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THE BUSINESS OF GAMING

Enthusiast Gaming Holdings Inc.

Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Enthusiast Gaming Holding Inc.

Opinion

We have audited the consolidated financial statements of Enthusiast Gaming Holdings Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2024 and December 31, 2023
- the consolidated statements of loss and comprehensive loss for the years then ended
- the consolidated statements of shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024 and December 31, 2023, its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(ii) in the financial statements, which indicates that the Entity's future operations are dependent upon its ability to generate positive cash flows from operations, raise additional financing and satisfy the terms and conditions of its lending agreements.

As stated in Note 2(ii) in the financial statements, these events or conditions, along with other matters as set forth in Note 2(ii) in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the ***"Material Uncertainty related to Going Concern"*** section of the auditor's report, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Evaluation of the impairment and assessment of the recoverability of the carrying value of goodwill and indefinite-life intangible assets

Description of the matter

We draw attention to Notes 3(x), 4(i), 7, and 9 to the consolidated financial statements. The Entity has seven cash-generating units ("CGUs"). Goodwill is tested for impairment on an annual basis at the end of the fourth quarter or at an interim date when triggering events would more likely than not reduce the recoverable amount of a CGU below its carrying amount. An impairment loss is recognized for the amount by which the assets or CGU's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell or value in use.

The Entity performed impairment tests as at December 31, 2024. The Entity determined that goodwill impairment charges were necessary for the Enthusiast Properties CGU of $50,864,250, and the Outplayed CGU of $21,179,898 and intangible asset impairment of $9,844,441. The carrying value of goodwill and intangible assets were $36,353,244 and $71,815,485, respectively, as at December 31, 2024. The recoverable amount of the Entity's CGUs were estimated based on an assessment of their value in use using a discounted cash flow approach or fair value less costs to sell. In determining the estimated recoverable amounts, the Entity's significant assumptions include expected future cash flows, terminal growth rates and discount rates used in the value in use model.

Why the matter is a key audit matter

We identified the evaluation of the impairment and assessment of the recoverability of the carrying value of goodwill and indefinite-life intangible assets as a key audit matter. This matter represented an area of significant risk of misstatement given the magnitude of goodwill and indefinite life intangible assets. Further, there is a high degree of estimation uncertainty in assessing the assumptions used to determine the recoverable amounts. Significant auditor judgment and the involvement of professionals with specialized skills and knowledge were required to evaluate the evidence for the Entity's significant assumptions due to the sensitivity of the recoverable amounts to changes in those assumptions.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

- We evaluated the reasonableness of the Entity's expected future cash flows and terminal growth rates assumptions for the Entity's cash generating units, by comparing those assumptions to external market and industry data.

- We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the discount rate used in the estimated recoverable amount of the Enthusiast Gaming Properties and Outplayed CGUs by comparing the Entity's inputs to underlying documentation and publicly available data.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

The engagement partner on the audit resulting in this auditor's report is Derek Nathaniel Peters.

Vaughan, Canada

March 31, 2025

Enthusiast Gaming Holdings Inc.
Consolidated Statements of Financial Position
As of December 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Note	**December 31, 2024**	December 31, 2023
ASSETS			
Current			
Cash		**$ 4,765,373**	$ 6,851,966
Trade and other receivables	5	**12,351,539**	31,502,732
Income tax receivable		**12,371**	31,251
Prepaid expenses		**2,010,796**	1,820,144
Total current assets		**19,140,079**	40,206,093
Non-current			
Property and equipment		**187,464**	124,640
Right-of-use assets	10	**800,908**	1,441,149
Investment in associates and joint ventures	6	**-**	2,888,730
Long-term portion of prepaid expenses		**148,546**	182,108
Intangible assets	7	**71,815,485**	85,421,227
Goodwill	9	**36,353,244**	105,868,081
Total Assets		**$ 128,445,726**	$ 236,132,028
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	11	**$ 15,022,630**	$ 47,101,272
Contract liabilities		**5,735,275**	6,078,950
Income tax payable		**131,441**	274,924
Current portion of long-term debt	12	**38,990,332**	21,888,597
Current portion of deferred payment liability	13	**2,322,274**	82,231
Current portion of lease liabilities	10	**727,525**	740,212
Current portion of other long-term debt		**-**	9,668
Total current liabilities		**62,929,477**	76,175,854
Non-current			
Long-term portion of deferred payment liability	13	**-**	2,083,262
Long-term portion of lease liabilities	10	**295,977**	938,845
Other long-term debt		**-**	140,613
Deferred tax liability	18	**13,470,905**	14,076,780
Total liabilities		**$ 76,696,359**	$ 93,415,354
Shareholders' Equity			
Share capital	14	**461,607,373**	444,474,076
Warrants reserve	12, 17	**1,823,168**	-
Contributed surplus	15, 16	**17,596,195**	35,877,189
Accumulated other comprehensive income		**11,542,198**	7,201,976
Deficit		**(440,819,567)**	(344,836,567)
Total shareholders' equity		**51,749,367**	142,716,674
Total liabilities and shareholders' equity		**$ 128,445,726**	$ 236,132,028

Going Concern *(Note 2)*
Commitments (*Note 22*)

Approved by the Board of Directors of the Company:

