss increased to \$6.3 million due to increase in operating expenses primarily driven by costs incurred related to season 1 of NFL TNG. The EBITDA loss decreased to \$4.0 million in Q1 2023 due to decrease in the operating expenses upon conclusion of season 1 of NFL TNG. The EBITDA loss increased to \$4.9 million in Q2 2023 due to decrease in gross margin as a result of lower direct sales in Q2 2023. The EBITDA loss increased to \$6.0 million in Q4 2023 primarily due to increase in operating expenses as the Company aired highest number of episodes for season 2 of NFL TNG. The EBITDA loss decreased to \$2.7 million in Q1 2024 mainly due to decreased operating expenses due to cost saving initiatives undertaken by the Company to improve operating results including a cost restructure implemented in March 2024 (see *Overall Performance*).

In Q4 2022, the adjusted EBITDA loss increased to \$5.2 million primarily due to an increase in the EBITDA loss which was offset by lower annual Nasdaq listing fees and D&O insurance expense. The adjusted EBITDA loss decreased to \$3.1 million in Q1 2023 primarily due to decrease in the EBITDA loss. The adjusted EBITDA loss increased to \$3.5 million in Q3 2023 primarily due to increase in the EBITDA loss. The adjusted EBITDA loss decreased to \$3.0 million in Q4 2023 primarily due to large non-recurring severance expense incurred in Q4 2023 despite the increase in EBITDA loss. The adjusted EBITDA loss decreased to \$1.8 million in Q1 2024 primarily due to decrease in the EBITDA loss.

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis
For The Three Months Ended March 31, 2024

EBITDA AND ADJUSTED EBITDA (Continued)

Period-to-period results are also impacted by certain operating metrics (see *Select Operating Metrics*) and seasonality (see *Seasonality*).

SEASONALITY

The Company's media and content division is impacted by seasonality which is linked to advertiser spend and consumer events that tend to be the highest around the holidays. Advertising seasonality is driven by two main factors, RPM and traffic, which are interlinked factors that are tied to seasonal periods of time throughout the year. These seasonal periods of time are linked to cultural holidays, commercial holidays, or ad hoc events (e.g., election years).

Advertiser spend is impacted by their annual budgets, financial year-end date, cultural holidays, commercial holidays, ad hoc events, new brands, new campaigns and new products. Advertiser spend normally increases significantly for consumer spending events such as Black Friday, Christmas, Back to School, Valentine's Day, and Easter which result in a corresponding increase in RPM. Advertiser spend typically increases substantially in Q4 as Black Friday and the December holiday season approaches. Advertiser spend can differ from consumer spend as consumers have different spending patterns and important events.

Q1 is typically the slowest part of the year historically, as most media spending occurs in Q4. As a result, Q1 normally reports the lowest media and content revenue and Q4 the highest media and content revenue. Q2 and Q3 media and content revenue varies depending on an advertiser's financial year end, budgeted advertiser spends remaining and new brands, campaigns, and products being promoted.

Due to seasonality, the results of operations for any quarter are not necessarily indicative of the results of operations for the fiscal year.

GOODWILL IMPAIRMENT

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 year ended December 31, 2023, the Company concluded that there were further triggering events requiring an impairment assessment as of September 30, 2023 and December 31, 2023 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 and a change in corporate strategy. 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.

During the period ended September 30, 2023, the Company determined that impairment charges were necessary for the Luminosity CGU of \$6,003,150, the Omnia CGU of \$10,916,068, the Addicting Games CGU of \$16,444,145 and the Outplayed CGU of \$5,979,512 due to the overall macroeconomic conditions. The Omnia impairment charge was allocated to goodwill in the amount of \$8,839,508 and intangible assets (owned and operated content brand) in the amount of \$2,076,560. 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 \$2,365,756. During the period ended September 30, 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. 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.

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis
For The Three Months Ended March 31, 2024

GOODWILL IMPAIRMENT (Continued)

During the period ended December 31, 2023, the Company determined that impairment charges were necessary for the Enthusiast Properties CGU of \$5,391,633, the Luminosity CGU of \$Nil, the Omnia CGU of \$10,381,651, the Addicting Games CGU of \$4,220,432 and the Outplayed CGU of \$14,613,744 due to the overall macroeconomic conditions and a change in corporate strategy. The Omnia impairment charge was allocated to intangible assets (talent management and owned and operated content brand and multi-channel network license) in the amount of \$10,381,651. The Addicting Games impairment charge was allocated to intangible assets (domain names) in the amount of \$4,220,432.

