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OF GAMING***

Enthusiast Gaming Holdings Inc.

Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2025
(Expressed in Canadian Dollars)
Unaudited

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 nine months ended September 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 September 30, 2025 and December 31, 2024
(Unaudited - Expressed in Canadian Dollars)

	Note	September 30, 2025	December 31, 2024
ASSETS			
Current			
Cash		\$ 2,143,334	\$ 4,765,373
Trade and other receivables	6	7,354,798	12,351,539
Income tax receivable		-	12,371
Prepaid expenses		643,132	2,010,796
Total current assets		10,141,264	19,140,079
Non-current			
Property and equipment		11,752	187,464
Right-of-use assets	9	35,871	800,908
Long-term portion of prepaid expenses		-	148,546
Intangible assets	7	24,924,632	71,815,485
Goodwill	8	36,379,225	36,353,244
Total Assets		\$ 71,492,744	\$ 128,445,726
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	10	\$ 10,622,698	\$ 15,022,630
Contract liabilities		5,978,149	5,735,275
Income tax payable		53,254	131,441
Current portion of long-term debt	11	42,356,876	38,990,332
Current portion of deferred payment liability	12	2,406,425	2,322,274
Current portion of lease liabilities	9	121,608	727,525
Total current liabilities		61,539,010	62,929,477
Non-current			
Long-term portion of lease liabilities	9	-	295,977
Deferred tax liability		1,999,694	13,470,905
Total liabilities		\$ 63,538,704	\$ 76,696,359
Shareholders' Equity			
Share capital	13	461,607,373	461,607,373
Warrants reserve	11,16	2,561,231	1,823,168
Contributed surplus	14,15	17,728,984	17,596,195
Accumulated other comprehensive income		5,044,778	11,542,198
Deficit		(478,988,326)	(440,819,567)
Total shareholders' equity		7,954,040	51,749,367
Total liabilities and shareholders' equity		\$ 71,492,744	\$ 128,445,726

Going Concern (Note 2)

Commitments (Note 20)

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

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

	Note	For the three months ended		For the nine months ended	
		September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Revenue	21	\$ 7,310,748	\$ 10,755,422	\$ 23,980,453	\$ 32,104,155
Cost of sales		960,931	3,353,601	3,992,965	9,900,631
Gross margin		6,349,817	7,401,821	19,987,488	22,203,524
Operating expenses					
Professional fees		412,876	255,423	1,037,608	1,073,698
Consulting fees		21,869	244,540	360,988	1,795,304
Advertising and promotion		151,645	61,122	475,933	331,148
Office and general		638,910	859,950	2,030,406	2,250,470
Salaries and wages		2,953,803	3,781,961	9,963,735	12,180,445
Technology support, web development and content		2,088,869	2,126,867	6,005,887	6,392,020
Foreign exchange loss (gain)		6,243	(179,408)	(106,958)	(134,342)
Share-based compensation	14, 15	35,789	80,084	132,789	(1,540,396)
Amortization and depreciation	7, 9	252,761	538,871	1,296,007	1,713,899
Total operating expenses		6,562,765	7,769,410	21,196,395	24,062,246
Other expenses (income)					
Transaction costs	11	389,439	1,908,963	389,439	1,908,963
Share of net loss from investment in joint ventures		-	278	-	11,023
Interest and accretion	9,11,12	82,884	563,720	2,726,557	1,725,443
Loss (gain) on revaluation of deferred payment liability	12	-	39,882	(238,756)	(23,486)
Gain on sale of assets		-	-	-	(344,852)
Loss on disposal of property and equipment		-	-	-	25,997
Loss on revaluation of long-term debt	11	1,886,738	3,385,798	2,786,554	3,385,798
Loss on modification of long-term debt	11	150,759	4,893	150,759	401,951
Loss on derecognition of long-term debt	11	1,537,923	-	1,537,923	-
Interest income		(108)	(257)	(5,640)	(1,710)
Loss before income taxes from continuing operations		(4,260,583)	(6,270,866)	(8,555,743)	(8,947,849)
Income taxes					
Current tax expense		-	55,392	1,417	182,529
Deferred tax recovery		(267,384)	(181,647)	(97,465)	(208,820)
Net loss for the period from continuing operations		(3,993,199)	(6,144,611)	(8,459,695)	(8,921,558)
Net gain (loss) from discontinued operations	5	10,998,896	(551,151)	(29,709,064)	(3,489,229)
Net income (loss) for the period		7,005,697	(6,695,762)	(38,168,759)	(12,410,787)
Other comprehensive income (loss)					
Items that may be reclassified to profit or loss					
Foreign currency translation adjustment	5	(5,702,706)	(639,611)	(6,497,420)	826,090
Net income (loss) and comprehensive income (loss) for the period		\$ 1,302,991	\$ (7,335,373)	\$ (44,666,179)	\$ (11,584,697)
Net loss per share from continuing operations, basic and diluted		\$ (0.03)	\$ (0.04)	\$ (0.05)	\$ (0.06)
Net income (loss) per share from discontinued operations, basic and diluted		\$ 0.07	\$ -	\$ (0.19)	\$ (0.02)
Net income (loss) per share, basic and diluted		\$ 0.04	\$ (0.04)	\$ (0.24)	\$ (0.08)
Weighted average number of common shares outstanding, basic and diluted		159,169,003	155,759,149	159,169,003	155,719,820

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 nine months ended September 30, 2025 and 2024
(Unaudited - Expressed in Canadian Dollars)

		Number of shares	Share capital	Warrants reserve	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total shareholders' equity
	Note							
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	13	1,374,945	8,727,262	-	(8,727,262)	-	-	-
Warrants issued in connection with long-term debt	11, 16	-	-	3,054,467	-	-	-	3,054,467
Share-based compensation	14, 15	-	-	-	(1,540,396)	-	-	(1,540,396)
Other comprehensive income for the period		-	-	-	-	826,090	-	826,090
Net loss for the period		-	-	-	-	-	(12,410,787)	(12,410,787)
Balance, September 30, 2024		155,768,225	\$ 453,201,338	\$ 3,054,467	\$ 25,609,531	\$ 8,028,066	\$ (357,247,354)	\$ 132,646,048
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
Warrants issued in connection with long-term debt	11, 16	-	-	738,063	-	-	-	738,063
Share-based compensation	14, 15	-	-	-	132,789	-	-	132,789
Other comprehensive loss for the period	5	-	-	-	-	(6,497,420)	-	(6,497,420)
Net loss for the period		-	-	-	-	-	(38,168,759)	(38,168,759)
Balance, September 30, 2025		159,169,003	\$ 461,607,373	\$ 2,561,231	\$ 17,728,984	\$ 5,044,778	\$ (478,988,326)	\$ 7,954,040

