

# **!Enthusiast** G A M I N G

CREATORS . COMMUNITIES . CONTENT . EXPERIENCES

## ***THE BUSINESS OF GAMING***

**Enthusiast Gaming Holdings Inc.**

Annual Information Form  
For the Fiscal Year Ended December 31, 2024  
Dated: March 31, 2025

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## ANNUAL INFORMATION FORM

In this annual information form (the “**Annual Information Form**”), unless otherwise noted or the context indicates otherwise, the “**Company**”, “**Enthusiast Gaming**”, “**we**”, “**us**” and “**our**” refer to Enthusiast Gaming Holdings Inc. Unless stated otherwise, all financial information in this Annual Information Form is reported in Canadian dollars. Certain defined terms used herein have the meanings given to them under “*Glossary of Defined Terms*”.

The information contained herein is dated as of March 31, 2025 unless otherwise stated.

## GLOSSARY OF DEFINED TERMS

In this Annual Information Form, the following words and terms shall have the following meanings:

“**2023 Scotiabank Amendments**” has the meaning ascribed to it under “*Year Ended December 31, 2022*”;

“**2024 Annual Financial Statements**” means the annual financial statements of the Company for the year ended December 31, 2024;

“**2024 Annual MD&A**” means management’s discussion and analysis of the Company for the year ended December 31, 2024;

“**Addicting Games**” means Addicting Games, Inc.;

“**Amalgamation**” means the three-corner amalgamation transaction among J55, NewCo and GameCo completed on the terms and conditions of the Amalgamation Agreement;

“**Amalgamation Agreement**” means the amalgamation agreement dated May 30, 2019, as amended, among J55, GameCo and Newco;

“**Arrangement**” means the arrangement transaction among J55, GameCo and Former Enthusiast completed on the terms and conditions of the Arrangement Agreement;

“**Arrangement Agreement**” means the arrangement agreement dated May 30, 2019 among J55, GameCo and Former Enthusiast;

“**Annual Information Form**” means this annual information form, together with all schedules hereto;

“**Applicable Securities Laws**” means the securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders having the force of law, in force from time to time in the Provinces of Ontario, Alberta and British Columbia;

“**BC**” means British Columbia;

“**BCBCA**” means the British Columbia *Business Corporations Act*, and the regulations thereunder, as amended from time to time;

“**Beedie**” has the meaning ascribed to it under “*Year Ended December 31, 2024*”;

“**Beedie Loan**” has the meaning ascribed to it under “*Year Ended December 31, 2024*”;

“**Board**” means the board of directors of Enthusiast Gaming;

**“Brien Options”** has the meaning ascribed to it under *“Year Ended December 31, 2022”*;

**“CBCA”** means the *Canada Business Corporations Act*, and the regulations thereunder, as amended from time to time;

**“CEO”** means Chief Executive Officer;

**“CFO”** means Chief Financial Officer;

**“Chairman”** means chair of the board of directors of a company;

**“Closing”** means the date on which the Transactions were completed, namely August 30, 2019;

**“Common Shares”** means common shares in the capital of Enthusiast Gaming;

**“company”** unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity, other than an individual;

**“CPM”** has the meaning ascribed to it under *“Media and Content”*;

**“Credit Agreement”** has the meaning ascribed to it under *“Year Ended December 31, 2024”*;

**“Deferred FFS Payment”** has the meaning ascribed to it under *“Year Ended December 31, 2022”*;

**“DSP”** has the meaning ascribed to it under *“Media and Content”*;

**“EGI”** means Enthusiast Gaming Inc., a company incorporated under the laws of Ontario, and a wholly-owned subsidiary of Enthusiast Gaming;

**“EGLX”** has the meaning ascribed to it under *“Overview”*;

**“Enthusiast Gaming”** means Enthusiast Gaming Holdings Inc., formerly J55 Capital Corp., Enthusiast Gaming is the resulting issuer following (i) the Amalgamation, and (ii) the Arrangement, each completed on August 30, 2019;

**“Exchange Act”** has the meaning ascribed to it under *“Year Ended December 31, 2024”*;

**“FFS”** has the meaning ascribed to it under *“Year Ended December 31, 2022”*;

**“FFS SPA”** has the meaning ascribed to it under *“Year Ended December 31, 2022”*;

**“Former Enthusiast”** means Enthusiast Gaming Properties Inc., formerly Enthusiast Gaming Holdings Inc. and Tova Ventures II Inc. Former Enthusiast is the resulting issuer following the amalgamation of Tova Ventures II Inc. with Enthusiast Gaming Properties Inc. completed on August 28, 2018;

**“forward-looking statements”** has the meaning ascribed to it under *“Forward-Looking Information”*;

**“GameCo”** means Aquilini GameCo Inc., a corporation incorporated under the laws of Canada;

**“GameKnot”** means GameKnot LLC, a California limited liability company;

**“GDPR”** has the meaning ascribed to it under *“Risk Factors Relating to Enthusiast Gaming’s Operations”*;

**“IFRS”** means International Financial Reporting Standards, as adopted by the International Accounting Standards Board, as amended from time to time;

**“Inventory”** has the meaning ascribed to it under *“Media and Content”*;

**“J55”** means J55 Capital Corp., a capital pool company incorporated under the laws of British Columbia;

**“Lenders”** has the meaning ascribed to it under *“Year Ended December 31, 2024”*;

**“Luminosity”** means Luminosity Gaming Inc., a private corporation incorporated under the laws of Ontario;

**“M&A”** means mergers and acquisitions;

**“Nasdaq”** has the meaning ascribed to it under *“Corporate Structure”*;

**“Newco”** means 11305751 Canada Inc., a wholly-owned subsidiary of J55, incorporated under the CBCA solely for the purpose of carrying out the Amalgamation;

**“NFL TNG”** has the meaning ascribed to it under *“Year Ended December 31, 2022”*;

**“OBCA”** means the Ontario *Business Corporations Act*, and the regulations thereunder, as amended from time to time;

**“Omnia”** has the meaning ascribed to it under *“Overview”*;

**“Option Plan”** means Enthusiast Gaming’s option plan dated January 16, 2020, as amended;

**“Outplayed”** Outplayed, Inc., a Delaware company;

**“Performance Stock Options”** has the meaning ascribed to it under *“Year Ended December 31, 2022”*;

**“PIK Interest”** has the meaning ascribed to it under *“Year Ended December 31, 2024”*;

**“PIPEDA”** means *Personal Information Protection and Electronic Documents Act* (Canada);

**“Preferred Shares”** means preferred shares in the capital of Enthusiast Gaming;

**“Scotiabank Facilities”** has the meaning ascribed to it under *“Year Ended December 31, 2022”*;

**“SEC”** has the meaning ascribed to it under *“Year Ended December 31, 2024”*;

**“SEDAR+”** means the Canadian System for Electronic Document Analysis and Retrieval;

**“SSP”** has the meaning ascribed to it under *“Media and Content”*;

**“Steel Media”** means Steel Media Limited;

**“SU”** has the meaning ascribed to it under *“General Description of Capital Structure”*;

**“SU Plan”** has the meaning ascribed to it under *“General Description of Capital Structure”*;

**“Tabwire”** has the meaning ascribed to it under *“Year Ended December 31, 2021”*;

**“Time-Based Stock Options”** has the meaning ascribed to it under *“Year Ended December 31, 2022”*;

**“Transactions”** means the Amalgamation and Arrangement;

**“TSR”** means The Sims Resource;

“**TSX**” means Toronto Stock Exchange;

“**TSXV**” means TSX Venture Exchange;

“**UK**” means United Kingdom;

“**United States**”, “**U.S.**”, or “**U.S.A.**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

“**Vedatis**” means Vedatis SAS, a French company;

“**Vedatis Share Consideration**” has the meaning ascribed to it under “*Year Ended December 31, 2021*”;

“**Warrants**” has the meaning ascribed to it under “*Year Ended December 31, 2024*”;

Words importing the singular include the plural and vice versa and words importing any gender include all genders.

## FORWARD-LOOKING INFORMATION

Certain statements and information contained in this Annual Information Form constitute forward-looking statements or forward-looking information (collectively “**forward-looking statements**”) within the meaning of Applicable Securities Laws. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words or phrases such as “will”, “may”, “is expected to”, “anticipates”, “estimates”, “intends”, “plans”, “projection”, “could”, “vision”, “goals”, “objective”, “outlook” or similar words suggesting future outcomes or language suggesting an outlook.

In particular, this Annual Information Form contains forward-looking statements with respect to the following:

- expectations as to the intended business activities of the Company and its subsidiaries;
- expectations as to the sources of revenues and future operations, including sponsorship of the Company and its subsidiaries;
- expectations regarding the future growth and revenues of the esports industry generally;
- future development and growth prospects;
- the ability of the Company and its subsidiaries to meet current and future obligations;
- the ability of the Company and its subsidiaries to secure, maintain and comply with all required licenses, permits, approvals and certifications to offer and market its product offerings in the jurisdictions where the Company and its subsidiaries are currently doing business or intends to do business;
- the anticipated regulation or prohibition of online gaming or activities related to or necessary for the operation and offering of online gaming in various jurisdictions;
- the overall business and economic conditions;
- the potential financial opportunity of the Company’s and its subsidiaries’ addressable markets;

- the potential financial opportunity of contracts signed by the Company and its subsidiaries with third parties;
- the competitive environment;
- the protection of the Company's and its subsidiaries' current and future intellectual property rights;
- the ability of the Company and its subsidiaries to recruit and retain the services of its key technical, sales, marketing and management personnel;
- the ability of the Company and its subsidiaries to obtain additional financing on reasonable terms or at all;
- the ability of the Company and its subsidiaries to integrate acquisitions and generate synergies;
- the risks associated with advancements in technology, including artificial intelligence, and the risks associated with technology infrastructure, cyber security and cyber attacks;
- the impact of new laws and regulations in the jurisdictions in which the Company and its subsidiaries are currently doing business or intend to do business, particularly those related to online gaming or that could impact the ability to provide online gaming products and services;
- marketing plans; and
- the expectation of obtaining new customers for the Company's and its subsidiaries' products and services, as well as expectations regarding expansion and acceptance of the Company's and its subsidiaries' brand and products to new markets.

Forward-looking information in this Annual Information Form is based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that we considered appropriate and reasonable as of the date such statements are made, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual actions, events, results, performance or achievements to differ materially from what is projected in forward-looking information, including but not limited to the risks described in greater detail under "*Risk Factors*".

Although we have attempted to identify important factors that could cause actual actions, events, results, performance or achievements to differ materially from those described in forward-looking information, there may be other factors not presently known to us or that we presently believe are not material that may cause actions, events, results, performance or achievements to differ from those anticipated, estimated or intended. Should one or more of these risks or uncertainties materialize or should assumptions underlying the forward-looking information prove incorrect, actual actions, events, results, performance or achievements may vary materially from those expressed and implied by such statements contained in this Annual Information Form. The purpose of forward-looking information is to provide the reader with a description of management's expectations, and such statements may not be appropriate for any other purpose. Accordingly, readers should not place undue reliance on forward-looking information contained in this Annual Information Form. Although the Company believes that the expectations reflected in statements containing forward-looking information are reasonable, it can give no assurance that such expectations will prove to be correct. The Company disclaims any obligation to update any forward-looking information, whether as a result of new information or future events or results, except to the extent required by Applicable Securities Laws.

## CORPORATE STRUCTURE

The Company's head office is located at 2 St. Clair Avenue West, Suite 1000, Toronto, Ontario M4V 1K6, and its registered and records office is located at 510 West Georgia Street, Suite 1800, Vancouver, British Columbia ("**BC**"), V6B 0M3.

The Company, then called J55 Capital Corp. ("**J55**"), was formed by articles of incorporation filed under the British Columbia *Business Corporations Act* ("**BCBCA**") on June 27, 2018 and, following its initial public offering, was a capital pool company ("**CPC**") listed on the TSXV.

The Company is the resulting issuer following (i) a three-cornered amalgamation (the "**Amalgamation**") involving J55, 11305751 Canada Inc. ("**Newco**") and Aquilini GameCo Inc. ("**GameCo**"), and (ii) a plan of arrangement (the "**Arrangement**") involving J55, GameCo and Enthusiast Gaming Properties Inc. ("**Former Enthusiast**"), each completed on August 30, 2019.

The Amalgamation constituted the Company's qualifying transaction. Prior to the Amalgamation, the Company completed a 1.25 to 1 share consolidation on August 26, 2019. Following the Arrangement, the Company changed its name to "Enthusiast Gaming Holdings, Inc." on September 5, 2019 and completed a further 8 to 1 share consolidation on September 9, 2019.

In connection with the Transactions, J55 filed a notice of alteration under the BCBCA on September 5, 2019 to change its name to "Enthusiast Gaming Holdings Inc."

On January 27, 2020, Enthusiast Gaming graduated to the TSX from the TSXV. The Enthusiast Gaming Shares began trading on the TSX under the ticker symbol "EGLX". On April 21, 2021, the Enthusiast Gaming Shares commenced trading on the Nasdaq Global Select Market (the "**Nasdaq**") under the ticker symbol "EGLX". On October 30, 2023, the Company filed a Form 25 to report the delisting of the Enthusiast Gaming Shares from Nasdaq. On February 9, 2024, the Company filed a Form 15F with the Securities and Exchange Commission (the "**SEC**") to deregister the Enthusiast Gaming 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.

### Intercorporate Relationships

The following table describes the subsidiaries of Enthusiast Gaming as of the date hereof, their place of incorporation, continuance or formation, and the percentage of voting securities that are beneficially owned, controlled or directed by the Company.