As a September 30, 2023, the Company's analysis showed the value of the Enthusiast Properties, TSR and Steel Media CGUs exceeds their carrying amount, ranging between 122% to 182% of the recoverable amount compared to the carrying amount of the net assets. As a December 31, 2023, the Company's analysis showed the value of the TSR and Steel Media CGUs exceeds their carrying amount, by 188% and 118% respectively, of the recoverable amount compared to the carrying amount of the net assets. For key assumptions used to determine the recoverable amount of goodwill based on each CGU's value-in-use refer to Note 10 of the Company's consolidated financial statements for the years ended December 31, 2023, and 2022. 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 of the Company's consolidated financial statements for the year ended December 31, 2023, and 2022. Costs to sell were estimated to be 2% of total fair value for the CGU.

As of March 31, 2024, the Company concluded that there were no triggering events requiring an impairment assessment.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Cash flows for the Three Months Ended March 31, 2024

Net cash used in operating activities for the three months ended March 31, 2024 was \$4,797,117 (March 31, 2023 – \$2,599,290). This was due to the net loss of \$2,301,747 and was decreased by items not affecting cash such as, amortization and depreciation of \$715,494, deferred tax expense of \$173,204, provisions of \$241,066 and increased by items not affecting cash such as share-based compensation expense recovery of \$1,998,257, foreign exchange gain of \$310,997 and gain on settlement of accounts payable of \$622,413. These non-cash items for the three months ended March 31, 2024, were offset by changes in working capital including a decrease in trade and other receivables of \$16,644,565, a decrease in prepaid expense of \$924,542, a decrease in accounts payable and accrued liabilities of \$16,128,250 and a decrease in contract liabilities of \$2,189,586.

Net cash used in operating activities for the three months ended March 31, 2023 was \$2,599,290. This was due to the net loss of \$8,736,700 and was decreased by items not affecting cash such as amortization and depreciation of \$3,338,023, share-based compensation of \$1,130,331, share of net loss from investments in associates and joint ventures of \$172,447, and provisions of \$159,250, and increased by items not affecting cash such as deferred tax recovery of \$481,910 and a gain on revaluation of deferred payment liability \$172,024. These non-cash items for the three months ended March 31, 2023, were offset by changes in working capital including a decrease in trade and other receivables of \$5,793,769, a decrease in prepaid expenses of \$542,369, a decrease in accounts payable and accrued liabilities of \$4,105,906 and a decrease in contract liabilities of \$644,729.

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis
For The Three Months Ended March 31, 2024

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES (Continued)

Cash flow for the Three Months Ended March 31, 2024 (Continued)

Net cash used in investing activities for the three months ended March 31, 2024 was \$994 (March 31, 2023 - \$46,019).

Net cash used in financing activities for the three months ended March 31, 2024 was \$429,726 (March 31, 2023 - \$1,356,726), which is predominately attributable to the repayment of long-term debt of \$717,608, and lease payments of \$208,370 and offset by proceeds from long-term debt of \$496,525. For the three months ended March 31, 2023, net cash used in financing activities is predominantly attributable to the repayment of long-term debt of \$1,088,235 and lease payments of \$265,523.

For the three months ended March 31, 2024, and 2023, the Company had a net decrease in cash of \$5,132,884 and \$3,948,607, respectively. As a result, the Company had a cash balance as of March 31, 2024 and 2023, of \$1,719,082 and \$3,466,909, respectively.

Liquidity

Selected financial information about the Company's financial position as of the indicated dates is provided below:

	March 31, 2024 \$	December 31, 2023 \$
Cash	1,719,082	6,851,966
Total assets	213,762,970	236,132,028
Total liabilities	74,360,174	93,231,934
Share capital, contributed surplus and accumulated other comprehensive income	486,541,110	487,553,241
Retained earnings (deficit)	(347,138,314)	(344,836,567)
Working capital (deficiency)	(35,992,582)	(35,969,761)

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis
For The Three Months Ended March 31, 2024

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES (Continued)

Liquidity (continued)

Total liabilities at each reporting date are broken down as follows:

	March 31, 2024	December 31, 2023
	\$	\$
Accounts payable and accrued liabilities	30,350,609	47,101,272
Contract liabilities	3,889,364	6,078,950
Income tax payable	344,615	274,924
Current portion of long-term debt	21,622,374	21,888,597
Current portion of deferred payment liability	85,098	82,231
Current portion of lease liabilities	731,652	740,212
Current portion of other long-term debt	12,877	9,668
Long-term portion of deferred payment liability	2,099,935	2,083,262
Long-term lease liabilities	796,054	938,845
Other long-term debt	143,798	140,613
Deferred tax liability	14,283,798	14,076,780
Total liabilities	74,360,174	93,415,354

During the three months ended March 31, 2024, the Company incurred a net loss and comprehensive loss of \$1,315,621 (March 31, 2023 – \$8,730,149) and, as of that date, the Company had accumulated a deficit of \$347,138,314 (December 31, 2023 – \$344,836,567) and negative cash flows from operations of \$4,797,117 (March 31, 2023 – \$2,599,290). Whether and when the Company can attain profitability and positive cash flows from operations is uncertain.

As of March 31, 2024, the Company has current assets of \$21,044,007 (December 31, 2023 - \$40,206,093) and current liabilities of \$57,036,589 (December 31, 2023 - \$76,175,854) resulting in a working capital deficiency of \$35,992,582 (December 31, 2023 – \$35,969,761).

The Company has not yet realized profitable operations and has mainly relied on non-operational sources of financing to fund operations. Management has been able to raise sufficient funds to finance the Company's operations, growth, and mergers and acquisitions in the past and may need to continue to do so to fund these activities in the future.

As of March 31, 2024, the Company's working capital deficiency of \$35,992,582 includes contract liabilities of \$3,889,364 and the current portion of long-term debt of \$21,622,374. The working capital will be used to finance operations and growth over the next 12 months. The Company also has other cash commitments of \$1,606,000 (see *Commitments*) over the next 12 months.

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis
For The Three Months Ended March 31, 2024

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES *(Continued)*

Liquidity *(continued)*

The Company's cash resources as of March 31, 2024, are not sufficient to fund the planned business operations over the next 12 months (see Note 2 of the condensed consolidated interim financial statements for the three months ended March 31, 2024). 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 the covenants under the Amended and Restated Commitment Letter. The Company has an Operating Credit consisting of an authorized amount of up to \$7.5 million available to draw upon which was drawn down to \$7.3M as of March 31, 2024. For details on the Term Credit and Operating Credit see Note 12 of the condensed consolidated interim financial statements for the three months ended March 31, 2024. The Company has not identified any legal or practical restrictions on its ability to meet its obligations.

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 and is presently seeking additional sources of financing. 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 three months ended March 31, 2024. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements aside from the covenants described in Note 12 of the condensed consolidated interim financial statements for three months ended March 31, 2024.

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 (see Note 2 of the condensed consolidated interim financial statements for the three months ended March 31, 2024).

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis
For The Three Months Ended March 31, 2024

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES (Continued)

Nasdaq Minimum Bid Price Requirement

On November 4, 2022, the Company disclosed the receipt of a notice (the "Notice") on November 3, 2022 from the Nasdaq that the Company is not currently in compliance with the USD\$1.00 minimum bid price requirement for continued listing of the Company's common shares on the Nasdaq Global Select Market, as set forth in Nasdaq Listing Rule 5450(a)(1) (the "Minimum Bid Price Requirement"). The Notice indicated that, consistent with Nasdaq Listing Rule 5810(c)(3)(A), the Company has 180 calendar days, or until May 2, 2023 (the "Compliance Deadline"), to regain compliance with the Minimum Bid Price Requirement by having the closing bid price of the common shares meet or exceed USD\$1.00 per common share for at least ten consecutive business days. The Company's common shares continued to trade on the Nasdaq global Select Market since the date of the Notice, and neither the Company's operations nor the Company's TSX listing are affected by the receipt of the Notice. During the 180 calendar days since the date of the Notice, the Company did not meet the Minimum Bid Requirement. As a result, the Company applied for an extension to the Compliance Deadline.