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 nine months ended September 30, 2025 and 2024
(Unaudited - Expressed in Canadian Dollars)

	Note	September 30, 2025	September 30, 2024
Cash flows from operating activities			
Net loss for the period from continuing operations		\$ (8,459,695)	\$ (8,921,558)
Items not affecting cash:			
Amortization and depreciation	7, 9	1,296,007	1,713,899
Share-based compensation	14, 15	132,789	(1,540,396)
Accretion	9,11,12	(50,437)	(109,208)
Deferred tax recovery		(97,465)	(208,820)
Share of net loss from investment in joint ventures		-	11,023
Gain on sale of assets		-	(344,852)
Gain on revaluation of deferred payment liability	12	(238,756)	(23,486)
Foreign exchange gain		(40,165)	(519,319)
Loss on disposal of property and equipment		-	25,997
Gain on settlement of accounts payable	10	(91,584)	(622,413)
Loss on modification of long-term debt	11	150,759	401,951
Loss on derecognition of long-term debt	11	1,537,923	-
Loss on revaluation of long-term debt	11	2,786,554	3,385,798
Transaction costs	11	389,439	1,908,963
Provisions		20,012	(38,100)
Changes in working capital:			
Changes in trade and other receivables		943,597	3,072,068
Changes in prepaid expenses		215,954	347,300
Changes in accounts payable and accrued liabilities		(348,978)	(5,959,874)
Changes in contract liabilities		252,617	271,964
Changes in income tax receivable and payable		24,725	207,083
Income tax paid		(86,649)	(482,434)
Net cash used in operating activities from continuing operations		(1,663,353)	(7,424,414)
Net cash used in operating activities from discontinued operations		(1,439,792)	(11,167,995)
Net cash used in operating activities		(3,103,145)	(18,592,409)
Cash flows from investing activities			
Proceeds from sale of assets, net of transaction costs		-	2,693,339
Repayment of deferred payment liability	12	-	(85,700)
Acquisition of property and equipment		(840)	(5,303)
Net cash (used in) from investing activities from continuing operations		(840)	2,602,336
Net cash from investing activities from discontinued operations		941,948	1,239,874
Net cash from investing activities		941,108	3,842,210
Cash flows from financing activities			
Proceeds from long-term debt, net of transaction costs	11	2,065,401	20,143,122
Repayment of long-term debt	11	(2,255,097)	(4,716,851)
Repayment of other long-term debt		-	(173,858)
Lease payments	9	(39,977)	(229,331)
Net cash (used in) from financing activities from continuing operations		(229,673)	15,023,082
Net cash used in financing activities from discontinued operations		(183,867)	(393,417)
Net cash (used in) from financing activities		(413,540)	14,629,665
Foreign exchange effect on cash from continuing operations		(39,573)	111,619
Foreign exchange effect on cash from discontinued operations		(6,889)	36,070
Foreign exchange effect on cash		(46,462)	147,689
Net change in cash		(2,622,039)	27,155
Cash, beginning of period		4,765,373	6,851,966
Cash, end of period		2,143,334	6,879,121
Cash held by discontinued operations		-	180,903
Cash held by continuing operations		\$ 2,143,334	\$ 6,698,218

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 products and events. The Company’s principal business activities include media and content, events and subscription. The Company’s digital media platform is centered around a portfolio of flagship video gaming related products, including owned and operated websites and casual games through which the Company derives its media and content revenue. The Company’s events business is comprised of Pocket Gamer Connects, a global mobile gaming events series. The Company’s subscription revenue includes owned and operated video gaming related products such as The Sims Resource.

On August 16, 2025, the Company entered into a binding letter of intent with Vertiqal Studios Corp. (“VSC”) pursuant to an unsolicited offer from VSC to acquire the direct sales business carried on by the Company, which is primarily comprised of (i) Omnia Media Inc. (“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 Gaming Inc. (“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 transaction closed on August 30, 2025 and VSC acquired all the issued and outstanding shares of Omnia, GameCo Esports Canada Inc., Luminosity and GameCo eSports USA Inc. (the “Acquired Entities”) and the Direct Sales Business Line.

On July 7, 2025, the Company entered into an exclusive non-binding letter of intent with an entity which proposed to acquire the direct sales business carried on by the Company. Prior to entering into the binding letter of intent with VSC, the Company terminated the non-binding letter of intent signed on July 7, 2025.

The Company’s digital media platform previously included its content channels relating to YouTube. The Company’s events business activity was previously called esports and entertainment business. The esports business was previously comprised of Luminosity, a leading global esports franchise that consisted of professional esports teams under ownership and management. These activities of the Acquired Entities and Direct Sales Business Line are included in discontinued operations (Note 5).

Approval of Financial Statements

These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors of the Company on November 13, 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.

Enthusiast Gaming Holdings Inc.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2025 and 2024
(Unaudited - Expressed in Canadian Dollars)

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

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

The Company's future operations are dependent upon its ability to generate positive cash flows from operations and to raise additional financing. For the nine months ended September 30, 2025, the Company had negative cash flows from operations of \$3,103,145 (September 30, 2024 - \$18,592,409) and as of September 30, 2025, the Company has a working capital deficit of \$51,397,746 (December 31, 2024 - \$43,789,398), which includes the current portion of long-term debt of \$42,356,876 (December 31, 2024 - \$38,990,332), and an accumulated deficit of \$478,988,326 (December 31, 2024 - \$440,819,567). 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 11). The Company is also in breach of covenants relating to its long-term debt (Note 11) as of December 31, 2024 and for the nine months ended September 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 long-term debt has been presented as a current liability and the Company's long-term debt is due and payable under the terms of the Forbearance and First Supplemental Credit Agreement and the Forbearance Agreement.

The Company's cash resources as of September 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 11), as well as fund operations.

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 of consolidation

Subsidiaries are entities controlled by the Company where control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the 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
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
Vedatis SAS	France	Euro	Consolidation

On August 30, 2025, VSC acquired all the issued and outstanding shares of Omnia, GameCo Esports Canada Inc., Luminosity and GameCo eSports USA Inc. (Note 5).

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 September 30, 2025, except as noted below.

(i) Assets and liabilities held for sale and discontinued operations

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continued use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and the fair value less costs of disposal. Impairment losses recognized upon initial classification as held for sale and subsequent gains and losses on remeasurement are recognized in the statement of loss and comprehensive loss. Once classified as held for sale, intangible assets and plant and equipment are no longer amortized or depreciated.