"Signed: "John Albright" — Director

Signed: "Tom Hearne" — Director

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

Enthusiast Gaming Holdings Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Note	**December 31, 2024**	December 31, 2023
Revenue	23	**$ 72,568,506**	$ 178,178,127
Cost of sales		**23,443,419**	110,756,401
Gross margin		**49,125,087**	67,421,726
Operating expenses			
Professional fees		**1,843,478**	2,413,954
Consulting fees		**2,434,113**	6,904,431
Advertising and promotion		**1,105,391**	4,335,937
Office and general		**3,041,114**	7,950,085
Salaries and wages		**25,054,989**	37,564,336
Technology support, web development and content		**17,880,197**	24,902,819
Esports player, team and game expenses		**2,115,202**	2,527,541
Foreign exchange loss		**338,915**	174,399
Share-based compensation	15, 16	**(1,147,697)**	5,474,447
Amortization and depreciation	7, 10	**2,754,986**	10,432,382
Total operating expenses		**55,420,688**	102,680,331
Other expenses (income)			
Goodwill impairment	9	**72,044,148**	64,827,952
Intangible asset impairment	7	**9,844,441**	21,440,143
Investment in associates impairment	6	**26,497**	17,363
Other long-term asset impairment	6	**1,098,506**	3,364,584
Transaction costs	12	**2,136,114**	-
Share of net income from investment in associates and joint ventures	6	**(18,627)**	(456,062)
Interest and accretion	10,12,13	**2,214,340**	2,449,139
Loss on revaluation of deferred payment liability	13	**44,451**	592,053
Gain on sale of assets	8	**(344,852)**	-
Loss on disposal of property and equipment		**25,997**	-
Loss on revaluation of long-term debt	12	**2,907,390**	-
Loss on modification of long-term debt	12	**401,951**	419,953
Interest income		**(8,807)**	(64,316)
Loss before income taxes		**(96,667,150)**	(127,849,414)
Income taxes			
Current tax expense	18	**372,160**	261,947
Deferred tax recovery	18	**(1,056,310)**	(10,437,753)
Net loss for the year		**(95,983,000)**	(117,673,608)
Other comprehensive income (loss)			
Items that may be reclassified to profit or loss			
Foreign currency translation adjustment		**4,340,222**	(1,427,872)
Net loss and comprehensive loss for the year		**$ (91,642,778)**	$ (119,101,480)
Net loss per share, basic and diluted		**$ (0.61)**	$ (0.77)
Weighted average number of common shares outstanding, basic and diluted		**156,481,036**	153,191,778

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

Enthusiast Gaming Holdings Inc.
Consolidated Statements of Shareholders' Equity
For the years ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Note	Number of shares	Share capital	Warrants reserve	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total shareholders' equity
Balance, January 1, 2023		151,767,243	$ 442,781,376	$ -	$ 30,402,742	$ 8,629,848	$ (227,162,959)	$ 254,651,007
Shares issued for settlement of deferred payment liability	13, 14	2,626,037	1,692,700	-	-	-	-	1,692,700
Share-based compensation	15, 16	-	-	-	5,474,447	-	-	5,474,447
Other comprehensive loss for the year		-	-	-	-	(1,427,872)	-	(1,427,872)
Net loss for the year		-	-	-	-	-	(117,673,608)	(117,673,608)
Balance, December 31, 2023		**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	14, 16	4,775,723	17,133,297	-	(17,133,297)	-	-	-
Warrants issued in connection with long-term debt	12, 17	-	-	1,823,168	-	-	-	1,823,168
Share-based compensation	15, 16	-	-	-	(1,147,697)	-	-	(1,147,697)
Other comprehensive income for the year		-	-	-	-	4,340,222	-	4,340,222
Net loss for the year		-	-	-	-	-	(95,983,000)	(95,983,000)
Balance, December 31, 2024		**159,169,003**	**$ 461,607,373**	**$ 1,823,168**	**$ 17,596,195**	**$ 11,542,198**	**$ (440,819,567)**	**$ 51,749,367**

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

Enthusiast Gaming Holdings Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Note	**December 31, 2024**	December 31, 2023
Cash flows from operating activities			
Net loss for the year		**$ (95,983,000)**	$ (117,673,608)
Items not affecting cash:			
Goodwill impairment	9	**72,044,148**	64,827,952
Intangible asset impairment	7	**9,844,441**	21,440,143
Investment in associates impairment	6	**26,497**	17,363
Other long-term asset impairment	6	**1,098,506**	3,364,584
Amortization and depreciation	7, 10	**2,754,986**	10,432,382
Share-based compensation	15, 16	**(1,147,697)**	5,474,447
Accretion	10,12,13	**(118,359)**	191,722
Deferred tax recovery	18	**(1,056,310)**	(10,437,753)
Share of net income from investment in associates and joint ventures	6	**(18,627)**	(456,062)
Gain on sale of assets	8	**(344,852)**	-
Loss on revaluation of deferred payment liability	13	**44,451**	592,053
Foreign exchange (gain) loss		**(507,121)**	245,058
Loss on disposal of property and equipment		**25,997**	-
Gain on settlement of accounts payable	11	**(1,384,377)**	-
Loss on modification of long-term debt	12	**401,951**	419,953
Loss on revaluation of long-term debt	12	**2,907,390**	-
Transaction costs	12	**2,136,114**	-
Provisions		**208,553**	105,512
Changes in working capital:			
Changes in trade and other receivables		**19,974,940**	2,865,276
Changes in prepaid expenses		**15,812**	289,713
Changes in accounts payable and accrued liabilities		**(30,702,273)**	14,277,952
Changes in contract liabilities		**145,536**	698,572
Changes in income tax receivable and payable		**421,934**	633,073
Income tax paid		**(538,682)**	(151,793)
Net cash used in operating activities		**(19,750,042)**	(2,843,461)
Cash flows from investing activities			
Proceeds from sale of assets, net of transaction costs	8	**2,693,339**	-
Distribution from investment in associates, net of adjustments	6	**1,416,830**	-
Proceeds from redemption on investments		**-**	125,000
Repayment of deferred payment liability	13	**(85,700)**	(844,350)
Acquisition of intangible assets	7	**-**	(27,488)
Acquisition of property and equipment		**(177,844)**	(20,430)
Net cash from (used in) investing activities		**3,846,625**	(767,268)
Cash flows from financing activities			
Proceeds from long-term debt, net of transaction costs	12	**20,737,490**	8,222,904
Repayment of long-term debt	12	**(6,373,678)**	(4,129,561)
Repayment of other long-term debt		**(173,858)**	(12,569)
Lease payments	10	**(850,624)**	(986,802)
Net cash from financing activities		**13,339,330**	3,093,972
Foreign exchange effect on cash		**477,494**	(46,793)
Net change in cash		**(2,086,593)**	(563,550)
Cash, beginning of year		**6,851,966**	7,415,516
Cash, end of year		**$ 4,765,373**	$ 6,851,966