Subsidiary	Jurisdiction of Incorporation	Percentage of Votes Attached to All Voting Securities
GameCo Esports Canada Inc.	Canada	100% (direct)
Enthusiast Gaming Properties Inc.	Canada	100% (direct)
Omnia Media Inc.	USA	100% (direct)
Luminosity Gaming Inc.	Canada	100% (indirect)
Enthusiast Gaming Inc.	Canada	100% (indirect)
Enthusiast Gaming Media (US) Inc.	USA	100% (indirect)



Subsidiary	Jurisdiction of Incorporation	Percentage of Votes Attached to All Voting Securities
Enthusiast Gaming (PG) Inc.	Canada	100% (indirect)
Steel Media Limited	England and Wales	100% (indirect)
GameCo Esports USA Inc.	USA	100% (indirect)
Vedatis SAS	France	100% (direct)
GameKnot LLC	USA	100% (indirect)
Addicting Games, Inc.	USA	100% (indirect)
TeachMe Gaming, Inc.	USA	100% (indirect)
Outplayed, Inc.	USA	100% (indirect)
Fantasy Football Scout Limited	England and Wales	100% (indirect)

**GENERAL DEVELOPMENT OF THE BUSINESS**

**Overview**

Since completion of the Transactions, Enthusiast Gaming is and has been engaged in the businesses of media, content, esports, and entertainment, all as described in more detail below in “*Description of the Business*”. Enthusiast Gaming is building a scaled media platform for gamers to connect and engage worldwide. Through its proprietary mix of digital media and entertainment assets, Enthusiast Gaming has built a vast network of like-minded communities to deliver the ultimate fan experience. This vertically integrated media platform engages a diverse, youthful and affluent audience who are watching, reading and consuming gaming content. Approximately 80%<sup>1</sup> 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 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.<sup>2</sup>

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<sup>1</sup> Calculated based on data provided by Comscore Plan Metrix as of January 2025.

<sup>2</sup> Comscore Media Metrix® Multi-Platform, Total Audience, September 2024, U.S.

## Three-Year History

### Year Ended December 31, 2022

On April 28, 2022, the Company, through its wholly-owned subsidiary, Steel Media Limited, acquired all of the issued and outstanding shares of Fantasy Media Ltd and Fantasy Football Scout Limited (collectively, “**FFS**”), pursuant to a share purchase agreement dated April 28, 2022 (the “**FFS SPA**”). Pursuant to the terms of the FFS SPA, the Company acquired all of the outstanding treasury shares of FFS in exchange for (i) a cash payment of \$2,937,520 (GBP £1,825,000) on closing, which included an agreed upon cash excess amount of \$523,120 (GBP £325,000), (ii) a payment of \$1,609,600 (GBP £1,000,000) on the first anniversary of closing which was payable in cash or Common Shares at the option of the Company (the “**Deferred FFS Payment**”), which Deferred FFS Payment was settled on June 16, 2023 (see *Year Ended December 31, 2023*), (iii) an earn-out cash payment \$804,800 (GBP £500,000) which was paid on the first anniversary of closing, based on the renewal of a Fantasy Premier League agreement, subject to adjustments, and (iv) a cash payment of \$80,480 (GBP £50,000) on the second anniversary of closing, subject to adjustments.

On June 2, 2022, the Company settled certain deferred and earn-out payments in connection with its acquisitions of Addicting Games, Outplayed, and Vedatis through the issuance of an aggregate of 16,168,836 Common Shares at an implied weighted average value of US\$2.47 per share.

On July 7, 2022, the Company entered into an agreement with Greywood Investments, LLC pursuant to which it agreed to appoint two nominees to its Board for election at its 2022 annual general meeting and 2023 annual general meeting, and to undertake a transition plan to seek out a new Chief Executive Officer. To settle certain accounts payable incurred in connection with the contested 2022 annual general meeting, the Company issued (i) 307,692 Common Shares on July 25, 2022 at a share price of \$2.29 per share, and (ii) 790,633 Common Shares on September 19, 2022 at an implied weighted average value of \$1.60 per share.

On August 31, 2022, the Company and the National Football League (the “**NFL**”) announced 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. This multi-year partnership resulted in the launch of NFL Tuesday Night Gaming (“**NFL TNG**”). NFL TNG debuted September 13, 2022. The show consists of a rotating roster of NFL players and legends, competing with gaming creators across multiple game titles each week

On September 19, 2022, the Company announced the expansion of its term credit facility with The Bank of Nova Scotia (together with the operating facility, the “**Scotiabank Facilities**”) by way of amendment, increasing the size of the facility from \$10,000,000 to \$20,000,000. The Scotiabank Facilities are secured by substantially all of the assets of the Company and certain subsidiaries acting as guarantors. The Company announced on October 12, 2023, that it had further amended the Scotiabank Facilities (the “**2023 Scotiabank Amendments**”) to provide for (a) the expansion of the operating facility from \$5,000,000 to \$7,500,000, (b) a six-month deferral on principal repayments under the term facility, (c) the ability to increase the limit of the operating facility by an additional \$2,500,000 upon the Company maintaining certain metrics relating to its borrowing base, subject to lender approval, and (d) the extension of the maturity date of the Scotiabank Facilities to June 30, 2025 (see “Year Ended December 31 2023”).

On September 29, 2022, the Company announced the sale of certain video game editorial websites for a purchase price of approximately \$6.8 million, representing a multiple of approximately 4.5x associated revenue. Among the website assets included as part of the sale were Destructoid.com, Siliconera.com, Upcomer.com, PCInvasion.com, Operationsports.com and EscapistMagazine.com, together with their respective social media handles and the Company’s rights to certain legacy domains and related content such as NintendoEnthusiast.com.

### Year Ended December 31, 2023

On February 22, 2023, the Company was ranked as the #1 gaming property for unique visitor traffic in the United States, based on the latest digital media ratings from Comscore, a leading independent media measurement firm (Comscore Media Metrix®, Games, January 2023, U.S.).

On March 1, 2023, the Company appointed Nick Brien as its Chief Executive Officer and transitioned Adrian Montgomery to the position of non-executive Chairman of the Board. In connection with the appointment of Mr. Brien as CEO, Mr. Brien was granted 6,062,976 stock options, being comprised of (i) 5,305,104 stock options (the “**Time-Based Stock Options**”) vesting over a 4-year period with 25% of such Time-Based Stock Options to vest on March 1, 2024, and the remaining Time-Based Stock Options vesting in 36 equal monthly installments over the 36 months immediately subsequent to March 1, 2024, and (ii) 757,872 performance stock options (“**Performance Stock Options**”, or together with the Time-Based Stock Options, the “**Brien Options**”) vesting over a 4-year period with 25% of such Performance Stock Options to vest on March 1, 2024, and the remaining Performance Stock Options vesting in 36 equal monthly installments over the 36 months immediately subsequent to March 1, 2024, provided, in all events, the vesting of such Performance Stock Options being subject to the performance requirement, being the Common Shares having an average share price of at least US\$5.00 on the Nasdaq over a period of 90 consecutive days (with such threshold being subject to adjustment in the event of any stock split, reverse split or other capital reorganization event) at any point subsequent to March 1, 2023. All Brien Options were forfeited and returned to the Company’s option pool upon Mr. Brien’s resignation in January 2024 (see *Year Ended December 31, 2023*).

On June 16, 2023, the Company issued 2,626,037 Enthusiast Gaming Shares in settlement of the Deferred FFS Payment.

On October 12, 2023, the Company announced the 2023 Scotiabank Amendments.

On October 23, 2023, the Company announced its intention to voluntarily delist from Nasdaq following the Company’s inability to regain compliance with Nasdaq’s minimum bid price requirement under Nasdaq Listing Rule 5450(a)(1) within the prescribed period. Subsequently, on October 30, 2023, the Company filed a Form 25 to report the delisting of the Enthusiast Gaming Shares from Nasdaq.

### Year Ended December 31, 2024

On January 8, 2024, the Company announced the resignation of Mr. Brien as Chief Executive Officer and board member of Enthusiast Gaming and the appointment of Adrian Montgomery as interim Chief Executive Officer.

On February 9, 2024, the Company filed a Form 15F with the Securities and Exchange Commission (the “**SEC**”) to deregister the Enthusiast Gaming 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.

On March 8, 2024, the Company announced a \$10 million cost reduction program 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. Cost savings initiatives and operational efficiencies are to include efficiencies in ad tech, the consolidation of offices, the insourcing of production and content resources, headcount reductions and other areas.

On March 28, 2024, the Company announced a multi-year partnership with leading advertising technology provider Playwire to optimize its programmatic performance and drive incremental revenue opportunities through the outsourcing of its ad tech capabilities.

On April 1, 2024, the Company announced that it had entered into a definitive agreement to sell a select group of non-core, non-profitable assets in the Company's casual gaming division for a purchase price of approximately \$4.1 million. Most notable among the assets included in the sale are Shockwave, LittleBigSnake, MathGames.com and TypeRacer.com. The sale closed on April 15, 2024.

On July 11, 2024, the Company announced the extension of its partnership with the NFL for a third season of NFL TNG.

On July 12, 2024, the Company entered into a credit agreement (the "**Credit Agreement**") with Beedie Investments Ltd. ("**Beedie**"), together with an affiliate of Jordan Gnat, who is a director of the Company, (together with Beedie, the "**Lenders**") for a four-year non-revolving loan of \$20,000,000 (the "**Beedie Loan**"), due July 12, 2029. Proceeds from the Beedie Financing will be used for growth and working capital purposes. The Beedie Loan bears interest at a fixed rate of 14.0% per annum calculated and payable monthly in arrears. The Company will have the option until January 31, 2025 to pay the monthly interest in-kind ("**PIK Interest**") by adding accrued interest for that month to the outstanding principal amount of the Beedie Loan, which PIK Interest will accrue interest compounded monthly and be added to the outstanding principal amount of the Beedie Loan. Each Lender shall be entitled, upon notice to the Company, but subject to obtaining, if applicable, stock exchange and/or shareholder approval, to elect to convert all or any portion of their respective pro-rata share of the PIK Interest into Common Shares at a price equal to the Market Price (as defined in TSX policy) of the Common Shares immediately prior to conversion on the TSX. In connection with the Beedie Loan, the Company issued to the Lenders in aggregate 37,037,037 common share purchase warrants ("**Warrants**"), at an exercise price of \$0.135, equal to a 15% premium to the five consecutive trading day volume-weighted average price of the Common Shares on July 11, 2024, with each Warrant being exercisable to purchase one Common Share and expiring on July 12, 2029. Subject to certain conditions, Beedie shall be entitled to certain board representation rights and pre-emptive rights in connection with the Beedie Loan. The Beedie Loan will be guaranteed by certain Canadian and U.S. subsidiaries of the Company and secured by a second ranking security interest over substantially all of the assets of the Company and the guarantor subsidiaries. The Beedie Loan will be subordinated to the Scotiabank Facilities.

On November 27, 2024, the Company announced Felicia DellaFortuna's resignation as CFO of the Company effective December 31, 2024, with Alex Macdonald, who had served as CFO of the Company from its inception until November 2023, to return as CFO of the Company concurrently therewith.

## DESCRIPTION OF THE BUSINESS

### Overview

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 advertising revenue related to a number of websites that are wholly owned or monetized and represented 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 the different games 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 and advertisers to run successful advertising campaigns. Enthusiast Gaming has amassed a platform of engaged, lifestyle gamers that have become a leading platform for brands targeting the gamer demographic.

Enthusiast Gaming's web and video platforms generate billions of views per quarter. 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 brands and advertisers 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 sales as well as its owned and operated content.

### ***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 or a third party provider to act as a intermediary in order 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 such as views 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.

### ***Sale of Inventory***

The digital media advertising revenue stream of Enthusiast Gaming's comes from its' content-rich properties drawing billions of views. Enthusiast Gaming is able to sell valuable Inventory on its digital media properties, as well as 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 of its owned and operated sites and channels alongside third-party represented Inventory, Enthusiast Gaming gets access to sales opportunities in which it is able to command higher advertising revenues and provide better solutions to its brands/advertisers.

However, 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.

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.

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 advertisements, or other forms of advertising units as may be applicable to the respective property.

Enthusiast Gaming derives part of its total advertising 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. Enthusiast Gaming may also produce custom campaigns that involve activations by talent including conducting contests, livestreams, and social media posts to increase brand awareness and amplify the campaign.

In addition to direct advertising campaigns, Enthusiast Gaming enters into agreements with online advertising exchanges or with a third-party intermediary to those 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 advertising revenue, or a combination of the two.

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***

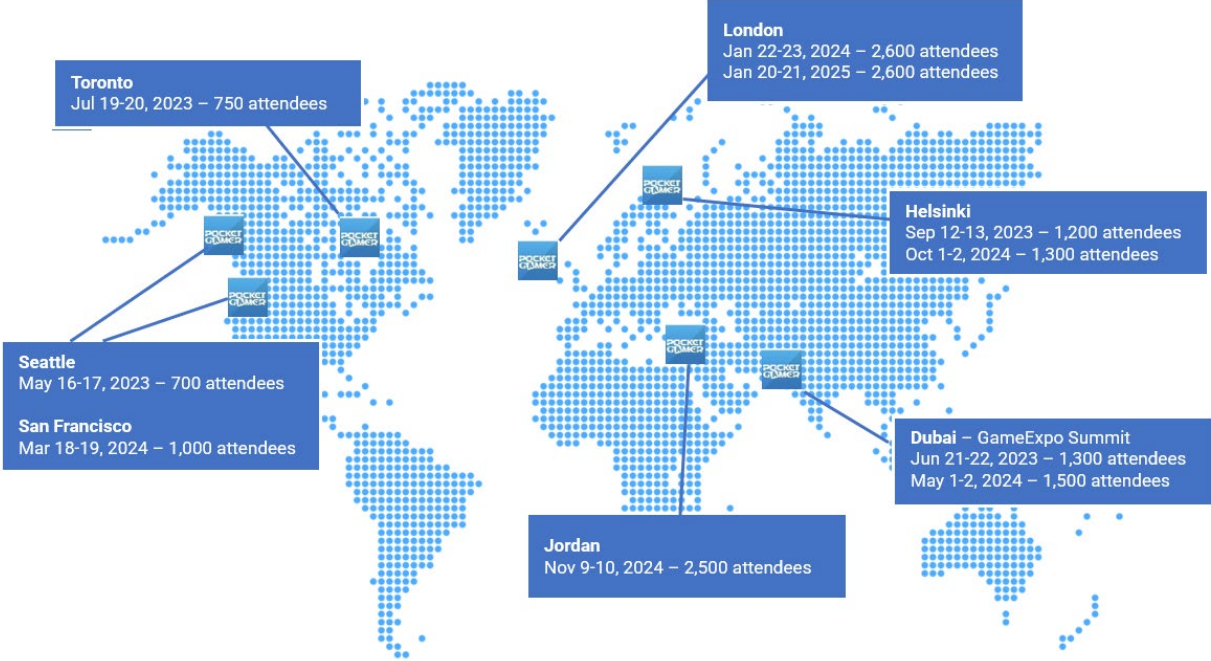
The Company’s esports division, Luminosity Gaming, is a professional esports organization. It currently has fully owned teams competing in Apex Legends, League of Legends, Rocket League, Marvel Rivals, Super Smash Bros: Ultimate, Super Smash Bros: Melee, Rivals of Aether II, Brawlhalla, Rainbow Six Siege 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 across social media platforms such as YouTube and Twitch.