A disposal group qualifies as discontinued operations if it is a component of an entity that has either been disposed of, or is classified as held for sale, and (i) represents a separate major line of business or geographical area of operations, (ii) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or (iii) is a subsidiary acquired exclusively with a view to resale. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of loss and comprehensive loss and comparative periods have been restated.

(ii) Warrants

When the terms of warrants are modified, the incremental fair value of the warrant modification is estimated using the Black-Scholes option pricing model calculated as the excess of the fair value of the modified award over the fair value of the original award immediately before its terms are modified.

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.

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.

Enthusiast Gaming Holdings Inc.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2025 and 2024
(Unaudited - Expressed in Canadian Dollars)

3. Material accounting policies (continued)

Accounting Pronouncements Issued but not yet effective (continued)

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

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. Discontinued operations

As described in Note 1, on August 30, 2025 VSC acquired all the issued and outstanding common shares of the Acquired Entities and the Direct Sales Business Line for cash consideration of \$900,000 as well as the assumption of all existing and ongoing liabilities of the Acquired Entities and certain liabilities of the Direct Sales Business Line. The Company completed this transaction pursuant to the terms of the Forbearance and First Supplemental Credit Agreement with the Lenders and a Forbearance Agreement with the Bank (Note 11) in which the Company agreed to implement a cost-cutting plan to achieve a minimum of \$3,000,000 in annualized cost savings which is expected to be fulfilled by the divestment of the Direct Sales Business Line.

Discontinued operations presented in these condensed consolidated interim financial statements for the three and nine months ended September 30, 2025 and 2024 are comprised of the operating results relating to the Acquired Entities and the Direct Sales Business Line.

The gain on sale of subsidiaries and assets included in discontinued operations consists of the following:

	Omnia	Luminosity	GameCo Esports Canada Inc.	Direct Sales Business Line	Total book value	Total Gain
Proceeds of sale						\$ 900,000
Book value of assets sold						
Cash	-	(45)	-	-	(45)	
Trade and other receivables	130,343	132,478	130	5,774	268,725	
Prepaid expenses	189,383	12,012	-	125,245	326,640	
Property and equipment	-	-	-	123,458	123,458	
Right-of-use assets	338,339	-	-	-	338,339	
Accounts payable and accrued liabilities	(2,744,448)	(594,896)	(8,901)	(1,633,256)	(4,981,501)	
Contract liabilities	-	-	-	(59,439)	(59,439)	
Current portion of lease liabilities	(654,786)	-	-	-	(654,786)	
Book value of assets sold	(2,741,169)	(450,451)	(8,771)	(1,438,218)	(4,638,609)	4,638,609
Gain on sale of subsidiaries and assets						\$5,538,609

Enthusiast Gaming Holdings Inc.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2025 and 2024
(Unaudited - Expressed in Canadian Dollars)

5. Discontinued operations (continued)

The net gain (loss) from discontinued operations for the three and nine months ended September 30, 2025 and 2024 is as follows:

	For the three months ended		For the nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Revenue	\$ 2,988,660	\$ 6,022,853	\$ 8,487,157	\$ 22,706,993
Cost of sales	(645,825)	(1,629,789)	(2,738,113)	(9,308,937)
Gross margin	2,342,835	4,393,064	5,749,044	13,398,056
Operating expenses	(2,781,507)	(4,933,999)	(12,892,011)	(15,760,911)
Other expenses	(3,251)	(10,216)	(45,370,116)	(1,126,374)
Reclassification of accumulated other comprehensive income	5,902,210	-	5,902,210	-
Loss before income taxes	5,460,287	(551,151)	(46,610,873)	(3,489,229)
Income taxes	-	-	11,363,200	-
Net income (loss) from discontinued operations	5,460,287	(551,151)	(35,347,673)	(3,489,229)
Gain on sale of subsidiaries and assets	5,538,609	-	5,538,609	-
Net gain (loss) from discontinued operations	\$10,998,896	\$ (551,151)	\$ (29,709,064)	\$ (3,489,229)

As a result of the sale of subsidiaries and assets, the Company reclassified accumulated other comprehensive income of \$5,902,210 to net income (loss) from discontinued operations. For the nine months ended September 30, 2025, the foreign currency translation adjustment of \$6,497,420 includes the reclassification amount of \$5,902,210.

For the nine months ended September 30, 2025, other expenses include intangible asset impairment charges (Note 7).

6. Trade and other receivables

A summary of trade and other receivables is as follows:

	September 30, 2025	December 31, 2024
Trade receivables (Note 19)	\$ 7,269,636	\$ 11,675,946
Other receivables	217,133	688,130
HST and VAT receivables	-	113,454
Expected credit loss provision (Note 19)	(131,971)	(125,991)
	\$ 7,354,798	\$ 12,351,539

As of September 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.

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7. 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 from discontinued operations	(36,025,000)	-	(6,855,000)	-	(2,451,449)	-	-	(45,331,449)
Disposals	-	-	-	-	(5,202,340)	(5,507,000)	-	(10,709,340)
Effect of movement in foreign exchange rates	-	(427,300)	(397,215)	30,585	-	-	-	(793,930)
Balance, September 30, 2025	\$ 2,950,000	\$ 17,830,156	\$ 18,929,258	\$ 8,152,253	\$ -	\$ -	\$ -	\$ 47,861,667
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	-	-	-	641,882	537,460	-	-	1,179,342
Disposals	-	-	-	-	(5,202,340)	(5,507,000)	-	(10,709,340)
Effect of movement in foreign exchange rates	-	(427,300)	-	13,432	-	-	-	(413,868)
Balance, September 30, 2025	\$ -	\$ 17,830,156	\$ -	\$ 5,106,879	\$ -	\$ -	\$ -	\$ 22,937,035
Balance, December 31, 2024	\$ 38,975,000	\$ -	\$ 26,181,473	\$ 3,670,103	\$ 2,988,909	\$ -	\$ -	\$ 71,815,485
Balance, September 30, 2025	\$ 2,950,000	\$ -	\$ 18,929,258	\$ 3,045,374	\$ -	\$ -	\$ -	\$ 24,924,632

During the nine months ended September 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 pursuant to the proposed consideration per the non-binding letter of intent entered into on July 7, 2025 (Note 1). These impairment charges are included in discontinued operations (Note 5).

During the nine months ended September 30, 2025, the Company derecognized the multi-channel network license (\$5,202,340) and talent contracts and digital content (\$5,507,000) relating to Omnia as Omnia was sold to VSC on August 30, 2025 (Note 5).