On May 4, 2023, the Company announced the Listing Qualifications department of the Nasdaq approved the Company's request for a 180-day extension to regain compliance with Nasdaq's Minimum Bid Price Requirement. The Company had until October 30, 2023 to regain compliance. If at any time prior to October 30, 2023, the bid price of the Company's common shares closed at USD \$1.00 per share or more for a minimum of 10 consecutive business days, the Company would regain compliance with the Minimum Bid Price Requirement.

In connection with the 180-day extension, the Company has transferred the listing of the common shares from the Nasdaq Global Select Market to the Nasdaq Capital Market. The transfer took effect at the opening of business on May 4, 2023. Neither the Company's operations nor the Company's TSX listing are affected by the transfer of the Company's listing to the Nasdaq Capital Market. The common shares will continue to trade without interruption under the symbol "EGLX." The Nasdaq Capital Market operates in substantially the same manner as the Nasdaq Global Select Market, and companies on the Nasdaq Capital Market must meet certain financial and corporate governance requirements to qualify for continued listing.

On October 23, 2023, the Company announced that it has notified the Nasdaq of its intention to voluntarily delist its common shares from the Nasdaq Capital Market. The Company's common shares will continue to trade on the TSX under the symbol "EGLX". 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 SEC to deregister and to suspend the Company's reporting obligations.

SHARE CAPITAL

Authorized:

- Unlimited number of common shares
- Unlimited number of preferred shares

During the three months ended March 31, 2024:

- (i) On January 3, 2024, the Company issued 1,328,559 common shares to settle 1,328,559 restricted share units. The fair value assigned to these restricted share units of \$8,520,520 was reclassified from contributed surplus to share capital.

During the three months ended March 31, 2023, the Company had no share capital activity.

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis
For The Three Months Ended March 31, 2024

DISCLOSURE OF OUTSTANDING SHARE DATA

The Company had the following shares and securities convertible into shares outstanding as of the following dates:

	May 15, 2024	March 31, 2024	December 31, 2023
Common shares	155,721,839	155,721,839	154,393,280
Options, convertible into common shares	4,811,563	3,233,563	9,485,334
Restricted share units	5,502,737	5,205,255	5,640,244
Total	166,036,139	164,160,657	169,518,858

RELATED PARTY TRANSACTIONS

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, Interim Chief Executive Officer, former Chief Executive Officer, Chief Financial Officer, Chief People 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 three months ended March 31, 2024 and 2023 is as follows:

	For the three months ended	
	March 31, 2024	March 31, 2023
	\$	\$
Short-term benefits	313,173	687,545
Share-based compensation	176,078	832,004
Total	489,251	1,519,549

A summary of other related party transactions during the three months ended March 31, 2024 and 2023 is as follows:

	For the three months ended	
	March 31, 2024	March 31, 2023
	\$	\$
Total transactions during the period:		
Expenses		
Consulting fees	-	18,805
Share of net loss from investment in associates and joint ventures	4,268	12,236

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis
For The Three Months Ended March 31, 2024

RELATED PARTY TRANSACTIONS (Continued)

A summary of related party balances as of March 31, 2024 and December 31, 2023, is as follows:

	March 31, 2024 \$	December 31, 2023 \$
Balances receivable (payable):		
Trade and other receivables	67,841	67,181
Investment in associates and joint ventures	6,756	11,024
Accounts payable and accrued liabilities	(974,750)	(1,014,738)

During the three months ended March 31, 2024, the Company recognized consulting expenses of \$Nil (March 31, 2023 - \$18,805) to Rivonia Capital Inc., a company in which a former director of the Company is a principal.

As of March 31, 2024, a balance of \$96,204 (December 31, 2023 - \$96,204) is included in accounts payable and accrued liabilities relating to Board of Director and committee fees to certain directors.

As of March 31, 2024, a balance of \$878,546 (December 31, 2023 - \$918,534) 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 6 of the condensed consolidated interim financial statements for the three months ended March 31, 2024 for information relating to an investment in a joint venture under common management as the Company. During the three months ended March 31, 2024, the Company recognized a share of net loss from investment in joint ventures of \$4,268 (March 31, 2023 - \$12,236) from AFK, a related party by nature of it having common management as the Company. As of March 31, 2024, a balance of \$67,841 (December 31, 2023 - \$67,180) is included in trade and other receivables.

See Note 15 of the condensed consolidated interim financial statements for the three months ended March 31, 2024 for information relating to stock options issued to officers and directors of the Company.