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

1. Nature of operations

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

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

On April 15, 2024, the Company sold certain non-core and non-profitable casual gaming assets (Note 8).

Approval of Financial Statements

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on March 31, 2025.

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

(i) Statement of compliance

The Company prepares its consolidated financial statements in accordance with IFRS Accounting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB") and interpretations by the IFRS Interpretations Committee.

(ii) Basis of preparation and going concern

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

The Company's future operations are dependent upon its ability to generate positive cash flows from operations and to raise additional financing. On July 12, 2024, the Company entered into a Credit Agreement and received a non-revolving loan of $20,000,000 (Note 12). For the year ended December 31, 2024, the Company had negative cash flows from operations of $19,750,042 (December 31, 2023 – $2,843,461) and as of December 31, 2024, the Company has a working capital deficit of $43,789,398 (December 31, 2023 - $35,969,761), which includes the current portion of long-term debt of $38,990,332 (December 31, 2023 - $21,888,597), and an accumulated deficit of $440,819,567 (December 31, 2023 – $344,836,567). The Company is also in breach of covenants relating to its long-term debt (Note 12) as of December 31, 2024, for which waivers have not been received as of the date of approval of these consolidated financial statements. As a result, the Loan has been presented as a current liability and the Company's long-term debt is due and payable under the terms of the Third Amendment to the Amended and Restated Commitment Letter and the Credit Agreement.

The Company's cash resources as of December 31, 2024, are not sufficient to fund its planned business operations over the next 12 months. Additional financing will 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 12), 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 consolidated financial statements. These consolidated 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 consolidated financial statements, adjustments may be necessary to the carrying value of assets and liabilities or reported expenses, and these adjustments could be material.

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

(iii) Basis on consolidation

Subsidiaries are entities controlled by the Company where control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated 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 consolidated financial statements include the accounts of Enthusiast Gaming Holdings Inc. and its wholly-owned subsidiaries. The accounts of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The table below lists the Company's wholly-owned subsidiaries:

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

On January 1, 2024, Enthusiast Gaming Live Inc. amalgamated with Enthusiast Gaming Inc. On September 9, 2024, the Company terminated Tabwire LLC ("Tabwire"), and Enthusiast Gaming Media (US) Inc. was assigned the rights, title and interest in all of the assets of Tabwire and all of the existing and future liabilities and obligations of Tabwire through a bill of sale. On October 15, 2024, the Company dissolved Fantasy Media Ltd.

Refer to Note 6 for the Company's investment in associates and joint ventures.

3. Material accounting policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

(i) Foreign currency

The consolidated financial statements are presented in Canadian dollars. The functional currency of Enthusiast Gaming Holdings Inc., GameCo Esports Canada Inc., Luminosity Gaming Inc., Enthusiast Gaming Properties Inc., Enthusiast Gaming (PG) Inc., AIG eSports Canada Holdings Ltd. and AFK Media Partnership is Canadian dollars. The functional currency of Enthusiast Gaming Inc., Omnia Media Inc., Enthusiast Gaming Media (US) Inc., GameCo eSports USA Inc., Tabwire LLC, GameKnot LLC, Addicting Games, Inc., TeachMe, Inc., Outplayed, Inc. and AIG eSports USA Intermediate Holdings, LLC is United States dollars. The functional currency of Steel Media Limited, Fantasy Football Scout Limited and Fantasy Media Ltd. is the UK pound sterling. The functional currency of Vedatis SAS is Euro.

3. Material accounting policies (continued)

(i) Foreign currency (continued)

Assets and liabilities of subsidiaries having a functional currency other than the Canadian dollar are translated at the rate of exchange at the reporting period date. Revenues and expenses are translated at average rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transaction are used. The resulting foreign currency translation adjustments are recognized in accumulated other comprehensive loss included in the consolidated statements of shareholders' equity. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the reporting period date. Gains and losses on translation of monetary items are recognized in the consolidated statements of loss and comprehensive loss.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income ("OCI") in the translation reserve.

(ii) Revenue

Media and content revenue

The Company generates media and content revenues primarily by delivering brand advertising. Brand advertising enhances users' awareness of and affinity with advertisers' products and services, through videos, text, images, and other advertisements that run across various devices sites and platforms as well as devices. Revenue from digital advertising is recognized when the user views the advertisement for a specified period of time or based on cost-per-impression, which is based on the number of times an advertisement is displayed.

Brand advertising revenue is also earned from talent management and representation. Within brand advertising revenue, the Company generates revenue through programs and promotions directly with advertisers on behalf of the talent it represents, by arranging for product placement, presentation, or additional advertisement of brands embedded directly within or around the video and social media content that is produced by the represented talent. This brand advertising revenue is recognized over time, using an output method, upon fulfillment of contractual campaigns based on the number of advertising units utilized.

