Enthusiast GAMING

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Enthusiast Gaming Holdings Inc.

Condensed Consolidated Interim Financial Statements
For the Three and Six Months Ended June 30, 2025
(Unaudited - Expressed In Canadian Dollars)

Enthusiast Gaming Holdings Inc.

NOTICE TO READER

Under National Instrument 51-102, *Continuous Disclosure Obligations*, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying condensed consolidated interim financial statements of Enthusiast Gaming Holdings Inc. (the "Company") for the three and six months ended June 30, 2025 have been prepared by management, and reviewed and approved by the Audit Committee and the Board of Directors of the Company.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Enthusiast Gaming Holdings Inc.
Condensed Consolidated Interim Statements of Financial Position
As of June 30, 2025 and December 31, 2024
(Unaudited - Expressed in Canadian Dollars)

	Note	**June 30, 2025**	December 31, 2024
ASSETS			
Current			
Cash		**$ 361,867**	$ 4,765,373
Trade and other receivables	5	**5,336,428**	12,351,539
Income tax receivable		**-**	12,371
Prepaid expenses		**864,219**	2,010,796
Total current assets		**6,562,514**	19,140,079
Non-current			
Property and equipment		**146,354**	187,464
Right-of-use assets	8	**476,927**	800,908
Long-term portion of prepaid expenses		**140,845**	148,546
Intangible assets	6	**24,882,324**	71,815,485
Goodwill	7	**36,312,835**	36,353,244
Total Assets		**$ 68,521,799**	$ 128,445,726
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	9	**$ 15,341,512**	$ 15,022,630
Contract liabilities		**4,563,199**	5,735,275
Income tax payable		**52,272**	131,441
Current portion of long-term debt	10	**37,340,588**	38,990,332
Current portion of deferred payment liability	11	**2,325,612**	2,322,274
Current portion of lease liabilities	8	**765,191**	727,525
Total current liabilities		**60,388,374**	62,929,477
Non-current			
Long-term portion of lease liabilities	8	**-**	295,977
Deferred tax liability		**2,256,228**	13,470,905
Total liabilities		**$ 62,644,602**	$ 76,696,359
Shareholders' Equity			
Share capital	12	**461,607,373**	461,607,373
Warrants reserve	10,15	**1,823,168**	1,823,168
Contributed surplus	13,14	**17,693,195**	17,596,195
Accumulated other comprehensive income		**10,747,484**	11,542,198
Deficit		**(485,994,023)**	(440,819,567)
Total shareholders' equity		**5,877,197**	51,749,367
Total liabilities and shareholders' equity		**$ 68,521,799**	$ 128,445,726

Going Concern *(Note 2)*
Commitments (*Note 19*)
Subsequent events *(Note 21)*

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

Enthusiast Gaming Holdings Inc.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the three and six months ended June 30, 2025 and 2024
(Unaudited - Expressed in Canadian Dollars)

		For the three months ended		For the six months ended	
	Note	**June 30, 2025**	June 30, 2024	**June 30, 2025**	June 30, 2024
Revenue	20	**$ 10,005,665**	$ 14,704,634	**$ 22,168,202**	$ 38,032,873
Cost of sales		**1,994,973**	4,974,098	**5,124,322**	14,226,178
Gross margin		**8,010,692**	9,730,536	**17,043,880**	23,806,695
Operating expenses					
Professional fees		**440,513**	345,530	**854,253**	898,088
Consulting fees		**268,561**	477,109	**533,276**	1,929,345
Advertising and promotion		**770,469**	243,556	**1,187,507**	723,360
Office and general		**783,700**	580,681	**1,831,801**	1,575,079
Salaries and wages		**5,192,572**	5,413,206	**11,311,292**	13,759,507
Technology support, web development and content		**2,080,405**	2,836,032	**6,801,646**	7,104,691
Esports player, team and game expenses		**459,183**	568,051	**981,225**	1,177,163
Foreign exchange (gain) loss		**(56,069)**	35,599	**(144,948)**	141,534
Share-based compensation	13,14	**41,794**	377,777	**97,000**	(1,620,480)
Amortization and depreciation	6,8	**643,132**	715,967	**1,291,082**	1,431,461
Total operating expenses		**10,624,260**	11,593,508	**24,744,134**	27,119,748
Other expenses (income)					
Intangible asset impairment	6	**45,331,449**	-	**45,331,449**	-
Investment in associates impairment		**-**	26,497	**-**	26,497
Other long-term asset impairment		**-**	1,098,506	**-**	1,098,506
Share of net loss (income) from investment in associates and joint ventures		**-**	6,477	**-**	(18,905)
Interest and accretion	8,10,11	**1,872,851**	563,310	**2,721,037**	1,186,524
Gain on revaluation of deferred payment liability	11	**(110,107)**	(46,468)	**(238,756)**	(63,368)
Gain on sale of assets		**-**	(344,852)	**-**	(344,852)
Loss on disposal of property and equipment		**-**	25,997	**-**	25,997
Loss on revaluation of long-term debt	10	**885,526**	-	**899,816**	-
Loss on modification of long-term debt	10	**-**	397,058	**-**	397,058
Gain on player buyouts		**(41,948)**	-	**(41,948)**	-
Interest income		**(43)**	(396)	**(5,532)**	(5,449)
Loss before income taxes		**(50,551,296)**	(3,589,101)	**(56,366,320)**	(5,615,061)
Income taxes					
Current tax expense		**(46,036)**	24,554	**1,417**	127,137
Deferred tax recovery		**(11,374,568)**	(200,377)	**(11,193,281)**	(27,173)
Net loss for the period		**(39,130,692)**	(3,413,278)	**(45,174,456)**	(5,715,025)
Other comprehensive income (loss)					
Items that may be reclassified to profit or loss					
Foreign currency translation adjustment		**(709,401)**	479,575	**(794,714)**	1,465,701
Net loss and comprehensive loss for the period		**$ (39,840,093)**	$ (2,933,703)	**$ (45,969,170)**	$ (4,249,324)
Net loss per share, basic and diluted		**$ (0.25)**	$ (0.02)	**$ (0.28)**	$ (0.04)
Weighted average number of common shares outstanding, basic and diluted		**159,169,003**	155,721,839	**159,169,003**	155,699,940

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

Enthusiast Gaming Holdings Inc.
Condensed Consolidated Interim Statements of Shareholders' Equity
For the six months ended June 30, 2025 and 2024
(Unaudited - Expressed in Canadian Dollars)

	Note	**Number of shares**	**Share capital**	**Warrants reserve**	**Contributed surplus**	**Accumulated other comprehensive income (loss)**	**Deficit**	**Total shareholders' equity**
Balance, January 1, 2024		154,393,280	$ 444,474,076	$ -	$ 35,877,189	$ 7,201,976	$ (344,836,567)	$ 142,716,674
Shares issued upon settlement of restricted share units	12	1,328,559	8,520,520	-	(8,520,520)	-	-	-
Share-based compensation	13,14	-	-	-	(1,620,480)	-	-	(1,620,480)
Other comprehensive income for the period		-	-	-	-	1,465,701	-	1,465,701
Net loss for the period		-	-	-	-	-	(5,715,025)	(5,715,025)
Balance, June 30, 2024		**155,721,839**	**$ 452,994,596**	**$ -**	**$ 25,736,189**	**$ 8,667,677**	**$ (350,551,592)**	**$ 136,846,870**
Balance, January 1, 2025		159,169,003	$ 461,607,373	$ 1,823,168	$ 17,596,195	$ 11,542,198	$ (440,819,567)	$ 51,749,367
Share-based compensation	13,14	-	-	-	97,000	-	-	97,000
Other comprehensive loss for the period		-	-	-	-	(794,714)	-	(794,714)
Net loss for the period		-	-	-	-	-	(45,174,456)	(45,174,456)
Balance, June 30, 2025		**159,169,003**	**$ 461,607,373**	**$ 1,823,168**	**$ 17,693,195**	**$ 10,747,484**	**$ (485,994,023)**	**$ 5,877,197**

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

Enthusiast Gaming Holdings Inc.
Condensed Consolidated Interim Statements of Cash Flows
For the six months ended June 30, 2025 and 2024
(Unaudited - Expressed in Canadian Dollars)