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8. 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 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 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.

Goodwill relating to Luminosity, Omnia, Tabwire and Addicting Games was fully impaired in the year ended December 31, 2023.

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	(111,078)	-	137,059	-	25,981
Balance, September 30, 2025	\$ 11,006,147	\$ 20,898,598	\$ 4,474,480	\$ -	\$ 36,379,225

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 nine months ended September 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 nine months ended September 30, 2025 see Note 7.

9. 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
Disposal relating to sale of subsidiaries (Note 5)	(338,339)
Depreciation	(398,576)
Effect of movement in exchange rates	(28,122)
Balance, September 30, 2025	\$ 35,871

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9. 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
Disposal relating to sale of subsidiaries (Note 5)	(654,786)
Payments	(223,844)
Accretion	21,151
Effect of movement in exchange rates	(44,415)
Balance, September 30, 2025	121,608
Current portion of lease liabilities	121,608
Long-term portion of lease liabilities	\$ -

Note 19 provides a summary of undiscounted lease payments to be made from the statement of financial position date. Variable lease payments during the nine months ended September 30, 2025, which are not included in lease liabilities are \$49,048 (September 30, 2024 - \$175,903). The total cash outflow for leases during the nine months ended September 30, 2025 is \$272,892 (September 30, 2024 - \$798,651).

10. Accounts payable and accrued liabilities

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

	September 30, 2025	December 31, 2024
Accounts payable	\$ 6,048,425	\$ 9,100,376
Accrued liabilities	4,491,181	5,922,254
HST and VAT payables	83,092	-
	\$ 10,622,698	\$ 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 nine months ended September 30, 2025, the Company settled certain accounts payables at a discounted price resulting in a gain on settlement of accounts payable of \$91,584 (September 30, 2024 - \$622,413) which is recognized in office and general in the condensed consolidated interim statements of loss and comprehensive loss.

11. 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 increased 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.

11. 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 nine months ended September 30, 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.

11. 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 September 30, 2025, 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 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 Waiver and Third Amendment to the Amended and Restated Commitment Letter.

On July 10, 2025, in response to certain defaults of the Company under the Company's Waiver and Third Amendment to the Amended and Restated Commitment Letter, the Company entered into a Forbearance Agreement (the "Senior Forbearance Agreement") with its senior Lender (the "Senior Lender") the Bank, whereby the Bank 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 the Bank from enforcing its security thereunder, as a result of defaults by the Company thereunder. The Senior Forbearance Agreement is designed to support the Company's recapitalization and long-term business objectives and includes the following significant terms and amendments:

- (a) the forbearance period is until the earliest of (i) December 31, 2025, (ii) the date of repayment of the indebtedness in full, and (iii) the date of the occurrence or existence of any terminating event;
- (b) the Company agreed to implement 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 (Note 5);
- (c) as a result of the events of default, 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 on the term credit and operating credit at a rate of 2% per annum ("Default Interest") over and above the regular interest rate set out in the Commitment Letter. All accrued and unpaid Default Interest shall compound monthly on each date interest is due and shall be payable in accordance with the terms of the Commitment Letter;
- (d) 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;
- (e) the interest rate on the Term Credit was amended to the Bank's prime lending rate plus 5.60% per annum;
- (f) 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; and,
- (g) 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.

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11. Long-term debt (continued)

(i) *Commitment letter (continued)*

During the nine months ended September 30, 2025, the Company incurred transaction costs of \$58,316 in connection with the Senior Forbearance Agreement. As the terms of the Senior Forbearance Agreement were not substantially different from the Waiver and Third Amendment to the Amended and Restated Commitment Letter, the amendment was determined to be modification of debt in accordance with IFRS 9. During the nine months ended September 30, 2025, a loss on modification of long-term debt in the amount of \$150,759 was recognized in the condensed consolidated interim statements of loss and comprehensive loss.

The Term Credit under the Senior Forbearance Agreement is amortized at an effective interest rate of 8.28% following the transaction costs incurred and loss on modification of long-term debt recognized pursuant to the amendment.

During the nine months ended September 30, 2025, the Company was not in compliance with covenant (iii) as per the Senior Forbearance Agreement.

During the nine months ended September 30, 2025, the Company recognized \$1,383,003 (September 30, 2024 – \$1,759,592) of interest expense relating to the term credit and operating credit, which includes default interest of \$251,079 (September 30, 2024 - \$Nil), and \$200,286 (September 30, 2024 – \$243,650) of accretion income relating to the term credit which are included in interest and accretion in the condensed consolidated interim statements of loss and comprehensive loss.

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	28,070
Repayments	(2,255,097)
Accretion	(200,286)
Transaction costs	(58,316)
Loss on modification of long-term debt	150,759
Balance, September 30, 2025	16,200,994
Current portion of long-term debt	16,200,994
Long-term debt	\$ -

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

	September 30, 2025	December 31, 2024
Term credit	\$ 9,114,296	\$ 11,035,864
Operating credit	7,086,698	7,500,000
	\$ 16,200,994	\$ 18,535,864
Current portion of long-term debt	16,200,994	18,535,864
Long-term debt	\$ -	\$ -

11. Long-term debt (continued)

(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 (“Term Loan A”), due July 12, 2028. Term Loan A bears interest at a fixed rate of 14% per annum. The Company had 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 Term Loan A. PIK Interest will accrue interest, compounded monthly, and be added to the outstanding principal amount of Term Loan A. After January 31, 2025, interest must be paid in cash for the remainder of Term Loan A’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.

Term Loan A 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. Term Loan A is subordinated to the Company’s existing Term Credit and Operating Credit with the Bank.

The Company may, at any time so long as an event of default has not occurred, make a prepayment of the outstanding Term Loan A 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 Term Loan A advances, by paying the Lenders on a pro-rata basis the then outstanding Term Loan A 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 Term Loan A 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 Term Loan A advances and the maturity date of Term Loan A. If the prepayment occurs after 30 months following the Term Loan A 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 Term Loan A 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 Term Loan A 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 are 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.

Term Loan A and PIK Interest, excluding any elections to convert PIK Interest into common shares of the Company and any Term Loan A 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.

11. Long-term debt (continued)

(ii) Credit agreement (continued)

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

The prepayment option, certain accelerated payment options and the PIK Interest conversion feature of the Term Loan A, as mentioned above, meet the definition of an embedded derivative under IFRS 9. Management has elected to designate Term Loan A and its embedded derivative features at fair value through profit and loss. The embedded derivatives 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 Term Loan A was estimated using a 'with' and 'without' approach. Under this approach, Term Loan A 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 Term Loan A under the 'with' scenario was based on a Hull-White term structure model. The fair value of Term Loan A under the 'without' scenario was based on a standard discounted cash flow approach.