Subscription revenue

The Company generates recurring subscription revenue from subscriptions to websites and casual games. Revenue is recognized ratably over the contractual subscription term as control of the goods or services is transferred to the customer, beginning on the date that the subscription is made available to the customer.

Entertainment revenue

The Company generates revenue through ticket sales and sponsorships during its exhibition events. The exhibition events are short in duration ranging from three to four days. The Company records revenue from ticket sales and sponsorships once the event is held and the performance obligation is met.

Esports revenue

The Company earns brand advertising revenue by undertaking programs and promotions directly with advertisers by arranging for product placement, presentation, or additional advertisement of brands embedded directly within or around video content that is produced by Luminosity influencers and teams. This brand advertising revenue is recognized over time, using an output method, upon fulfillment of contractual campaigns.

The Company earns prize revenue from its winnings from various esports tournaments and competitions that Luminosity teams enter into. Revenue is recognized once the competition ends.

The Company earns league fees from Luminosity teams being participants in certain various esports leagues. These fees are recognized over the term of the participation in the league.

The Company earns revenue on physical and digital merchandise that it sells through its websites and video games. Revenue is recognized when the products are shipped or digital products have been redeemed.

3. Material accounting policies (continued)

(ii) Revenue (continued)

Gross versus net revenue

Third party arrangements are evaluated to determine whether the Company acts as the principal or agent under the specific terms of each arrangement. To the extent that the Company acts as the principal in an arrangement, revenues are reported on a gross basis; revenue and expenses are recognized in their respective financial statement line items. Conversely, if the Company acts as the agent, revenues are reported on a net basis; revenues are presented net of any expenses.

Determination of principal or agent classification is based on an evaluation of whether the nature of the Company's promise is a performance obligation to provide specific goods or services to the customer (principal), or simply arrange for those goods and services to be provided to the customer by a third party (agent). The most significant factors to consider include whether the Company controls the good or service immediately before it is transferred to the customer, is primarily responsible for fulfilling the promise to provide the specified good or service, has inventory risk before transferring the specified good or service, and has discretion in establishing prices for the specified good or service.

(iii) Contract liabilities

Contract liabilities represent the portion of goods or services to be transferred to the customer for the contractual subscription term remaining as of the period-end date, the portion of goods to services to be transferred to the customer for performance and brand advertising invoicing in excess of delivery as of the period-end date and amounts received in advance of live entertainment events to be held as of the period-end date.

(iv) Investment in associates and joint ventures

An associate is an entity over which the Company has significant influence and is neither a subsidiary nor a joint arrangement. The Company has significant influence when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control over those policies. A joint venture is a type of joint arrangement whereby the parties that have joint control of the contractual arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Company accounts for its investments in associates and joint ventures using the equity method.

Under the equity method, the Company's investments in associates and joint ventures are initially recognized at cost, including transaction costs, and subsequently increased or decreased to recognize the Company's share of net earnings or losses of the associates and joint ventures after any adjustments necessary to give effect to uniform accounting policies and for impairment losses after the initial recognition date. The Company's share of earnings or losses of the associates and joint ventures are recognized in net loss during the period. Unrealized gains and losses on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest in the associates and joint ventures.

The Company assesses if there are any indicators of impairment of the carrying amount of the investments in associates and joint ventures at each reporting period. An impairment test is performed when there is objective evidence of impairment, such as significant adverse changes in the external environment in which the associates and joint ventures operates or a significant or prolonged decline in the fair value of the investment in associates and joint ventures below its carrying amount. An impairment loss is recorded when the recoverable amount becomes lower than the carrying amount.

3. Material accounting policies (continued)

(v) Share-based payments

The Company has a stock option plan for directors, officers, employees and consultants. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. For employees and those performing employee like services, the fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. For non-employees, the fair value of each tranche is measured based on the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case, the Company measures their value based on the fair value of the equity instruments granted. Compensation expense is recognized over the tranche's vesting period based on the number of awards expected to vest with the offset credited to contributed surplus. The number of awards expected to vest is reviewed quarterly with any impact being recognized immediately.

If and when stock options are exercised, consideration received is credited to share capital and the fair value attributed to these options is transferred from contributed surplus to share capital.

(vi) Warrants

All warrants issued under a unit financing arrangement are valued on the date of grant using the Black-Scholes pricing model, net of related issuance costs.

In situations where warrants are issued in a debt financing arrangement, the proceeds are allocated between debt and warrants based on the residual method. Under this method, the proceeds are first allocated to the fair value of the debt using the valuation techniques and inputs outlined in Note 12 and any residual value is allocated to warrants, net of transaction costs allocated to debt and warrants based on their respective pro-rata share of the proceeds.

If and when warrants are exercised, consideration received is credited to share capital and the fair value attributed to these warrants is transferred from warrant reserve to share capital. Expired warrants are removed from warrants reserve and credit directly to retained earnings or deficit.

(vii) Income taxes and deferred taxes

The income tax provision comprises current and deferred tax. Income tax is recognized in the consolidated statements of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the asset is realized or liability is settled. Deferred tax assets are recognized for deductible temporary differences, unused tax losses and other income tax deductions to the extent that it is probable the Company will have taxable income against which those deductible temporary differences, unused tax losses and other income tax deductions can be utilized. The extent to which deductible temporary differences, unused tax losses and other income tax deductions are expected to be realized is reassessed at the end of each reporting period.

In a business combination, temporary differences arise as a result of differences in the fair values of identifiable assets and liabilities acquired and their respective tax basis. Deferred tax assets and liabilities are recognized for the tax effects of these differences. Deferred tax assets and liabilities are not recognized for temporary differences arising from goodwill or from the initial recognition of assets and liabilities acquired in a transaction other than a business combination which do not affect either accounting or taxable income or loss.

