

# **!Enthusiast**

G A M I N G

CREATORS . COMMUNITIES . CONTENT . EXPERIENCES

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

**Enthusiast Gaming Holdings Inc.**

Management's Discussion and Analysis  
For the Three Months Ended March 31, 2025

# Enthusiast Gaming Holdings Inc.

## Management Discussion and Analysis

For The Three Months Ended March 31, 2025

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis is management's assessment of the results and financial condition of Enthusiast Gaming Holdings Inc. (the "Company" or "Enthusiast Gaming" or "we" or "our"). The following information should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2025, and accompanying notes, and the Company's audited annual consolidated financial statements for the year ended December 31, 2024, and accompanying notes, all of which are available on Enthusiast Gaming's issuer profile on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca).

The date of this management's discussion and analysis ("MD&A") is May 15, 2025. Unless otherwise indicated, all financial data in this MD&A has been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*. Condensed consolidated interim financial statements do not include all of the information required for annual consolidated financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2024 which have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. This MD&A has been prepared pursuant to the disclosure requirements under National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators. All dollar amounts are stated in Canadian Dollars unless otherwise indicated.

### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

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

### NON-GAAP MEASURES

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



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### NON-GAAP MEASURES (Continued)

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

- “Working capital”, which is defined as current assets minus current liabilities.
- “EBITDA”, which is defined as earnings before interest, taxes, depreciation and amortization. Enthusiast Gaming calculates EBITDA using gross margin less total operating expenses plus share-based compensation and amortization and depreciation; and,
- “Adjusted EBITDA”, which is defined as EBITDA adjusted for severance and other non-recurring public company costs. These non-recurring costs include, but are not limited to, annual directors and officers (“D&O”) liability insurance associated with the Company’s former listing on Nasdaq. Adjusted EBITDA also excludes “NFL TNG EBITDA” which is defined as EBITDA attributable to the Company’s NFL TNG program during Q4 2024 and thereafter, as the program became non-recurring due to its termination.

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

### DESCRIPTION OF ENTHUSIAST GAMING HOLDINGS INC.

Enthusiast Gaming is building a highly engaged media platform for gamers to connect worldwide. Through its proprietary mix of digital media and entertainment assets, Enthusiast Gaming has built a vast network of engaged communities to deliver the ultimate gamer experience. This vertically integrated media platform engages a diverse, youthful and affluent audience who are watching, reading and consuming gaming content. Around 80%<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 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>

Enthusiast Gaming was incorporated under the Business Corporation Act (British Columbia) on June 27, 2018. The Company is a publicly traded company listed on the Toronto Stock Exchange (“TSX”) and previously traded on the Nasdaq Capital Market under the symbol “EGLX”. On October 23, 2023, the Company announced that it has notified the Nasdaq Stock Market LLC (“Nasdaq”) of its intention to voluntarily delist its common shares from the Nasdaq Capital Market. The Company’s common shares were delisted from the Nasdaq Capital Market on November 9, 2023. On February 9, 2024, the Company filed a form with the Securities and Exchange Commissions (“SEC”) to deregister the Company’s common shares and to suspend the Company’s SEC reporting obligations. Enthusiast Gaming maintains its registered office at 510 West Georgia Street, Suite 1800, Vancouver, British Columbia, V6B 0M3 and its executive office at 2 St. Clair Avenue West, 10<sup>th</sup> Floor, Toronto, Ontario, M4V 1L5.

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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.

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## DESCRIPTION OF ENTHUSIAST GAMING HOLDINGS INC. (Continued)

On March 31, 2024, the Company entered into a definitive agreement (the “Asset Sale Agreement”) for the divestment of certain non-core and non-profitable casual gaming assets for a purchase price of USD \$3,000,000. The Asset Sale Agreement closed on April 15, 2024. Pursuant to the terms of the Asset Sale Agreement, the Company divested certain casual gaming assets in exchange for (i) a cash payment of USD \$2,000,000 on closing, (ii) a payment of USD \$500,000 on the six-month anniversary of closing, and (iii) a payment of USD \$500,000 on the 12-month anniversary of closing. Pursuant to the Asset Sale Agreement, the purchaser can deduct USD \$250,000 from the 12-month anniversary payment relating to contract liabilities for the casual gaming assets sold. Among the casual gaming assets included as part of divestment are Shockwave, LittleBigSnake, MathGames.com, and TypeRacer.com.

On July 12, 2024, the Company entered into a credit agreement with Beedie Investments Ltd., together with another lender, for a \$20,000,000 four-year non-revolving loan. See Note 10 of the condensed consolidated interim financial statements for the three months ended March 31, 2025 for further information on the credit agreement.

## BUSINESS PRODUCTS AND SERVICES

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

### MEDIA AND CONTENT

Enthusiast Gaming’s media and content revenue stream is comprised of 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 (see *Select Operating Metrics*). This Inventory is available for sale both through direct sales and programmatically. Having this valuable Inventory alongside a direct sales team allows for Enthusiast Gaming to provide its 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. In Q1 2024, the Company de-prioritized certain network video channels in order to reduce operating costs related to Omnia. The de-prioritization of these video channels resulted in significant decreases in revenue, cost of sales and video views but an increase in gross margin as these channels contributed minimal gross profit.

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### BUSINESS PRODUCTS AND SERVICES (Continued)

#### MEDIA AND CONTENT (Continued)

##### *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 an 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.

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### BUSINESS PRODUCTS AND SERVICES (Continued)

#### MEDIA AND CONTENT (Continued)

##### *Sale of Inventory (continued)*

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.

##### *Custom content*

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 TNG, bringing together NFL players and Legends with top gaming content creators from marquee gaming organizations including Luminosity Gaming. The 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, which the Company elected for in order to reduce operating costs.

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 currently with the NHL's 2025-2026 season, and will provide further advertising solutions and content to its' partners.

#### ESPORTS AND ENTERTAINMENT

The Company's esports division, Luminosity Gaming, is a professional esports organization. It currently has fully owned teams competing in League of Legends, Marvel Rivals, Apex Legends, Rainbow Six Siege, Pokémon UNITE, Pokémon GO, Super Smash Bros: Ultimate, Mortal Kombat, Rivals of Aether II, Brawlhalla and PUBG. 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, Twitch, Twitter/X and TikTok.

Enthusiast Gaming's enterprise is made up of interrelated operations intended to derive revenue from assets acquired by Enthusiast Gaming across the esports value chain. Enthusiast Gaming leverages its esports operations to build content and develop an audience and fan base to facilitate 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.