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 direct sponsorships, endorsement deals, product placement deals 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. 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.

The Company’s entertainment division is also the operator of video game networking events across various 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 live events in locations such as London, San Francisco, Helsinki, and Dubai. The following summarizes select Pocket Gamer events over 2023, 2024 and 2025 year to date:



**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 202,000 monthly subscribers. TSR’s subscribers pay on average approximately USD\$3.50 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, and TypeRacer, as well as its respective subscription revenue.

### **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, increasing traffic 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 year ended December 31, 2024 was \$21.9 million as compared to approximately \$41.7 million for the year ended December 31, 2023. The decrease was mainly due a decrease in the number of ramped sellers in the year ended December 31, 2024 relative to the year ended December 31, 2023. Enthusiast Gaming's direct sales efforts began in Q1 2020 and continue to provide one-of-a-kind campaign solution with advertisers at large.

In September 2022, the Company expanded upon its direct sales custom content and advertising solutions through a partnership with the NFL to launch a first-of-its-kind gaming collaboration in NFL Tuesday Night Gaming, bringing together NFL players and Legends with top gaming content creators from marquee gaming organizations including Luminosity Gaming. This partnership produced three seasons of NFL TNG primarily as a direct sales vehicle prior to its expiry at the Company's election on March 31, 2025. In addition, the Company has also signed a partnership with the National Hockey League ("**NHL**") to launch NHL Puck 'N Play which will commence in Q3 2025 concurrently with the NHL's 2025-2025 season, and will provide further advertising solutions and content to its' partners.

#### **Optimize CPMs**

Enthusiast Gaming is focused on targeting 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 significantly increased the number of paid subscribers for its properties from approximately 61,000 in March 2019 to approximately 241,000 in December 2024. Enthusiast Gaming continues to look for opportunities to grow existing subscription offerings and to launch new subscription offerings.

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. Paid subscribers for Shockwave, LittleBigSnake, MathGames.com, and TypeRacer.com as of March 31, 2024 were approximately 23,000.

## **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.<sup>3</sup> Gamers are a highly engaged customer base that average 8.5 hours played a week globally.<sup>4</sup> 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. 52% of Millennials prefer gaming than any other traditional media such as streaming TV, broadcast TV, music and reading.<sup>5</sup>

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.<sup>6</sup>

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, 80% 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.<sup>7</sup>

### **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 purchases<sup>8</sup>, and their attitudes towards brands are more positive than non-payers.<sup>9</sup> More than half of the Gen Alpha, Gen Z and Millennials players discover new brands while gaming.<sup>10</sup> 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.<sup>11</sup>

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 many hours gaming per week. These individuals represent a highly sought-after demographic in a number of key advertising categories.

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<sup>3</sup> Based on data provided by Statista as of January 2023

<sup>4</sup> Based on data provided by BankmyCell's Worldwide Gamers Statistics in 2024.

<sup>5</sup> Based on data provided by Fandom's Inside Gaming Report published on April 13, 2023.

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

<sup>7</sup> Based on Newzoo's "How Consumers Engage with Video Games Today – Newzoo's Global Gamer Study 2023", published on June 20, 2023.

<sup>8</sup> Based on Newzoo's "Gen Alpha & Gen Z - The Future of Gaming "Report published on September 28, 2022

<sup>9</sup> Based on Newzoo's "How Consumers Engage with Video Games Today – Newzoo's Global Gamer Study 2023", published on June 20, 2023.

<sup>10</sup> Based on Newzoo's "How different generations engage with video games today "Report published on October 17, 2023.

<sup>11</sup> Based on the article "U.S Consumer Video Game Spending Totaled \$57.2 Billion in 2023" by Yahoo Finance on Feb 7, 2024.

## **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 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 2023, the global esports market revenue was valued at just over US\$1.98 billion and forecast to grow to US\$5.93 billion in 2029.<sup>12</sup> The global esports audience would reach 641 million.<sup>13</sup>

## **SPECIALIZED SKILL AND KNOWLEDGE**

Specialized skill and knowledge is necessary to capitalize on significant trends in the video gaming media industry. Each of the three principal pillars of Enthusiast Gaming’s products and services operate in the video gaming media industry. To that end, Enthusiast Gaming has retained a management team that has business acumen, gaming, sports and entertainment experience and industry connections.

In addition, market trends indicate that publishers will become more in-demand as users continue to seek diverse content. Enthusiast Gaming has assembled an in-house team of individuals, all of whom have specialized knowledge of digital media sales and ad tech (relevant to media and content), the competitive environment of esports and the position of both B2B and B2C events in the industry (relevant to esports and entertainment), and the deployment of “freemium” models (relevant to subscription), in order to maximize the value of its properties and give Enthusiast Gaming an advantage in the market.

### **Competitive Conditions**

The digital media publishing industry in the gaming sector is highly competitive and fragmented. Enthusiast Gaming’s media and content and subscription revenue streams compete with many well-established media websites, video properties, ad networks and non-gaming networks. Enthusiast Gaming’s media and content and subscription offerings are targeted at the global English speaking gaming media market, which encompasses many geographic territories each with various competing entities.

In addition, the esports and entertainment revenue streams’ main audience has been the demographic cohorts known as “Gen Alpha”, “Millennials” or “Gen Z”. As such, Enthusiast Gaming generally competes for sponsorship revenue with companies involved in industries – such as the music industry – that have an audience consisting of the same or similar demographic cohorts.

Many of Enthusiast Gaming’s competitors have adopted a centralized approach by developing a single website or video property with a strong brand to publish gaming and esports content. Unlike its competitors, Enthusiast Gaming has employed a decentralized approach and instead aggregated many smaller digital media publishing properties in order to achieve the benefits of selling inventory with a large audience.

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<sup>12</sup> Based on data provided by Statista as of March 11, 2025.

<sup>13</sup> Based on data provided by Statista as of May 22, 2024.

Additionally, Enthusiast Gaming optimized its network of properties to function and to receive ads on multiple platforms, including video, mobile, the web, and tablets.

Due to the gaming media and esports industry’s potential for growth and monetization and low barriers to entry, Enthusiast Gaming expects to face additional competition from new entrants and increasing competition from established companies in the industry.

### **Intangible Properties**

The Company believes the trademarks listed in the table below enjoy significant brand awareness, which we believe is essential to establishing and maintaining a leading position in the rapidly developing Media and Content, Esports, and Subscription markets. With the exception of the trademarks and patent listed below, Enthusiast Gaming currently relies on Canadian and U.S. common law for proprietary protection of its intellectual property. This is due to the large number of trademarks and copyrighted material that Enthusiast Gaming uses in its gaming network, and the projected expense required for formal proprietary protection of each copyrightable material and/or trademark it uses. Enthusiast Gaming intends to continually monitor and evaluate the intellectual property used by its digital assets in order to identify intellectual property that may benefit from proprietary protections beyond those available to the Company under common law.

<b>Canadian Registered Trademarks or Trademark Applications</b>		
<b>Trademark</b>	<b>Registration Number</b>	<b>Filing/Registration Date</b>
ENTHUSIAST GAMING	1933339	30-Nov-18
GAMERS GREATEST TALENT	2110109	27-May-21
RISING STARS	2001810	08-Jan-20
GAMERS LIVE HERE	2001812	08-Jan-20
RISING STARS & Design	2001811	08-Jan-20
BCC GAMING & DESIGN	1989960	29-Oct-19
BBC & Design	1989960	29-Oct-19
TUESDAY NIGHT GAME NIGHT	2184782	11-May-22
TUESDAY NIGHT GAMING	2206305	25-Aug-22

<b>US Registered Trademarks or Trademark Applications</b>		
<b>Trademark</b>	<b>Registration Number</b>	<b>Filing/Registration Date</b>
ENTHUSIAST GAMING	88391588	18-April-19
TEACHME	5519150	17-Jul-18
ADDICTING GAMES	3326790	30-Oct-07

US Registered Trademarks or Trademark Applications		
Trademark	Registration Number	Filing/Registration Date
EV.IO	6541083	26-Oct-21
TUESDAY NIGHT GAME NIGHT	97404792	11-May-22
TUESDAY NIGHT GAMING	97564975	25-Aug-22
STORIED	97584617	09-Sept-22

United Kingdom Registered Trademarks or Trademark Applications		
Trademark	Registration Number	Filing/Registration Date
POCKET GAMER	UK00002618412	18-Apr-12
ICY VEINS	WO0000001157353	22-Feb-13

France Registered Trademarks or Trademark Applications		
Trademark	Registration Number	Filing/Registration Date
ICY VEINS	3883732	21-Dec-11

Australia Registered Trademarks or Trademark Applications		
Trademark	Registration Number	Filing/Registration Date
ICY VEINS	1555927	22-Feb-13

World Intellectual Property Organization Trademarks or Trademark Applications		
Trademark	Registration Number	Filing/Registration Date
ICY VEINS <sup>(1)</sup>	1157353	22-Feb-13

Notes:

(1) Filed in US, United Kingdom and Australia.

Granted Patents		
Patent	Patent Number	Filing Date

Granted Patents		
PERFORMANCE MEASUREMENT IN A MULTI-PLAYER COMPUTER GAMING ENVIRONMENT	10,632,389 B1	21-Jul-17

### **Employees**

As of December 31, 2024, in addition to the officers of Enthusiast Gaming, the Company had approximately 130 full time employees.

### **Other**

The Company's business can fluctuate due to seasonal trends. A portion of the Company's revenue is generated from advertising, a component of the media and content revenue streams, which has in past years shown significant increases in the fourth quarter of the Company's financial year, and been lowest in the first quarter of the Company's financial year. Based on historical and industry data, the Company would typically expect the breakdown of annual advertising revenue to be first quarter – 15%, second and third quarters – 25% each, and fourth quarter – 35%. This would exclude any impact of organic growth or decline, or other market events or forces which may impact the levels of media consumption or the market prices of digital ad inventory.

The Company's revenues may also be affected by the timing of major events and programs. Historically, the two largest revenue producing events in the Company's portfolio – Pocket Gamer London (an event held in London, UK) and NFL TNG (a program aired during the course of the NFL season) have been focused in the first and fourth quarter of the Company's financial year. In addition, a portion of the Company's business activities depend on foreign operations, as a portion of the Company's events operational team is based in the United Kingdom.

While the Company expects the seasonal trends above to continue for the foreseeable future, there can be no assurance that the seasonal trends and other factors that have impacted Company's historical results will repeat in future periods as it cannot influence or forecast many of these factors: for instance, the Company's revenues may also be affected by the scheduling of other events or gaming releases that do not occur annually or that are at the discretion of management. For other factors that may cause its results to fluctuate, see "*Risk Factors*".

### **Enthusiast Gaming does not have any investment policies regarding lending and investment restrictions.**

Enthusiast Gaming or its subsidiaries have not been subject to any bankruptcy, receivership or similar proceedings, and there have not been any material reorganizations of Enthusiast Gaming or its subsidiaries within the three most recently completed financial years or during or proposed for the current financial year.

## **RISK FACTORS**

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.

The risks presented below 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 Annual Information Form, the 2024 Annual Financial Statements, the 2024 Annual MD&A, each of which is available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com), 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 in a 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.

In evaluating Enthusiast Gaming and its prospective businesses, investors should carefully consider the following risks.

### **Risk Factors Relating to Enthusiast Gaming's Business & Operations**

#### **Enthusiast Gaming has limited operating history**

Enthusiast Gaming's lack of operating history may make it difficult for investors to evaluate Enthusiast Gaming's prospects for success and there is no guarantee that Enthusiast Gaming's business models will achieve its strategic objectives. There is no assurance that Enthusiast Gaming will be successful and the likelihood of success must be considered in light of its relatively early stages of operation.

#### **Reliance on advertisers for revenue**

Enthusiast Gaming relies on advertisers to purchase inventory from the Company's network of digital media publishers for future revenue. Enthusiast Gaming's inability to secure contracts for advertising revenues may have a material adverse effect on its business, financial condition, and results of operations. Additionally, this is a relatively new and rapidly evolving industry and as such, it is difficult to predict the prospects for growth. There is no assurance that advertisers will continue to increase their purchases of online advertising or that the supply of advertising inventory on gaming digital media properties will not exceed the demand. If the industry grows slower than anticipated or Enthusiast Gaming's existing products and services lose, or its new products and services fail to achieve market acceptance, Enthusiast Gaming may be unable to achieve its strategic business objectives, which could have a material adverse effect on its prospects, business, financial condition or results of operation.

#### **Enthusiast Gaming depends on third parties, including users and content providers**

Enthusiast Gaming is reliant to an extent on third parties, including content providers, users, and affiliate network publishers.

Many of Enthusiast Gaming's business activities rely on telecommunication and network systems that the Company does not own or operate. Such telecommunication and network systems are complex electronic systems, subject to electronic and mechanical failures and possible sabotage. Given the event-based nature of the esports industry, even temporary or limited failures of these telecommunication and network systems would impair Enthusiast Gaming's business activities and/or the growth of current and additional market opportunities, which would adversely affect Enthusiast Gaming's results of operations. In addition, a majority of Enthusiast Gaming's revenue is derived from the Company's multi-channel network license, which it uses to monetize owned and operated as well as influencer video properties on YouTube. If the multi-channel license was terminated, or Enthusiast Gaming's rights pursuant to the license were hindered, there could be a material and negative impact on the Company's revenue.