	Note	**June 30, 2025**	June 30, 2024
Cash flows from operating activities			
Net loss for the period		**$ (45,174,456)**	$ (5,715,025)
Items not affecting cash:			
Intangible asset impairment	6	**45,331,449**	-
Investment in associates impairment		**-**	26,497
Other long-term asset impairment		**-**	1,098,506
Amortization and depreciation	6,8	**1,291,082**	1,431,461
Share-based compensation	13,14	**97,000**	(1,620,480)
Accretion	8,10,11	**(71,441)**	(31,188)
Deferred tax recovery		**(11,193,281)**	(27,173)
Share of net income from investment in associates and joint ventures		**-**	(18,905)
Gain on sale of assets		**-**	(344,852)
Gain on revaluation of deferred payment liability	11	**(238,756)**	(63,368)
Foreign exchange loss (gain)		**111,379**	(463,931)
Loss on disposal of property and equipment		**-**	25,997
Gain on settlement of accounts payable	9	**(70,589)**	(622,413)
Loss on revaluation of long-term debt	10	**899,816**	-
Loss on modification of long-term debt	10	**-**	397,058
Gain on player buyouts		**(41,948)**	-
Provisions		**72,691**	4,166
Changes in working capital:			
Changes in trade and other receivables		**6,942,420**	19,982,340
Changes in prepaid expenses		**1,143,997**	843,787
Changes in accounts payable and accrued liabilities		**389,471**	(20,543,835)
Changes in contract liabilities		**(1,172,076)**	(2,124,567)
Changes in income tax receivable and payable		**22,074**	136,207
Income tax paid		**(86,649)**	(400,927)
Net cash used in operating activities		**(1,747,817)**	(8,030,735)
Cash flows from investing activities			
Proceeds from sale of assets, net of transaction costs		-	2,693,339
Distribution from investment in associates, net of adjustments		-	1,416,830
Repayment of deferred payment liability	11	-	(85,700)
Proceeds from player buyouts		**41,948**	-
Acquisition of property and equipment		**(840)**	(115,815)
Net cash from investing activities		**41,108**	3,908,654
Cash flows from financing activities			
Proceeds from long-term debt, net of transaction costs	10	**11,992**	1,520,877
Repayment of long-term debt	10	**(2,408,043)**	(1,768,118)
Repayment of other long-term debt		-	(3,002)
Lease payments	8	**(221,722)**	(465,179)
Net cash used in financing activities		**(2,617,773)**	(716,422)
Foreign exchange effect on cash		**(79,024)**	147,077
Net change in cash		**(4,403,506)**	(4,691,426)
Cash, beginning of period		**4,765,373**	6,851,966
Cash, end of period		**$ 361,867**	$ 2,160,540

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

1. Nature of operations

Enthusiast Gaming Holdings Inc. (the "Company" or "Enthusiast") was incorporated under the *Business Corporation Act* (British Columbia) on June 27, 2018. The Company is publicly traded on the Toronto Stock Exchange ("TSX") under the symbol "EGLX". The Company maintains its registered office at 510 West Georgia Street, Suite 1800, Vancouver, British Columbia and its executive office at 2 St. Clair Avenue West, 10th floor, Toronto, Ontario, M4V 1L5.

The Company operates in one industry segment, being digital media and entertainment. The Company's principal business activities are comprised of media and content, esports and entertainment and subscription. The Company's digital media platform includes its flagship video gaming related owned and operated websites, its content channels including YouTube and casual games, and is where the Company derives its media and content revenue. The Company's esports and entertainment business, includes Luminosity Gaming Inc. ("Luminosity"), a leading global esports franchise that consists of professional esports teams under ownership and management, and Pocket Gamer Connects, a global mobile gaming events series. The Company's subscription revenue includes owned and operated video gaming related websites such as The Sims Resource.

On July 7, 2025, the Company entered into an exclusive non-binding letter of intent with an entity which proposes to acquire the direct sales business carried on by the Company (Note 21).

Approval of Financial Statements

These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors of the Company on August 14, 2025.

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

(i) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*. These 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 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 by the IFRS Interpretations Committee.

(ii) Basis of preparation and going concern

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

The Company's future operations are dependent upon its ability to generate positive cash flows from operations and to raise additional financing. For the six months ended June 30, 2025, the Company had negative cash flows from operations of $1,747,817 (June 30, 2024 - $8,030,735) and as of June 30, 2025, the Company has a working capital deficit of $53,825,860 (December 31, 2024 - $43,789,398), which includes the current portion of long-term debt of $37,340,588 (December 31, 2024 - $38,990,332), and an accumulated deficit of $485,994,023 (December 31, 2024 - $440,819,567). The Company is also in breach of covenants relating to its long-term debt (Note 10) as of December 31, 2024 and for the six months ended June 30, 2025, for which waivers have not been received as of the date of approval of these condensed consolidated interim financial statements. As a result, the Loan has been presented as a current liability and the Company's long-term debt is due and payable under the terms of the Third Amendment to the Amended and Restated Commitment Letter and the Credit Agreement.

On July 10, 2025 the Company entered into a Forbearance and First Supplemental Credit Agreement with the Lenders and a Forbearance Agreement with the Bank designed to support the Company's recapitalization and long-term business objectives (Note 21).

The Company's cash resources as of June 30, 2025, are not sufficient to fund its planned business operations over the next 12 months. Additional financing may be required if the Company is unable to generate positive cash flows from operations in order to settle current liabilities and to service the Company's Term Credit, Operating Credit and Loan and remain in compliance with covenants (Note 10), as well as fund operations.

(Unaudited - Expressed in Canadian Dollars)

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

(ii) Basis of preparation and going concern

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

(iii) Basis on consolidation

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

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

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

3. Material accounting policies

The Company's accounting policies as described in Note 3, *Material accounting policies*, of the Company's audited consolidated financial statements for the year ended December 31, 2024, have been applied consistently to all periods presented in these condensed consolidated interim financial statements. Refer to those audited consolidated financial statements for the material accounting policies which remain unchanged as of June 30, 2025.

Accounting Pronouncements effective on January 1, 2025

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

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.

(Unaudited - Expressed in Canadian Dollars)

3. Material accounting policies (continued)

Accounting Pronouncements Issued but not yet effective

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

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.

4. Material accounting judgments, estimates and uncertainties

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated interim 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.

There have been no significant changes to the Company's material accounting judgements, estimates and uncertainties, as described in Note 4, *Material accounting judgments, estimates and uncertainties*, of the Company's audited consolidated financial statements for the year ended December 31, 2024.

5. Trade and other receivables

A summary of trade and other receivables is as follows:

	June 30, 2025	December 31, 2024
Trade receivables (Note 18)	**$ 4,902,940**	$ 11,675,946
Other receivables	**571,067**	688,130
HST and VAT receivables	**18,347**	113,454
Expected credit loss provision (Note 18)	**(155,926)**	(125,991)
	$ 5,336,428	$ 12,351,539

As of June 30, 2025, other receivables include $Nil (December 31, 2024 - $383,415) of amounts receivable relating to the divestment of certain non-core and non-profitable casual gaming assets pursuant to an Asset Sale Agreement entered into on March 31, 2024.

(Unaudited - Expressed in Canadian Dollars)

6. Intangible assets

	Domain names	Application & technology development & website content	Brand names	Subscriber & sponsorship relationships	Multi- channel network license	Talent contracts & digital content	Game application & technology development	Total
Balance, January 1, 2024	$ 42,772,408	$ 18,210,665	$ 34,092,881	$ 8,892,194	$ 7,653,789	$ 5,507,000	$ 6,333,656	$ 123,462,593
Reclassified to gain on sale of assets	(3,797,408)	-	-	-	-	-	-	(3,797,408)
Impairment	-	-	(9,844,441)	-	-	-	-	(9,844,441)
Disposals	-	(1,166,246)	-	(887,210)	-	-	(6,583,321)	(8,636,777)
Effect of movement in foreign exchange rates	-	1,213,037	1,933,033	116,684	-	-	249,665	3,512,419
Balance, December 31, 2024	**$ 38,975,000**	**$ 18,257,456**	**$ 26,181,473**	**$ 8,121,668**	**$ 7,653,789**	**$ 5,507,000**	**$ -**	**$ 104,696,386**
Impairment	(36,025,000)	-	(6,855,000)	-	(2,451,449)	-	-	(45,331,449)
Effect of movement in foreign exchange rates	-	(701,984)	(654,230)	26,526	-	-	-	(1,329,688)
Balance, June 30, 2025	**$ 2,950,000**	**$ 17,555,472**	**$ 18,672,243**	**$ 8,148,194**	**$ 5,202,340**	**$ 5,507,000**	**$ -**	**$ 58,035,249**
Accumulated amortization								
Balance, January 1, 2024	$ -	$ 18,194,684	$ -	$ 4,416,066	$ 3,589,960	$ 5,507,000	$ 6,333,656	$ 38,041,366
Amortization	-	3,939	-	847,262	1,074,920	-	-	1,926,121
Disposals	-	(1,166,246)	-	(887,210)	-	-	(6,583,321)	(8,636,777)
Effect of movement in foreign exchange rates	-	1,225,079	-	75,447	-	-	249,665	1,550,191
Balance, December 31, 2024	**$ -**	**$ 18,257,456**	**$ -**	**$ 4,451,565**	**$ 4,664,880**	**$ 5,507,000**	**$ -**	**$ 32,880,901**
Amortization	-	-	-	427,452	537,460	-	-	964,912
Effect of movement in foreign exchange rates	-	(701,984)	-	9,096	-	-	-	(692,888)
Balance, June 30, 2025	**$ -**	**$ 17,555,472**	**$ -**	**$ 4,888,113**	**$ 5,202,340**	**$ 5,507,000**	**$ -**	**$ 33,152,925**
Balance, December 31, 2024	$ 38,975,000	$ -	$ 26,181,473	$ 3,670,103	$ 2,988,909	$ -	$ -	$ 71,815,485
Balance, June 30, 2025	**$ 2,950,000**	**$ -**	**$ 18,672,243**	**$ 3,260,081**	**$ -**	**$ -**	**$ -**	**$ 24,882,324**

During the six months ended June 30, 2025, the Company recognized an impairment charge of (i) $36,025,000 for domain names relating to Enthusiast Gaming Properties Inc. (“Enthusiast Properties”), (ii) $6,855,000 for brand names relating to Luminosity, and (iii) $2,451,449 for the multi-channel network license relating to Omnia Media Inc. (“Omnia”) pursuant to the proposed consideration per the non-binding letter of intent entered into on July 7, 2025 (Note 21).