# Enthusiast Gaming Holdings Inc.

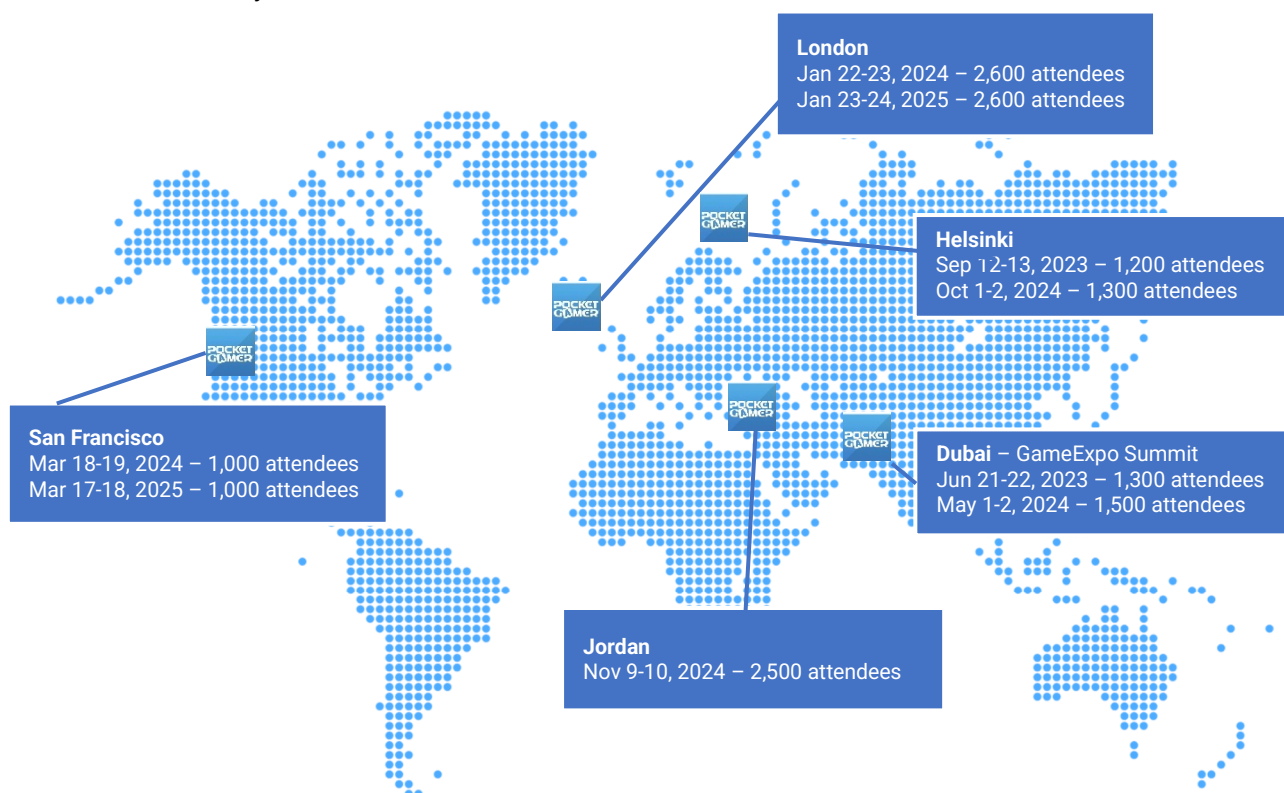
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## BUSINESS PRODUCTS AND SERVICES (Continued)

### ESPORTS AND ENTERTAINMENT (Continued)

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 gaming 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:



## Enthusiast Gaming Holdings Inc.

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### BUSINESS PRODUCTS AND SERVICES (Continued)

#### SUBSCRIPTION

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



The Sims Resource ("TSR") operates a subscription-based model and has a current subscriber base of approximately 216,000 monthly subscribers. TSR's subscribers pay on average approximately USD \$3.00 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 (See *Description of Enthusiast Gaming Holdings Inc.*), as well as its respective subscription revenue.



## Enthusiast Gaming Holdings Inc.

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### GROWTH STRATEGIES

Enthusiast Gaming has a complementary organic and inorganic growth strategy. Mergers and acquisitions have been an important growth lever for the Company historically, having helped the Company grow and serve its highly engaged communities. The Company believes it has a clear path to further monetize the communities through multiple organic growth initiatives including: increasing direct sales, optimizing CPMs, 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 three months ended March 31, 2025, was \$2.3 million as compared to approximately \$6.6 million for the three months ended March 31, 2024. The decrease was mainly due a decrease in the number of ramped sellers in the three months ended March 31, 2025 relative to the three months ended March 31, 2024. Enthusiast Gaming's direct sales efforts began in Q1 2020 and continue to provide one-of-a-kind campaign solution with advertisers at large.

#### 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 partnered with Playwire LLC 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. The partnership with Playwire resulted in improvements in revenue per thousand impressions ("RPM") and a reduction in operating costs.

#### Grow Subscribers

The Company has significantly increased the number of paid subscribers for its properties from approximately 61,000 in March 2019 to approximately 251,000 in March 2025. 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 (See *Description of Enthusiast Gaming Holdings Inc.*). Paid subscribers for Shockwave, LittleBigSnake, MathGames.com, and TypeRacer.com as of March 31, 2024 were approximately 23,000.

# Enthusiast Gaming Holdings Inc.

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## MARKET

### Gaming Market

Gaming is a massive industry that is expected to continue to grow. According to Statista, the global advertising budget towards the gaming market reached USD\$227.0 billion in 2023 and is expected to grow to USD\$266.0 billion by 2025.<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.

# Enthusiast Gaming Holdings Inc.

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### MARKET (Continued)

#### Esports

Esports, or electronic sports, is the evolution of video gaming. “Esports” typically refers to competitive gaming whereby gamers can, individually or in teams, compete against one another. Spectators can typically observe these competitions via different platforms online or in person at live events. The advent of online platforms, such as Twitch, has allowed more and more spectators to watch competitions globally from anywhere in the world and has contributed to the growth in the popularity of esports. Competitive gamers can now participate in regulated leagues, tournaments or other competitions and matches, for various 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>

### SUSTAINABILITY

#### Being Transparent and Accountable, Responsible for a Sustainable Business Environment

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

#### Journey to Governance Best Practices and Supporting our Communities

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

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

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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.

## Enthusiast Gaming Holdings Inc.

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## SIGNIFICANT ANNOUNCEMENTS DURING & SUBSEQUENT TO THE FIRST QUARTER OF 2025

DATE	DESCRIPTION
<b>February 20, 2025</b>	The Company announced that a major global expansion of its internationally renowned Pocket Gamer Connects (PGC) series, beginning with the inaugural PGC Barcelona event on June 3-4, 2025, and continuing with PGC Shanghai in July. This marks the next chapter for one of the industry's premier networking events which has welcomed over 55,000 attendees in its 11-year history.
<b>March 6, 2025</b>	The Company announced that Luminosity Gaming, the company's esports division, is hosting a new season of <i>Rising Stars</i> , an interactive social media and live streaming campaign that will award a grand prize winner a \$100,000 contract to join Luminosity as a content creator.
<b>March 13, 2025</b>	The Company announced PGC will host its next live conference event in San Francisco on March 17-18, 2025. PGC San Francisco marks a milestone for the Company, representing the 50th event for its Pocket Gamer Connects conference series, achieved over its ten year history. This landmark event coincides with the Game Developers Conference (GDC) week, offering attendees unparalleled networking and learning opportunities in the heart of the gaming industry.
<b>April 8, 2025</b>	The Company announced that its premier data and analytics platform, U.GG, has expanded into Marvel Rivals, bringing its industry-leading tools and insights to one of the most exciting team-based PvP titles of the year.
<b>April 24, 2025</b>	The Company announced the successful conclusion of Rising Stars 2025, its annual creator competition hosted by Luminosity Gaming. The event culminated with a high-energy livestream finale on April 18 that aired simultaneously on Twitch, Kick, and YouTube, spotlighting five standout finalists and capping off the most successful season in the program's history. The Rising Stars 2025 campaign amassed over 500 million social media impressions, marking a new high for Luminosity's creator programming. The campaign trended multiple times on X (formerly Twitter) and drew millions of views across platforms through short-form content, behind-the-scenes clips, sponsored livestreams, and community-driven storytelling.
<b>May 1, 2025</b>	The Company announced that its premier data and analytics platform, U.GG, has expanded into Rainbow Six Siege, bringing its industry-leading tools and insights to one of Ubisoft's most competitive and enduring tactical shooters.