Enthusiast Gaming's success is partially dependent on its ability to attract and retain quality content providers. There can be no assurance that these business relationships will continue to be maintained or that new ones will be successfully formed. A breach or disruption in these relationships or failure to engage contractors could be detrimental to the future business, operating results and/or profitability of Enthusiast Gaming.

Moreover, Enthusiast Gaming's financial performance will be significantly determined by its success in adding, retaining, and engaging active users of its networks of digital media properties. If users do not perceive Enthusiast Gaming's content as interesting, unique and useful, Enthusiast Gaming may not be able to attract or retain additional users, which could adversely affect its business. During the financial year

ended December 31, 2023, revenue from Israel, Russia and Ukraine made up, on a combined basis, less than 0.05% of the total revenue. Due to the recent actions of the Russian military in Ukraine, and the ongoing conflict in Israel, there could be a significant decrease in revenue from Israel, Russia and Ukraine which could adversely impact Enthusiast Gaming's revenue from these regions. Currently the impact of these conflicts on the global economy and, in particular, on Enthusiast Gaming's operations and future financial performance is unknown and will depend on how these events evolve.

#### *Enthusiast Gaming may be unable to complete favourable acquisitions*

As part of Enthusiast Gaming's business strategy, the Company may attempt to acquire businesses that it believes are a strategic fit with its business, such as gaming digital media publishers. Enthusiast Gaming may not be able to complete such acquisitions, or obtain financing for such acquisitions on favourable terms, if at all. Any future acquisitions may result in unforeseen operating difficulties and expenditures, and may absorb significant management attention that would otherwise be available for ongoing development of its business. Since Enthusiast Gaming may not be able to accurately predict these difficulties and expenditures, these costs may outweigh the value it realizes from a future acquisition, and any acquisition Enthusiast Gaming completes could be viewed negatively by its advertisers. Future acquisitions could result in issuances of securities that would dilute shareholders' ownership interest, the incurrence of debt, contingent liabilities, amortization of expenses related to other intangible assets, and the incurrence of large, immediate write-offs.

#### *Difficulties integrating acquisitions and strategic investments*

Enthusiast Gaming has acquired businesses, personnel and technologies in the past and expects to continue to pursue acquisitions, and investments that are complementary to the existing business, and expanding the employee base and the breadth of its business. Since Enthusiast Gaming expects the esports industry to consolidate in the future, the Company may face significant competition in executing its growth strategy. Future acquisitions or investments could result in potential dilutive issuances of equity securities, use of significant cash balances or incurrence of debt, and contingent liabilities or amortization expenses related to goodwill and other intangible assets, any of which could adversely affect the financial condition and results of operations of the Company. The benefits of an acquisition or investment may also take considerable time to develop, and the Company cannot be certain that any particular acquisition or investment will produce the intended benefits. The above risks and difficulties, if they materialize, could disrupt the Company's ongoing business, distract management, result in the loss of key personnel, increase expenses and otherwise have a material adverse effect on the Company's business, results of operations and financial performance.

#### *Limited long-term agreements for advertising revenue*

Enthusiast Gaming's success requires it to maintain and expand its current advertising revenue-generating relationships and to develop new relationships. Enthusiast Gaming's contracts that help drive advertising revenue generally do not include long-term obligations requiring third parties to purchase Enthusiast Gaming's inventory and services or Enthusiast Gaming to market its advertising inventory. As a result, Enthusiast Gaming may have limited visibility as to its future advertising revenue streams. Enthusiast Gaming cannot ensure its advertising revenue generating sources will continue to operate or that Enthusiast Gaming will be able to replace, in a timely or effective manner, departing clients with new sources that generate comparable revenue. Any non-renewal, renegotiation, cancellation or deferral of significant advertising contracts that in the aggregate account for a significant amount of revenue, could have a material adverse effect on Enthusiast Gaming's prospects, business, financial condition or results of operations.

#### *Brand development*

The brand identities that Enthusiast Gaming has developed have significantly contributed to the success of its business. Maintaining and enhancing the Enthusiast Gaming brand is critical to expanding Enthusiast Gaming's user bases and networks of publishers and advertisers. Enthusiast Gaming believes that the

importance of brand recognition will increase due to the relatively low barrier to entry in the industry. Enthusiast Gaming brands may be negatively impacted by a number of factors, including software malfunctions, delivery of incorrect information, and data privacy and security issues. If Enthusiast Gaming fails to maintain and enhance its brands, or if Enthusiast Gaming incurs excessive expenses in this effort, it could have a material adverse effect on Enthusiast Gaming's prospects, business, financial condition or results of operations. Maintaining and enhancing the Enthusiast Gaming brand will depend largely on Enthusiast Gaming's ability to continue to provide high-quality products and services, which Enthusiast Gaming may not continue to do successfully.

*The ad tech and programmatic optimization tools utilized by Enthusiast Gaming are highly technical, and if not utilized properly, Enthusiast Gaming's business could be adversely affected*

The ad tech and programmatic optimization tools utilized by Enthusiast Gaming enable it to target advertisements by a number of factors, including age, gender, income, occupation, etc. There can be no assurance that the ad tech and programmatic optimization tools utilized by Enthusiast Gaming will not be enhanced or rendered obsolete by advances in technology, or that Enthusiast Gaming will be able to utilize the ad tech or programmatic tools necessary to remain competitive. This could have an adverse effect on Enthusiast Gaming's business, operations or financial condition. Moreover, the ad tech and programmatic optimization tools utilized by Enthusiast Gaming are highly technical and complex and may now or in the future contain undetected errors, bugs, or vulnerabilities which may result in unsuccessful advertising campaigns. Any unsuccessful advertising campaigns could result in damage to Enthusiast Gaming's reputation, loss of users, loss of revenue, or liability for damages, any of which could adversely affect Enthusiast Gaming's business and financial results.

*If we are unable to continue to attract visitors to our websites from search engines, then consumer traffic to our websites could decrease, which could negatively impact the sales of our products and services and our advertising revenue.*

We generate consumer traffic to our websites using various methods, including search engine marketing, or SEM, search engine optimization, or SEO, email campaigns and social media referrals. Our revenues and profitability levels are dependent upon our continued ability to use a combination of these methods to generate consumer traffic to our websites in a cost-efficient manner. We have experienced and continue to experience fluctuations in search result rankings for a number of our websites. There can be no assurances that we will be able to grow or maintain current levels of consumer traffic.

Our SEM and SEO techniques have been developed to work with existing search algorithms utilized by the major search engines. Major search engines frequently modify their search algorithms. Changes in search engine algorithms or user interfaces could cause our websites to receive less favorable placements, which could reduce the number of users who visit our websites. In addition, we use keyword advertising to improve our search ranking and to attract users to our sites. If we fail to follow legal requirements regarding the use of keywords or search engine guidelines and policies properly, search engines may rank our content lower in search results or could remove our content altogether from their indices.

Any decline in consumer traffic to our websites could adversely impact the amount of ads that are displayed, which could adversely affect our revenues. An attempt to replace this traffic through other channels may require us to increase our sales and marketing expenditures, which would adversely affect our operating results and which may not be offset by additional revenues.

*Users may use ad-blockers*

The success of Enthusiast Gaming's business models depend on its ability to deliver targeted, highly relevant ads to users of Enthusiast Gaming's networks of digital media properties. Targeted advertising is done primarily through analysis of data, much of which is collected on the basis of user-provided permissions. This data might include a user's location, or data collected when users view an advertisement or when they click on or otherwise engage with an advertisement. Users may elect not to allow data sharing for targeted advertising for a number of reasons, such as privacy concerns. In addition, companies are



constantly developing products that enable users to prevent advertisements from appearing on its web browsers. Wider adoption of these products could have a material adverse effect on Enthusiast Gaming's prospects, business, financial conditions or results of operations.

#### *Generative AI and related technologies could present risks and challenges to our business*

Developments in the use of generative AI and related technologies make it easier to access, duplicate, and distribute our content, or otherwise generate output based on our content, without authorization, fair compensation, or proper attribution. These technologies may reduce our online traffic and audience sizes, infringe our intellectual property rights, and adversely affect our business, financial condition, and results of operations. Our reputation may also be harmed if these technologies wrongly attribute inaccurate information to us. We seek to limit such threats; however, policing unauthorized use of our content and intellectual property is often difficult and the steps taken by us may not prevent misuse and infringement of our intellectual property. Although we do not believe these threats have been material to our businesses to date, we expect to continue to be subject to these threats and there can be no assurance that we will not experience a negative impact on our business as a result of them.

The use of copyrighted material by generative AI and related technologies has not been fully interpreted by federal, state, or international courts, and the legal and regulatory framework for generative AI continues to evolve and remains uncertain. It is possible that new laws and regulations will be adopted in the jurisdictions in which we operate, or existing laws and regulations may be interpreted in new ways, which may affect how operators of generative AI and related technologies seek to use our content. The cost for us to enforce such laws and regulations, or otherwise protect our content and intellectual property rights, could be significant.

#### *Enthusiast Gaming's transmission of user data*

Enthusiast Gaming transmits and stores a large volume of data. Enthusiast Gaming may be subject to increased legislation and regulations on the collection, storage, retention, transmission and use of user-data that they collect. Enthusiast Gaming's efforts to protect the personal information of its users, partners and clients may be unsuccessful due to the actions of third parties, software bugs or technical malfunctions, employee error or malfeasance, or other factors. In addition, third parties may attempt to fraudulently induce employees or users to disclose information in order to gain access to Enthusiast Gaming's data, its users' data, its partners' data or its clients' data. If any of these events occur, users', partners' or clients' information could be accessed or disclosed improperly. Any incidents involving the unauthorized access to or improper use of the information of users or incidents involving violation of Enthusiast Gaming's terms of service or policies could damage Enthusiast Gaming's reputation and Enthusiast Gaming's brands and diminish its competitive position. Moreover, affected users, clients or governmental authorities could initiate legal or regulatory action against Enthusiast Gaming in connection with such incidents, which could cause Enthusiast Gaming to incur significant expense and liability or result in orders or consent decrees forcing Enthusiast Gaming to modify its business practices and remediate the effects of any such incidents of unauthorized access or use. Any of these events could have a material adverse effect on Enthusiast Gaming's prospects, business, financial condition or results of operations.

#### *Enthusiast Gaming is subject to privacy laws in each jurisdiction in which it operates and may face risks related to breaches of the applicable privacy laws*

Enthusiast Gaming collects and stores personal information about its users, clients and partners and is responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly user and partner lists, is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach could have a material adverse effect on Enthusiast Gaming's business, financial condition or results of operations.

In addition, there are a number of federal and provincial laws protecting the confidentiality of personal information and restricting the use and disclosure of that protected information. In particular, the privacy rules under PIPEDA protect personal information by limiting its use and disclosure of personal information. If Enthusiast Gaming were found to be in violation of the privacy or security rules under PIPEDA or other laws protecting the confidentiality of personal information, it could be subject to sanctions and civil or criminal penalties, which could increase its liability, harm its reputation and have a material adverse effect on the business, financial condition or results of operations of Enthusiast Gaming.

In Europe, the General Data Protection Regulation (“**GDPR**”), which came into force in May 2018, introduced new obligations that apply internationally to entities that control or process the personal data of the citizens of the European Union. Several of these obligations, if applicable, may require changes to the processes used by Enthusiast Gaming. Enthusiast Gaming is also subject to the European Union data protection law, GDPR. Existing and proposed laws and regulations, in particular in the European Union and the United States, concerning user privacy, use of personal information and on-line tracking technologies could affect the efficacy and profitability of internet-based and digital marketing. The costs of compliance with these laws may increase in the future as a result of the implementation of new laws or regulations, such as the GDPR, or changes in interpretations of current ones. Any failure by Enthusiast Gaming to comply with these legal requirements, or its application in an unanticipated manner, could harm its business and result in penalties or significant legal liability.

*Enthusiast Gaming’s esports business faces intense and wide-ranging competition*

The success of an esports business like Enthusiast Gaming’s is dependent upon the performance and/or popularity of its franchises and esports players. Further, Enthusiast Gaming is in competition with other sporting and entertainment events, both live and delivered over television networks, radio, the internet and online services, mobile applications and other alternative sources.

As a result of the large number of options available and global nature of the online gaming industry, Enthusiast Gaming faces strong competition for esports fans. Enthusiast Gaming must compete with other esports organizations, in varying respects and degrees. Given the nature of esports, there can be no assurance that Enthusiast Gaming will be able to compete effectively, including with companies that may have greater resources than Enthusiast Gaming, and as a consequence, Enthusiast Gaming’s business and results of operations may be materially negatively affected.

*Enthusiast Gaming’s esports business is substantially dependent on the continuing popularity of the esports industry as a whole*

The esports industry is in the early stages of its development. Although the esports industry has experienced rapid growth, consumer preferences may shift and there is no assurance that this growth will continue in the future. Enthusiast Gaming has taken steps to diversify its business and mitigate these risks to an extent and continues to seek out new opportunities in the esports industry. However, due to the rapidly evolving nature of technology and online gaming, the esports industry may experience volatile and declining popularity as new options for online gaming and esports become available, or consumer preferences shift to other forms of entertainment, and as a consequence, Enthusiast Gaming’s business and results of operations may be materially negatively affected.

*Enthusiast Gaming’s business is substantially dependent on the developing and continuing popularity and/or competitive success of its players*

Enthusiast Gaming’s financial results depend in large part on becoming and remaining popular with its fan bases. In addition, the popularity of Enthusiast Gaming’s players can impact online viewership and television ratings, which could affect the long-term value of the media rights and sponsorship opportunities. There can be no assurance that Enthusiast Gaming’s players will develop or maintain continued popularity.