(Unaudited - Expressed in Canadian Dollars)

7. Goodwill

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

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

A summary goodwill by CGU is as follows:

	Enthusiast Properties	TSR	Steel Media	Outplayed	Total
Balance, January 1, 2024	$ 61,705,441	$ 20,898,598	$ 4,094,303	$ 19,169,739	$ 105,868,081
Goodwill impairment	(50,864,250)	-	-	(21,179,898)	(72,044,148)
Effect of movement in foreign exchange rates	276,034	-	243,118	2,010,159	2,529,311
Balance, December 31, 2024	**$ 11,117,225**	**$ 20,898,598**	**$ 4,337,421**	**$ -**	**$ 36,353,244**
Effect of movement in foreign exchange rates	(177,060)	-	136,651	-	(40,409)
Balance, June 30, 2025	**$ 10,940,165**	**$ 20,898,598**	**$ 4,474,072**	**$ -**	**$ 36,312,835**

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 six months ended June 30, 2025, the Company concluded that there were no triggering events requiring an impairment assessment relating to goodwill. For information regarding impairment charges to intangible assets for the six months ending June 30, 2025, see Note 6.

8. Right-of-use assets and lease liabilities

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

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

		Amount
Balance, January 1, 2024	$	1,441,149
Depreciation		(726,682)
Effect of movement in exchange rates		86,441
Balance, December 31, 2024	**$**	**800,908**
Depreciation		(291,847)
Effect of movement in exchange rates		(32,134)
Balance, June 30, 2025	**$**	**476,927**

(Unaudited - Expressed in Canadian Dollars)

8. Right-of-use assets and lease liabilities (continued)

A summary of lease liabilities is as follows:

		Amount
Balance, January 1, 2024	$	1,679,057
Payments		(850,624)
Accretion		56,541
Effect of movement in exchange rates		132,528
Balance, December 31, 2024	**$**	**1,023,502**
Payments		(221,722)
Accretion		17,062
Effect of movement in exchange rates		(53,651)
Balance, June 30, 2025		**765,191**
Current portion of lease liabilities		**765,191**
Long-term portion of lease liabilities	**$**	**-**

Note 18 provides a summary of undiscounted lease payments to be made from the statement of financial position date. Variable lease payments during the six months ended June 30, 2025, which are not included in lease liabilities are $29,761 (June 30, 2024 - $140,704). The total cash outflow for leases during the six months ended June 30, 2025 is $251,483 (June 30, 2024 - $605,883).

9. Accounts payable and accrued liabilities

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

		June 30, 2025		December 31, 2024
Accounts payable	**$**	**9,821,518**	$	9,100,376
Accrued liabilities		**5,519,994**		5,922,254
	$	**15,341,512**	$	15,022,630

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

During the six months ended June 30, 2025, the Company settled certain accounts payables at a discounted price resulting in a gain on settlement of accounts payable of $70,589 (June 30, 2024 - $622,413) which is recognized in office and general in the condensed consolidated interim statements of loss and comprehensive loss.

10. Long-term debt

(i) Commitment letter

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

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

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

Upon the occurrence of an event of default that is continuing, interest rates on the Term Credit and Operating Credit will be increase by up to 2.00% per annum effective as of the date of the event of default and continuing until the event of default is cured.

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

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

On September 12, 2022, the Company entered into an amendment to commitment letter (the "Amended Commitment Letter") which increased the total amount of the Term Credit to a maximum amount of $20,000,000. On September 16, 2022, the Company was advanced an incremental $10,000,000 pursuant to the Amended Commitment Letter. As the terms of the Amended Commitment Letter were substantially different from the terms of the Commitment Letter, the amendment was determined to be derecognition of debt in accordance with IFRS 9.

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

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

10. Long-term debt (continued)

(i) Commitment letter (continued)

During the year ended December 31, 2023, as the terms of the Amended and Restated Commitment Letter were not substantially different from the terms of the Amended Commitment Letter, the amendment was determined to be a modification of debt in accordance with IFRS 9.

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

On May 15, 2024, the Company entered into the First Amendment to the Amended and Restated Commitment Letter (the "First Amendment to the Amended and Restated Commitment Letter") which further resulted in the following significant amendments:

(a) the principal repayments for April 2024 and May 2024 of $362,745 respectively were deferred to June 2024; and
(b) to address certain regulatory requirement applicable to the Bank, the amendment also changed the interest rate for the Term Credit from bearing interest at the Banker's Acceptance fee equal to CDOR rate plus 7.5% per annum to bearing interest at the Adjusted Term CORRA plus 7.5% per annum.

On July 11, 2024, the Company amended the First Amendment to the Amended and Restated Commitment Letter by executing the Second Amendment to the Amended and Restated Commitment Letter which resulted in the following significant amendments:

(a) the principal repayment of $1,088,235 due June 2024 relating to the months of April 2024, May 2024 and June 2024 was deferred and due on the Second Amendment to the Amended and Restated Commitment Letter closing date (paid July 12, 2024);
(b) amended the covenants that the Company must comply with, include (i) maintaining a minimum unrestricted cash of the Company and the guarantors subsidiaries, at all times, of not less than USD $2,500,000, (ii) maintaining a minimum trailing adjusted EBITDA of not less than applicable amount calculated monthly, which varies by period, starting in September 2024, and (iii) maintain a maximum funded debt to EBITDA ratio of not less than an applicable amount calculated on a monthly basis, which varies by period, starting in December 2024;
(c) removed the one-time increase of an additional $2,500,000 to the Operating credit by providing an accordion notice to the Bank; and
(d) if the aggregate of all advances under the Operating Credit and Bank credit cards exceeds the lesser of (i) the Operating Credit, and (ii) the borrowing base, the Company shall immediately repay advances under the Operating Credit in an amount equal the excess or deposit with the Bank cash in an amount of such excess.

During the year ended December 31, 2024, the Company incurred transaction costs of $158,435 in connection with the First Amendment to the Amended and Restated Commitment Letter and the Second Amendment to the Amended and Restated Commitment Letter. As the terms of the First Amendment to the Amended and Restated Commitment Letter and Second Amendment to the Amended and Restated Commitment Letter were not substantially different from the terms of the Amended and Restated Commitment Letter and the First Amendment to the Amended and Restated Commitment letter, the amendments were determined to be a modification of debt in accordance with IFRS 9. During the six months ended June 30, 2024, a loss on modification of long-term debt in the amount of $397,058 was recognized in the condensed consolidated interim statements of loss and comprehensive loss in connection with the First Amendment to the Amended and Restated Commitment Letter. During the year ended December 31, 2024, a loss on modification of long-term debt in the amount of $401,951 was recognized in the condensed consolidated interim statements of loss and comprehensive loss connection with the First Amendment to the Amended and Restated Commitment Letter and the Second Amendment to the Amended and Restated Commitment Letter.

The Term Credit under the First Amendment to the Amended and Restated Commitment Letter was amortized at an effective interest rate of 8.11% following the transaction costs incurred and loss on modification of long-term debt recognized pursuant to the amendment.

The Term Credit under the Second Amendment to the Amended and Restated Commitment Letter is amortized at an effective interest rate of 9.25% following the transaction costs incurred and loss on modification of long-term debt recognized pursuant to the amendment.

10. Long-term debt (continued)

(i) Commitment letter (continued)

On December 31, 2024, the Company amended the Second Amendment to the Amended and Restated Commitment Letter by executing the Waiver and Third Amendment to the Amended and Restated Commitment Letter. As of September 30, 2024, the aggregate of all advances under the Operating Credit and Bank credit cards exceeded the lesser of (i) the Operating Credit, and (ii) the borrowing base. Pursuant to the Waiver and Third Amendment to the Amended and Restated Commitment Letter the Bank waived the borrowing base deficiency and deficiency repayment as of September 30, 2024 and certain definitions per the Second Amendment to the Amended and Restated Commitment letter were also amended. As of June 30, 2025, March 31, 2025 and December 31, 2024, the aggregate of all advances under the Operating Credit and Bank credit cards exceeded the lesser of (i) the Operating Credit, and (ii) the borrowing base.

The Amended and Restated Commitment Letter contained certain covenants that the Company must comply with, which remained unchanged per the First Amendment to the Amended and Restated Commitment Letter, including (i) a minimum EBITDA of not less than an applicable amount calculated on a rolling four quarter basis, which varies by quarter and tested quarterly, until the quarter ending March 31, 2024, (ii) minimum Funded Debt to Gross Profit that is equal to or less than 0.45 calculated on rolling four quarter basis, tested quarterly until the quarter ending September 30, 2023, (iii) at all times, a cash runway ratio of a minimum of 6 months, tested quarterly, until the quarter ending March 31, 2024, and (iv) beginning June 30, 2024 and thereafter, a minimum funded debt to EBITDA ratio of no more than 4.0x, calculated based on the trailing 12 months and tested quarterly. The Second Amendment to the Amended and Restated Commitment Letter replaced the above covenants. The Company is now to report covenant compliance based on the amended covenants per the Second Amendment to the Amended and Restated Commitment Letter as noted above and no longer needs to report covenant compliance pursuant to the First Amended to the Amended and Restated Commitment Letter for the period ended June 30, 2024. The Company was in compliance with all covenants per the Amended and Restated Commitment Letter and First Amendment to the Amended and Restated Commitment Letter other than covenant (i) during the three months ended March 31, 2024 and during the year ended December 31, 2023. On May 15, 2024, the Bank waived compliance of covenant (i) as of December 31, 2023 and on July 11, 2024 the Bank waived compliance of covenant (i) as of March 31, 2024. During the year ended December 31, 2024 the Company was not in compliance with covenants (ii) and (iii) per the Second Amendment to the Amended and Restated Commitment Letter. During the six months June 30, 2025, the Company was not in compliance with covenants (i), (ii) and (iii) per the Third Amendment to the Amended and Restated Commitment Letter.