## Enthusiast Gaming Holdings Inc.

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### OVERALL PERFORMANCE

#### Summary of Financial and Operating Results For the Three Months Ended March 31, 2025 and 2024

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

	Three Months Ended March 31, 2025 \$	Three Months Ended March 31, 2024 \$
Total revenue	12,162,537	23,328,239
Cost of sales	3,129,349	9,252,080
Gross margin	9,033,188	14,076,159
Interest income	(5,489)	(5,053)
Operating expenses	14,119,874	15,526,240
Net loss and comprehensive loss for the period	(6,129,077)	(1,315,621)
Net loss per share – basic and diluted	(0.04)	(0.01)

Revenue for the three months ended March 31, 2025 and 2024, was \$12,162,537 and \$23,328,239 respectively. The table below provides a breakdown of the revenue for the indicated period:

	Three Months Ended March 31, 2025 \$	Three Months Ended March 31, 2024 \$
Media and content (a)	5,582,938	15,884,852
Esports and entertainment (b)	3,551,827	3,417,000
Subscriptions (c)	3,027,772	4,026,387
<b>Total Revenue</b>	<b>12,162,357</b>	<b>23,328,239</b>

#### Notes:

- (a) Media and content revenue predominantly consists of advertising revenue on the Company's web, video, and casual gaming platforms, and content licensing revenue. Q1 2025 media and content revenue attributable to the video platform is \$1.5 million, which decreased \$5.1 million compared to \$6.6 million in Q1 2024. The decrease in media and content revenue for Q1 2025, relating to the video platform, is mainly attributable to the continued de-prioritization of video platform which the Company elected for in order to reduce operating costs relating to video channels. The de-prioritization of certain video channels resulted in a decrease in video views of 89% in Q1 2025 compared to Q1 2024. Direct sales attributable to the video platform is \$0.7 million in Q1 2025, which decreased \$0.7 million compared to \$1.4 million in Q1 2024, the decrease is mainly due to lower number of ramped sellers in Q1 2025 relative to Q1 2024.

## OVERALL PERFORMANCE *(Continued)*

### Summary of Financial and Operating Results *(Continued)*

#### For the Three Months Ended March 31, 2025 and 2024 *(Continued)*

#### Notes *(Continued)*:

(a) *(Continued)*

Q1 2025 media and content revenue, excluding the video platform, is \$4.1 million, which decreased \$5.2 million compared to \$9.3 million in Q1 2024. The decrease in media and content revenue for Q1 2025, when excluding the video platform, is mainly attributable to direct sales. Direct sales, when excluding the video platform, is \$1.2 million in Q1 2025, which decreased \$3.2 million compared to \$4.4 million in Q1 2024, mainly due to lower number of ramped sellers in Q1 2024 relative to Q1 2025. In addition, there was a decrease in web pageviews of 5% in Q1 2025 compared to Q1 2024, which is mainly due a decrease in the number of third-party publishers as the Company continues to focus on owned and operated websites and select represented websites and the sale of specific assets in Addicting Games on April 15, 2024. This decrease was slightly offset by an increase in web RPM of 9% in Q1 2025 compared to Q1 2024, due in part to the integration and optimization with Playwire and the Company's objectives of reducing operating costs by removing select low performing third-party publisher websites from the network.

Overall, direct sales, the majority of which is included in media and content revenue, decreased from \$6.6 million in Q1 2024 to \$2.3 million in Q1 2025, a decrease of \$4.3 million. The decrease in direct sales is due to lower number of ramped sellers in Q1 2025 relative to Q1 2024.

The de-prioritization of the video platform and a decrease in the number of third-party publishers are significant drivers for the increase in gross margin from 60.3% in Q1 2024 to 74.3% in Q1 2025. Video views were 0.2 billion in Q1 2025, compared to 1.9 billion in Q1 2024 and web pageviews were 1.8 billion in Q1 2025 compared to 1.9 billion in Q1 2024 (see *Select Operating Metrics*).

- (b) Esports revenue is generated through sponsorships, brand advertising, prize money, merchandise sales, and other esports related sources. Entertainment revenue mainly relates to PGC mobile gaming events which occur throughout each year. Esports revenue decreased to \$0.4 million in Q1 2025 compared to \$0.6 million in Q1 2024, a decrease of \$0.2 million. The decrease in esports revenue is mainly due a decrease in direct sales due to a lower number of ramped sellers in Q1 2025 compared to Q1 2024. Entertainment revenue increased to \$3.1 million in Q1 2025 compared to \$2.8 million in Q1 2024, an increase of \$0.3 million. The number of PCG events and attendees remained relevantly consistent in Q1 2025 compared to Q1 2024. The increase in entertainment revenue is mainly attributable to increased sponsorship and ticket revenue generated in Q1 2025 compared to Q1 2024.
- (c) Subscription revenue is generated from paid subscribers (see *Select Operating Metrics*) on the Company's web properties including TSR, Icy Veins, GameKnot, U.GG, and FFS. As of March 31, 2025, the Company has approximately 251,000 paid subscribers, compared to approximately 259,000 paid subscribers as of March 31, 2024. The decrease in the number of subscribers and subscription revenue is primarily attributable to a decrease in the sale of specific assets in Addicting Games on April 15, 2024 which included Addicting Games, Shockwave, TeachMe, TypeRacer and LittleBigSnake. TSR's subscribers pay on average approximately USD\$3.00 per month to access its VIP features. The cost of sales attributable to subscription revenue is nominal.

## Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis  
For The Three Months Ended March 31, 2025

### OVERALL PERFORMANCE (Continued)

#### Summary of Financial and Operating Results (Continued) For the Three Months Ended March 31, 2025 and 2024 (Continued)

Operating expenses for the three months ended March 31, 2025 and 2024, were \$14,119,874 and \$15,526,240 respectively. The table below provides a breakdown of operating expenses for the indicated period:

	Three Months Ended March 31, 2025 \$	Three Months Ended March 31, 2024 \$
Professional fees (a)	413,740	552,558
Consulting fees (b)	264,715	1,452,236
Advertising and promotion (c)	417,038	479,804
Office and general (d)	1,048,101	994,398
Salaries and wages (e)	6,118,720	8,346,301
Technology support, web development and content (f)	4,721,241	4,268,659
Esports player, team and game expenses (g)	522,042	609,112
Foreign exchange (gain) loss (h)	(88,879)	105,935
Share-based compensation (i)	55,206	(1,998,257)
Amortization and depreciation (j)	647,950	715,494
<b>Total Operating Expenses</b>	<b>14,119,874</b>	<b>15,526,240</b>

#### Notes:

- (a) Professional fees relate to corporate activities and are mainly comprised of legal, audit, tax and accounting fees. Professional fees decreased \$0.1 million in Q1 2025 as compared to Q1 2024 mainly due to decreased corporate activity.
- (b) Consulting fees include management consultants and advisory services, investor relations services, and technology and data evaluation services. Consulting fees decreased \$1.2 million in Q1 2025 as compared to Q1 2024 largely due to reduced advisory services and reduced consulting fees in Addicting Games from the sale of specific assets in Addicting Games in Q2 2024.
- (c) Advertising and promotion expense relates to corporate marketing, brand marketing, and brand ambassadors. Advertising and promotion expenses remained relatively consistent in Q1 2025 compared to Q1 2024.
- (d) Office and general costs include such costs as insurance expense relating to the listing of the Company's common shares formerly on the Nasdaq, travel expenses, payment processing fees, listing fees relating to the TSX and other miscellaneous costs. Office and general costs remained relatively consistent in Q1 2025 compared to Q1 2024.