*Enthusiast Gaming's esports decisions may have a material negative effect on Enthusiast Gaming's business and results of operations*

Creating and maintaining the popularity of Enthusiast Gaming's players is key to the success of Enthusiast Gaming's esports business. Accordingly, efforts to improve revenues and earnings from operations from period to period may be secondary to actions that management believes will generate long-term value. Any of these actions could increase expenses for a particular period. There can be no assurance that any actions taken by management to increase Enthusiast Gaming's long-term value will be successful.

A significant factor in Enthusiast Gaming's ability to attract and retain talented players is compensation. It is expected that players' salaries may increase as the popularity of the esports industry increases, and Enthusiast Gaming's expenses may increase as it offers larger salaries to players. Enthusiast Gaming may pay their players different aggregate salaries and a different proportion of its revenues than other esports franchises.

*The success of Enthusiast Gaming's esports players and likelihood of injury or illness*

Enthusiast Gaming's financial results are dependent in part on the performance and popularity of the Company's esports players and teams. The likelihood of the players achieving high performance levels or popularity may be substantially impacted by untimely injuries or illnesses that are not under the Company's control. In addition, the players' salaries represent significant financial commitments for our business. In the absence of disability insurance, Enthusiast Gaming may be obligated to pay all of an injured player's salary.

*Defection of Enthusiast Gaming's esports players to other teams or managers could hinder their success*

Enthusiast Gaming competes with other esports athlete management businesses to sign and retain world class esports players, some of which have greater resources or brand recognition and popularity than our own. Enthusiast Gaming's players under contract may choose to defect to other esports organizations for various reasons, including that they have been made a superior offer or they have chosen to pursue new or other opportunities. The loss or defection of any of our esports players could have negative consequences on Enthusiast Gaming's business and results of operations. While Enthusiast Gaming takes all appropriate steps to retain their players and protect their interests in management contracts, there can be no assurances that players will not defect to other esports organizations.

*Competition and changes in technology*

The industry in which Enthusiast Gaming operates is very competitive. Numerous factors could affect Enthusiast Gaming's competitive position. Other companies may decide to enter the space and could have substantially greater financial, marketing and other resources. Several of these companies may have greater name recognition and well-established relationships with some of Enthusiast Gaming's target customers. Furthermore, these potential competitors may be able to adopt more aggressive pricing policies and offer more attractive terms to customers than Enthusiast Gaming is able to offer. Enthusiast Gaming may face increasing price pressure from competitors and customers. In addition, current and potential competitors have established or may establish cooperative relationships amongst themselves or with third parties to compete more effectively. Existing and potential competitors may also develop enhancements to, or future generations of, competitive products and services that will have better performance features than Enthusiast Gaming's products and services.

As a result of the early stage of the industry in which Enthusiast Gaming operates, the Company expects to face additional competition from new entrants. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of Enthusiast Gaming.

*The requirements of being a public company may strain Enthusiast Gaming's resources, divert management's attention and affect its ability to attract and retain executive management and qualified board members*

As a reporting issuer, Enthusiast Gaming is subject to the reporting requirements of applicable securities legislation of the jurisdiction in which it is a reporting issuer, the listing requirements of the TSX and other applicable securities rules and regulations. Compliance with these rules and regulations may increase Enthusiast Gaming's legal and financial compliance costs, make some activities more difficult, time consuming or costly and increase demand on its systems and resources. Applicable Securities Laws require Enthusiast Gaming to, among other things, file certain annual and quarterly reports with respect to its business and results of operations. In addition, Applicable Securities Laws require Enthusiast Gaming to, among other things, maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve its disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. Specifically, due to the increasing complexity of its transactions, Enthusiast Gaming is improving its disclosure controls and procedures and internal control over financial reporting primarily through the continued development and implementation of formal policies, improved processes and documentation procedures, as well as the continued sourcing of additional finance resources. As a result, management's attention may be diverted from other business concerns, which could harm Enthusiast Gaming's business and results of operations. To comply with these requirements, Enthusiast Gaming may need to hire more employees in the future or engage outside consultants, which will increase its costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. Enthusiast Gaming intends to continue to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue generating activities to compliance activities. If its efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to its application and practice, regulatory authorities may initiate legal proceedings against Enthusiast Gaming and Enthusiast Gaming's business may be adversely affected.

As a public company subject to these rules and regulations, Enthusiast Gaming may find it more expensive to obtain director and officer liability insurance, and may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for Enthusiast Gaming to attract and retain qualified members of its Board, particularly to serve on its audit committee and compensation committee, and qualified executive officers.

As a result of disclosure of information in filings required of a public company, Enthusiast Gaming's business and financial condition have become more visible, which may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, Enthusiast Gaming's business and results of operations could be harmed, and even if the claims do not result in litigation or are resolved in its favor, these claims, and the time and resources necessary to resolve it, could divert the resources of Enthusiast Gaming's management and harm its business and results of operations.

*If research analysts do not publish research about Enthusiast Gaming's business or if they issue unfavourable commentary or downgrade Enthusiast Gaming Shares, Enthusiast Gaming's stock price and trading volume could decline*

The trading market for the securities of Enthusiast Gaming may depend in part on the research and reports that research analysts publish about Enthusiast Gaming and its business. If Enthusiast Gaming does not

maintain adequate research coverage, or if one or more analysts who cover Enthusiast Gaming downgrades its stock, or publishes inaccurate or unfavourable research about Enthusiast Gaming's business, the price of Enthusiast Gaming Shares could decline. If one or more of the research analysts ceases to cover Enthusiast Gaming or fails to publish reports on it regularly, demand for securities of Enthusiast Gaming could decrease, which could cause Enthusiast Gaming's stock price or trading volume to decline.

*The market price of Enthusiast Gaming Shares may decline due to the large number of outstanding common shares eligible for future sale*

Sales of substantial amounts of Enthusiast Gaming Shares in the public market, or the perception that these sales could occur, could cause the market price of Enthusiast Gaming Shares to decline. These sales could also make it more difficult for Enthusiast Gaming to sell equity or equity-related securities in the future at a time and price that they deem appropriate.

Certain shares of Enthusiast Gaming, such as those subject to escrow agreements, will have restrictions on trading.

Enthusiast Gaming may also issue Enthusiast Gaming Shares or securities convertible into Enthusiast Gaming Shares from time to time in connection with a financing, acquisition or otherwise. Any such issuance could result in substantial dilution to existing holders of Enthusiast Gaming Shares and cause the trading price of Enthusiast Gaming's securities to decline.

*Enthusiast Gaming may issue additional equity securities, or engage in other transactions that could dilute its book value or affect the priority of its shares, which may adversely affect the market price of its shares*

The boards of directors of Enthusiast Gaming may determine from time to time that they need to raise additional capital by issuing additional Enthusiast Gaming Shares or other securities. Enthusiast Gaming will not be restricted from issuing additional Enthusiast Gaming Shares, including securities that are convertible into or exchangeable for, or that represent the right to receive, Enthusiast Gaming Shares. Because Enthusiast Gaming's decisions to issue securities in any future offering will depend on market conditions and other factors beyond Enthusiast Gaming's control, they cannot predict or estimate the amount, timing, or nature of any future offerings, or the prices at which such offerings may be affected. Additional equity offerings may dilute the holdings of its existing shareholders or reduce the market price of its common stock, or both. Holders of Enthusiast Gaming Shares are not entitled to pre-emptive rights or other protections against dilution. New investors also may have rights, preferences, and privileges that are senior to, and that adversely affect Enthusiast Gaming's then-current holders of Enthusiast Gaming Shares. Additionally, if Enthusiast Gaming raises additional capital by making offerings of debt or preference shares, upon liquidation of Enthusiast Gaming, holders of its debt securities and preference shares, and lenders with respect to other borrowings, may receive distributions of its available assets before the holders of Enthusiast Gaming Shares.

*Tax considerations applicable to an investment in Enthusiast Gaming Shares*

Each prospective investor should consult with its own tax advisor with respect to the Canadian and non-Canadian income tax consequences of acquiring, holding, and disposing of Enthusiast Gaming Shares, based on each prospective investor's particular circumstances.

*History of net losses*

Each of Enthusiast Gaming, Former Enthusiast, GameCo, and Luminosity have incurred operating losses since their respective incorporations. Enthusiast Gaming may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, Enthusiast Gaming expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If

Enthusiast Gaming's revenues do not increase to offset these expected increases in costs and operating expenses, Enthusiast Gaming may not be profitable.

#### Negative operating cash flow

Each of Enthusiast Gaming, Former Enthusiast, GameCo, and Luminosity have historically had negative cash flow from operating activities. Continued losses may have the following consequences:

- increasing Enthusiast Gaming's vulnerability to general adverse economic and industry conditions;
- limiting Enthusiast Gaming's ability to obtain additional financing to fund future working capital, capital expenditures, operating costs and other general corporate requirements; and
- limiting Enthusiast Gaming's flexibility in planning for, or reacting to, changes in its business and the industry.

#### Reliance on management

The success of Enthusiast Gaming will be dependent upon the ability, expertise and judgment of its senior management. Any loss of the services of such individuals could have a material adverse effect on Enthusiast Gaming's business, operations, results, financial condition or prospects.

#### Dependence on personnel

Due to the technical nature of its business and the dynamic market in which Enthusiast Gaming competes, the Company's success depends on its ability to attract and retain highly skilled managerial, marketing and sales personnel. In particular, Enthusiast Gaming's future success will depend in part on the continued services of each of its proposed executive officers and other key employees. Competition for qualified personnel in the industry in which Enthusiast Gaming operates is intense. The Company believes that there are only a limited number of people with the requisite skills to serve in many key positions and it is difficult to hire and retain these people. The loss of one or more of these key personnel may have a significant adverse effect on the Company's sales, operations and profits.

#### Litigation

Enthusiast Gaming may become party to litigation from time to time in the ordinary course of business, which could adversely affect its business. Should any litigation in which Enthusiast Gaming become involved be determined against Enthusiast Gaming, such a decision could adversely affect Enthusiast Gaming's ability to continue operating and the market price for Enthusiast Gaming Shares, and could use significant financial and personnel resources of Enthusiast Gaming. Even if Enthusiast Gaming is involved in litigation and wins, litigation can redirect significant company resources.

In addition to being subject to litigation in the ordinary course of business, in the future, Enthusiast Gaming may be subject to class actions, derivative actions and other securities litigation and investigations. This litigation may be time consuming, expensive and may distract Enthusiast Gaming from the conduct of its daily business. It is possible that Enthusiast Gaming will be required to pay substantial judgments, settlements or other penalties and incur expenses that could have a material adverse effect on its operating results, liquidity or financial position. Expenses incurred in connection with these lawsuits, which would be expected to include substantial fees of lawyers and other professional advisors, and Enthusiast Gaming's obligations to indemnify officers and directors who may be parties to such actions, could materially adversely affect Enthusiast Gaming's reputation, operating results, liquidity or financial position. Furthermore, it is not known with certainty if any of this type of litigation or any resulting expenses will be fully or even partially covered by Enthusiast Gaming's insurance. In addition, these lawsuits may cause insurance premiums to increase in future periods.

#### Cyber security

Cyber attacks or other breaches of network or IT systems security may cause disruptions to Enthusiast Gaming's operations. A major security breach could result in the loss of critical data, theft of intellectual property, disclosure of confidential information, customer claims and litigation, reduced revenues due to business interruption, costs associated with remediation of infrastructure and systems, class action and derivative action lawsuits and damage to Enthusiast Gaming's reputation. Furthermore, the prevalence and sophistication of these types of threats are increasing and Enthusiast Gaming's security measures may not be sufficient to prevent the damage that such threats can inflict on Enthusiast Gaming's assets and information. Enthusiast Gaming's insurance may not be adequate to fully reimburse the company for these costs and losses.

#### Intellectual property

Enthusiast Gaming may protect its intellectual property through trade secrets, reliance upon copyright legislation, common law trademark protection, and trademark applications and registrations. However, filing trademark applications may not result in enforceable trademark rights in all jurisdictions that Enthusiast Gaming may operate in. Unauthorized parties may attempt to copy aspects of Enthusiast Gaming's products or to obtain information it regards as proprietary. Policing unauthorized use of proprietary technology, if required, may be difficult, time-consuming and costly. If a third-party misappropriates Enthusiast Gaming's intellectual property, Enthusiast Gaming may be unable to enforce its rights. If Enthusiast Gaming is unable to protect its intellectual property against unauthorized use by others, it could have an adverse effect on its competitive position. Enthusiast Gaming may be challenged by allegations of its infringement of the intellectual property of others. There is no assurance that Enthusiast Gaming will be successful in defending such claims and, if Enthusiast Gaming is unsuccessful, there is no assurance that Enthusiast Gaming will be successful in obtaining a licence for the intellectual property in question. Intellectual property claims are expensive and time consuming to defend and, even if they are without merit, may cause delay in the introduction of new products or services. In addition, Enthusiast Gaming's managerial resources could be diverted in order to defend its rights, which could disrupt its operations.

Enthusiast Gaming may receive assertions or claims from third parties alleging that Enthusiast Gaming's products violate or infringe its intellectual property rights. This potential liability, if realized, could materially adversely affect Enthusiast Gaming's business, operating results and financial condition. In addition to potentially being found to be liable for substantial damages in the event of an unfavorable outcome in such a claim, Enthusiast Gaming may have to cease the sale of certain products and restructure its business.

#### Difficulty to forecast

Enthusiast Gaming must rely largely on their own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this preliminary stage of the esports industry. A failure in the demand for its products or services to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of Enthusiast Gaming.

#### Variable revenues and earnings

The revenues and earnings of Enthusiast Gaming may fluctuate from quarter to quarter, which could affect the market price of Enthusiast Gaming Shares. Revenues and earnings may vary quarter to quarter as a result of a number of factors, including the timing of releases of new products or services, activities of Enthusiast Gaming's competitors, cyclical fluctuations related to the evolution of the esports industry and online gaming technologies, concentration in Enthusiast Gaming's customer bases, transition periods associated with the migration to new technologies, impairment of goodwill or intangible assets which may result in a significant change to earnings in the period in which an impairment is determined, and operating expenses that are generally fixed in the short-term and therefore difficult to rapidly adjust to different levels

of business. Any of the factors listed above could cause significant variations to Enthusiast Gaming's revenues, gross margins and earnings in any given quarter.