3. Material accounting policies (continued)

(viii) Intangible assets

Intangible assets with finite lives that are acquired separately are measured on initial recognition at cost, which comprises its purchase price plus any directly attributable costs of preparing the asset for its intended use. Following initial recognition, such intangible assets are carried at cost less any accumulated amortization on a straight-line basis over the following periods:

Game application and technology development	0.5 - 1.5 years
Website content	2 years
Sponsorship relationships	2 - 6 years
Application and technology development	0.25 - 2 years
Digital content	2 years
Talent contracts	3 years
Subscriber relationships	2 - 10 years
Multi-channel network license	10 years
Domain name	Indefinite life
Brand name	Indefinite life
Talent management brand	Indefinite life
Owned and operated content brand	Indefinite life

Amortization expense is included in the consolidated statements of loss and comprehensive loss.

The estimated useful life and amortization method are reviewed annually, with the effect of any change in estimate being accounted for on a prospective basis.

(ix) Goodwill

Goodwill represents the excess of the acquisition cost in a business combination over the fair value of the Company's share of the identifiable net assets acquired. Goodwill is carried at cost less accumulated impairment losses. The carrying amount of goodwill can fluctuate due to changes in foreign exchange rates impacting the balances recorded within entities who have a functional currency other than Canadian dollars.

(x) Impairment testing of goodwill, other intangible assets and property and equipment

For purposes of assessing impairment under IFRS, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating unit). The Company has seven cash-generating units ("CGUs") and goodwill is tested for impairment on an annual basis at the end of the fourth quarter or at an interim date when events or changes in the business environment (triggering events) would more likely than not reduce the recoverable amount of a CGU below its carrying amount. Intangible assets that have indefinite useful lives are also tested for impairment at each reporting period. The Company assesses if there are any indicators of impairment of the carrying amount of goodwill and indefinite-life intangible assets at each reporting period. All other long-lived assets and finite life intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's or CGU's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell or value-in-use. Fair value less cost to sell is estimated as the arm's length sale price between knowledgeable willing parties less costs of disposal. To determine the value-in-use, management estimates expected future cash flows from the CGU and determines a suitable pre-tax discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements.

Discount factors have been determined for each CGU and reflect its risk profile as assessed by management.

Impairment losses for the CGU reduce first the carrying amount of any goodwill allocated to that CGU, with any remaining impairment loss charged pro rata to the other assets in the CGU. In allocating an impairment loss, the Company does not reduce the carrying amount of an asset below the highest of its fair value less costs to sell or its value-in-use and zero.

3. Material accounting policies (continued)

(x) Impairment testing of goodwill, other intangible assets and property and equipment (continued)

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment charge is reversed if the assets' recoverable amount exceeds its carrying amount only to the extent that the new carrying amount does not exceed the carrying value of the asset, had it not originally been impaired.

(xi) Financial instruments

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash and trade and other receivables.
- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income is calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.
- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets mandatorily measured at fair value through profit or loss.
- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different basis. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated at fair value through profit or loss.

The Company measures all equity investments at fair value. Changes in fair value are recorded in profit or loss.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives.

3. Material accounting policies (continued)

(xi) Financial instruments (continued)

Financial assets *(continued)*

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company’s claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions. The Company applies the simplified approach for trade receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets’ contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statements of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

3. Material accounting policies (continued)

(xii) Provisions

Provisions represent liabilities of the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Where material, provisions are measured at the present value of the expected expenditures to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(xiii) Cash

Cash comprises of cash held with financial institutions.

(xiv) Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similarly to basic loss per share except that the weighted average number of shares outstanding is increased to include additional shares for the assumed exercise of stock options and vesting of restricted share units, if dilutive. The average number of shares is calculated by assuming that the proceeds upon exercise of stock options were used to acquire common shares at the average market price during the reporting period. For the years ended December 31, 2024 and 2023, potentially dilutive common shares issuable upon the exercise of stock options and warrants and vested restrictive share units were not included in the computation of loss per share because their effect was anti-dilutive.

(xv) Business combinations

On the acquisition of a business, the acquisition method of accounting is used, whereby the purchase consideration is allocated to the identifiable assets and liabilities on the basis of fair value of the date of acquisition. Provisional fair values allocated at a reporting date are finalized as soon as the relevant information is available, within a period not to exceed twelve months from the acquisition date with retroactive restatement of the impact of adjustment to those provisional fair values effective as at the acquisition date. Incremental costs related to acquisitions are expensed as incurred.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, *Financial Instrument*s, or IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

(xvi) Restricted Share Units

The Company has a Share Unit Plan for directors, officers, employees and consultants. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of equity-settled restricted share units is measured at the grant date based on the market value of the Company's common shares on that date. Compensation expense is recognized over the tranche's vesting period based on the number of awards expected to vest with the offset credited to contributed surplus. The number of awards expected to vest is reviewed quarterly with any impact being recognized immediately.

When common shares are issued for restricted share units, the fair value attributed to these restricted share units is transferred from contributed surplus to share capital.