See Note 16 of the condensed consolidated interim financial statements for the three months ended March 31, 2024 for information relating to restricted share units issued to officers and directors of the Company.

SUBSEQUENT EVENTS

- (i) On April 10, 2024, the Company issued 1,610,000 stock options to employees. These stock options are exercisable at \$0.19, expire on April 10, 2029 and vest one-third on April 10, 2025, April 10, 2026, and April 10, 2027 respectively.
- (ii) On April 15, 2024, the Asset Sale Agreement relating to the divestment of certain non-core and non-profitable casual gaming assets closed and the Company received proceeds of \$2,764,200 (USD \$2,000,000) on April 16, 2024 pursuant to the terms of the Asset Sale Agreement (see Note 8 of the condensed consolidated interim financial statements for the three months ended March 31, 2024).
- (iii) On April 24, 2024, the Company received a waiver from the Bank for the non-compliance of the minimum EBITDA covenant as of December 31, 2023 (see Note 12 of the condensed consolidated interim financial statements for the three months ended March 31, 2024).
- (iv) On April 29, 2024, the Company paid the \$85,700 (GBP £50,000) FFS Second Anniversary Payment (see Note 13 of the condensed consolidated interim financial statements for the three months ended March 31, 2024).
- (v) On May 9, 2024, the Company issued 671,052 restricted share units to directors. These restricted share units vest one-third on May 9, 2024, January 1, 2025 and January 1, 2026 respectively.

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis
For The Three Months Ended March 31, 2024

SUBSEQUENT EVENTS (Continued)

(vi) On May 15, 2024, the Company entered into the first amendment to the Amended and Restated Commitment Letter (the "First Amendment to the Amended and Restated Commitment Letter") (see Note 12 of the condensed consolidated interim financial statements for the three months ended March 31, 2024). The amendment defers the principal repayments for April 2024 and May 2024 of \$362,745 respectively to June 2024. To address certain regulatory requirements applicable to the Company's lender, the amendment also changed the interest rate for the Term credit from bearing interest at the Banker's Acceptance fee equal to CDOR rate plus 7.5% per annum to bearing interest at the Adjusted Term CORRA plus 7.5% per annum. The Company does not anticipate any substantive changes to the effective rates of interest applicable to the Term credit facility in connection with these changes.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

SEGMENTED INFORMATION

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 three months ended March 31, 2024, and 2023 is as follows:

	For the three months ended	
	March 31, 2024	March 31, 2023
	\$	\$
Media and content	15,884,852	35,531,707
Esports and entertainment	3,417,000	3,393,997
Subscription	4,026,387	3,954,262
TOTAL	23,328,239	42,879,966

Revenue, in Canadian dollars, in each of the four major geographic locations for the three months ended March 31, 2024 and 2023 is as follows:

	For the three months ended	
	March 31, 2024	March 31, 2023
	\$	\$
Canada	904,119	1,117,434
USA	15,944,780	34,378,707
England and Wales	3,932,515	3,690,311
All other countries	2,546,825	3,693,514
TOTAL	23,328,239	42,879,966

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis
For The Three Months Ended March 31, 2024

SEGMENTED INFORMATION (Continued)

The non-current assets, in Canadian dollars, in each of the Company's geographic locations as of March 31, 2024 and December 31, 2023, is as follows:

	March 31, 2024 \$	December 31, 2023 \$
Canada	132,636,951	132,820,450
USA	51,205,212	54,268,252
France	3,335,000	3,335,000
England and Wales	5,541,800	5,502,233
TOTAL	192,718,963	195,925,935

ADOPTION OF NEW OR AMENDED IFRS ACCOUNTING STANDARDS

The following new standards, interpretation or amendment were adopted for the first time on January 1, 2024:

(a) IAS 1 – *Presentation of Financial Statements* ("IAS 1"), *classification of liabilities as current or non-current*

In January 2020, the IASB issued *Classification of Liabilities as Current or Non-current*, amendments to IAS 1, to clarify the classification of liabilities as current or non-current. For the purpose of non-current classification, the amendments removed the requirement to a right to defer settlement or roll over of a liability, for at least twelve months, to be unconditional. The amendments also clarify how a company classifies a liability that includes a counterparty conversion option. The amendments apply to annual reporting periods beginning on or after January 1, 2024. There was no material impact from the adoption of the amendments on the Company's condensed consolidated interim financial statements.