## OVERALL PERFORMANCE (Continued)

### Summary of Financial and Operating Results (Continued)

#### For the Three Months Ended March 31, 2025 and 2024 (Continued)

#### Notes (Continued):

- (e) The Company had a staff of approximately 130 employees as of March 31, 2025, which remained relatively consistent with the number of staff as of March 31, 2024. Salaries and wages decreased by \$2.2 million in Q1 2025 compared to Q1 2024 mainly due to decreased staff headcount. On March 7, 2024, the Company completed a reduction in force affecting approximately 45 employees, or 25% of the workforce. The reduction in force was completed to enhance the Company's business model in areas most critical to its future success, renewing the Company's commitment to the growth and development of its highly engaged gaming communities and focusing the business on drivers of high-margin revenue growth and sustainable profitability.
- (f) Technology support, web development and content costs relate to media and content and esports and entertainment. Technology support, web development and content costs increased \$0.5 million in Q1 2025 as compared to Q1 2024. The increase is mainly attributable to NFL TNG, including charges relating to its retirement. Technology support, web development and content costs include \$2.2 million of expenses relating to NFL TNG in Q1 2025 compared to \$1.8 million in Q1 2024.
- (g) Esports player, team, and game expenses primarily relate to Luminosity Gaming, including but not limited to esports player and influencer salaries, and team travel. Esports player, team and games expense remained relatively consistent in Q1 2025 compared to Q1 2024.
- (h) The Company and its subsidiaries commonly transact and carry assets and liabilities in currencies other than their respective functional currencies. Foreign exchange gains or losses are caused by movements in exchange rates. The Company expects continued gains and losses due to fluctuating exchange rates.
- (i) Share-based compensation is a non-cash expense which relates to options and restricted share units granted to directors, officers, employees, and consultants of the Company, which are expensed over their respective vesting periods. Share-based compensation expense is impacted by issuances, vesting periods, black-scholes option pricing model inputs, and forfeitures. Share-based compensation expense increased by \$2.1 million in Q1 2025 as compared to Q1 2024 mainly due to forfeitures, but also driven by vesting periods, the share price on the date of grants, black-scholes option pricing model inputs, and issuances. In March 2023, the Company issued 6,062,976 options, these options were forfeited upon the resignation of the former Chief Executive Officer in Q1 2024. Share-based compensation expense recorded on these options vesting during the year ended December 31, 2023 in the amount of \$2,194,888 was credited against share-based compensation expense during Q1 2024. In January 2024, the Company issued 1,089,007 restricted share units. In March 2024, the Company issued 200,000 restricted share units. In April 2024, the Company issued 1,610,000 stock options. In May 2024, the Company issued 1,293,829 stock options and 671,052 restricted share units. In August 2024, the Company issued 87,282 stock options and 868,324 restricted share units. In November 2024, the Company issued 179,254 stock options and 1,686,110 restricted share units.
- (j) Amortization and depreciation are significantly comprised of amortization of intangible assets. Amortization and depreciation expense remained relatively consistent in Q1 2025 compared to Q1 2024.



## Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis  
For The Three Months Ended March 31, 2025

### SELECT OPERATING METRICS

#### Quarterly select operating metrics

(Unaudited)	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
<b>Total Views (Millions)</b>	<b>9,389</b>	<b>10,115</b>	<b>6,900</b>	<b>3,820</b>	<b>2,727</b>	<b>2,260</b>	<b>2,215</b>	<b>2,019</b>
Web pageviews	3,721	3,744	1,542	1,899	1,793	1,865	1,834	1,804
Video views	5,668	6,371	5,358	1,921	934	395	381	215
<b>Paid subscribers (thousands – as of end of period)</b>	<b>272</b>	<b>265</b>	<b>268</b>	<b>259</b>	<b>228</b>	<b>234</b>	<b>238</b>	<b>251</b>

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

Web pageviews remained relatively consistent in Q3 2023 compared to Q2 2023. Web pageviews decreased by 59% between Q4 2023 and Q3 2023 primarily due to web partner websites leaving the web platform. Web pageviews increased by 23% between Q1 2024 and Q4 2023 primarily due to the expansion of owned and operated sites in the web platform. Web pageviews have remained relatively consistent between Q1 2024 through Q1 2025.

The video views increased to 6.4 billion in Q3 2023, or 12% from Q2 2023, which management attributes to increased content creation resulting from monetization of YouTube Shorts and the addition of partner channels to the video network. Video views decreased to 5.4 billion in Q4 2023, or 16% from Q3 2023, this decrease specifically relates to certain large partner channels leaving the video network, which the Company elected for in order to reduce operating costs relating to these channels. Video views decreased to 1.9 billion in Q1 2024, or 64% from Q4 2023. Video views decreased to 0.9 billion in Q2 2024 or 51% from Q1 2024 as the Company continues to reduce the video network in order to reduce operating costs relating to the channels. This was further apparent in Q3 2024 as the video views decreased to 0.4 billion in Q3 2024 or 58% from Q2 2024. Video views remained relatively consistent between Q3 2024 and Q4 2024. Video views decreased by 44% in Q1 2025 compared to Q4 2024 which is due to the continued de-prioritization of the video platform.

Paid subscribers relate primarily to TSR. TSR was acquired by Enthusiast Properties in Q1 2019. Paid subscribers decreased in Q2 2024 mainly due to the sale of specific assets in Addicting Games on April 15, 2024 which included Addicting Games, Shockwave, TeachMe, TypeRacer and LittleBigSnake. Paid subscribers remained relatively consistent between Q2 2024 through Q1 2025.

## Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis  
For The Three Months Ended March 31, 2025

### QUARTERLY RESULTS OF OPERATIONS

	Q2 2023 \$	Q3 2023 \$	Q4 2023 \$	Q1 2024 \$	Q2 2024 \$	Q3 2024 \$	Q4 2024 \$	Q1 2025 \$
<b>Total revenue</b>	42,598,769	45,558,271	47,141,121	23,328,239	14,704,634	16,778,275	17,757,358	12,162,537
<b>Interest income</b>	1,514	575	1,020	5,053	396	281	3,077	5,489
<b>Operating expenses</b>	24,586,889	25,017,247	27,845,075	15,526,240	11,593,508	12,703,409	15,597,531	14,119,874
<b>Net loss and comprehensive loss</b>	(12,358,392)	(57,249,044)	(40,763,895)	(1,315,621)	(2,933,703)	(7,335,373)	(80,058,081)	(6,129,077)
<b>Loss per share – basic and diluted</b>	(0.07)	(0.38)	(0.26)	(0.01)	(0.02)	(0.04)	(0.54)	(0.04)

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

In Q1 2024, the Company de-prioritized Omnia in order to reduce operating costs allowing for certain large partner channels to leave the video network. This resulted in a significant change in revenue and cost of sales. Also, a large partner publisher departed from the Company's web platform in October 2023 which impacted revenue and costs of sales. Q1 2024 also saw a benefit in cost savings from initiatives undertaken by the Company to improve operating results. Q1 2024 also had share-based compensation expense recovery from forfeitures.

In Q2 2024, the Company continued to have large partner channels leave the video network, which the Company elected for in order to reduce operating costs relating to these channels. In addition, the Company had lower direct sales due to a lower number of ramped sellers in Q2 2024 relative to Q1 2024 as well no NFL TNG equivalent in Q2 2024. In Q2 2024, there was other long-term asset impairment recognized of \$1,098,506. Q2 2024 continues to show the benefit in cost savings from initiatives undertaken by the Company to improve operating results. Refer to *Overall Performance*.