3. Material accounting policies (continued)

(xvii)Leases

The Company assesses, at the inception of contract, whether it contains a lease. A contract is classified as a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any indirect costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined using the same criteria as those for property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses and adjusted for certain remeasurements of the lease liability, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Company's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payment arising from a change in an index or rate, or changes in assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(xviii) New standards, interpretations or amendments adopted

Accounting Pronouncements effective January 1, 2024

The following new standards, interpretations or amendments adopted for the first time on January 1, 2024:

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

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

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

3. Material accounting policies (continued)

(xviii) New standards, interpretations or amendments adopted (continued)

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

In May 2023, the IASB issued *Disclosures: Supplier Finance Arrangements*, amendments to IAS 7 and IFRS 7, to clarify the characteristics of supplier finance arrangements and require disclosure of such arrangements. The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including the terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period, and the type and effect of non-cash changes in the carrying amounts of those arrangements. The information on those arrangements is required to be aggregated unless the individual arrangements have dissimilar or unique terms and conditions. There was no material impact from the adoption of the amendments on the Company's consolidated financial statements.

IFRS 16 – *Leases* ("IFRS 16"), l*ease liability in a sale and leaseback*

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

Accounting Pronouncements Issued but not yet effective

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

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

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

IFRS 18 – *Presentation and Disclosure in Financial Statements* ("IFRS 18")

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

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

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

4. Material accounting judgments, estimates and uncertainties

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

(i) Goodwill impairment testing and recoverability of assets

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

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

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

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

(iii) Estimated useful lives of long-lived assets

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

(iv) Income taxes

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

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

4. Material accounting judgments, estimates and uncertainties (continued)

(v) Share-based payments

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

(vi) Provision for expected credit losses ("ECLs")

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

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

(vii) Recognition of revenue on a gross versus net basis

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

(viii) Functional currency

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

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

The fair value of a liability that is not quoted in an active market requires the use of judgments and estimates by management. Management used the valuation techniques and inputs outlined in Note 12 using all available data on the liability and market conditions at the date of these financial statements. Changes in these assumptions and conditions could result in changes of the reported fair value of this liability.

(Expressed in Canadian Dollars)

5. Trade and other receivables

A summary of trade and other receivables is as follows:

		December 31, 2024		December 31, 2023
Trade receivables (Note 21)	**$**	**11,675,946**	$	31,118,146
Other receivables		**688,130**		611,452
HST and VAT receivables		**113,454**		109,767
Expected credit loss provision (Note 21)		**(125,991)**		(336,633)
	$	**12,351,539**	$	31,502,732

As of December 31, 2024, other receivables include $383,415 (December 31, 2023 - $Nil) of amounts receivable relating to the divestment of certain non-core and non-profitable casual gaming assets (Note 8).

6. Investment in associates and joint ventures

(i) Investment in associates

On August 30, 2019, pursuant to an investment agreement between GameCo Esports Canada Inc. ("GameCo") and Aquilini Properties LP (a former related party by nature of it being under the control or direction of the former Chairman of the Company), GameCo acquired 100 class B common shares of AIG eSports Canada Holdings Ltd. ("AIG Canada") and GameCo eSports USA Inc. acquired a 25% non-voting participating interest in AIG eSports USA Intermediate Holdings, LLC ("AIG USA"). Collectively, AIG Canada and AIG USA own and manage professional esports teams in Canada and the United States. Aquilini Properties LP controls AIG Canada and AIG USA.

Pursuant to a termination agreement dated November 7, 2023, the league in which AIG Canada and AIG USA own and manage professional esports teams in Canada and the United States has been terminated. As consideration for terminating participation in the league, the league will pay AIG Canada and AIG USA a termination payment. For the year ended December 31, 2023, the Company recognized investment in associates impairment of $17,363 based on the estimated settlement amount to be paid to the Company.

On May 23, 2024, the Company received a distribution of $1,416,830, net of certain adjustments (gross settlement amount - $2,880,860). Based on the settlement amount, during the year ended December 31, 2024, the Company recognized additional investments in associates impairment of $26,497 (December 31, 2023 - $17,363).

Concurrent with the May 23, 2024 distribution, the Company invested $1,098,506 in Surge eSports LLC, which was deducted from the gross settlement amount noted above. This investment is classified as an other long-term asset as the Company does not have ownership units in Surge eSports LLC. Based on the impairment assessment performed during the year ended December 31, 2024, the other long-term asset was considered impaired and the Company recorded other long-term asset impairment of $1,098,506 (December 31, 2023 - $3,364,584).

A summary of the Company's investment in associates is as follows:

		AIG Canada		AIG USA		Total
Balance, January 1, 2023	$	1,746,048	$	691,747	$	2,437,795
Share of net income from investment in associates		17,104		440,170		457,274
Investment in associates impairment		(10,574)		(6,789)		(17,363)
Balance, December 31, 2023	**$**	**1,752,578**	**$**	**1,125,128**	**$**	**2,877,706**
Share of net income (loss) from investment in associates		33,826		(4,175)		29,651
Settlement amount		(1,770,123)		(1,110,737)		(2,880,860)
Investment in associates impairment		(16,281)		(10,216)		(26,497)
Balance, December 31, 2024	**$**	**-**	**$**	**-**	**$**	**-**

(Expressed in Canadian Dollars)

6. Investment in associates and joint ventures (continued)

(ii) Investment in joint ventures

On July 7, 2021, the Company, through its wholly-owned subsidiary, Enthusiast Gaming Inc., entered into a joint venture with Toronto Star Newspapers Limited ("Torstar") to create an original online news platform and community for gamers named AFK Media Partnership ("AFK"). The Company and Torstar each hold a 50% interest in this joint venture. The Company and Torstar have each invested $125,000 into AFK as startup capital.

On December 31, 2024, AFK was dissolved.