Subsequent to June 30, 2025, the Company entered into a Forbearance Agreement with the Bank (Note 21).

During the six months ended June 30, 2025, the Company recognized $931,337 (June 30, 2024 – $1,210,757) of interest expense, which includes default interest of $160,491 (June 30, 2024 - $Nil), and $153,509 (June 30, 2024 – $142,684) of accretion income which are included in interest and accretion in the condensed consolidated interim statements of loss and comprehensive loss.

(Unaudited - Expressed in Canadian Dollars)

10. Long-term debt (continued)

(i) Commitment letter (continued)

The following tables shows the movement of the Term Credit and Operating Credit balance the period:

		Amount
Balance, January 1, 2024	$	21,888,597
Advances		3,108,973
Repayments		(6,373,678)
Accretion		(331,544)
Transaction costs		(158,435)
Loss on modification of long-term debt		401,951
Balance, December 31, 2024	**$**	**18,535,864**
Advances		11,992
Repayments		(2,408,043)
Accretion		(153,509)
Balance, June 30, 2025		**15,986,304**
Current portion of long-term debt		**15,986,304**
Long-term debt	**$**	**-**

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

		June 30, 2025		December 31, 2024
Term credit	**$**	**8,705,885**	$	11,035,864
Operating credit		**7,280,419**		7,500,000
	$	**15,986,304**	$	18,535,864
Current portion of long-term debt		**15,986,304**		18,535,864
Long-term debt	**$**	**-**	$	-

(ii) Credit agreement

On July 12, 2024, the Company entered into a credit agreement (the "Credit Agreement") with Beedie Investments Ltd. ("Agent"), 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, 2028. The Loan bears interest at a fixed rate of 14% per annum. The Company will have the option until January 31, 2025 to pay the monthly interest in-kind ("PIK Interest") by adding such accrued interest for that month to the outstanding principal amount of the Loan. PIK Interest will accrue interest, compounded monthly, and be added to the outstanding principal amount of the Loan. After January 31, 2025, interest must be paid in cash for the remainder of the Loan's term to maturity. In addition, each of the Lenders shall be entitled, upon notice to the Company, but subject to obtaining, if applicable, stock exchange and/or shareholder approval, to elect to convert all or any portion of their respective pro-rata share of the PIK Interest into common shares of the Company at a price equal to the market price immediately prior to the conversion on the TSX. The Credit Agreement will be used for working capital purposes.

The Loan is guaranteed by certain Canadian and US subsidiaries of the Company and secured by a second ranking security interest over substantially all of the assets of the Company and the guarantor subsidiaries. The Loan is subordinated to the Company's existing Term Credit and Operating Credit with the Bank.

10. Long-term debt (continued)

(ii) Credit agreement (continued)

The Company may, at any time so long as an event of default has not occurred, make a prepayment of the outstanding Loan advances on a pro-rata basis in whole, or in part, so long as such prepayment is in a minimum amount of $1,000,000 and in multiples of $1,000,000 thereafter or the full amount of the then outstanding Loan advances, by paying the Lenders on a pro-rata basis the then outstanding Loan advances or a portion thereof being prepaid together with accrued and unpaid interest, including PIK Interest subject to each Lenders right to convert PIK interest into common shares of the Company and a prepayment fee. If the prepayment occurs prior to a date which is 30 months following the Loan advance, the prepayment fee will be the greater of (i) 3% of the principal amount being prepaid, and, (ii) the interest that would have accrued on such principal amount being prepaid from the date of the prepayment to the earlier of the date that is 30 months following the date of such Loan advances and the maturity date of the Loan. If the prepayment occurs after 30 months following the Loan advance, the prepayment fee will equal 2% of the principal amount being prepaid.

Upon an event of default, the Agent has a right to demand accelerated payment of the then outstanding Loan advances together with all other outstanding obligations prior to the maturity date. An event of default will be deemed a voluntary prepayment. Upon the occurrence and during the continuance of an event of default, at the election of the Agent, interest on the Loan will be increased by an additional 5% per annum effective as at the date of such event of default and payable on demand upon the request of the Agent. Events of default include but a not limited to defaults in payment, violation of covenants, misrepresentation, insolvency events, third party proceedings, judgements and cease trading.

The Agent is entitled to have a representative attend each meeting of the Board of Directors and any committee or sub-committee thereof, subject to certain conditions. If the Agent or its affiliates own, directly or indirectly, 10% or more of the outstanding common shares of the Company on a non-diluted basis, then the Agent shall be entitled to nominate one individual for appointment or election, from time to time, to the Board of Directors until such minimum ownership is not maintained and, at such time, the Agent shall no longer be entitled to this right.

The Loan and PIK Interest, excluding any elections to convert PIK Interest into common shares of the Company and any Loan prepayments, is due July 12, 2028.

Pursuant to the Credit Agreement, the Company issued to the Lenders, in aggregate, 37,037,037 common share purchase warrants at an exercise price of $0.135 per common share, equal to a 15% premium to the five consecutive trading day volume-weighted average price of the common shares, on July 12, 2024. Each warrant is exercisable to purchase one common share of the Company and will expire on July 12, 2029.

On July 12, 2024, the Company received proceeds of $18,093,905, net of certain transaction costs relating to the Credit Agreement and the Second Amendment to the Amended and Restated Commitment Letter, and the principal repayment of $1,088,235 due per the Second Amendment to the Amended and Restated Commitment Letter. The Company incurred transaction costs of $2,434,723 in connection with Credit Agreement.

On September 16, 2024, the Company provided the Lenders with an election to accrue PIK interest to the outstanding principal amount of the Loan from July 12, 2024 to January 31, 2025.

The prepayment option, certain accelerated payment options and the PIK Interest conversion feature, as mentioned above, meet the definition of an embedded derivative under IFRS 9. Management has elected to designate the Loan and its embedded derivative features at fair value through profit and loss. The embedded derivates are revalued each reporting period with changes in fair value of the embedded derivatives recorded in the condensed consolidated interim statements of loss and comprehensive loss.

To account for the prepayment option, the fair value of the Loan was estimated using a 'with' and 'without' approach. Under this approach, the Loan was first fair valued 'with' the embedded derivative and then subsequently valued 'without' the embedded derivative feature. The difference between the fair value of the prepayment option using the 'with' and 'without' scenarios is the estimated fair value of the prepayment option embedded derivative as of the valuation dates. The fair value of the Loan under the 'with' scenario was based on a Hull-White term structure model. The fair value of the Loan under the 'without' scenario was based on a standard discounted cash flow approach.

(Unaudited - Expressed in Canadian Dollars)

10. Long-term debt (continued)

(ii) Credit agreement (continued)

As of June 30, 2025, the Company was not in compliance with covenants as described below which is an event of default per the Credit Agreement and provides the Lenders the right to accelerate repayment of the Loan rendering the Loan due and payable immediately. As of June 30, 2025, the Company expected that the non-compliance with covenants will be waived and covenants will be amended by the Lenders and the prepayment option pursuant to the existing Credit Agreement will remain. As of June 30, 2025, the Company also expected the probability of the Lenders accelerating the repayment of the Loan to be negligible. As of June 30, 2025, the Company expected in the event the Lenders accelerate repayment of the Loan, it was anticipated the Lenders would require the Company to settle the outstanding Loan amount, including the mandatory prepayment fee, within one year from March 31, 2025. To fair value the Loan as a June 30, 2025, the Company assigned probabilities to (i) the non-compliance with covenants being waived and covenants being amended by the Lenders and the prepayment option remaining ("Scenario 1"), and, (ii) the Lenders accelerating repayment of the Loan ("Scenario 2"). Scenario 1 was fair valued using the Hull-White term structure model and Scenario 2 was fair valued using a discounted cash flow approach. Based on the fair values determined using Scenario 1 and 2, a probability weighted approach was used to determine the fair value of the Loan.

The fair value of the Loan based on the Hull-White term structure model as of June 30, 2025 and December 31, 2024 was calculated using the following inputs:

	June 30, 2025	December 31, 2024
Time to maturity	**3.04 years**	3.53 years
Loan interest rate	**14.00%**	14.00%
Risk-free rate	**CAD OIS curve**	CAD OIS curve
Interest rate volatility	**0.952%**	0.985%
Mean reversion factor	**3.007%**	3.771%
Credit rating	**CCC+**	CCC+
Credit spread	**9.19%**	8.69%
Instrument-specific spread	**5.00%**	5.00%

As of June 30, 2025, the fair value of the prepayment option embedded derivative was estimated to be $51 (December 31, 2024 - $660). As of June 30, 2025, the fair value of the Loan using the 'with' approach is $21,354,284 (December 31, 2024 - $20,454,468) and the fair value of the Loan using the 'without' approach is $21,354,335 (December 31, 2024 - $20,455,128).

For the accelerated payment embedded derivative, as of June 30, 2025 and December 31, 2024, a nil probability and value was assigned to the occurrence of any event that might lead to a default during the remaining term of the Loan.