### Suppliers

In the event that Enthusiast Gaming is unable to maintain or establish relationships with suppliers or service providers as required, the availability, pricing and quality of its products and services may be adversely affected, causing an adverse effect on Enthusiast Gaming's business, operating results and financial condition. Relationships with third-party suppliers and service providers also expose Enthusiast Gaming to risks associated with the integrity, quality, reputation, solvency and performance of such parties.

### Operating risk and insurance coverage

Enthusiast Gaming may obtain insurance to protect their assets, operations and employees. Such insurance may be subject to coverage limits and exclusions and may not be available for the risks and hazards to which Enthusiast Gaming is exposed. In addition, no assurance can be given that such insurance would be adequate to cover Enthusiast Gaming's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If Enthusiast Gaming were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if Enthusiast Gaming were to incur such liability at a time when they are not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

### Management of growth

Enthusiast Gaming may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of Enthusiast Gaming to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee bases. The inability of Enthusiast Gaming to deal with this growth may have a material adverse effect on Enthusiast Gaming's business, financial condition, results of operations and prospects.

### Conflicts of interest

Enthusiast Gaming may be subject to various potential conflicts of interest because of the fact that some of its officers and directors may be engaged in a range of business activities. In addition, Enthusiast Gaming's executive officers and directors may devote time to its outside business interests, so long as such activities do not materially or adversely interfere with their duties to Enthusiast Gaming. In some cases, Enthusiast Gaming's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to Enthusiast Gaming's business and affairs and that could adversely affect Enthusiast Gaming's operations. These business interests could require significant time and attention of Enthusiast Gaming's executive officers and directors.

In addition, Enthusiast Gaming may also become involved in other transactions which conflict with the interests of its directors and officers who may from time to time deal with persons, firms, institutions or companies with which Enthusiast Gaming may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of Enthusiast Gaming. In addition, from time to time, these persons may be competing with Enthusiast Gaming for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of Enthusiast Gaming's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of Enthusiast Gaming are required to act honestly, in good faith and in the best interests of Enthusiast Gaming.

### Dividends

Enthusiast Gaming does not anticipate paying any dividends in the foreseeable future. Dividends paid by Enthusiast Gaming would be subject to tax and, potentially, withholdings.



### Credit concentration and credit risk

Enthusiast Gaming intends to provide credit to its customers in the normal course of operations. Credit risk arises from the potential that a customer or counterparty will fail to meet its contractual obligations. Enthusiast Gaming is exposed to credit risk from their customers on their receivables and unbilled revenue. Accounts receivable include amounts due from customers which expose Enthusiast Gaming to risk of non-payment. Although Enthusiast Gaming attempts to manage their credit risk exposures, there is no assurance that this provision will be adequate.

### Reputational risk

Reputational damage can result from the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views, whether true or not. Reputation loss may result in decreased customer confidence and an impediment to Enthusiast Gaming's overall ability to advance its products and services with customers, thereby having a material adverse impact on its financial performance, financial condition, cash flows and growth prospects.

### Third party dependence

Many of Enthusiast Gaming's business activities rely on telecommunication and network systems that the Company does not own or operate. Such telecommunication and network systems are complex electronic systems, subject to electronic and mechanical failures and possible sabotage. Given the event-based nature of the esports industry, even temporary or limited failures of these telecommunication and network systems would impair Enthusiast Gaming's business activities and/or the growth of current and additional market opportunities, which would adversely affect Enthusiast Gaming's results of operations.

### Industry growth

There can be no assurance that Enthusiast Gaming's targeted vertical and geographic markets will grow, or that it will be successful in establishing new vertical and geographic markets. If the various markets in which Enthusiast Gaming's products and services compete fail to grow, or grow more slowly than anticipated, or if it is unable to establish itself in new markets, its growth plans could be materially adversely affected.

### Accounting estimates

The Company's management makes various estimates and assumptions in determining its respective reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and revenues and expenses for each year presented. Changes in estimates and assumptions will occur based on the passage of time and the occurrence of certain events.

### Internal controls

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. However, internal controls over financial reporting are not guaranteed to provide absolute assurance with regard to the reliability of financial reporting and financial statements.

## **Risk Factors Relating to the Enthusiast Gaming Shares**

### Share price fluctuations

The market price of Enthusiast Gaming Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of Enthusiast Gaming and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects of Enthusiast Gaming and its subsidiaries, general economic conditions, legislative changes, and other events and factors outside of Enthusiast Gaming's control. In particular, the recent actions of the Russian military in Ukraine and any restrictive actions that are or may be taken by other countries in response thereto, such as sanctions or export controls, could have potential impacts on commodity prices and negative implications on the financial markets. Accordingly, the market price of the Enthusiast Gaming Shares may decline even if Enthusiast Gaming's operating results, underlying asset values or prospects have not changed. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for Enthusiast Gaming Shares.

#### Limited market for securities

There can be no assurance that an active and liquid market for Enthusiast Gaming Shares will be maintained and an investor may find it difficult to resell Enthusiast Gaming Shares.

#### Additional financing

In order to execute its anticipated growth strategies, Enthusiast Gaming requires additional equity and/or debt financing to support ongoing operations, to undertake capital expenditures, or to undertake business combination transactions or other initiatives. In addition, as of the date hereof, the Company has not obtained a waiver from its credit facility provider with respect to its minimum EBITDA covenant violation as of December 31, 2024. There can be no assurance that additional financing will be available to Enthusiast Gaming when needed or on terms which are acceptable. Enthusiast Gaming's inability to raise additional financing could have a material adverse effect upon its businesses, operations, results, financial condition or prospects.

If additional funds are raised through further issuances of equity or securities convertible into equity, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Enthusiast Gaming Shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for Enthusiast Gaming to obtain additional capital and to pursue business opportunities.

#### Foreign exchange

It is anticipated that Enthusiast Gaming's operations will expand with increased global sales, thus exposing Enthusiast Gaming to increased amounts of foreign currency risk.

#### Government regulations

Although Enthusiast Gaming believes that it has obtained the necessary approvals for the products and services that it currently sells, Enthusiast Gaming may not be able to obtain approvals for future products and services on a timely basis, or at all. In addition, regulatory requirements may change or Enthusiast Gaming may not be able to obtain regulatory approvals from countries in which Enthusiast Gaming may desire to sell products in the future. Enthusiast Gaming may be required to incur additional costs in order to comply with foreign and state government regulations as they might pertain to certain issues concerning compliance with local regulations governing its devices, content, privacy, taxation and other considerations.

#### Global economic conditions and public health crises

Events in the financial markets have demonstrated that businesses and industries throughout the world are very tightly connected to each other. General global economic conditions, even if seemingly unrelated to Enthusiast Gaming or to its industry, including, without limitation, interest rates, tariffs and trade protection

measures, general levels of economic activity, fluctuations in the market prices of securities, participation by other investors in the financial markets, economic uncertainty, national and international political circumstances, natural disasters, or other events outside of the Company's control may affect the activities of Enthusiast Gaming directly or indirectly.

For example, general volatility in the equity markets could hurt Enthusiast Gaming's ability to raise capital and significantly impact the Company's access to funding and liquidity. Enthusiast Gaming may also be negatively impacted by volatility in the equity markets as a result of a number of catastrophic events that are beyond the Company's control, including infectious diseases, pandemics or similar health threats, or fear of the foregoing. The risks to the Company of epidemics, pandemics and other public health crises, such as COVID-19, could include risks to employee health and safety. In addition, any prolonged restrictive measures put in place in order to control an outbreak of contagious disease, such as quarantines or other requirements or circumstances may require the Company to change the way it conducts its business and operations, including requiring the Company to reduce or cease operations at some or all of its offices for an indeterminate period of time. Further, the Company's critical supply chains may similarly be disrupted for an indeterminate amount of time. All of these factors could have a material impact on the Company's business, operations, personnel and financial condition.

In addition to the above, the Company could also experience negative impacts to its business and results of operations as a result of other macroeconomic, geopolitical and other challenges, uncertainties and volatility. For example, in response to the recent action of Russian military forces in Ukraine, a number of countries, including the U.S., Canada and the European Union member states, have taken actions against Russia, including the imposition of sanctions and restrictions on certain sectors of the Russian economy, the expulsion of some Russian banks from the SWIFT global banking payment system, and other measures, with further restrictions likely as the conflict continues. The outcome of the conflict is uncertain, and the conflict could lead to heightened volatility in the global markets and increase inflation, all of which could reduce the Company's profitability and have a material adverse effect on its business, operations, personnel or financial condition. Moreover, the Company could also experience negative impacts to its business and results of operations as a result of the ongoing conflict in Israel. The persistent conflict could lead to heightened volatility in global markets and subsequently may have a material adverse effect on its business, operations, personnel or financial condition of the Company.

Such public health crises or military conflicts may also have a material adverse impact on the North American capital markets and the Company's ability to raise sufficient funds to finance its ongoing development of its material business. A reduction in credit, combined with reduced economic activity, may materially adversely affect businesses and industries that collectively constitute a significant portion of Enthusiast Gaming's client base and may make it more difficult for Enthusiast Gaming to maintain business activities at the levels currently forecast. It is not always possible to fully insure against such risks, and Enthusiast Gaming may decide not to insure such risks as a result of high premiums or other reasons. Should liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of Enthusiast Gaming Shares.

#### *Cancellation or curtailment of events*

We and our suppliers have operations in, and our customers reside in, locations subject to natural occurrences such as natural crises, severe weather and other geological events, including, without limitation, pandemics (including the COVID-19 pandemic), epidemics, outbreaks of infectious disease, hurricanes, earthquakes, floods, blizzards, wild fires or tsunamis that could disrupt operations and gameplay. Our business is affected by the scheduling and live broadcasting of events. Disruptions to the scheduling and broadcasting of those events, including disruptions resulting from any of the aforementioned natural occurrences, may have a material impact on our business, results of operations or financial condition for the relevant period. In some instances, the scheduling of major sporting and other events occurs seasonally, or at regular but infrequent intervals.

The cancellation, postponement or curtailment of significant events, for example due to adverse weather conditions, terrorist acts or other acts of war or hostility or the outbreak of infectious diseases, pandemics,

or cancellation of, disruption to, or postponement of such events, for example due to contractual disputes, or technological or communication problems, could materially adversely affect our business, results of operations, financial condition and prospects.

### Climate change

Global climate change could exacerbate certain of the threats facing Enthusiast Gaming's business, including the frequency and severity of weather-related events and changing temperatures, which can disrupt the Company's operations, create financial risk to the business of the Company or otherwise have a material adverse effect on our results of operations, financial position or liquidity. These may result in substantial costs to respond during the event, to recover from the event and possibly to modify existing or future plants to prevent recurrence. Climate change could also disrupt the operations of Enthusiast Gaming by impacting the availability and cost of services or materials needed and increasing the cost of insurance and other operating costs.

Global climate change also results in regulatory risks. There continues to be a lack of consistent climate legislation, which creates economic and regulatory uncertainty. Increased public awareness and concern regarding global climate change may result in more legislative and/or regulatory requirements.

### Variable Revenues and Earnings

The revenues and earnings of Enthusiast Gaming may fluctuate from quarter to quarter, which could affect the market price of the common shares of Enthusiast Gaming. Revenues and earnings may vary quarter to quarter as a result of a number of factors, including acquisition of new customers and clients, cyclical fluctuations related to the evolution of the industry and impairment of goodwill or intangible assets which may result in a significant change to earnings in the period in which impairment is determined. Any of the risk factors listed in this Annual Information Form could also cause significant variations to Enthusiast Gaming's revenues, gross margins and earnings in any given quarter.

## **DIVIDENDS**

Enthusiast Gaming and its subsidiaries have not paid dividends and Enthusiast Gaming does not expect to pay dividends in the near future. Enthusiast Gaming has no restrictions on paying dividends. Enthusiast Gaming's board of directors will determine if and when dividends should be declared and paid in the future based upon the Company's financial position at the relevant time. If Enthusiast Gaming generates earnings in the foreseeable future, it expects that they will be retained to finance operations and growth.

## **GENERAL DESCRIPTION OF CAPITAL STRUCTURE**

The authorized capital of Enthusiast Gaming consists of an unlimited number of common shares (the "**Enthusiast Gaming Shares**") and an unlimited number of preferred shares (the "**Enthusiast Gaming Preferred Shares**"). As of March 31, 2025, the Company had 159,169,003 Enthusiast Gaming Shares outstanding. No Enthusiast Gaming Preferred Shares have been issued or are outstanding.

The holders of Enthusiast Gaming Shares are entitled to dividends, if, as and when declared by the Company's Board, entitled to one vote per share at meetings of the shareholders and, upon dissolution, entitled to share equally in such assets of Enthusiast Gaming as are distributable to the holders of Enthusiast Gaming Shares, subject to the rights of the holders of Enthusiast Gaming Preferred Shares.

The Enthusiast Gaming Preferred Shares may be issued in one or more series and, subject to the BCBCA, the Board may, by resolution, if none of the shares of any particular series are issued, alter the articles of the Company and authorize the alteration of the notice of articles of the Company, as the case may be, to, *inter alia*, attach special rights or restrictions to the shares of that series, or alter any such special rights or restrictions.