A summary of the Company's investment in AFK is as follows:

		Amount
Balance, January 1, 2023	$	12,236
Share of net loss from investment in joint venture		(1,212)
Balance, December 31, 2023	**$**	**11,024**
Share of net loss from investment in joint venture		(11,024)
Balance, December 31, 2024	**$**	**-**

A summary of the Company's investment in associates and joint ventures is as follows:

		December 31, 2024		December 31, 2023
AIG Canada	**$**	**-**	$	1,752,578
AIG USA		**-**		1,125,128
AFK		**-**		11,024
Total investment in associates and joint ventures	**$**	**-**	$	2,888,730

(Expressed in Canadian Dollars)

7. Intangible assets

	Domain names	Application & technology development & website content	Brand names	Subscriber & sponsorship relationships	Multi-channel network license	Talent management & owned & operated content brand	Talent contracts & digital content	Game application & technology development	Total
Balance, January 1, 2023	$ 49,555,573	$ 18,317,703	$ 36,977,280	$ 8,875,419	$ 10,749,000	$ 9,363,000	$ 5,507,000	$ 6,339,636	$ 145,684,611
Additions	-	27,488	-	-	-	-	-	-	27,488
Impairment	(6,586,188)	-	(2,395,744)	-	(3,095,211)	(9,363,000)	-	-	(21,440,143)
Effect of movement in foreign exchange rates	(196,977)	(134,526)	(488,655)	16,775	-	-	-	(5,980)	(809,363)
Balance, December 31, 2023	**$ 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 (Note 8)	(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**
Accumulated amortization									
Balance, January 1, 2023	$ -	$ 11,971,963	$ -	$ 3,214,869	$ 2,515,040	$ -	$ 4,930,340	$ 6,084,961	$ 28,717,173
Amortization	-	6,332,119	-	1,206,842	1,074,920	-	576,660	254,336	9,444,877
Effect of movement in foreign exchange rates	-	(109,398)	-	(5,645)	-	-	-	(5,641)	(120,684)
Balance, December 31, 2023	**$ -**	**$ 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**
Balance, December 31, 2023	$ 42,772,408	$ 15,981	$ 34,092,881	$ 4,476,128	$ 4,063,829	$ -	$ -	$ -	$ 85,421,227
Balance, December 31, 2024	**$ 38,975,000**	**$ -**	**$ 26,872,081**	**$ 3,670,103**	**$ 2,988,909**	**$ -**	**$ -**	**$ -**	**$ 71,815,485**

During the year ended December 31, 2024, the Company derecognized domain names ($3,797,408), subscriber relationships ($849,239) and game application and technology development ($6,583,321) intangible assets relating to the non-core and non-profitable casual gaming assets sold which were fully amortized (Note 8).

During the year ended December 31, 2024, the Company derecognized application and technology development and website content ($1,166,246) and subscriber relationships ($37,971) intangible assets relating to Tabwire which were no longer in use and which were fully amortized.

The Company performed impairment testing during the year ended December 31, 2024 and determined that the carrying amount the Outplayed CGU exceeded its estimated recoverable amount by $31,024,339, resulting in an intangible asset impairment charge of $9,844,441 for brand names (Note 9).

The Company performed impairment testing during the year ended December 31, 2023 and determined that (i) the carrying amount of the Omnia CGU exceeded its estimated recoverable amount by $21,297,719, resulting in an intangible asset impairment charge of $9,363,000 for talent management and owned and operated content brand and $3,095,211 for multi-channel network license (Note 9), and (ii) the carrying amount the Addicting Games CGU exceeded its estimated recoverable amount by $20,664,577, resulting in an intangible asset impairment charge of $6,586,188 for domain names (Note 9).

During the year ended December 31, 2023, the Company recorded an impairment charge of $2,395,744 relating to brand names relating to the EGP CGU (Note 9).

(Expressed in Canadian Dollars)

8. Gain on sale of assets

On March 31, 2024, the Company entered into a definitive agreement (the "Asset Sale Agreement") for the divestment of certain non-core and non-profitable casual gaming assets for a purchase price of USD $3,000,000, being the carrying value of such assets as of December 31, 2023. Among the casual gaming assets included as part of divestment are Shockwave, LittleBigSnake, MathGames.com, and TypeRacer.com.

On April 15, 2024, the Company completed the Asset Sale Agreement for the divestment of certain non-core and non-profitable casual gaming assets for proceeds of (i) a cash payment of USD $2,000,000 on closing (paid April 16, 2024), (ii) a payment of USD $500,000 on the six-month anniversary of closing (paid October 16, 2024), and (iii) a payment of USD $500,000 on the 12-month anniversary of closing. Pursuant to the Asset Sale Agreement, the purchaser can deduct USD $250,000 from the 12-month anniversary payment relating to contract liabilities for the casual gaming assets sold.

A summary of the Company's gain on sale of assets is as follows:

		Amount
Balance, December 31, 2023	**$**	**-**
Intangible assets reclassified to gain on sale of assets (Note 7)		3,797,408
Contract liabilities relating to casual gaming assets sold		(489,211)
Proceeds, net of transaction costs		(3,725,639)
Gain on sale of assets		344,852
Effect of movement in foreign exchange rates		72,590
Balance, December 31, 2024	**$**	**-**

As of December 31, 2024, other receivables include $359,725 (USD $250,000) relating to the 12-month anniversary payment and working capital adjustments of $23,690 (USD $16,464) due from the purchaser.

9. Goodwill

The following comprises the balance of goodwill by cash-generating unit ("CGU"). Goodwill arose through the mergers and acquisitions of (i) Luminosity on August 27, 2019, (ii) Enthusiast Gaming Properties Inc. ("Enthusiast Properties) on August 30, 2019, (iii) Steel Media Limited ("Steel Media") on October 3, 2019, (iv) Omnia Media Inc. ("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. ("Addicting Games") on September 2, 2021, (ix) Outplayed, Inc. ("Outplayed") on November 22, 2021, and (x) FFS on April 28, 2022.