In Q3 2024, NFL TNG season 3 commenced resulting in higher operating expenses in Q3 2024 compared to Q2 2024. In addition, Q3 2024 has a full quarter of Playwire integration, which coupled with NFL TNG season 3 commencing resulted in higher revenue in Q3 2024 relative to Q2 2024. Also, in Q3 2024, the Company entered into a credit agreement for a \$20,000,000 four-year non-revolving loan (see Note 10 of the condensed consolidated interim financial statements for the three months ended March 31, 2025). The Company recognized transaction cost of \$1,908,963 and a loss on revaluation of long-term debt of \$3,385,798 relating to the credit agreement in Q3 2024.

In Q4 2024, the Company recognized goodwill impairment charges on the Outplayed CGU and the Enthusiast Properties CGU which caused a significant increase in net loss and comprehensive loss observed in Q4 2024, (see *Goodwill Impairment*).

In Q1 2025, the decrease in revenue is mainly attributable to the continued de-prioritization of video platform and a decrease in direct sales as a result of fewer the number of ramped sellers in Q1 2025 relative to Q1 2024 (see *Overall Performance*).

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

## Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis  
For The Three Months Ended March 31, 2025

### EBITDA AND ADJUSTED EBITDA

	Q2 2023 \$	Q3 2023 \$	Q4 2023 \$	Q1 2024 \$	Q2 2024 \$	Q3 2024 \$	Q4 2024 \$	Q1 2025 \$
<b>Gross Margin</b>	14,982,692	16,736,521	18,936,955	14,076,159	9,730,536	11,794,885	13,523,507	9,033,188
<b>Operating expenses</b>	(24,586,889)	(25,017,247)	(27,845,075)	(15,526,240)	(11,593,508)	(12,703,409)	(15,597,531)	(14,119,874)
<b>Share-based compensation</b>	1,788,490	1,364,059	1,191,567	(1,998,257)	377,777	80,084	392,699	55,206
<b>Amortization &amp; depreciation</b>	2,886,075	2,562,229	1,646,055	715,494	715,967	680,107	643,418	647,950
<b>EBITDA</b>	<b>(4,929,632)</b>	<b>(4,354,438)</b>	<b>(6,070,498)</b>	<b>(2,732,844)</b>	<b>(769,228)</b>	<b>(148,333)</b>	<b>(1,037,907)</b>	<b>(4,383,530)</b>
<b>Severance</b>	995,563	375,445	2,617,134	584,198	121,430	20,928	281,187	151,284
<b>D&amp;O insurance specific to the Company's former Nasdaq listing</b>	530,117	429,797	429,797	379,035	240,935	201,478	201,478	201,478
<b>NFL TNG EBITDA</b>	-	-	-	-	-	-	2,504,408	1,422,838
<b>Adjusted EBITDA</b>	<b>(3,403,952)</b>	<b>(3,549,196)</b>	<b>(3,023,567)</b>	<b>(1,769,611)</b>	<b>(406,863)</b>	<b>74,073</b>	<b>1,949,166</b>	<b>(2,607,930)</b>

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

As of the date of this MD&A, the Company has discontinued the NFL TNG program, and as such, it is non-recurring as of Q4 2024.

In Q2 2023, the EBITDA loss increased to \$4.9 million due to decrease in gross margin as a result of lower direct sales in Q2 2023. The EBITDA loss increased to \$6.0 million in Q4 2023 primarily due to increase in operating expenses as the Company aired highest number of episodes for season 2 of NFL TNG. The EBITDA loss decreased to \$2.7 million in Q1 2024 mainly due to decreased operating expenses due to cost saving initiatives undertaken by the Company to improve operating results including a cost restructure implemented in March 2024. The EBITDA loss decreased to \$0.8 million in Q2 2024 due to the aforementioned cost saving initiatives. The EBITDA loss further decreased to \$0.1 million in Q3 2024 from the continued cost saving measures taken by the Company, in addition the Company continues to pursue profitability by optimizing revenue and operating margin (see *Overall Performance*). The EBITDA loss increased to \$1.0 million in Q4 2024 primarily due to losses incurred on season 3 of NFL TNG which offset improvements in gross margin. The EBITDA loss increased to \$4.4 million in Q1 2025 primarily due to decreased direct sales and continued losses incurred on season 3 of NFL TNG.

## Enthusiast Gaming Holdings Inc.

### Management Discussion and Analysis

For The Three Months Ended March 31, 2025

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### EBITDA AND ADJUSTED EBITDA (*Continued*)

The adjusted EBITDA loss decreased to \$3.1 million in Q1 2023 primarily due to decrease in the EBITDA loss. The adjusted EBITDA loss increased to \$3.5 million in Q3 2023 primarily due to increase in the EBITDA loss. The adjusted EBITDA loss decreased to \$3.0 million in Q4 2023 primarily due to large non-recurring severance expense incurred in Q4 2023 despite the increase in EBITDA loss. The adjusted EBITDA loss decreased to \$1.8 million in Q1 2024 primarily due to a decrease in the EBITDA loss. The adjusted EBITDA loss decreased to \$0.4 million in Q2 2024 primarily due to a decrease in the EBITDA loss. The adjusted EBITDA increased to \$0.1 million in Q3 2024 primarily due to a decrease in the EBITDA loss. The adjusted EBITDA increased to \$1.9 million in Q4 2024 primarily due to an increase in gross margin. The adjusted EBITDA loss decreased to \$2.6 million in Q1 2025 primarily due to a decrease in gross margin.

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

### SEASONALITY

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

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

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

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

### GOODWILL IMPAIRMENT

The Company performs its annual impairment tests at December 31 or at an interim date when events or changes in the business environment (triggering events) would more likely than not reduce the fair value of a CGU below its carrying value.

During the years ended December 31, 2024 and 2023, the Company concluded that there were triggering events requiring an impairment assessment as of September 30, 2023 and December 31, 2024 and 2023 due to overall macroeconomic conditions including but not limited to changes in interest rates, high inflation, and softening of the digital advertisement demand and spending due to uncertain market economic outlook and a change in corporate strategy. In addition, there was a decline in the Company's share price resulting in market capitalization being lower than the net assets of the Company.

During the year ended December 31, 2024, the Company determined that impairment charges were necessary for the Enthusiast Properties CGU of \$50,864,250 and the Outplayed CGU of \$31,024,339 due to the overall macroeconomic conditions and a change in corporate strategy. The Enthusiast Properties impairment charge was allocated to goodwill in the amount of \$50,864,250. The Outplayed impairment charge was allocated to goodwill in the amount of \$21,179,898 and intangible assets (brand names) in the amount of \$9,844,441.



### GOODWILL IMPAIRMENT *(Continued)*

During the period ended September 30, 2023, the Company determined that impairment charges were necessary for the Luminosity CGU of \$6,003,150, the Omnia CGU of \$10,916,068, the Addicting Games CGU of \$16,444,145 and the Outplayed CGU of \$5,979,512 due to the overall macroeconomic conditions. The Omnia impairment charge was allocated to goodwill in the amount of \$8,839,508 and intangible assets (owned and operated content brand) in the amount of \$2,076,560. The Addicting Games impairment charge was allocated to goodwill in the amount of \$14,078,389 and intangible assets (domain names) in the amount of \$2,365,756. During the period ended September 30, 2023, the Company evaluated and concluded that certain intangible assets and related goodwill within the Enthusiast Properties CGU should be retired, and an impairment charge recorded to write off the related carrying values. As a result, the Company recorded an impairment charge of \$12,317,760. The impairment charge was allocated to goodwill in the amount of \$9,922,016 and intangible assets (brand names) in the amount of \$2,395,744.