In addition, the Company has the following convertible securities issued and outstanding as of March 31, 2025:

Security	Number or Amount	Exercise or Conversion Price	Expiry/Maturity Date
Stock options <sup>(1)</sup>	4,173,735	Ranges from \$0.14 to \$8.75	Ranges from December 9, 2025 to November 25, 2029
Share Units <sup>(2)</sup>	4,396,062	N/A	N/A
Warrants <sup>(3)</sup>	37,037,037	\$0.135	July 12, 2029

Notes:

- (1) Enthusiast Gaming adopted its stock option plan (the “**Option Plan**”) on January 16, 2020, and amended it on December 17, 2020 to replace its previous stock option plan adopted and amended on July 23, 2018 and July 9, 2019, respectively, pursuant to which the Board may from time to time, in its discretion, and in accordance with the TSX requirements, grant to directors, officers, consultants and employees of Enthusiast Gaming or its subsidiaries, non-transferable options to purchase Enthusiast Gaming Shares, provided that, in addition to other restrictions outlined in the Option Plan, the number of shares reserved for issuance will not exceed 10% of the issued and outstanding shares exercisable for a period of up to 10 years from the date of grant, and the number of shares reserved for issuance to any one person will not exceed five percent (5%) of the issued and outstanding Enthusiast Gaming Shares.
- (2) Enthusiast Gaming adopted its share unit plan (the “**SU Plan**”) on November 5, 2020, pursuant to which the Board may from time to time, in its discretion, and in accordance with the TSX requirements, grant to a consultant, service provider, part-time and full-time employee, director, including non-executive directors, or officer of a Participating Company (such term including the Company and its Affiliates, as designated by the Board from time to time) non-transferable share units (“**SUs**”) which entitle the holder thereof to, in the sole discretion of the Company, (i) the number of Enthusiast Gaming Shares equal to one Enthusiast Gaming Share for each whole vested SU; (ii) an amount in cash equal to the value of the number of vested SUs (as determined in accordance with the SU Plan); or (iii) a combination of (i) and (ii), subject in each case to applicable taxes and provided that, in addition to other restrictions outlined in the SU Plan, the number of Enthusiast Gaming Shares reserved for issuance to insiders under the SU Plan and any other share based compensation arrangement adopted by the Company will not exceed 10% of the issued and outstanding shares exercisable for a period of up to 10 years from the date of grant, and the number of Enthusiast Gaming Shares reserved for issuance to any one person under the SU Plan will not exceed five percent (5%) of the issued and outstanding Enthusiast Gaming Shares. In any event, the maximum number of Enthusiast Gaming Shares that are issuable to settle SUs that may settle in treasury Enthusiast Gaming Shares granted under the SU Plan shall not exceed 4% of the aggregate number of Enthusiast Gaming Shares issued and outstanding from time to time.
- (3) In connection with the Beedie Loan, the Company issued to the Lenders, in aggregate, 37,037,037 common share purchase warrants at an exercise price of \$0.135 per common share, equal to a 15% premium to the five consecutive trading day volume-weighted average price of the common shares, on July 12, 2024. Each warrant is exercisable to purchase one common share of the Company and will expire on July 12, 2029.

## MARKET FOR SECURITIES

### Trading Price and Volume

The outstanding Enthusiast Gaming Shares are listed and posted for trading on the TSX under the symbol “EGLX”, the Frankfurt Stock Exchange under the symbol “2AV”, and the OTC under the symbol “EGLXF”.

The following tables set out the price range (monthly high and low prices) and monthly trading volumes of the Enthusiast Gaming Shares on the TSX during the financial year ended December 31, 2024:

TSX Price Range (\$)			
Month and Year	High (\$)	Low (\$)	Volume (number of shares)
January 2024	\$0.30	\$0.21	4,058,806
February 2024	\$0.20	\$0.13	5,426,201

March 2024	\$0.23	\$0.17	3,442,105
April 2024	\$0.205	\$0.16	2,738,159
May 2024	\$0.165	\$0.135	4,460,792
June 2024	\$0.14	\$0.115	3,019,995
July 2024	\$0.17	\$0.115	3,386,624
August 2024	\$0.165	\$0.14	1,555,972
September 2024	\$0.15	\$0.135	2,122,776
October 2024	\$0.15	\$0.14	1,277,311
November 2024	\$0.175	\$0.13	3,322,518
December 2024	\$0.17	\$0.13	4,142,786

### **Prior Sales**

During the most recently completed financial year, and up to the date of this Annual Information Form, the Company has issued the following securities that were not listed on an exchange or marketplace:

<b>Security</b>	<b>Number of Securities Issued</b>	<b>Exercise Price</b>	<b>Date of Issue</b>	<b>Expiry Date</b>
Share Units	1,089,007 <sup>(1)</sup>	N/A	January 16, 2024	N/A
Share Units	200,000 <sup>(2)</sup>	N/A	March 28, 2024	N/A
Share Options	1,610,000 <sup>(3)</sup>	\$0.19	April 10, 2024	April 10, 2029
Share Units	671,052 <sup>(4)</sup>	N/A	May 9, 2024	N/A
Share Options	1,293,829 <sup>(5)</sup>	\$0.14	May 27, 2024	May 27, 2029
Warrants	37,037,037 <sup>(6)</sup>	\$0.135	July 12, 2024	July 12, 2029
Share Units	868,324 <sup>(7)</sup>	N/A	August 19, 2024	N/A
Share Options	87,282 <sup>(8)</sup>	\$0.155	August 23, 2024	August 23, 2029
Share Units	1,431,352 <sup>(9)</sup>	N/A	November 21, 2024	N/A
Share Units	254,758 <sup>(10)</sup>	N/A	November 22, 2024	N/A
Share Options	179,254 <sup>(11)</sup>	\$0.16	November 25, 2024	November 25, 2029

Notes:

- (1) On January 16, 2024, Enthusiast Gaming granted SUs to certain officers of the Company pursuant to the Company's SU Plan. These SUs vest one-third on January 16, 2024, January 1, 2025 and January 1, 2026, respectively.
- (2) On March 28, 2024, Enthusiast Gaming granted SUs to certain employees of the Company pursuant to the Company's SU Plan. These SUs vest one-third on March 28, 2025, March 28, 2026 and March 28, 2027, respectively.
- (3) On April 10, 2024, Enthusiast Gaming granted Stock Options to the employees of the Company pursuant to the Company's Option Plan. These Stock Options vest one-third on April 10, 2025, April 10, 2026 and April 10, 2027, respectively.
- (4) On May 9, 2024, Enthusiast Gaming granted SUs to certain directors of the Company pursuant to the Company's SU Plan. These SUs vest one-third on May 9, 2024, January 1, 2025 and January 1, 2025, respectively.
- (5) On May 27, 2024, Enthusiast Gaming granted Stock Options to certain directors and officers of the Company pursuant to the Option Plan. These Stock Options vest one-third on January 1, 2026, January 1, 2027 and January 1, 2028, respectively.

- (6) On July 12, 2024, Enthusiast Gaming granted Warrants to the Lenders in connection with the Beedie Loan.
- (7) On August 19, 2024, Enthusiast Gaming granted SUs to certain directors of the Company pursuant to the SU Plan. These SUs vest one-third on January 1, 2025, January 1, 2026 and January 1, 2027, respectively.
- (8) On August 23, 2024, Enthusiast Gaming granted Stock Options to certain directors of the Company pursuant to the Company's Option Plan. These Stock Options vest one-third on January 1, 2025, January 1, 2026 and January 1, 2027, respectively.
- (9) On November 21, 2024, Enthusiast Gaming granted (i) 1,006,826 SUs to eligible recipients under the SU Plan, which vested upon grant; and (ii) 424,526 SUs to certain officers of the Company pursuant to the SU Plan, which vest one-third on January 1, 2025, January 1, 2026 and January 1, 2027, respectively.
- (10) On November 22, 2024, Enthusiast Gaming granted SUs to certain directors of the Company pursuant to the SU Plan. These SUs vest one-third on January 1, 2025, January 1, 2026 and January 1, 2027, respectively.
- (11) On November 25, 2024, Enthusiast Gaming granted Stock Options to certain directors of the Company pursuant to the Company's Option Plan. These Stock Options vest one-third on January 1, 2025, January 1, 2026 and January 1, 2027, respectively.

## ESCROWED SECURITIES AND SECURITIES SUBJECT TO RESTRICTION ON TRANSFER

The following table summarizes details of the Company's securities of each class held, to the Company's knowledge, in escrow or that are subject to a contractual restriction on transfer as of March 31, 2025.

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of Enthusiast Gaming Shares outstanding
Common Shares	520,833 <sup>(1)</sup>	0.33%

Notes:

- (1) **Influencer Service Agreement.** These shares are subject to resale restrictions set out in an exclusive service agreement with Blue Umbrella LLC for the influencer services, including the receipt of the services therein. There is no escrow agent in respect of these shares.

## DIRECTORS AND OFFICERS

The following table sets out information regarding our directors and executive officers as at the date hereof. The Company's directors are elected annually and all of them are expected to hold office until the next annual meeting of holders of Enthusiast Gaming Shares, at which time they may be re-elected or replaced.

Name and Residence	Position with the Company	Director Since	Principal Occupation(s) for the Past Five Years
<b>Adrian Montgomery</b> <i>Ontario, Canada</i>	Interim Chief Executive Officer	N/A	Interim CEO and former Chairman of the Company; CEO, Director of GameCo; Former CEO of Aquilini Sports and Entertainment

<b>Name and Residence</b>	<b>Position with the Company</b>	<b>Director Since</b>	<b>Principal Occupation(s) for the Past Five Years</b>
<b>Alex Macdonald</b> Ontario, Canada	Chief Financial Officer	N/A	Chief Financial Officer of the Company
<b>J.B. Elliott</b> Ontario, Canada	Chief Strategy Officer & General Counsel	N/A	Chief Strategy Officer & General Counsel of the Company; Former Lawyer at Stikeman Elliott LLP
<b>Scott O'Neil<sup>(1)</sup></b> Pennsylvania, USA	Chairman	July 19, 2022	CEO of LIV Golf; Former CEO of Merlin Entertainments; Co-Founder of Elevate Sports Ventures; Former CEO of Harris Blitzer Sports & Entertainment
<b>Thomas Hearne<sup>(2)</sup></b> Ontario, Canada	Director, Chair of Audit Committee	March 20, 2024	CEO of ARB Labs Inc.; Former CEO of Tiidal Gaming Group Corp.; Former CFO of Sportech PLC
<b>John Albright<sup>(2)</sup></b> Ontario, Canada	Director	July 20, 2021	Managing Partner at Relay Ventures
<b>John Zorbas<sup>(1)</sup></b> Nicosia, Cyprus	Director	May 15, 2024	CEO of Captor Capital Corp.
<b>Sara Slane<sup>(1)</sup></b> Maryland, USA	Director	September 17, 2024	Founder of Slane Advisory
<b>Jordan Gnat<sup>(2)</sup></b> Ontario, Canada	Director	September 17, 2024	President of JPG Investments Inc.; Former CEO of Playmaker Capital Inc.; Group Senior Vice President of The Stars Group (the parent company of PokerStars) and Chief Commercial Officer of FOX Bet

Notes:

(1) Member of the Company's Compensation & Governance Committee.

(2) Member of the Company's Audit Committee.

The directors and officers of Enthusiast Gaming, as a group, own, directly or indirectly, or exercise control or direction over, an aggregate of 1,836,311 Enthusiast Gaming Shares (on an undiluted basis), representing approximately 1.15% of the issued and outstanding Enthusiast Gaming Shares on an undiluted basis. Each director's term of office shall expire at the next annual meeting of the Company shareholders unless re-elected at such meeting.

Applicable corporate law permits the Board to appoint directors to fill any casual vacancies that may occur. The Board is permitted to add additional directors between successive annual meetings of holders of Enthusiast Gaming Shares so long as the number appointed does not exceed more than one-third of the number of directors appointed at the previous annual meeting. Individuals appointed as directors to fill



casual vacancies on the Board or added as additional directors hold office like any other director until the next annual meeting at which time they may be re-elected or replaced.

### **Corporate Cease Trade Orders or Bankruptcies**

To the knowledge of the Company, none of the directors or executive officers of the Company (nor any personal holding company of any of such individuals) is, or has been within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any other company (including the Company) that:

- a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;

where “order” refers to a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 days.

To the knowledge of the Company, none of the directors or executive officers of the Company (nor any personal holding company of any of such individuals), or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- a) is, as at the date of this Annual Information Form, or has been within the 10 years before the date of this Annual Information Form, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- b) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Mr. John Albright was a director of Axios Mobile Assets Corp. (“**Axios**”) until he resigned on January 10, 2017. On February 24, 2017, the Ontario Superior Court of Justice granted an application of Axios’ senior lender to appoint a receiver and manager over the assets, undertakings and property of Axios and its subsidiaries.

Mr. John Zorbas is currently the CEO and a director of Captor Capital Corp. (“**Captor**”) and has been in those positions since June 2014 and January 2018, respectively. On August 19, 2019, Captor was cease traded for failing to file its audited annual financial statements on time for the year ended March 31, 2019. Captor filed its audited annual financial statements for the year ended March 31, 2019 on November 5, 2019 and the cease trade order was lifted on November 7, 2019. Mr. Zorbas was a director of Captor when its common shares were cease traded.

### **Penalties or Sanctions**

No director or executive officer of Enthusiast Gaming (nor any personal holding company of any of such individuals), or a shareholder anticipated to hold sufficient securities of the Company to affect materially the control of the Company, has

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision about the Company.

### **Conflicts of Interest**

Other than disclosed herein, there are no known existing or potential material conflicts of interest among the Company or its subsidiaries and any director or officer of the Company or of its subsidiaries.

Directors and officers of Enthusiast Gaming may be presented from time to time with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm's length negotiations but only through exercise by the officers and directors of such judgment as is consistent with their fiduciary duties to the Company which arise under applicable corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of the Company. It is expected that all conflicts of interest will be resolved in accordance with the BCBCA. It is expected that any transactions with officers and directors will be on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those persons to the Company, and, depending upon the magnitude of the transactions and the absence of any disinterested Board members, may be submitted to the shareholders for their approval. See "*Risk Factors*".