On initial valuation on July 12, 2024, Term Loan A, including its embedded derivative features, was fair valued at \$17,547,078. Term Loan A 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 Term Loan A 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 Term Loan A 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.

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 March 31, 2025 and June 30, 2025 the Credit Agreement long-term debt was classified as a current liability.

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

11. Long-term debt (continued)

(ii) Credit agreement (continued)

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 (“Term Loan B”) due and payable by July 12, 2028. The Beedie Forbearance Agreement amends and supplements the Credit Agreement, 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. The net proceeds of Term Loan B will be used for working capital purposes. Pursuant to the Beedie Forbearance Agreement and as a condition to the advance of Term Loan B, 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 B proceeds of \$2,000,000.

The forbearance period under the Beedie Forbearance Agreement will be until the earliest of (i) March 31, 2026, (ii) 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, 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 Beedie Forbearance Agreement, the Company agreed to implement 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 (Note 5).

Pursuant to the Beedie Forbearance Agreement, Term Loan B 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 B for that month (“PIK Interest”), and (ii) interest at 8% per annum payable in cash each month. The rate of interest on the existing Term Loan A pursuant to the Credit Agreement was amended from and after June 1, 2025 to correspond to the rate of interest under Term Loan B, 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 Term Loan B 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 is added to the outstanding principal of Term Loan B, as well as an exit fee in the amount of \$75,000 which is also added to the outstanding principal of Term Loan B (the exit fee will be reduced to \$50,000 if all outstanding obligations are repaid on or before December 31, 2025). On initial advance, the outstanding principal of Term Loan B is \$2,115,000.

The Company may make a prepayment of the outstanding Term Loan B 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 B 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 B advance, the prepayment fee will be the greater of (i) 3% of the principal amount of Term Loan B being prepaid, and, (ii) the interest that would have accrued on such Term Loan B 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 B principal amount being prepaid. If the Company repays Term Loan B before March 31, 2026 no prepayment fee is payable.

Term Loan B 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 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 5.0% per annum.

11. Long-term debt (continued)

(ii) Credit agreement (continued)

Upon an event of default, the Agent has a right to demand accelerated payment of the then outstanding Term Loan B advances together with all other outstanding obligations relating to Term Loan B 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 Term Loan B 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 are not limited to defaults in payment, violation of covenants, misrepresentation, insolvency events, third party proceedings, judgements and cease trading.

Per the terms of the Beedie Forbearance Agreement, the covenants per the Credit Agreement were 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. During the nine months ended September 30, 2025, the Company was not in compliance with covenant (iii) per the Beedie Forbearance Agreement, as a result as of September 30, 2025, Term Loan A and B long-term debt is classified as a current liability.

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 36,574,074 warrants originally issued to Beedie Investments Ltd. on July 12, 2024 (the "Replacement Warrants") to match the exercise price of the Participation Warrants issued to the Lenders in connection with Term Loan B. 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. Included in the 6,005,178 Participation Warrants issued are 75,065 Participation Warrants issued to the Gnat Affiliate. Aside from the change in exercise price all other terms of the Replacement Warrants remained unchanged, including the expiry date.

Term Loan B is considered a separate unit of account from Term Loan A and therefore does not form part of the amendment of Term Loan A. On initial recognition the fair value of Term Loan B approximates Term Loan B's transaction price of \$2,115,000.

The prepayment option, certain accelerated payment options and the PIK Interest conversion feature of Term Loan B, as mentioned above, meet the definition of an embedded derivative under IFRS 9. Management has elected to designate Term Loan B and its embedded derivative features at fair value through profit and loss. The embedded derivatives 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.

As of July 23, 2025, Term Loan A's pre-modification date, and July 24, 2025, Term Loan A's modification date, 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 Term Loan A rendering Term Loan A due and payable immediately. As of July 23, 2025 and July 24, 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 July 23, 2025 and July 24, 2025, the Company also expected the probability of the Lenders accelerating the repayment of Term Loan A to be negligible. As of July 23, 2025 and July 24, 2025, the Company expected that in the event the Lenders accelerate repayment of Term Loan A, it is anticipated the Lenders would require the Company to settle the outstanding Term Loan A amount, including the mandatory prepayment fee, by March 31, 2026. To fair value Term Loan A as at July 23, 2025 and July 24, 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 Term Loan A ("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 Term Loan A.

11. Long-term debt (continued)

(ii) *Credit agreement (continued)*

The fair value of Term Loan A based on the Hull-White term structure model as of July 23, 2025 and July 24, 2025 was calculated using the following inputs:

	July 24, 2025	July 23, 2025
Time to maturity	2.97 years	2.97 years
Loan interest rate – Term Loan A	16.00% (until Apr 1, 2026) & 14.00% (as of Apr 1, 2026)	14.00%
Risk-free rate	CAD OIS Curve	CAD OIS curve
Interest rate volatility	0.939%	0.933%
Mean reversion factor	2.635%	2.541%
Credit rating	CCC+	CCC+
Credit spread	8.64%	8.67%
Instrument-specific spread	5.00%	5.00%

As of July 23, 2025, the fair value of Term Loan A's prepayment option embedded derivative was estimated to be \$43. As of July 23, 2025, the fair value of the Term Loan A using the 'with' approach is \$22,619,950 and the fair value of Term Loan A using the 'without' approach is \$22,619,993. As of July 24, 2025, the fair value of Term Loan A's prepayment option embedded derivative was estimated to be \$56. As of July 24, 2025, the fair value of the Term Loan A using the 'with' approach is \$23,419,810 and the fair value of Term Loan A using the 'without' approach is \$23,419,866.

For the accelerated payment embedded derivative, as of July 23, 2025 and July 24, 2025, 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 Term Loan A.

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 July 23, 2025 and July 24, 2025 the conversion option was assigned a \$Nil value.

As the terms of the Beedie Forbearance Agreement were substantially different from the terms of the Credit Agreement, the amendment to Term Loan A is determined to be derecognition of debt in accordance with IFRS 9. A loss on derecognition of long-term debt relating to Term Loan A in the amount of \$799,860 is recognized in the condensed consolidated interim statement of loss and comprehensive loss during the nine months ended September 30, 2025. The amendments to Term Loan A did not impact or change the embedded derivatives identified above relating to Term Loan A, as a result management has elected to designate the substantially modified Term Loan A and its embedded derivative features at fair value through profit and loss.