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

As a December 31, 2024, the Company's analysis showed the value in use of the TSR, Luminosity, Steel Media and Omnia CGUs exceeds their carrying amount, ranging between 1% to 316% of the recoverable amount compared to the carrying amount of the net assets.

As a September 30, 2023, the Company's analysis showed the value in use of the Enthusiast Properties, TSR and Steel Media CGUs exceeds their carrying amount, ranging between 122% to 182% of the recoverable amount compared to the carrying amount of the net assets. As a December 31, 2023, the Company's analysis showed the value of the TSR and Steel Media CGUs exceeds their carrying amount, by 188% and 118% respectively, of the recoverable amount compared to the carrying amount of the net assets. For key assumptions used to determine the recoverable amount of goodwill based on each CGU's value-in-use refer to Note 9 of the Company's consolidated financial statements for the years ended December 31, 2024, and 2023. As of December 31, 2023, the Company determined the recoverable amount based on fair value less cost to sell to assess the value of Addicting Games CGU. Fair value less cost to sell for the Addicting Games CGU is based on the arm's length sale price between willing parties, see Notes 8 and 9 of the Company's consolidated financial statements for the years ended December 31, 2024, and 2023.

As of March 31, 2025, the Company concluded that there were no triggering events requiring an impairment assessment.

## Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis  
For The Three Months Ended March 31, 2025

### FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

#### Cash flows for the Three Months Ended March 31, 2025

Net cash used in operating activities for the three months ended March 31, 2025 was \$1,359,534 (March 31, 2024 – \$4,797,117). This was due to the net loss of \$6,043,764 and was decreased by items not affecting cash such as, amortization and depreciation of \$647,950, deferred tax expense of \$181,287 and provisions of \$121,344, and increased by items not affecting cash such as gain on revaluation of deferred payment liability of \$128,649 and foreign exchange gain of \$140,291. These non-cash items for the three months ended March 31, 2025, were offset by changes in working capital such as a decrease in trade and other receivables of \$4,415,839, a decrease in prepaid expense of \$1,402,381, a decrease in accounts payable and accrued liabilities of \$969,528 and a decrease in contract liabilities of \$864,504.

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

Net cash used in investing activities for the three months ended March 31, 2025 was \$Nil (March 31, 2024 – used in \$994).

Net cash used in financing activities for the three months ended March 31, 2025 was \$1,493,362 (March 31, 2024 – \$429,726), which is predominately attributable to repayment of long-term debt of \$1,319,575 and lease payments of \$185,547. For the three months ended March 31, 2024, net cash used in financing activities was predominately attributable to the repayment of long-term debt of \$717,608, and lease payments of \$208,370 which were collectively offset by proceeds from long-term debt, net of transaction costs of \$496,252.

For the three months ended March 31, 2025, the Company had a net decrease in cash of \$2,820,326 and for the three months ended March 31, 2024, the Company had a net decrease in cash of \$5,132,884. As a result, the Company had a cash balance as of March 31, 2025 and 2024, of \$1,945,047 and \$1,719,082, respectively.

#### Liquidity

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

	March 31, 2025 \$	December 31, 2024 \$
Cash	1,945,047	4,765,373
Total assets	119,162,973	128,445,726
Total liabilities	73,487,477	76,696,359
Share capital, warrants reserve, contributed surplus and accumulated other comprehensive income	492,538,827	492,568,934
Retained earnings (deficit)	(446,863,331)	(440,819,567)
Working capital (deficiency)	(49,308,886)	(43,789,398)

## Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis  
For The Three Months Ended March 31, 2025

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

#### Liquidity (Continued)

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

	March 31, 2025 \$	December 31, 2024 \$
Accounts payable and accrued liabilities	14,038,750	15,022,630
Contract liabilities	4,888,771	5,735,275
Income tax payable	112,464	131,441
Current portion of long-term debt	37,617,048	38,990,332
Current portion of deferred payment liability	2,321,876	2,322,274
Current portion of lease liabilities	697,750	727,525
Long-term lease liabilities	148,925	295,977
Deferred tax liability	13,661,893	13,470,905
<b>Total liabilities</b>	<b>73,487,477</b>	<b>76,696,359</b>

During the three months ended March 31, 2025, the Company incurred a net loss and comprehensive loss of \$6,129,077 (March 31, 2024 – \$1,315,621) and, as of that date, the Company had accumulated a deficit of \$446,863,331 (December 31, 2024 – \$440,819,567) and negative cash flows from operations of \$1,359,534 (March 31, 2024 – \$4,797,117). Whether and when the Company can attain profitability and positive cash flows from operations is uncertain.

As of March 31, 2025, the Company has current assets of \$10,367,773 (December 31, 2024 - \$19,140,079) and current liabilities of \$59,676,659 (December 31, 2024 - \$62,929,477) resulting in a working capital deficiency of \$49,308,886 (December 31, 2024 – \$43,789,398).

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

As of March 31, 2025, the Company's working capital deficiency of \$49,308,886 (December 31, 2024 - \$43,789,398) includes contract liabilities of \$4,888,771 (December 31, 2024 - \$5,735,275) and the current portion of long-term debt of \$37,617,048 (December 31, 2024 - \$38,990,332). The working capital will be used to finance operations and growth over the next 12 months. The Company also has other cash commitments of \$510,000 (see *Commitments*) over the next 12 months.

On July 12, 2024, the Company entered into a credit agreement (the "Credit Agreement") with Beedie Investments Ltd., together with an affiliate of Jordan Gnat, who is a director of the Company, (collectively the "Lenders") for a four-year non-revolving loan of \$20,000,000 (the "Loan"), due July 12, 2029. The Credit Agreement will be used for working capital purposes. For further information on the Credit Agreement see Note 10 of the condensed consolidated interim financial statements for the three months ended March 31, 2025.

## Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis  
For The Three Months Ended March 31, 2025

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

#### Liquidity (continued)

The Company's cash resources as of March 31, 2025, are not sufficient to fund the planned business operations over the next 12 months (see Note 2 of the condensed consolidated interim financial statements for the three months ended March 31, 2025). Additional financing will be required if the Company is unable to generate positive cash flows from operations in order to settle current liabilities as well as continue to fund a seasonal business. The Company has an Operating Credit facility consisting of an authorized amount of up to \$7.5 million available to draw upon which was drawn down to \$7.3 million as of March 31, 2025. For details on the Term Credit and Operating Credit see Note 10 of the condensed consolidated interim financial statements for the three months ended March 31, 2025.

#### Capital Management

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

The Company has largely been dependent on external financing to fund its activities and is presently seeking additional sources of financing. In order to carry out the planned operations and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed if the Company is unable to generate positive cash flows from operations. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three months ended March 31, 2025. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements aside from the covenants described in Note 10 of the condensed consolidated interim financial statements for three months ended March 31, 2025.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company's ability to raise future capital is subject to material uncertainty and the inability to raise such capital will have an adverse impact over the Company's ability to continue as a going concern (see Note 2 of the condensed consolidated interim financial statements for the three months ended March 31, 2025).

### SHARE CAPITAL

Authorized:

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

During the three months ended March 31, 2025, the Company had no share capital activity.