In October 2022, the IASB issued *Non-current Liabilities with Covenants*, amendments to IAS 1, to improve the disclosure a company provides about long-term debt with covenants. The amendments reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which a company must comply after the reporting date do not affect liability classification as at that date. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and are to be applied retrospectively. There was no material impact from the adoption of the amendments on the Company's condensed consolidated interim financial statements.

(b) IAS 7 – *Statements of Cash Flows* ("IAS 7"), IFRS 7 – *Financial Instruments – Disclosures* ("IFRS 7"), *supplier finance arrangements*

In May 2023, the IASB issued *Disclosures: Supplier Finance Arrangements*, amendments to IAS 7 and IFRS 7, to clarify the characteristics of supplier finance arrangements and require disclosure of such arrangements. The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including the terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period, and the type and effect of non-cash changes in the carrying amounts of those arrangements. The information on those arrangements is required to be aggregated unless the individual arrangements have dissimilar or unique terms and conditions. The relief provisions of the amendment allow an exemption for interim financial statements in the first year of adoption and therefore no disclosure has been made in these condensed consolidated interim financial statements. Appropriate disclosures (if required) will be included in the Company's annual consolidated financial statements for the year ending December 31, 2024.

ADOPTION OF NEW OR AMENDED IFRS ACCOUNTING STANDARDS (*Continued*)

(c) IFRS 16 – *Leases* (“IFRS 16”), *lease liability in a sale and leaseback*

In September 2022, the IASB issued *Lease Liability in a Sale and Leaseback*, amendments to IFRS 16. The amendments introduce a new accounting model which impacts how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments clarify that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction and after initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and are to be applied retrospectively. There was no material impact from the adoption of the amendment on the Company’s condensed consolidated interim financial statements.

ACCOUNTING STANDARDS AND AMENDMENTS ISSUED BUT NOT YET APPLIED

The following new standards, interpretations or amendments are issued but not yet effective:

(a) IAS 21 – *The Effects of Changes in Foreign Exchange Rates* (“IAS 21”), *lack of exchangeability*

In August 2023, the IASB issued *Lack of Exchangeability*, amendments to IAS 21, to clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. In addition, the amendments require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments are effective for annual reporting periods beginning on or after January 1, 2025, although early adoption is permitted. The Company intends to adopt the amendments for the annual reporting period beginning January 1, 2025. This amendment is not expected to have a material impact on the Company’s consolidated financial statements.

MATERIAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 life of long-lived assets, income taxes, the fair value of share-based payments, provisions for expected credit losses, fair value measurement of an investment not quoted in an active market, recognition of revenue on a gross versus net basis and functional currency. These estimates and judgments are further discussed below:

(a) *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.

MATERIAL ACCOUNTING ESTIMATES AND JUDGEMENTS (*Continued*)

(b) *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.

(c) *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.

(d) *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.

(e) *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.

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis
For The Three Months Ended March 31, 2024

MATERIAL ACCOUNTING ESTIMATES AND JUDGEMENTS (*Continued*)

(f) *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 provision 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.

(g) *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.

(h) *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.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair values

The fair values of cash, trade and other receivables, 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 loan 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 March 31, 2024, the Vedatis Earn-Out Payment liability is classified as a Level 3 financial instrument (see Note 13 of the condensed consolidated interim financial statements for the three months ended March 31, 2024).

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis
For The Three Months Ended March 31, 2024

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Fair values (Continued)

Total interest income and interest expense for the three months ended March 31, 2024 and 2023 for financial assets or financial liabilities that are not at fair value through profit or loss can be summarized as follows:

	For the three months ended	
	March 31, 2024	March 31, 2023
	\$	\$
Interest income	(5,053)	(61,207)
Interest and accretion expense	588,315	578,815
TOTAL	583,262	517,608

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.