The Lenders have the option to convert all, or any portion of their respective pro-rate shares of the PIK interest outstanding, into common shares of the Company as described above. The common shares of the Company to be issued upon the conversion option would have a restriction which would require adjusting the fair value of converted shares for a discount for lack of marketability ("DLOM"). Together with the DLOM-adjusted share price and the conversion occurring at a market price, a market participant is not expected to exercise the conversion option. As a result, as of June 30, 2025 and December 31, 2024 the conversion option was assigned a $Nil value.

On initial valuation on July 12, 2024, the Loan, including its embedded derivative features, was fair valued at $17,547,078. On June 30, 2025, the Loan, including its embedded derivative features, was fair valued at $21,354,284 (December 31, 2024 - $20,454,468).

During the six months ended June 30, 2025, the Company incurred $2,049,271 (June 30, 2024 – $Nil) of interest expense which includes default interest of $540,891 (June 30, 2024 – $Nil). As the Company elected to accrue PIK interest to the outstanding principal amount of the Loan, PIK interest has been included in the outstanding principal balance of the Loan and included with the fair value of the Loan as of from the period of July 12, 2024 to January 31, 2025. During the six months ended June 30, 2025, PIK interest of $254,223 (June 30, 2024 - $Nil) is included in the loss on revaluation of long-term debt and in the condensed consolidated interim statements of loss and comprehensive loss. During the six months ended June 30, 2025, the Company recognized $1,795,048 (June 30, 2024 – $Nil) of interest expense which is included in interest and accretion in the condensed consolidated interim statements of loss and comprehensive loss.

(Unaudited - Expressed in Canadian Dollars)

10. Long-term debt (continued)

(ii) Credit agreement (continued)

On initial valuation on July 12, 2024, the Loan proceeds of $20,000,000 was allocated as follows based on the residual method:

	Amount
Fair value of the Loan	$ 17,547,078
Residual value - common share purchase warrants	2,452,922
Total gross proceeds	**$ 20,000,000**

During the year ended December 31, 2024, transaction costs of $2,434,723 were allocated to the Loan and common share purchase warrants based on their respective pro-rata portion of the proceeds, with $2,136,114 of such transaction costs being allocated to the Loan and expensed as transaction costs within the condensed consolidated interim statement of loss and comprehensive loss, and $298,609 being allocated to the common share purchase warrants and included within the warrants reserve. During the year ended December 31, 2024, the recognition of the warrants reserve equity component resulted in a deferred tax liability of $331,145 which was netted against the common share purchase warrants and included within the warrants reserve. During the year ended December 31, 2024, the total value, net of transaction costs and the deferred tax liability, assigned to the common share purchase warrants was $1,823,168.

During the six months ended June 30, 2025, the Company recognized a loss on revaluation of long-term debt in the amount of $899,816 (June 30, 2024 - $Nil) in the condensed consolidated interim statements of loss and comprehensive loss.

Per the terms of the Credit Agreement, the covenants that the Company must comply with include (i) maintaining a minimum unrestricted cash of the Company and the guarantors subsidiaries, at all times, of not less than USD $2,500,000, (ii) maintaining a minimum trailing adjusted EBITDA of not less than applicable amount calculated monthly, which varies by period, starting in September 2024, and (iii) maintaining a maximum funded debt to EBITDA ratio of not less than an applicable amount calculated on a monthly basis, which varies by period, starting in December 2024. During the year ended December 31, 2024 the Company was not in compliance with covenants (ii) and (iii) per the Credit Agreement, as a result as of December 31, 2024, the Credit Agreement long-term debt was classified as a current liability. During the six months ended June 30, 2025, the Company was not in compliance with covenants (i), (ii) and (iii) per the Credit Agreement, as a result as of June 30, 2025 the Credit Agreement long-term debt is classified as a current liability.

Subsequent to June 30, 2025, the Company entered into a Forbearance and First Supplemental Credit Agreement with the Lenders (Note 21).

The following tables shows the movement of the Loan balance during the period:

		Amount
Balance, January 1, 2024	$	-
Fair value of the Loan on initial recognition		17,547,078
Loss on revaluation of long-term debt [(i)]		2,907,390
Balance, December 31, 2024		**20,454,468**
Loss on revaluation of long-term debt [(i)]		899,816
Balance, June 30, 2025		**21,354,284**
Current portion of long-term debt		**21,354,284**
Long-term debt	**$**	**-**

(i) For the year ended December 31, 2024, PIK interest and loss on revaluation of long-term debt are both included within the loss on revaluation of long-term debt within the condensed consolidated interim statements of loss and comprehensive loss. For the six months ended June 30, 2025, PIK interest for the month ended January 31, 2025 and loss on revaluation of long-term debt are both included within the loss on revaluation of long-term debt within the condensed consolidated interim statements of loss and comprehensive loss.

(Unaudited - Expressed in Canadian Dollars)

10. Long-term debt (continued)

A summary of the Company's Commitment Letter and Credit Agreement is as follows:

	June 30, 2025	December 31, 2024
Commitment Letter	**$ 15,986,304**	$ 18,535,864
Credit Agreement	**21,354,284**	20,454,468
	$ 37,340,588	$ 38,990,332
Current portion of long-term debt	**37,340,588**	38,990,332
Long-term debt	**$ -**	$ -

11. Deferred payment liability (continued)

The deferred payment liability relates to the mergers and acquisitions of (i) Vedatis on May 1, 2021, and (ii) FFS on April 28, 2022.

(i) Vedatis deferred payment liability

The Vedatis deferred payment liability consists of the present value of the estimated earn-out payment (the "Vedatis Earn-Out Payment") expected to be paid based on the performance of Vedatis by August 29, 2025.

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

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

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

On June 30, 2025, the Vedatis Earn-Out Payment was revalued at $2,325,612 (December 31, 2024 - $2,322,274) based on a discounted valuation using a 20.78% (December 31, 2024 – 7.83%) and Nil% (December 31, 2024 – 2.99%) discount rate for the cash settled and equity settled portion, respectively, and an expectation that a Vedatis Earn-Out Payment of $2,406,424 (December 31, 2024 – $2,406,424) is probable. Following the June 30, 2025 revaluation, the cash portion of the Vedatis Earn-Out Payment is amortized at an effective interest rate of 20.96% (December 31, 2024 – 7.86%). As of June 30, 2025, the Vedatis Earn-Out Payment includes both an estimate of the calculated amount expected to be paid and an additional provision recorded to account for the range of possible outcomes under negotiation. The total amount remains subject to ongoing negotiations. As of June 30, 2025, the Vedatis Earn-Out Payment is expected to be settled in cash.

As the Vedatis earn-out period ended June 30, 2025 and as the Vedatis Earn-Out Payment is expected to be settled in cash, as of June 30, 2023 the Vedatis Earn-Out Payment was revalued based on discounted valuation using the following inputs: time to maturity – 0.16 years and discount rate (risk adjusted rate) for cash payment – 20.78% derived from senior credit rating of CCC and a earn-out payment credit rating of CCC-.

(Unaudited - Expressed in Canadian Dollars)

11. Deferred payment liability (continued)

(i) Vedatis deferred payment liability (continued)

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

		Vedatis Earn-Out Payment
Balance, January 1, 2024	$	2,083,262
Accretion		153,920
Loss on revaluation of deferred payment liability		44,451
Effect of movement in exchange rates		40,641
Balance, December 31, 2024	**$**	**2,322,274**
Accretion		65,006
Gain on revaluation of deferred payment liability		(238,756)
Effect of movement in exchange rates		177,088
Balance, June 30, 2025		**2,325,612**
Current portion of deferred payment liability		**2,325,612**
Long-term portion of deferred payment liability	**$**	**-**

(ii) FFS deferred payment liability

The FFS deferred payment liability consisted of the present value of a $80,480 (GBP £50,000) second anniversary payment to be paid April 28, 2024 (the "FFS Deferred Payment").

On April 29, 2024, the Company settled the FFS Deferred Payment through a cash payment of $85,700 (GBP £50,000).

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

		FFS Deferred Payment
Balance, January 1, 2024	$	82,231
Accretion		1,985
Payment – cash		(85,700)
Effect of movement in exchange rates		1,484
Balance, December 31, 2024 and June 30, 2025		**-**
Current portion of deferred payment liability		**-**
Long-term portion of deferred payment liability	**$**	**-**

The following table shows the aggregate movement of the deferred payment liability during the six months ended June 30, 2025 and the year ended December 31, 2024:

		June 30, 2025		December 31, 2024
Beginning balance	**$**	**2,322,274**	$	2,165,493
Accretion		**65,006**		155,905
Payment – cash		**-**		(85,700)
(Gain) loss on revaluation of deferred payment liability		**(238,756)**		44,451
Effect of movement in exchange rates		**177,088**		42,125
		2,325,612		2,322,274
Current portion of deferred payment liability		**2,325,612**		2,322,274
Long-term portion of deferred payment liability	**$**	**-**	$	-

(Unaudited - Expressed in Canadian Dollars)

12. Share capital

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

During the six months ended June 30, 2025, the Company had no share capital activity.

During the six months ended June 30, 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.