The Participation Warrants issued in connection with Term Loan B are considered to form a part of the renegotiation of Term Loan A as well as the amended exercise price of the Term Loan A warrants issued to Beedie Investments Ltd. As a result, the fair value of the Participation Warrants and the incremental fair value of the Replacement Warrants are included in the loss on derecognition of long-term debt relating to Term Loan A.

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11. Long-term debt (continued)

(ii) *Credit agreement (continued)*

The fair value of the Participation Warrants and Replacement Warrants was estimated using the Black-Scholes option pricing model using the following inputs and assumptions:

	Participation warrants	Replacement warrants (pre-modification)	Replacement warrants
Issuance/modification date	July 24, 2025	July 24, 2025	July 24, 2025
Valuation date	July 24, 2025	July 23, 2025	July 24, 2025
Maturity date	July 24, 2030	July 12, 2029	July 12, 2029
Expected life in years	5.00	3.97	3.97
Stock price	\$0.125	\$0.125	\$0.125
Exercise price	\$0.083	\$0.135	\$0.083
Expected volatility	95.00%	99.00%	99.00%
Expected dividend yield	Nil%	Nil%	Nil%
Risk-free rate	3.09%	2.97%	2.97%
Discount for lack of marketability	20.00%	20.00%	20.00%

The Participation Warrants were estimated to have a fair value of \$472,218 which is included in warrants reserve and the loss on derecognition of debt in the condensed consolidated interim statement of loss and comprehensive loss during the nine months ended September 30, 2025. The replacement warrants (pre-modification) were estimated to have a fair value of \$2,495,820 and the replacement warrants were estimated to have a fair value of \$2,761,665 resulting in an incremental fair value of \$265,845 which is included in warrants reserve and the loss on derecognition of debt in the condensed consolidated interim statement of loss and comprehensive loss during the nine months ended September 30, 2025.

As of September 30, 2025, the Company was not in compliance with covenant (iii) described above which is an event of default per the Beedie Forbearance Agreement and provides the Lenders the right to accelerate repayment of Term Loan A and B rendering Term Loan A and B due and payable immediately. As of September 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 Credit Agreement and Beedie Forbearance Agreement will remain. As of September 30, 2025, the Company also expected the probability of the Lenders accelerating the repayment of the Loan to be negligible. As of September 30, 2025, the Company expected that in the event the Lenders accelerate repayment of the Loan, it was anticipated the Lenders would require the Company to settle the outstanding Term Loan A and B amounts, including the mandatory prepayment fee as applicable, by March 31, 2026. To fair value Term Loan A and B as a September 30, 2025, the Company assigned probabilities to (i) the non-compliance with the covenant being waived and covenant being amended by the Lenders and the prepayment option remaining ("Scenario 1"), and, (ii) the Lenders accelerating repayment of term Loan A and B ("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 Term Loan A and B.

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

	September 30, 2025	December 31, 2024
Time to maturity	2.78 years	3.53 years
Loan interest rate (Term Loan A)	16.00% (until Apr 1, 2026) & 14.00% (as of Apr 1, 2026)	14.00%
Loan interest rate (Term Loan B)	16.00%	N/A
Risk-free rate	CAD OIS curve	CAD OIS curve
Interest rate volatility	0.837%	0.985%
Mean reversion factor	2.239%	3.771%
Credit rating	CCC+	CCC+
Credit spread	8.40%	8.69%
Instrument-specific spread	5.00%	5.00%

11. Long-term debt (continued)

(ii) Credit agreement (continued)

As of September 30, 2025, the fair value of the Term Loan A prepayment option embedded derivative was estimated to be \$35 (December 31, 2024 - \$660). As of September 30, 2025, the fair value of Term Loan A using the 'with' approach is \$24,021,077 (December 31, 2024 - \$20,454,468) and the fair value of Term Loan A using the 'without' approach is \$24,021,112 (December 31, 2024 - \$20,455,128).

As of September 30, 2025, the fair value of the Term Loan B prepayment option embedded derivative was estimated to be \$46,977 (December 31, 2024 - \$Nil). As of September 30, 2025, the fair value of Term Loan B using the 'with' approach is \$2,134,805 (December 31, 2024 - \$Nil) and the fair value of Term Loan B using the 'without' approach is \$2,181,782 (December 31, 2024 - \$Nil).

For the accelerated payment embedded derivative, as of September 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 Term Loan A and B.

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 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 September 30, 2025 and December 31, 2024 the conversion option was assigned a \$Nil value.

During the nine months ended September 30, 2025, the Company incurred \$3,369,030 (September 30, 2024 - \$635,569) of interest expense which includes PIK interest of \$1,155,181 (September 30, 2025 - \$635,569) and default interest of \$829,720 (September 30, 2025 - \$Nil). PIK interest and default interest are included in the outstanding principal amount of Term Loan A and B per the Credit Agreement and Beedie Forbearance Agreement. During the nine months ended September 30, 2025, PIK interest and default interest of \$1,984,901 (September 30, 2024 - \$635,569) 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 nine months ended September 30, 2025, the Company recognized \$1,384,129 (September 30, 2024 - \$Nil) of interest expense which is included in interest and accretion in the condensed consolidated interim statements of loss and comprehensive loss.

During the nine months ended September 30, 2025, the Company recognized a loss on derecognition of long-term debt of \$1,537,923 (September 30, 2025 - \$Nil) which is comprised of a loss on derecognition of long-term debt of \$799,860, the estimated fair value of Participation Warrants of \$472,218 and the estimated incremental fair value of Replacement Warrants of \$265,845. During the nine months ended September 30, 2025, the Company incurred transaction costs of \$389,439 which are expensed as a transaction costs within the condensed consolidated interim statement of loss and comprehensive loss.

During the nine months ended September 30, 2025, the Company recognized a loss on revaluation of long-term debt in the amount of \$2,786,554 (September 30, 2024 - \$3,385,798) in the condensed consolidated interim statements of loss and comprehensive loss.

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11. Long-term debt (continued)

(ii) *Credit agreement (continued)*

The following tables shows the movement of the Term Loan A and B balance during the period:

	Amount
Balance, January 1, 2024	\$ -
Fair value of Term Loan A on initial recognition	17,547,078
Loss on revaluation of long-term debt ⁽ⁱ⁾	2,907,390
Balance, December 31, 2024	20,454,468
Fair value of Term Loan B on initial recognition	2,115,000
Loss on derecognition of Term Loan A	799,860
Loss on revaluation of long-term debt ⁽ⁱ⁾	2,786,554
Balance, September 30, 2025	26,155,882
Current portion of long-term debt	26,155,882
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 nine months ended September 30, 2025, PIK interest, default interest and loss on revaluation of long-term debt are included within the loss on revaluation of long-term debt within the condensed consolidated interim statements of loss and comprehensive loss.