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 this 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:

	March 31, 2024	December 31, 2023
	\$	\$
Trade receivables aging:		
0-30 days	10,344,125	22,974,148
31-60 days	628,381	2,841,566
61-90 days	1,995,661	1,148,610
Greater than 90 days	1,616,588	4,153,822
Total trade receivables	14,583,775	31,118,146
Expected credit loss provision	(586,946)	(336,633)
Net trade receivables	13,996,809	30,781,513

Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis
For The Three Months Ended March 31, 2024

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Credit risk (continued)

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

	March 31, 2024 \$	December 31, 2023 \$
Expected credit loss provision, beginning balance	(336,633)	(300,735)
Increase in provision for expected credit loss	(243,389)	(131,192)
Write-offs	-	14,062
Recoveries	1,211	79,257
Effect of movement in exchange rates	(8,135)	1,975
Expected credit loss provision, ending balance	(586,946)	(336,633)

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 March 31, 2024:

	Total	Not past due	Over 30 days past due	Over 60 days past due	Over 90 days past due
Default rates		2.91%	3.14%	5.53%	9.66%
Trade receivables	14,583,755	10,344,125	628,381	1,995,661	1,615,588
Expected credit loss provision	586,946	300,759	19,754	110,316	156,117

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 8.75% (December 31, 2023 – 25.01%) of trade receivables as of March 31, 2024, 25.00% (March 31, 2023 – 46.61%) of revenues for the three months ended March 31, 2024.

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FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

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.

The Company's cash and working capital is maintained through stringent cash flow management. 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	30,350,609	-	-	-	30,350,609
Contract liabilities	3,889,364	-	-	-	3,889,364
Income tax payable	344,615	-	-	-	344,615
Deferred payment liability ⁽¹⁾	85,570	2,410,506	-	-	2,496,076
Lease liabilities	776,365	672,867	140,053	-	1,589,285
Long-term debt	21,425,705	-	-	-	21,425,705
Other Long-term debt	12,877	11,886	11,886	363,561	400,210
TOTAL	56,885,105	3,095,259	151,939	363,561	60,495,864

Notes:

- (1) The Company has, at its option, the ability to settle the deferred payment liability amounts due in one to two years half in cash and half in common shares.

Foreign currency risk

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, deferred payment liability and cash. As of March 31, 2024, a 10% depreciation or appreciation of the US dollar, UK pound sterling, and Euro against the Canadian dollar would have resulted in an approximate \$1,774,000, \$71,000, and \$239,000 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 \$93,000 change in the annual interest expense.

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COMMITMENTS

In addition to the financial liabilities summarized above, as of March 31, 2024, the Company has the following payment commitments with respect to consulting and other contractual obligations:

	\$
Not later than one year	930,000
Later than one year and not later than five years	676,000
Total	1,606,000

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Management is responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, which is required to be disclosed by the Company in its filings or required to be submitted by the Company under securities legislation is recorded, processed, and summarized and reported within specified time periods. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the design of the Company's disclosure controls and procedures as of March 31, 2024 and have concluded that these controls and procedures were appropriately designed.

Changes in Internal Control Over Financial Reporting

There have been no material changes in the Company's internal control over financial reporting during the three months ended March 31, 2024, that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

RISKS AND UNCERTAINTIES

The securities of Enthusiast Gaming should be considered highly speculative due to the nature of the Company's businesses and the current stage of its development. Risks and uncertainties are discussed in great detail in the Company's Annual Information Form available on SEDAR at www.sedarplus.ca.

The risks presented in the Annual Information Form may not be all of the risks that the Company may face. It is believed that these are the factors that could cause actual results to be different from expected and historical results. Other sections of this MD&A and the condensed consolidated interim financial statements for the three months ended March 31, 2024, each of which are available on SEDAR, and other filings the Company has made and may make in the future with the applicable securities authorities, include additional factors that could have an effect on the business and financial performance of the Company's business. The market in which the Company competes is very competitive and changes rapidly. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. You should not rely upon forward-looking statements as a prediction of future results.

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, is the responsibility of management. During the preparation of financial statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Company's Audit Committee meets with management quarterly to review the financial statement results, including the MD&A, and to discuss other financial, operating, and internal control matters. The Audit Committee receives a report from the independent auditors quarterly and is free to meet with them throughout the year.

ADDITIONAL INFORMATION

Additional information relating to the Company is available in the condensed consolidated interim financial statements of the Company for the three months ended March 31, 2024. Additional information can also be found in the investors section of the Company's website at www.enthusiastgaming.com or on the Company's SEDAR profile at www.sedarplus.ca including the most recently filed Annual Information Form and Management Information Circular.