13. Stock options

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

The following table reflects the continuity of stock options as of June 30, 2025 and December 31, 2024:

	June 30, 2025			December 31, 2024		
	Number of options		**Weighted average exercise price**	Number of options		Weighted average exercise price
Beginning balance	**4,329,735**	**$**	**1.91**	9,485,334	$	1.81
Granted	**-**		**-**	3,170,365		0.17
Expired/forfeited	**(339,675)**		**(0.52)**	(8,325,964)		(1.14)
Ending balance	**3,990,060**	**$**	**2.03**	4,329,735	$	1.91
Exercisable	**2,763,095**	**$**	**2.85**	1,886,192	$	3.89

On April 10, 2024, the Company issued 1,610,000 stock options to employees. These stock options are exercisable at $0.19, expire on April 10, 2029 and vest one-third on April 10, 2025, April 10, 2026 and April 10, 2027 respectively. The fair value of these stock options issued was $0.12 per stock option, which was estimated using the Black-Scholes option pricing model using the following inputs and assumptions: stock price - $0.19; exercise price - $0.19; expected life in years – 5 years; expected volatility – 83.69%; expected dividend yield – Nil%; expected forfeiture rate – 7.67%; and, risk-free interest rate – 3.74%.

On May 27, 2024, the Company issued 1,293,829 stock options to directors and officers. These stock options are exercisable at $0.14, expire on May 27, 2029 and vest one-third on January 1, 2025, January 1, 2026 and January 1, 2027 respectively. The fair value of these stock options issued was $0.09 per stock option, which was estimated using the Black-Scholes option pricing model using the following inputs and assumptions: stock price - $0.14; exercise price - $0.14; expected life in years – 5 years; expected volatility – 82.99%; expected dividend yield – Nil%; expected forfeiture rate – 6.70%; and, risk-free interest rate – 3.71%.

On August 23, 2024, the Company issued 87,282 stock options to a director. These stock options are exercisable at $0.155, expire on August 23, 2029 and vest one-third on January 1, 2025, January 1, 2026 and January 1, 2027 respectively. The fair value of these stock options issued was $0.10 per stock option, which was estimated using the Black-Scholes option pricing model using the following inputs and assumptions: stock price - $0.155; exercise price - $0.155; expected life in years – 5 years; expected volatility – 83.56%; expected dividend yield – Nil%; expected forfeiture rate – 6.58%; and, risk-free interest rate – 2.93%.

(Unaudited - Expressed in Canadian Dollars)

13. Stock options (continued)

On November 25, 2024, the Company issued 179,254 stock options to directors. These stock options are exercisable at $0.16, expire on November 25, 2029 and vest one-third on January 1, 2025, January 1, 2026 and January 1, 2027 respectively. The fair value of these stock options issued was $0.10 per stock option, which was estimated using the Black-Scholes option pricing model using the following inputs and assumptions: stock price - $0.16; exercise price - $0.16; expected life in years – 5 years; expected volatility – 83.76%; expected dividend yield – Nil%; expected forfeiture rate – 6.74%; and, risk-free interest rate – 3.18%.

The Company recorded a share-based compensation expense of $30,063 (June 30, 2024 – expense recovery of $2,134,367) for stock options vesting and forfeited during the six months ended June 30, 2025.

The Company has the following stock options outstanding as of June 30, 2025:

Expiry date	Number of stock options outstanding	Exercise price	Number of stock options exercisable	Weighted average remaining life (years)
December 9, 2025	531,383	3.20	531,383	0.44
January 1, 2026	440,318	8.75	440,318	0.51
February 16, 2027	30,652	1.13	30,652	1.63
April 20, 2027	694,043	2.75	694,043	1.81
November 17, 2027	51,403	1.13	51,403	2.38
December 12, 2028	190,000	1.00	190,000	3.45
April 10, 2029	963,325	0.19	369,957	3.78
May 27, 2029	822,400	0.14	366,495	3.91
August 23, 2029	87,282	0.155	29,094	4.15
November 25, 2029	179,254	0.16	59,750	4.41
	3,990,060	**2.03**	**2,763,095**	**2.64**

14. Share units

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

On January 16, 2024, the Company issued 1,089,007 restricted share units to officers. These restricted share units are expected to be settled through the issuance of 1,089,007 common shares of the Company. These restricted share units vest one-third on January 16, 2024, January 1, 2025 and January 1, 2026 respectively. The fair value of these restricted share units issued was $0.21 per restricted share unit using the following inputs and assumptions: quoted market price on the date of issuance - $0.22; and, expected forfeiture rate – 5.70%.

On March 28, 2024, the Company issued 200,000 restricted share units an employee. These restricted share units are expected to be settled through the issuance of 200,000 common shares of the Company. These restricted share units vest one-third on March 28, 2025, March 28, 2026 and March 28, 2027 respectively. The fair value of these restricted share units issued was $0.18 per restricted share unit using the following inputs and assumptions: quoted market price on the date of issuance - $0.20; and, expected forfeiture rate – 7.93%.

On May 9, 2024, the Company issued 671,052 restricted share units to directors. These restricted share units are expected to be settled through the issuance of 671,052 common shares of the Company. These restricted share units vest one-third on May 9, 2024, January 1, 2025 and January 1, 2026 respectively. The fair value of these restricted share units issued was $0.14 per restricted share unit using the following inputs and assumptions: quoted market price on the date of issuance - $0.15; and, expected forfeiture rate – 7.81%.

(Unaudited - Expressed in Canadian Dollars)

14. Share units (continued)

On August 19, 2024, the Company issued 868,324 restricted share units to directors. These restricted share units are expected to be settled through the issuance of 868,324 common shares of the Company. These restricted share units vest one-third on January 1, 2025, January 1, 2026 and January 1, 2027 respectively. The fair value of these restricted share units issued was $0.15 per restricted share unit using the following inputs and assumptions: quoted market price on the date of issuance - $0.165; and, expected forfeiture rate – 7.28%.

On November 21, 2024, the Company issued 1,006,826 restricted share units to a former CFO who was a consultant at the time of issuance. These restricted share units are expected to be settled through the issuance of 1,006,826 common shares of the Company. These restricted share units vest on the date of issuance. The fair value of these restricted share units issued was $0.175 per restricted share unit using the following inputs and assumptions: quoted market price on the date of issuance - $0.175; and, expected forfeiture rate – Nil%.

On November 21, 2024, the Company issued 424,526 restricted share units to an officer. These restricted share units are expected to be settled through the issuance of 424,526 common shares of the Company. These restricted share units vest one-third on January 1, 2025, January 1, 2026 and January 1, 2027 respectively. The fair value of these restricted share units issued was $0.16 per restricted share unit using the following inputs and assumptions: quoted market price on the date of issuance - $0.175; and, expected forfeiture rate – 6.60%.

On November 22, 2024, the Company issued 254,758 restricted share units to directors. These restricted share units are expected to be settled through the issuance of 254,758 common shares of the Company. These restricted share units vest one-third on January 1, 2025, January 1, 2026 and January 1, 2027 respectively. The fair value of these restricted share units issued was $0.15 per restricted share unit using the following inputs and assumptions: quoted market price on the date of issuance - $0.155; and, expected forfeiture rate – 5.72%.

The Company recorded share-based compensation expense of $66,937 (June 30, 2024 - $513,887) for restricted share units vesting and forfeited during the six months ended June 30, 2025.

The following table reflects the continuity of restricted share units as of June 30, 2025 and December 31, 2024:

	June 30, 2024	December 31, 2024
Beginning balance	**4,396,062**	5,640,244
Granted	**-**	4,514,493
Released	**-**	(4,775,723)
Forfeited	**-**	(982,952)
Ending balance	**4,396,062**	4,396,062
Vested	**3,018,609**	1,904,400

15. Warrants

On July 12, 2024, the Company issued 37,037,037 common share purchase warrants in connection with the Credit Agreement (Note 10).

The following table reflects the continuity of common share purchase warrants as of June 30, 2025 and December 31, 2024:

	June 30, 2025			December 31, 2024		
	Number of warrants		**Weighted average exercise price**	Number of warrants		Weighted average exercise price
Beginning balance	**37,037,037**	**$**	**0.135**	-	$	-
Issued	**-**		**-**	37,037,037		0.135
Ending balance	**37,037,037**	**$**	**0.135**	37,037,037	$	0.135

The Company has the following common share purchase warrants outstanding as of June 30, 2025:

Expiry date	**Number of stock warrants outstanding**		**Exercise price**	**Weighted average remaining life (years)**
July 12, 2029	37,037,037	$	0.135	4.04
	37,037,037	**$**	**0.135**	**4.04**

(Unaudited - Expressed in Canadian Dollars)

16. Related party transactions and balances

The Company's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company. Key management personnel include members of the Board of Directors, 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 and six months ended June 30, 2025 and 2024 is as follows:

	For the three months ended		For the six months ended	
	June 30, 2025	June 30, 2024	**June 30, 2025**	June 30, 2024
Short-term benefits	**$ 477,484**	$ 288,065	**$ 815,577**	$ 601,238
Share-based compensation	**37,211**	129,907	**76,323**	305,985
	$ 514,695	$ 417,972	**$ 891,900**	$ 907,223

A summary of other related party transactions during the three and six months ended June 30, 2025 and 2024 is as follows:

	For the three months ended		For the six months ended	
	June 30, 2025	June 30, 2024	**June 30, 2025**	June 30, 2024
Total transactions during the period:				
Expenses				
Interest and accretion	**$ 16,394**	$ -	**$ 25,692**	$ -
Share of net loss from investment in associates and joint ventures	**-**	6,477	**-**	10,745

A summary of related party balances as of June 30, 2025 and December 31, 2024 is as follows:

	June 30, 2025	December 31, 2024
Balances receivable (payable):		
Accounts payable and accrued liabilities	**$ (1,195,586)**	(1,202,545)
Long-term debt	**(277,195)**	(267,154)

As of June 30, 2025, a balance of $903,110 (December 31, 2024 - $739,612) is included in accounts payable and accrued liabilities for severance payable to the former Chief Executive Officer who was serving as Interim Chief Executive Officer.