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

	September 30, 2025	December 31, 2024
Commitment Letter	\$ 16,200,994	\$ 18,535,864
Credit Agreement	26,155,882	20,454,468
	42,356,876	38,990,332
Current portion of long-term debt	42,356,876	38,990,332
Long-term debt	\$ -	\$ -

12. Deferred payment liability

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 were present valued separately based on the outcomes of the Monte-Carlo simulation. The Vedatis Earn-Out Payment was 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.

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12. Deferred payment liability (continued)

(i) *Vedatis deferred payment liability (continued)*

The Vedatis earn-out period ended June 30, 2025 and the Vedatis Earn-Out Payment is expected to be settled in cash. As of September 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 Vedatis Earn-Out Payment total amount remains subject to ongoing negotiations.

On December 31, 2024, the Vedatis Earn-Out Payment was revalued at \$2,322,274 based on a discounted valuation using a 7.83% and 2.99% discount rate for the cash settled and equity settled portion, respectively, and an expectation that a Vedatis Earn-Out Payment of \$2,406,425 is probable. Following the December 31, 2024 revaluation, the cash portion of the Vedatis Earn-Out Payment was amortized at an effective interest rate of 7.86%.

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	145,819
Gain on revaluation of deferred payment liability	(238,756)
Effect of movement in exchange rates	177,088
Balance, September 30, 2025	2,406,425
Current portion of deferred payment liability	2,406,425
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 September 30, 2025	-
Current portion of deferred payment liability	-
Long-term portion of deferred payment liability	\$ -

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12. Deferred payment liability (continued)

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

	September 30, 2025	December 31, 2024
Beginning balance	\$ 2,322,274	\$ 2,165,493
Accretion	145,819	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
	2,406,425	2,322,274
Current portion of deferred payment liability	2,406,425	2,322,274
Long-term portion of deferred payment liability	\$ -	\$ -

13. Share capital

Authorized:

Unlimited number of common shares

Unlimited number of preferred shares

During the nine months ended September 30, 2025, the Company had no share capital activity.

During the nine months ended September 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; and,
- (ii) On July 18, 2024, the Company issued 46,386 common shares to settle 46,386 restricted share units. The fair value assigned to these restricted share units of \$206,742 was reclassified from contributed surplus to share capital.

14. 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 September 30, 2025 and December 31, 2024:

	September 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	(796,216)	(0.66)	(8,325,964)	(1.14)
Ending balance	3,533,609	\$ 2.19	4,329,735	\$ 1.91
Exercisable	2,483,317	\$ 2.29	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%.

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14. Stock options (continued)

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%.

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 \$32,844 (September 30, 2024 - expense recovery of \$2,036,997) for stock options vesting and forfeited during the nine months ended September 30, 2025.

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

Expiry date	Number of stock options outstanding	Exercise price	Number of stock options exercisable	Weighted average remaining life (years)
December 9, 2025	512,500	3.20	512,500	0.19
January 1, 2026	427,736	8.75	427,736	0.25
February 16, 2027	30,652	1.13	30,652	1.38
April 20, 2027	652,595	2.75	652,595	1.55
November 17, 2027	51,403	1.13	51,403	2.13
December 12, 2028	190,000	1.00	190,000	3.20
April 10, 2029	718,330	0.19	301,635	3.53
May 27, 2029	683,857	0.14	227,952	3.66
August 23, 2029	87,282	0.155	29,094	3.90
November 25, 2029	179,254	0.16	59,750	4.16
	3,533,609	2.19	2,483,317	2.29

15. 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.

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15. Share units (continued)

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

	September 30, 2025	December 31, 2024
Beginning balance	4,396,062	5,640,244
Granted	-	4,514,493
Released	-	(4,775,723)
Forfeited	(5,334)	(982,952)
Ending balance	4,390,728	4,396,062
Vested	3,046,609	1,904,400

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%.

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 \$99,945 (September 30, 2024 - \$496,601) for restricted share units vesting and forfeited during the nine months ended September 30, 2025.

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16. Warrants

On July 12, 2024, the Company issued 37,037,037 common share purchase warrants in connection with the Credit Agreement. On July 24, 2025, the Company issued 6,005,178 common share purchase warrants and amended the exercise price of 36,574,074 warrants originally issued to Beedie Investments Ltd. in connection with the Beedie Forbearance Agreement (Note 11).

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

	September 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	6,005,178	0.083	37,037,037	0.135
Ending balance	43,042,215	\$ 0.084	37,037,037	\$ 0.135

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

Expiry date	Number of stock warrants outstanding	Exercise price	Weighted average remaining life (years)
July 12, 2029	36,574,074	\$ 0.083	3.78
July 12, 2029	462,963	0.135	3.78
July 24, 2030	6,005,178	0.083	4.82
	43,042,215	\$ 0.084	3.93

17. Related party transactions and balances

The Company's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company. Key management personnel include members of the Board of Directors, Chief Executive Officer, Chief Financial Officer, President & Chief Operating Officer and former Chief People Officer. 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 nine months ended September 30, 2025 and 2024 is as follows:

	For the three months ended		For the nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Short-term benefits	\$ 262,415	\$ 578,211	\$ 1,077,992	\$ 1,179,449
Share-based compensation	40,852	201,182	117,175	507,167
	\$ 303,267	\$ 779,393	\$ 1,195,167	\$ 1,686,616

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

	For the three months ended		For the nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Total transactions during the period:				
Expenses				
Interest and accretion	\$ 6,157	\$ 7,945	\$ 17,302	\$ 7,945
Share of net loss from investment in associates and joint ventures	-	278	-	11,023

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17. Related party transactions and balances (continued)

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

	September 30, 2025	December 31, 2024
Balances receivable (payable):		
Accounts payable and accrued liabilities	\$ (279,270)	(1,202,545)
Long-term debt	(318,505)	(267,154)

As of December 31, 2024, a balance of \$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 September 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 who was then appointed as Chief Executive Officer of the Company on July 6, 2025. As of September 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 who was then appointed as Chief Executive Officer of the Company on July 6, 2025.