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

The Company is not aware of: (a) any legal proceedings to which the Company or its subsidiaries is a party, or by which any of the Company's property or its subsidiaries' property is subject, which would be material to the Company or its subsidiaries, during the Company's financial year, and the Company is not aware of any such proceedings being contemplated; (b) any penalties or sanctions imposed by a court relating to securities legislation, or other penalties or sanctions imposed by a court or regulatory body against the Company or its subsidiaries during the most recently completed financial year or that would otherwise likely be considered important to a reasonable investor making an investment decision; or (c) any settlement agreements that the Company or its subsidiaries has entered into before a court relating to securities legislation or with a securities regulatory authority during the most recently completed financial year.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than as disclosed in this Annual Information Form or in the 2024 Annual Financial Statements, none of the directors or executive officers of the Company, nor any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of the Company's outstanding voting securities, nor any associate or affiliate of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction within the three years prior to the date of this Annual Information Form that has materially affected or is reasonably expected to materially affect the Company or its subsidiaries.

## **TRANSFER AGENT AND REGISTRAR**

Enthusiast Gaming's registrar and transfer agent is Odyssey Trust Company, Trader's Bank Building, 702—67 Yonge Street, Toronto, Ontario M5E 1J8.

## **MATERIAL CONTRACTS**

The Company and/or its subsidiaries, as applicable, have entered into the following material contracts since the beginning of the Company's most recently completed financial year or before the Company's most recently completed financial year if any such contract is still in effect, and which are outside of the ordinary

course of the Company's business. A description and summary for each material contract is provided below or has been cross-referenced in this Annual Information Form.

- Credit Agreement. See "General Development of the Business".
- SU Plan. See "General Description of Capital Structure".
- Option Plan. See "General Description of Capital Structure".

## INTERESTS OF EXPERTS

Except as disclosed herein, no person or company whose profession or business gives authority to a report, valuation, statement or opinion made by the person or company and who is named as having prepared or certified the report, valuation, statement or opinion described in or included in this Annual Information Form or a filing made under National Instrument 51-102 by the Company, during, or relating to, the Company's most recently completed financial year holds more than 1% beneficial interest, direct or indirect, in any securities or other property of the Company or of an associate or affiliate of the Company and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Company or of an associate or affiliate of the Company.

KPMG LLP, the current external auditor of the Company, is independent of the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation and regulations.

## ADDITIONAL INFORMATION

Additional information relating to Enthusiast Gaming is available at [www.sedarplus.com](http://www.sedarplus.com) under the Company's profile.

Enthusiast Gaming shareholders may contact Enthusiast Gaming at its office by mail at 2 St. Clair Avenue West, Suite 1000, Toronto, Ontario, M4V 1K6, to request copies of Enthusiast Gaming's financial statements and related MD&A. Financial information of Enthusiast Gaming is provided in the 2024 Annual Financial Statements and 2024 Annual MD&A. Additional information, including information about directors and officers remuneration and indebtedness, principal holders of Company's securities and securities authorized for issuance under equity compensation plans, is contained in the Company's information circular for its most recent annual meeting of securityholders that involved the election of directors, which is available at [www.sedarplus.com](http://www.sedarplus.com).

## AUDIT COMMITTEE INFORMATION

### **Audit Committee Charter**

The full text of Enthusiast Gaming's Audit Committee Charter is disclosed in Schedule A at A-1.

### **Composition of Audit Committee and Independence**

NI 52-110 provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with Enthusiast Gaming, which could, in the view of the Enthusiast Gaming Board, reasonably interfere with the exercise of the member's independent judgment. All of the members of Enthusiast Gaming's Audit Committee are considered by the Enthusiast Gaming Board to be independent as that term is defined in NI 52-110.

### **Relevant Education and Experience**

NI 52-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the particular issuer’s financial statements. All of the members of Enthusiast Gaming’s Audit Committee are considered by the Enthusiast Gaming Board to be financially literate as that term is defined in NI 52-110.

#### Thomas Hearne

Mr. Hearne has over 30 years of experience as a senior executive and board member of both private and public companies in the technology and gaming sectors. He is currently the Chief Executive Officer of ARB Labs Inc., having previously served as Chief Executive Officer and Director of Tiidal Gaming Group, the Chief Financial Officer and Director of Sportech PLC, on the London Stock Exchange, and the Chief Financial Officer of theScore, on the TSX Venture Exchange. Mr. Hearne has been a licensed gaming operator in the United Kingdom, and many states in the United States of America. Mr. Hearne has an MBA from the Schulich School of Business and is a Chartered Public Accountant and member of CPA Ontario.

#### John Albright

Mr. Albright is Co-Founder and Managing Partner of Relay Ventures, an early stage venture fund exclusively focused on mobile connectivity. During his tenure in the venture capital business, Mr. Albright has gained extensive experience assisting entrepreneurs shape their vision and capital plans into successful long term growth programs which typically involved an aggressive financing strategy. Mr. Albright has a history of assisting entrepreneurial companies through significant growth and eventually to the public markets. His ability to work with and advise senior management of investee companies, as well as his skills in filling supporting roles where existing management lack the experience or skill set, has been vital to the success of past investments. Mr. Albright is a Chartered Financial Analyst and received his Bachelor of Business Administration degree from the Schulich School of Business at York University.

#### Jordan Gnat

Jordan Gnat is a seasoned leader in digital media and sports entertainment with over 20 years of experience in gaming, media, and sports. Mr. Gnat is the President of JPG Investments Inc. Mr. Gnat was the founder and CEO of Playmaker Capital, a premier digital sports media company and a go-to platform for sports enthusiasts across North and Latin America prior to its sale to Better Collective in February 2024. Previously, Mr. Gnat served as Senior Vice President of International at The Stars Group, where he led business expansion initiatives and international strategy, driving substantial growth in multiple regions. Mr. Gnat has a BA in Political Science from Western University.

### **Audit Committee Oversight**

Since the commencement of Enthusiast Gaming’s most recently completed financial year, the Audit Committee of Enthusiast Gaming has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Enthusiast Gaming Board.

### **Reliance on Certain Exemptions**

Since the commencement of Enthusiast Gaming’s most recently completed financial year, Enthusiast Gaming has not relied upon:

- (a) the exemption in Section 2.4 (*De Minimis Non-audit Services*) of NI 52-110; or
- (b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*).
- (c) an exemption from NI 52-110, in whole or in part, granted under Part 7 (*U.S. Listed Issuers*).

### **Pre-Approval Policies and Procedures**

The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services.

### **External Auditors Service Fees (By Category)**

The aggregate fees billed by Enthusiast Gaming's external auditors in each of its last two financial years:

<b>Fees</b>	<b>December 31, 2024 (\$)</b>	<b>December 31, 2023 (\$)</b>
Audit Fees <sup>(1)</sup>	520,259	846,905
Audit-Related Fees	-	-
Tax Fees <sup>(2)</sup>	187,143	272,207
All Other Fees	-	-
<b>Total</b>	<b>707,402</b>	<b>1,119,112</b>

Notes:

- (1) Includes the aggregate fees billed for the audit of the Company's annual financial statements, interim review of financial statements, and services that are normally provided in relation to statutory and regulatory filings or engagements.
- (2) Includes fees for tax consultancy and the preparation of returns.

**Schedule A**  
**AUDIT COMMITTEE CHARTER**

**ENTHUSIAST GAMING HOLDINGS INC.**  
**(the “Corporation”)**

**AUDIT COMMITTEE CHARTER**

**1. MANDATE**

The audit committee (the “**Committee**”) will assist the board of directors of the Corporation (the “**Board**”) in fulfilling its financial oversight responsibilities. The Committee will review and consider, in consultation with the Corporation’s external auditors, the financial reporting process, the system of internal controls over financial reporting and the audit process. In performing its duties, the Committee will maintain effective working relationships with the Board, management and the external auditors. To effectively perform his or her role, each member of the Committee must obtain an understanding of the principal responsibilities of membership of the Committee as well as the Corporation’s business, operations and risks.

**2. COMPOSITION**

The Board will appoint, from among their membership, a Committee after each annual meeting of the shareholders of the Corporation. The Committee will consist of a minimum of three directors. The members of the Committee shall meet the independence requirements of Sec. 1.4 of National Instrument 52-110 (“NI 52-110”), The NASDAQ Stock Market LLC (“Nasdaq”) and Rule 10A-3 under the U.S. Securities Exchange Act of 1934, as amended. No member of the Committee may have participated in the preparation of the financial statements of the Corporation or any current subsidiary of the Corporation at any time during the past three years. Each member of the Committee must be “financially literate” (as defined in Sec. 1.6 of NI 52-110) and shall be able to read and understand fundamental financial statements, including a company’s balance sheet, income statement, and cash flow statement, as required by Nasdaq. The Board shall review these requirements on an annual basis to ensure continued compliance by the members of the Committee. In addition, at least one member of the Committee shall have accounting or related financial management expertise and meet the financial sophistication requirements of Nasdaq and shall be an “audit committee financial expert” as defined by the Securities and Exchange Commission. The members of the Committee shall be appointed by the Board and shall serve such term or terms as the Board may determine or until earlier resignation or death. Committee members serve at the pleasure of, and may be replaced at any time by, the Board. All vacancies will be filled by the Board.

**3. MEETINGS**

The Committee shall meet in accordance with a schedule established each year by the Board, and at other times that the Committee may determine. The Committee shall meet at least annually with the Corporation’s Chief Financial Officer and external auditors in separate executive sessions.

## **4. ROLES AND RESPONSIBILITIES**

The Committee shall fulfill the following roles and discharge the following responsibilities:

### **4.1 *External Audit***

The Committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor's report, or performing other audit, review or attestation services, including the resolution of disagreements between management and the external auditors regarding financial reporting. In carrying out this duty, the Committee shall:

- (a) recommend to the Board that the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for the Corporation;
- (b) review (by discussion and enquiry) the external auditors' proposed audit scope and approach;
- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (d) review and recommend to the Board the compensation to be paid to the external auditors;
- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards; and
- (f) review and approve the Corporation's hiring policies regarding partners and employees, and former partners and employees, of the present and former external auditor of the Corporation.

### **4.2 *Internal Control***

The Committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Corporation. In carrying out this duty, the Committee shall:

- (a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Corporation; and
- (b) ensure that the external auditors discuss with the Committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.



### 4.3 *Financial Reporting*

The Committee shall review the financial statements and financial information of the Corporation prior to their release to the public. In carrying out this duty, the Committee shall:

#### *General*

- (a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions;
- (b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate;

#### *Annual Financial Statements*

- (c) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (d) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered;
- (e) review management's discussion and analysis respecting the annual reporting period prior to its release to the public;

#### *Interim Financial Statements*

- (f) review and approve the interim financial statements prior to their release to the public;
- (g) review management's discussion and analysis respecting the interim reporting period prior to its release to the public; and

#### *Release of Financial Information*

- (h) where reasonably possible, review and approve all public disclosure containing financial information, including news releases, prior to release to the public. The Committee must be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and must periodically assess the adequacy of those procedures.

#### 4.4 *Non-Audit Services*

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Corporation or any subsidiary of the Corporation shall be subject to the prior approval of the Committee.

##### *Delegation of Authority*

- (a) The Committee may delegate to one or more independent members of the Committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the Committee at its next scheduled meeting.

##### *De-Minimis Non-Audit Services*

- (b) The Committee may satisfy the requirement for the pre-approval of non-audit services if:
  - (i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Corporation and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or
  - (ii) the services are brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated.

##### *Pre-Approval Policies and Procedures*

- (c) The Committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:
  - (i) the pre-approval policies and procedures are detailed as to the particular service;
  - (ii) the Committee is informed of each non-audit service; and
  - (iii) the procedures do not include delegation of the Committee's responsibilities to management.

#### **4.5 *Other Responsibilities***

The Committee shall:

- (a) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters or matters of legal or regulatory concern;
- (b) establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters or matters of legal or regulatory concern;
- (c) ensure that significant findings and recommendations made by management and the external auditor are received and discussed on a timely basis;
- (d) review the policies and procedures in effect for considering officers' expenses and perquisites;
- (e) perform other oversight functions as requested by the Board; and
- (f) review and update this Charter and receive approval of changes to this Charter from the Board.

#### **4.6 *Reporting Responsibilities***

The Committee shall regularly update the Board about committee activities and make appropriate recommendations.

### **5. RESOURCES AND AUTHORITY OF THE AUDIT COMMITTEE**

The Committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the Committee; and
- (c) communicate directly with the internal and external auditors.

## **6. GUIDANCE - ROLES & RESPONSIBILITIES**

The Committee should consider undertaking the actions described in the following guidance, which is intended to provide the Committee members with additional guidance on fulfilment of their roles and responsibilities on the Committee:

### **6.1 *Internal Control***

- (a) evaluate whether management is setting the goal of high standards by communicating the importance of internal controls and ensuring that all individuals possess an understanding of their roles and responsibilities;
- (b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown;
- (c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management;

### **6.2 *Financial Reporting***

#### *General*

- (a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements;
- (b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks;
- (c) understand industry best practices and the Corporation's adoption of them;

#### *Annual Financial Statements*

- (d) review the annual financial statements and determine whether they are complete and consistent with the information known to the members of the Committee, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Corporation reports or trades its shares;
- (e) pay attention to complex and / or unusual transactions such as restructuring charges and derivative disclosures;
- (f) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;

- (g) consider management's handling of proposed audit adjustments identified by the external auditors;
- (h) ensure that the external auditors communicate all required matters to the Committee;

*Interim Financial Statements*

- (i) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;
- (j) meet with management and the auditors, either electronically or in person, to review the interim financial statements;
- (k) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:
  - (i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;
  - (ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financial statements are consistent with changes in the Corporation's operations and financing practices;
  - (iii) generally accepted accounting principles have been consistently applied;
  - (iv) there are any actual or proposed changes in accounting or financial reporting practices;
  - (v) there are any significant or unusual events or transactions;
  - (vi) the Corporation's financial and operating controls are functioning effectively;
  - (vii) the Corporation has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and
  - (viii) the interim financial statements contain adequate and appropriate disclosures;

**6.3 Compliance with Laws and Regulations**

- (a) periodically obtain updates from management regarding compliance with this policy and industry "best practices";
- (b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements;

- (c) review the findings of any examinations by securities regulatory authorities and stock exchanges; and

**6.4 *Other Responsibilities***

- (a) Review, with the Corporation's counsel, any legal matters that could have a significant impact on the Corporation's financial statements.