As of June 30, 2025, a balance of $279,270 (December 31, 2024 - $400,728) is included in accounts payable and accrued liabilities for severance payable to the former Chief Financial Officer who was reappointed as the Chief Financial Officer of the Company effective December 31, 2024. As of June 30, 2025, a balance of $Nil (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) 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 six months ended June 30, 2025, the Company incurred interest expense of $25,692 (June 30, 2024 - $Nil) to the Gnat Affiliate of which $13,206 (June 30, 2024 - $Nil) is included in accounts payable and accrued liabilities as of June 30, 2025. As of June 30, 2025 a balance of $277,195 (December 31, 2024 - $267,154) is payable to the Gnat Affiliate relating to the Credit Agreement. See Note 10 for information relating to warrants issued to the Gnat Affiliate.

During the six months ended June 30, 2024, the Company recognized a share of net loss from investment in joint ventures of $10,745 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 for information relating to stock options issued to directors and officers of the Company.

See Note 14 for information relating to restricted share units issued to directors and officers of the Company.

(Unaudited - Expressed in Canadian Dollars)

17. 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 six months ended June 30, 2025. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements aside from the covenants described in Note 10.

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

18. Financial instruments

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 and deferred payment liability 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 June 30, 2025, the Loan is classified as a Level 3 financial instrument, see Note 10. As of June 30, 2025, the Vedatis Earn-Out Payment liability is classified as a Level 3 financial instrument, see Note 11.

Total interest income and interest expense for the three and six months ended June 30, 2025 and 2024 for financial assets or financial liabilities that are not at fair value through profit or loss is as follows:

	For the three months ended		For the six months ended	
	June 30, 2025	June 30, 2024	**June 30, 2025**	June 30, 2024
Interest income	**$ (43)**	$ (396)	**$ (5,532)**	$ (5,449)
Interest and accretion expense	**1,830,119**	524,780	**2,656,031**	1,113,095
Net interest expense	**$ 1,830,076**	$ 524,384	**$ 2,650,499**	$ 1,107,646

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.

(Unaudited - Expressed in Canadian Dollars)

18. Financial instruments (continued)

Credit risk

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

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

	June 30, 2025	December 31, 2024
Trade receivables aging:		
0-30 days	**$ 2,699,923**	$ 6,553,840
31-60 days	**493,942**	1,308,754
61-90 days	**515,403**	1,364,496
Greater than 90 days	**1,193,672**	2,448,856
	4,902,940	11,675,946
Expected credit loss provision	**(155,926)**	(125,991)
Net trade receivables	**$ 4,747,014**	$ 11,549,955

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

	June 30, 2025	December 31, 2024
Expected credit loss provision, beginning balance	**$ (125,991)**	$ (336,633)
Increase in provision of expected credit losses	**(67,248)**	(145,014)
Write-offs	**34,903**	361,204
Effect of movement in exchange rates	**2,410**	(5,548)
Expected credit loss provision, ending balance	**$ (155,926)**	$ (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 June 30, 2025:

	Total	**Not past due**	**Over 30 days past due**	**Over 60 days past due**	**Over 90 days past due**
Default rates		2.05%	3.23%	3.92%	5.41%
Trade receivables	**$ 4,902,940**	$ 2,699,923	$ 493,942	$ 515,403	$ 1,193,672
Expected credit loss provision	**$ 155,926**	$ 55,241	$ 15,952	$ 20,202	$ 64,531

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

Concentration risk

The Company has one customer which makes up more than 10% of revenue. This customer accounts for approximately 21.11% (December 31, 2024 (two customers) – 20.58%) of trade receivables as of June 30, 2025 and 26.44% (June 30, 2024 – 20.28%) of revenue for the six months ended June 30, 2025 and 30.75% (June 30, 2024 – 12.80%) of revenue for the three months ended June 30, 2025.

(Unaudited - Expressed in Canadian Dollars)

18. Financial instruments (continued)

Liquidity risk

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

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

	Less than one year	One to two years	Two to three years	More than three years	Total
Accounts payable and accrued liabilities	**$ 15,341,512**	$ -	$ -	$ -	$ 15,341,512
Contract liabilities	**4,563,199**	-	-	-	4,563,199
Income tax payable	**52,272**	-	-	-	52,272
Deferred payment liability	**2,406,425**	-	-	-	2,406,425
Lease liabilities	**772,864**	-	-	-	772,864
Long-term debt [(i)]	**37,621,007**	-	-	-	37,621,007
	$ 60,757,280	$ -	$ -	$ -	$ 60,757,280

(i) Included in long-term debt in less than one year is $21,634,703 of debt payable pursuant to the Credit Agreement (Note 10) which is not due until July 12, 2028 but has been presented as a current liability as of June 30, 2025 due to the Company not being in compliance with covenants.

A large portion of the Company's transactions occur in foreign currencies (including US dollars, UK pound sterling and Euro) and, therefore, the Company is exposed to foreign currency risk at the end of the reporting period through its US dollars, UK pound sterling and Euro denominated trade and other receivables, accounts payable and accrued liabilities, contract liabilities, deferred payment liability and cash. As of June 30, 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 $982,000, $187,000, and $266,000 decrease or increase, respectively, in total net loss and comprehensive loss.

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) the 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 $60,000 change in the annual interest expense.

19. Commitments

As of June 30, 2025, the Company has the following payment commitments with respect to consulting and other contractual obligations:

Not later than one year	**$ 365,000**
	$ 365,000

20. Segment disclosure

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

Revenues by pillar for the three and six months ended June 30, 2025 and 2024 is as follows:

	For the three months ended		For the six months ended	
	June 30, 2025	June 30, 2024	**June 30, 2025**	June 30, 2024
Media and content	**$ 5,933,405**	$ 10,586,700	**$ 11,516,343**	$ 26,471,552
Esports and entertainment	**1,170,533**	1,043,360	**4,722,360**	4,460,360
Subscription	**2,901,727**	3,074,574	**5,929,499**	7,100,961
	$ 10,005,665	$ 14,704,634	**$ 22,168,202**	$ 38,032,873

Revenues, in Canadian dollars, in each of the four major geographic locations for the three and six months ended June 30, 2024 and 2023 is as follows:

	For the three months ended		For the six months ended	
	June 30, 2025	June 30, 2024	**June 30, 2025**	June 30, 2024
Canada	**$ 366,537**	$ 827,633	**$ 675,274**	$ 1,731,752
USA	**6,387,034**	9,995,050	**13,320,767**	25,939,830
England and Wales	**2,000,563**	1,372,954	**5,975,789**	5,305,469
All other countries	**1,251,531**	2,508,997	**2,196,372**	5,055,822
	$ 10,005,665	$ 14,704,634	**$ 22,168,202**	$ 38,032,873

Non-current assets, in Canadian dollars, in each of the Company's geographic locations as of June 30, 2025 and December 31, 2024 is as follows:

	June 30, 2025	December 31, 2024
Canada	**$ 36,264,350**	$ 79,515,249
USA	**16,584,602**	20,777,668
France	**3,335,000**	3,335,000
England and Wales	**5,775,332**	5,677,730
	$ 61,959,284	$ 109,305,647

21. Subsequent events

(i) On July 6, 2025, Adrian Montgomery resigned from his role as Interim Chief Executive Officer of the Company. Alex Macdonald was appointed Chief Executive Officer following Adrian's resignation.

(ii) On July 7, 2025, the Company entered into an exclusive non-binding letter of intent (the "LOI") with an entity controlled by Adrian Montgomery (the "Purchaser"), whereby the Purchaser proposes to acquire the direct sales business carried on by the Company, being primarily comprised of (i) Omnia, being the entity that holds the Company's YouTube multi-channel network license, (ii) GameCo Esports Canada Inc., being the entity that holds the Company's esports operations, including Luminosity and GameCo eSports USA Inc., and (iii) those assets and contracts of the Company specifically related to the direct sales business currently operated within Enthusiast, including certain systems, processes, and personnel (the "Direct Sales Business Line"). The Purchaser proposes to acquire all the issued and outstanding shares of Omnia, GameCo Esports Canada Inc., Luminosity and GameCo eSports USA Inc. (the "Acquired Entities").

As part of the proposed transaction (the "LOI Transaction"), the Company will retain its owned and operated content channels, including Arcade Cloud, The Countdown, BCC, and Wisecrack, which will be transferred out of the Acquired Entities prior to closing. The LOI Transaction will be structured as a share purchase of the Acquired Entities and an asset and personnel acquisition of the Direct Sales Business Line.

21. Subsequent events (continued)

(ii) (Continued)

The proposed consideration for the LOI Transaction includes a purchase price of USD $1,000,000, to be satisfied through a vendor take-back note, payable in connection with future liquidity events involving the Purchaser or the acquired assets. In addition, the Purchaser will assume certain liabilities and commitments related to the Acquired Entities and the Direct Sales Business Line.