On July 12, 2024, the Company entered into a \$250,000 Credit Agreement (Note 11) with an affiliate of Jordan Gnat (the "Gnat Affiliate"), who is a director of the Company, and on July 10, 2025, the Company entered into a \$25,000 Beedie Forbearance Agreement (Note 11) with the Gnat Affiliate. The Company also issued 462,963 common share purchase warrants to the Gnat Affiliate pursuant to the Credit Agreement and 75,065 common share purchase warrants to the Gnat Affiliate pursuant to the Beedie Forbearance Agreement. During the nine months ended September 30, 2025, the Company incurred interest expense of \$17,302 (September 30, 2024 - \$7,945) to the Gnat Affiliate. As of September 30, 2025 a balance of \$318,505 (December 31, 2024 - \$267,154) is payable to the Gnat Affiliate relating to the Credit Agreement and Beedie Forbearance Agreement. See Note 11 for information relating to warrants issued to the Gnat Affiliate.

During the nine months ended September 30, 2024, the Company recognized a share of net loss from investment in joint ventures of \$11,023 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 14 for information relating to stock options issued to directors and officers of the Company.

See Note 15 for information relating to restricted share units issued to directors and officers of the Company.

18. 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 nine months ended September 30, 2025. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements aside from the covenants described in Note 11.

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).

19. Financial instruments

Fair values

The fair values of cash, trade and other receivables, accounts payable and accrued liabilities, contract liabilities and deferred payment liability approximate their carrying values due to the relatively short-term nature of these financial instruments. The fair value of long-term debt and lease liabilities 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 September 30, 2025, Term Loan A and B are classified as a Level 3 financial instruments, see Note 11. The Vedatis Earn-Out Payment liability was classified as a Level 3 financial instrument, see Note 12.

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

	For the three months ended		For the nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Interest income	\$ (108)	\$ (257)	\$ (5,640)	\$ (1,710)
Interest and accretion expense	2,071	514,184	2,580,738	1,602,478
Net interest expense	\$ 1,963	\$ 513,927	\$ 2,575,098	\$ 1,600,768

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.

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19. 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:

	September 30, 2025	December 31, 2024
Trade receivables aging:		
0-30 days	\$ 3,915,020	\$ 6,553,840
31-60 days	1,260,851	1,308,754
61-90 days	230,856	1,364,496
Greater than 90 days	1,862,909	2,448,856
	7,269,636	11,675,946
Expected credit loss provision	(131,971)	(125,991)
Net trade receivables	\$ 7,137,665	\$ 11,549,955

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

	September 30, 2025	December 31, 2024
Expected credit loss provision, beginning balance	\$ (125,991)	\$ (336,633)
Increase in provision of expected credit losses	(42,459)	(145,014)
Write-offs	35,614	361,204
Effect of movement in exchange rates	865	(5,548)
Expected credit loss provision, ending balance	\$ (131,971)	\$ (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 September 30, 2025:

	Total	Not past due	Over 30 days past due	Over 60 days past due	Over 90 days past due
Default rates		1.33%	1.42%	2.07%	3.07%
Trade receivables	\$ 7,269,636	\$ 3,915,020	\$ 1,260,851	\$ 230,856	\$ 1,862,909
Expected credit loss provision	\$ 131,971	\$ 52,147	\$ 17,882	\$ 4,777	\$ 57,165

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 17.34% (December 31, 2024 – 18.20%) of trade receivables as of September 30, 2025 and 39.84% (September 30, 2024 – 33.79%) of revenue for the nine months ended September 30, 2025 and 50.53% (September 30, 2024 – 65.45%) of revenue for the three months ended September 30, 2025.

Liquidity risk

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

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

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19. Financial instruments (continued)

Liquidity risk (continued)

	Less than one year	One to two years	Two to three years	More than three years	Total
Accounts payable and accrued liabilities	\$ 10,622,699	\$ -	\$ -	\$ -	\$ 10,622,699
Contract liabilities	5,978,149	-	-	-	5,978,149
Income tax payable	53,254	-	-	-	53,254
Deferred payment liability	2,406,425	-	-	-	2,406,425
Lease liabilities	119,931	-	-	-	119,931
Long-term debt ⁽ⁱ⁾	41,635,705	-	-	-	41,635,705
	\$ 60,816,163	\$ -	\$ -	\$ -	\$ 60,816,163

(i) Included in long-term debt in less than one year is \$25,480,380 of debt payable pursuant to the Credit Agreement and Beedie Forbearance Agreement (Note 11) which is not due until July 12, 2028 but has been presented as a current liability as of September 30, 2025 due to the Company not being in compliance with covenants.

Currency risk

A large portion of the Company's transactions occur in foreign currencies (including US dollars, UK pound sterling and Euro) and, therefore, the Company is exposed to foreign currency risk at the end of the reporting period through its US dollars, UK pound sterling and Euro denominated trade and other receivables, accounts payable and accrued liabilities, contract liabilities, deferred payment liability and cash. As of September 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 \$294,000, \$241,000, and \$270,000 decrease or increase, respectively, in total net loss and comprehensive loss.

Interest rate risk

The Company's Term Credit bears interest at the Bank's prime lending rate plus 5.60% 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 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 \$80,000 change in the annual interest expense.

20. Commitments

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

Not later than one year	\$ 244,000
Later than one year and not later than five years	-
	\$ 244,000

21. Segment disclosure

The Company operates in one industry segment of digital media products and events. 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 nine months ended September 30, 2025 and 2024 is as follows:

	For the three months ended		For the nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Media and content	\$ 4,287,005	\$ 7,722,664	\$ 10,961,120	\$ 18,776,955
Events	295,547	197,886	4,361,638	3,391,367
Subscriptions	2,728,196	2,834,872	8,657,695	9,935,833
	\$ 7,310,748	\$ 10,755,422	\$ 23,980,453	\$ 32,104,155

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21. Segment disclosure (continued)

Revenues, in Canadian dollars, in each of the four major geographic locations for the three and nine months ended September 30, 2025 and 2024 is as follows:

	For the three months ended		For the nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Canada	\$ 316,315	\$ 364,757	\$ 886,290	\$ 1,616,301
USA	4,643,346	6,858,237	12,987,427	18,185,990
England and Wales	1,185,371	1,368,849	7,074,395	6,463,839
All other countries	1,165,716	2,163,579	3,032,341	5,838,025
	\$ 7,310,748	\$ 10,755,422	\$ 23,980,453	\$ 32,104,155

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

	September 30, 2025	December 31, 2024
Canada	\$ 35,964,387	\$ 79,515,249
USA	16,323,726	20,777,668
France	3,335,000	3,335,000
England and Wales	5,728,367	5,677,730
	\$ 61,351,480	\$ 109,305,647