During the three months ended March 31, 2024:

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



## Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis  
For The Three Months Ended March 31, 2025

### DISCLOSURE OF OUTSTANDING SHARE DATA

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

	May 15, 2025	March 31, 2025	December 31, 2024
Common shares	159,169,003	159,169,003	159,169,003
Options, convertible into common shares	4,018,729	4,173,735	4,329,735
Warrants, convertible into common shares	37,037,037	37,037,037	37,037,037
Restricted share units	4,396,062	4,396,062	4,396,062
<b>Total</b>	<b>204,620,831</b>	<b>204,775,837</b>	<b>204,931,837</b>

### RELATED PARTY TRANSACTIONS

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

Compensation provided to key management during the three months ended March 31, 2025 and 2024 is as follows:

	March 31, 2025 \$	March 31, 2024 \$
Short-term benefits	338,093	313,173
Share-based compensation	39,112	176,078
<b>Total</b>	<b>377,205</b>	<b>489,251</b>

A summary of other related party transactions during the three months ended March 31, 2025 and 2024 is as follows:

	March 31, 2025 \$	March 31, 2024 \$
<b>Total transactions during the period:</b>		
Expenses		
Interest and accretion	9,298	-
Share of net loss from investment in associates and joint ventures	-	4,268

## Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis  
For The Three Months Ended March 31, 2025

### RELATED PARTY TRANSACTIONS (Continued)

A summary of related party balances as of March 31, 2025 and December 31, 2024, is as follows:

	March 31, 2025 \$	December 31, 2024 \$
<b>Balances (payable):</b>		
Accounts payable and accrued liabilities	(1,180,064)	(1,202,545)
Long-term debt	(270,434)	(267,154)

As of March 31, 2025, a balance of \$738,944 (December 31, 2024 - \$739,612) is included in accounts payable and accrued liabilities for severance payable to the former Chief Executive Officer who is currently serving as Interim Chief Executive Officer.

As of March 31, 2025, a balance of \$409,995 (December 31, 2024 - \$400,728) is included in accounts payable and accrued liabilities for severance and salaries and wages payable to the former Chief Financial Officer who was reappointed as the Chief Financial Officer of the Company effective December 31, 2024. As of March 31, 2025, a balance of \$31,125 (December 31, 2024 - \$62,205) is included in accounts payable and accrued liabilities for consulting fees payable to Macaview Inc., a company controlled by the former Chief Financial Officer who was reappointed as the Chief Financial Officer of the Company effective December 31, 2024.

On July 12, 2024, the Company entered into a \$250,000 Credit Agreement (Note 10 in condensed consolidated interim financial statements for the three months ended March 31, 2025) with an affiliate of Jordan Gnat (the "Gnat Affiliate"), who is a director of the Company. The Company also issued 462,963 common share purchase warrants to the Gnat Affiliate pursuant to the Credit Agreement. During the three months ended March 31, 2025, the Company incurred interest expense of \$9,298 (March 31, 2024 - \$Nil) to the Gnat Affiliate. As of March 31, 2025 a balance of \$270,434 (December 31, 2024 - \$267,154) is payable to the Gnat Affiliate relating to the Credit Agreement. See Note 10 of the condensed consolidated interim financial statements for the three months ended March 31, 2025 for information relating to warrants issued to the Gnat Affiliate.

During the three months ended March 31, 2024, the Company recognized a share of net loss from investment in joint ventures of \$4,268 from AFK Media Partnership, a related party by nature of it having common management as the Company. On December 31, 2024, AFK Media Partnership was dissolved.

See Note 13 of the condensed consolidated interim financial statements for the three months ended March 31, 2025 for information relating to stock options issued to officers and directors of the Company.

See Note 14 of the condensed consolidated interim financial statements for the three months ended March 31, 2025 and 2024 for information relating to restricted share units issued to officers and directors of the Company.

### OFF-BALANCE SHEET ARRANGEMENTS

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

## Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis  
For The Three Months Ended March 31, 2025

### SEGMENTED INFORMATION

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

Revenues by pillar for the three months ended March 31, 2025, and 2024 is as follows:

	March 31, 2025 \$	March 31, 2024 \$
Media and content	5,582,938	15,884,852
Esports and entertainment	3,551,827	3,417,000
Subscription	3,072,772	4,026,387
<b>TOTAL</b>	<b>12,162,537</b>	<b>23,328,239</b>

Revenue, in Canadian dollars, in each of the four major geographic locations for the three months ended March 31, 2025 and 2024 is as follows:

	March 31, 2025 \$	March 31, 2024 \$
Canada	308,736	904,119
USA	6,933,733	15,944,780
England and Wales	3,975,226	3,932,515
All other countries	944,841	2,546,825
<b>TOTAL</b>	<b>12,162,537</b>	<b>23,328,239</b>

The non-current assets, in Canadian dollars, in each of the Company's geographic locations as of March 31, 2025 and December 31, 2024 is as follows:

	March 31, 2025 \$	March 31, 2024 \$
Canada	79,333,309	79,515,249
USA	20,341,205	20,777,668
France	3,335,000	3,335,000
England and Wales	5,785,686	5,677,730
<b>TOTAL</b>	<b>108,795,200</b>	<b>109,305,647</b>

### ADOPTION OF NEW OR AMENDED IFRS ACCOUNTING STANDARDS

The following new standards, interpretation or amendment were adopted for the first time on January 1, 2025:

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

In August 2023, the IASB issued *Lack of Exchangeability*, amendments to IAS 21, to clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. In addition, the amendments require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments apply to annual reporting periods beginning on or after January 1, 2025. There was no material impact from the adoption of the amendments on the Company’s condensed consolidated interim financial statements.

### ACCOUNTING STANDARDS AND AMENDMENTS ISSUED BUT NOT YET APPLIED

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

(a) IFRS 18 – *Presentation and Disclosure in Financial Statements* (“IFRS 18”)

In April 2024, the IASB issued IFRS 18, which sets out requirements and guidance on presentation and disclosure in financial statements, including:

- presentation in income statement of income and expenses within five defined categories: operating, investing, financing, income taxes, and discontinued operations;
- presentation in the income statements of new defined subtotals for operating profit and profit before financing and income taxes;
- enhanced guidance on aggregation and disaggregation of information and whether to provide information in the financial statements or in the notes;
- disclosure of specified expenses by nature; and
- disclosure of explanations of management-defined performance measures.

IFRS 18 will replace IAS 1 *Presentation of Financial Statements* (“IAS 1”) but carries forward many requirements from IAS 1 without any change. The standard is effective for the annual reporting periods beginning on or after January 1, 2027, with early application permitted. The Company is currently assessing the impact of the new standard on its consolidated financial statements.

### MATERIAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and notes to the consolidated financial statements. These estimates are based on management’s best knowledge of current events and actions the Company may undertake in the future. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimates are revised. Significant areas requiring the Company to make estimates include goodwill impairment testing and recoverability of assets, identification and valuation of intangible assets acquired in business combinations, estimated useful life of long-lived assets, income taxes, the fair value of share-based payments, provisions for expected credit losses, recognition of revenue on a gross versus net basis, functional currency, and the fair value measurement of an investment not quoted in an active market. These estimates and judgments are further discussed below:

## MATERIAL ACCOUNTING ESTIMATES AND JUDGEMENTS (*Continued*)

(a) *Goodwill impairment testing and recoverability of assets*

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

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

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

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

(c) *Estimated useful lives of long-lived assets*

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

(d) *Income taxes*

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

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



## MATERIAL ACCOUNTING ESTIMATES AND JUDGEMENTS (*Continued*)

(e) *Share-based payments*

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

(f) *Provision for expected credit losses ("ECLs")*

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

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

(g) *Recognition of revenue on a gross versus net basis*

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

(h) *Functional currency*

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

(i) *Fair value measurement of a liability not quoted in an active market*

The fair value of a liability that is not quoted in an active market requires the use of judgement and estimates by management. Management used the valuation techniques and inputs outlined in Note 10 of the condensed consolidated interim financial statements for the three months ended March 31, 2025, using all available data on the liability and market conditions as the date of the financial statements. Changes in these assumption and condition could result in changes of the reported fair value of this liability.

## Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis  
For The Three Months Ended March 31, 2025

### FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### Fair values

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

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

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

As of March 31, 2025, the Loan is classified as a Level 3 financial instrument (see Note 10 of the condensed consolidated interim financial statements for the three months ended March 31, 2025). As of March 31, 2025, the Vedatis Earn-Out Payment liability is classified as a Level 3 financial instrument (see Note 11 of the condensed consolidated interim financial statements for the three months ended March 31, 2025).

Total interest income and interest expense for the three months ended March 31, 2025 and 2024 for financial assets or financial liabilities that are not at fair value through profit or loss can be summarized as follows:

	For the three months ended	
	March 31, 2025	March 31, 2024
	\$	\$
Interest income	(5,489)	(5,053)
Interest and accretion expense	825,912	588,315
<b>TOTAL</b>	<b>820,423</b>	<b>583,262</b>

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

## Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis  
For The Three Months Ended March 31, 2025

### FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

#### Credit risk

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

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

	March 31, 2025 \$	December 31, 2024 \$
Trade receivables aging:		
0-30 days	4,404,562	6,553,840
31-60 days	463,375	1,308,754
61-90 days	206,899	1,364,496
Greater than 90 days	2,296,031	2,448,856
<b>Total trade receivables</b>	<b>7,370,867</b>	<b>11,675,946</b>
Expected credit loss provision	(248,830)	(125,991)
<b>Net trade receivables</b>	<b>7,122,037</b>	<b>11,549,955</b>

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

	March 31, 2025 \$	December 31, 2024 \$
Expected credit loss provision, beginning balance	(125,991)	(336,633)
Increase in provision for expected credit loss	(121,519)	(145,014)
Write-offs	-	361,204
Effect of movement in exchange rates	(1,320)	(5,548)
Expected credit loss provision, ending balance	(248,830)	(125,991)

The following default rates, determined based on historical default rates based on the aging of trade receivables, are used to calculate the expected credit loss provision on trade receivables as of March 31, 2025:

	Total	Not past due	Over 30 days past due	Over 60 days past due	Over 90 days past due
Default rates		1.08%	1.23%	3.06%	8.25%
Trade receivables	\$ 7,370,867	\$ 4,404,562	\$ 463,375	\$ 206,899	\$ 2,296,031
Expected credit loss provision	\$ 248,830	\$ 47,441	\$ 5,700	\$ 6,341	\$ 189,348

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

## Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis  
For The Three Months Ended March 31, 2025

### FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

#### Concentration risk

The Company has one customer which makes up more than 10% of revenue. This customer accounts for approximately 21.88% (December 31, 2024 (two customers) – 20.58%) of trade receivables as of March 31, 2025, 22.90% (March 31, 2024 – 25.00%) of revenue for the three months ended March 31, 2025.

#### Liquidity Risk

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

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

	Less than one year \$	One to two years \$	Two to three years \$	More than three years \$	Total \$
Accounts payable and accrued liabilities	14,038,750	-	-	-	14,038,750
Contract liabilities	4,888,771	-	-	-	4,888,771
Income tax payable	112,464	-	-	-	112,464
Deferred payment liability <sup>(1)</sup>	2,402,022	-	-	-	2,403,022
Lease liabilities	713,885	148,591	-	-	862,476
Long-term debt <sup>(2)</sup>	38,782,993	-	-	-	38,782,993
<b>TOTAL</b>	<b>60,939,885</b>	<b>148,591</b>	<b>-</b>	<b>-</b>	<b>60,088,476</b>

#### Notes:

- (1) The Company has, at its option, the ability to settle the deferred payment liability amounts due in less than one year half in cash and half in common shares.
- (2) Included in long-term debt in less than one year is \$21,634,703 of debt payable pursuant to the Credit Agreement (See Note 10 of the condensed consolidated interim financial statements for the three months ended March 31, 2025) which is not due until July 12, 2028 but has been presented as a current liability as of March 31, 2025 due to the Company not being in compliance with covenants.

#### Foreign currency risk

A large portion of the Company's transactions occur in foreign currencies (including US dollars, UK pound sterling, and Euro) and, therefore, the Company is exposed to foreign currency risk at the end of the reporting period through its US dollars, UK pound sterling, and Euro denominated trade and other receivables, accounts payable and accrued liabilities, deferred payment liability and cash. As of March 31, 2025, a 10% depreciation or appreciation of the US dollar, UK pound sterling, and Euro against the Canadian dollar would have resulted in an approximate \$660,000, \$146,000, and \$284,000 decrease or increase, respectively, in total net loss and comprehensive loss.

## Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis  
For The Three Months Ended March 31, 2025

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### FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

#### Interest rate risk

The Company's Term Credit bears interest at Adjusted Term CORRA rate plus 7.5% per annum. The Company's Operating Credit bears interest at the greater of (i) Bank's prime lending rate plus 1.50%, and (ii) 2.45% per annum. Fluctuations in the Adjusted Term CORRA rate and the Bank's prime lending rate will result in changes to interest expense. A change in the annual interest rate of 0.50% would approximately result in a \$47,000 change in the annual interest expense.

#### COMMITMENTS

In addition to the financial liabilities summarized above, as of March 31, 2025, the Company has the following payment commitments with respect to consulting and other contractual obligations:

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	\$
Not later than one year	510,000
<b>Total</b>	<b>510,000</b>

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### CONTROLS AND PROCEDURES

#### Disclosure Controls and Procedures

Management is responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, which is required to be disclosed by the Company in its filings or required to be submitted by the Company under securities legislation is recorded, processed, and summarized and reported within specified time periods. The Company's Interim Chief Executive Officer and Chief Financial Officer have each evaluated the design of the Company's disclosure controls and procedures as of March 31, 2025 and have concluded that these controls and procedures were appropriately designed.

#### Changes in Internal Control Over Financial Reporting

There have been no material changes in the Company's internal control over financial reporting during the three months ended March 31, 2025, that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.



## Enthusiast Gaming Holdings Inc.

Management Discussion and Analysis  
For The Three Months Ended March 31, 2025

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### RISKS AND UNCERTAINTIES

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

The risks presented in the Annual Information Form may not be all of the risks that the Company may face. It is believed that these are the factors that could cause actual results to be different from expected and historical results. Other sections of this MD&A and the condensed consolidated interim financial statements for the three months ended March 31, 2025, each of which are available on SEDAR, and other filings the Company has made and may make in the future with the applicable securities authorities, include additional factors that could have an effect on the business and financial performance of the Company's business. The market in which the Company competes is very competitive and changes rapidly. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. You should not rely upon forward-looking statements as a prediction of future results.

### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

### ADDITIONAL INFORMATION

Additional information relating to the Company is available in the condensed consolidated interim financial statements of the Company for the three months ended March 31, 2025. Additional information can also be found in the investors section of the Company's website at [www.enthusiastgaming.com](http://www.enthusiastgaming.com) or on the Company's SEDAR profile at [www.sedarplus.ca](http://www.sedarplus.ca) including the most recently filed Annual Information Form and Management Information Circular.