Under the terms of the LOI, the Purchaser has agreed to assume full economic responsibility for the Acquired Entities and Direct Sales Business Line that first arise on or after July 1, 2025 to closing, subject to closing conditions and adjustments.

Following closing, the Purchaser will enter into a transition services agreement for a mutually agreed period to ensure the orderly continuation of operations and fulfillment of all ongoing customer campaigns. To maintain business continuity, the Purchaser will also enter into a commercial agreement to represent Enthusiast's remaining owned and operated properties for direct sales, on a revenue share basis. These arrangements are designed to ensure uninterrupted service for clients and a seamless transition for all stakeholders.

The Purchaser shall be permitted to use the "Enthusiast" name, logos, and branded materials in connection with the Business Line for a minimum of eighteen months post-Closing, subject to usage guidelines to be mutually agreed upon in the definitive agreement.

The LOI remains subject to the settlement and execution of a definitive agreement, which the parties intend to finalize by July 31, 2025, which may be extended provided the Company and Purchaser as making reasonable efforts to complete the definitive agreement, as well as receipt of customary approvals and other closing conditions.

(iii) On July 10, 2025 the Company entered into a Forbearance and First Supplemental Credit Agreement with the Lenders and a Forbearance Agreement with the Bank designed to support the Company's recapitalization and long-term business objectives.

Pursuant to the terms of a Forbearance and First Supplemental Credit Agreement among the Company, as borrower, certain subsidiaries of the Company as guarantors, the Agent, as administrative and collateral agent, and Lenders, led by Beedie Investments Ltd. (the "Beedie Forbearance Agreement"), the Company received a secured non-revolving term loan in the principal amount of $2,000,000 (the "Term Loan") due and payable by July 12, 2028. The Beedie Forbearance Agreement amends and supplements the Credit Agreement (Note 10), in respect of the Company's four-year non-revolving loan of $20,000,000 and includes a forbearance by the Agent and the Lenders whereby the Agent and the Lenders agreed to forbear from demanding and accelerating repayment of indebtedness outstanding under the Credit Agreement and to forbear from enforcing their security thereunder. Net proceeds of the Term Loan will be used for working capital purposes. Pursuant to the Beedie Forbearance Agreement and as a condition to the advance of the Term Loan, the Company also issued a private placement of common share purchase warrants of the Company to the Lenders. On July 24, 2025, the Company received the Term Loan proceeds of $2,000,000.

As a condition of the Beedie Forbearance Agreement, and in response to certain defaults of the Company under the Company's Waiver and Third Amendment to the Amended and Restated Commitment Letter (Note 10), with its senior lender (the "Senior Lender") the Bank, the Company, as borrower, certain subsidiaries of the Company, as guarantors, and the Bank have also entered into a separate Forbearance Agreement (the "Senior Forbearance Agreement" and together with the Beedie Forbearance Agreement, the "Forbearance Agreements"), whereby the Senior Lender agreed to forbear from demanding and accelerating repayment of indebtedness outstanding under the Waiver and Third Amendment to the Amended and Restated Commitment Letter and to forbear from enforcing its security thereunder, as a result of defaults by the Company thereunder.

21. Subsequent events (continued)

(iii) (Continued)

The forbearance period under the Senior Forbearance Agreement and the Beedie Forbearance Agreement will be until the earliest of (i) December 31, 2025 (in the case of the Senior Forbearance Agreement) and March 31, 2026 (in the case of Beedie Forbearance Agreement), (i) the completion date of a strategic transaction approved by the Agent on or before December 1, 2025 which may include recapitalization and refinancing transactions designed to strengthen the Company's balance sheet and deleverage the business (a "Strategic Transaction") (in the case of Beedie Forbearance Agreement), and (iii) the expiry or termination of the forbearance period agreed to by the Senior Lender (in the case of the Senior Forbearance Agreement) or the Lenders (in the case of the Beedie Forbearance Agreement), as applicable, or any further default. Pursuant to the Forbearance Agreements, the Company has also agreed to implement, by no later than July 31, 2025, a cost-cutting plan to achieve a minimum of $3,000,000 in annualized cost savings, which is expected to be fulfilled by the Company's divestment of its Direct Sales Business Line.

Pursuant to the Beedie Forbearance Agreement the Term Loan bears interest at a fixed rate of 16.0% per annum calculated and payable monthly in arrears, with: (i) interest at 8% per annum to accrue and be added to the outstanding principal amount of Term Loan for that month ("PIK Interest"), and (ii) interest at 8% per annum payable in cash each month. PIK Interest will accrue interest, compounded monthly, and be added to the outstanding principal amount of the Term Loan. The rate of interest on the existing Loan pursuant to the Credit Agreement was amended from and after June 1, 2025 to correspond to the rate of interest under the Term Loan, but reducing to 14.0% (all paid in cash) from April 1, 2026 onwards. In addition, each Lender shall be entitled, upon notice to the Company, but subject to obtaining, if applicable, stock exchange and/or shareholder approval, to elect to convert all or any portion of their respective pro-rata share of the Term Loan PIK Interest into common shares in the capital of the Company at a price equal to the market price immediately prior to conversion on TSX. The Company will pay the Lenders a commitment fee in the amount of $40,000 which will be added to the outstanding principal of the Term Loan, as well as an exit fee in the amount of $75,000 will be added to the outstanding principal of the Term Loan (the exit fee will be reduced to $50,000 if all outstanding obligations are repaid on or before December 31, 2025).

The Company may make a prepayment of the outstanding Term Loan advances in whole, or in part, so long as such prepayment is in a minimum amount of $1,000,000 and in multiples of $1,000,000 thereafter or the full amount of the then outstanding Loan advances, by paying the Agent the then outstanding Term Loan advances or a portion thereof being prepaid together with accrued and unpaid interest, including PIK Interest, subject to a prepayment fee. If the prepayment occurs prior to a date which is 30 months following the Term Loan advance, the prepayment fee will be the greater of (i) 3% of the principal amount of the Term Loan being prepaid, and, (ii) the interest that would have accrued on such Term Loan principal amount being prepaid from the date of the prepayment to the earlier of the date that is 30 months following the date of such Loan advances and the maturity date of the Loan. If the prepayment occurs after 30 months following the Loan advance, the prepayment fee will equal 2% of the Term Loan principal amount being prepaid. If the Company repays the Term Loan before March 31, 2026 no prepayment fee is payable.

The Term Loan will be guaranteed by certain subsidiaries of the Company and secured by a second-ranking security interest over substantially all of the assets of the Company and the guarantor subsidiaries.

As a result of the events of default, pursuant to the Senior Forbearance Agreement and the Beedie Forbearance Agreement, from January 1, 2025 and during the forbearance period and thereafter until no event of default is continuing, the Company is required to pay default interest on amounts outstanding at a rate of 2.0% pursuant to the Senior Forbearance Agreement and 5.0% pursuant to the Beedie Forbearance Agreement.

Upon an event of default, the Agent has a right to demand accelerated payment of the then outstanding Term Loan advances together with all other outstanding obligations relating to the Term Loan prior to the maturity date. An event of default will be deemed a voluntary prepayment. Upon the occurrence and during the continuance of an event of default, at the election of the Agent, interest on the Term Loan will be increased by an additional 5.0% per annum effective as at the date of such event of default and payable on demand upon the request of the Agent. Events of default include but a not limited to defaults in payment, violation of covenants, misrepresentation, insolvency events, third party proceedings, judgements and cease trading.

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21. Subsequent events (continued)

(iii) (Continued)

Pursuant to the Beedie Forbearance Agreement, the Company issued to the Lenders, in aggregate, 6,005,178 common share warrants (the "Participation Warrants") and amended the exercise price of the 36,574,074 warrants originally issued to Beedie Investments Ltd. on July 12, 2024 (such warrants being the "Existing Warrants", and collectively with the Participation Warrants, the "Warrants") to match the exercise price of the Participation Warrants to be issued to the Lenders in connection with the Term Loan. The exercise price of the Warrants is $0.083, equal to a 15% premium over the five consecutive trading day volume-weighted average price of the Company's common shares measured on July 9, 2025. Each Participation Warrant is exercisable to purchase one common share of the Company and expire on July 24, 2030. The Company issued 75,065 Participation Warrants to the Gnat Affiliate pursuant to the Beedie Forbearance Agreement. Aside from the change in exercise price all other terms of the Existing Warrants remained unchanged, including the expiry date.

Pursuant to the Senior Forbearance Agreement, (i) during the forbearance period, monthly principal repayments of $365,745 due in respect of the Term Credit are deferred until the end of the forbearance period, (ii) the interest rate on the Term Credit was amended to the Bank's prime lending rate plus 5.60% per annum, and (iii) the Company is to pay the Bank a maturity fee of $550,000 on the earlier of the occurrence of terminating event and December 31, 2025.

Per the terms of the Senior Forbearance Agreement and the Beedie Forbearance Agreement, the covenants per the Waiver and Third Amendment to the Amended and Restated Commitment Letter and Credit Agreement are amended. The covenants that the Company must comply with at all times from June 1, 2025 include (i) maintaining a minimum unrestricted cash of the Company and the guarantors subsidiaries, which varies by period, (ii) maintaining a minimum trailing adjusted EBITDA of not less than applicable amount calculated monthly, which varies by period, and (iii) maintaining a maximum funded debt to revenue ratio of not less than an applicable amount calculated on a monthly basis, which varies by period.