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

A summary goodwill by CGU is as follows:

	Enthusiast Properties	TSR	Luminosity	Steel Media	Omnia	Addicting Games	Outplayed	Total
Balance, January 1, 2023	$77,112,402	$ 20,898,598	$ 6,003,150	$3,989,264	$ 8,839,508	$14,098,455	$40,674,614	$171,615,991
Goodwill impairment	(15,313,649)	-	(6,003,150)	-	(8,839,508)	(14,078,389)	(20,593,256)	(64,827,952)
Effect of movement in foreign exchange rates	(93,312)	-	-	105,039	-	(20,066)	(911,619)	(919,958)
Balance, December 31, 2023	**$61,705,441**	**$ 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**

(Expressed in Canadian Dollars)

9. Goodwill (continued)

The Company performs its annual impairment tests at December 31 or at an interim date when events or changes in the business environment (triggering events) would more likely than not reduce the fair value of a CGU below its carrying value. During the years ended December 31, 2024 and 2023, the Company concluded that there were triggering events requiring an impairment assessment as of September 30, 2023 and as of December 31, 2024 and 2023 due to overall macroeconomic conditions including but not limited to changes in interest rates, high inflation, and softening of the digital advertisement demand and spending due to uncertain market economic outlook. In addition, there was a decline in the Company's share price resulting in market capital being lower than the net assets of the Company.

Based on the impairment testing performed as of December 31, 2024, during the year ended December 31, 2024, the Company determined that impairment charges were necessary for the Enthusiast Properties CGU of $50,864,250 and the Outplayed CGU of $31,024,339 due to the overall macroeconomic conditions and a change in corporate strategy. The EGP impairment charge was allocated to goodwill in the amount of $50,864,250. The Outplayed impairment charge was allocated to goodwill in the amount of $21,179,898 and intangible assets (brand names) in the amount of $9,844,441 (Note 7).

Based on the impairment testing performed as of September 30, 2023 and December 31, 2023, during the year ended December 31, 2023, the Company determined that impairment charges were necessary for the Enthusiast Properties CGU of $5,391,633, the Luminosity CGU of $6,003,150, the Omnia CGU of $21,297,719, the Addicting Games CGU of $20,664,577 and the Outplayed CGU of $20,593,256 due to the overall macroeconomic conditions and a change in corporate strategy. The Omnia impairment charge was allocated to goodwill in the amount of $8,839,508 and intangible assets (talent management and owned and operated content brand and multi-channel network license) in the amount of $12,458,211 (Note 7). The Addicting Games impairment charge was allocated to goodwill in the amount of $14,078,389 and intangible assets (domain names) in the amount of $6,586,188 (Note 7). During the year ended December 31, 2023, the Company evaluated and concluded that certain intangible assets and related goodwill within the Enthusiast Properties CGU should be retired, and an impairment charge recorded to write off the related carrying values. As a result, during the year ended December 31, 2024, the Company recorded an impairment charge of $12,317,760. The impairment charge was allocated to goodwill in the amount of $9,922,016 and intangible assets (brand names) in the amount of $2,395,744 (Note 7).

The Company determined the recoverable amount based on the value-in-use approach to assess the value of Enthusiast Properties, TSR, Luminosity, Steel Media, Omnia, and Outplayed CGUs. The recoverable amount of the Company's CGUs was estimated based on an assessment of their value-in-use using a discounted cash flow approach. The approach uses cash flow projections based upon a financial forecast approved by management and reviewed by the Board of Directors, covering a five-year period. Cash flows for the years thereafter are extrapolated using the estimated terminal growth rate. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ or change quickly, depending on economic conditions and other events. As of December 31, 2023, to assess the value of the Addicting Games CGU, the Company determined the recoverable amount based on fair value less cost to sell. Fair value less cost to sell for the Addicting Games CGU was based on the arm's length sale price between willing parties (Note 8). Costs to sell were estimated to be 2% of total fair value for the CGU.

The Company has made certain assumptions in determining the expected future cash flows and include management's best estimate of expected market conditions. Accordingly, it is possible that future changes in assumptions may negatively impact future valuations of goodwill and the Company would be required to recognize an impairment loss.

As of December 31, 2024, the following are key assumptions on which management based its determinations of the recoverable amount for goodwill based on each CGU's value-in-use:

	Enthusiast Properties	TSR	Luminosity	Steel Media	Omnia	Outplayed
Average revenue growth rates	14.8%	11.4%	17.5%	9.9%	9.6%	13.7%
Terminal revenue growth rates	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Pre-tax discount rate	28.0%	25.7%	23.0%	22.8%	23.5%	25.1%

(Expressed in Canadian Dollars)

9. Goodwill (continued)

As of December 31, 2023, the following are key assumptions on which management based its determinations of the recoverable amount for goodwill based on each CGU's value-in-use:

	Enthusiast Properties	TSR	Luminosity	Steel Media	Omnia	Outplayed
Average revenue growth rates	16.4%	9.8%	16.5%	4.5%	-4.0%	24.0%
Terminal revenue growth rates	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Pre-tax discount rate	26.3%	23.8%	23.8%	21.9%	24.4%	23.2%

The Company determined the revenue growth rate and the terminal revenue growth rate based on past performance and its expectations for market development. The pre-tax discount rates used reflect specific risks in relation to the CGU.

10. 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, 2023	$	2,099,996
Lease modification		293,754
Depreciation		(913,251)
Effect of movement in exchange rates		(39,350)
Balance, December 31, 2023	**$**	**1,441,149**
Depreciation		(726,682)
Effect of movement in exchange rates		86,441
Balance, December 31, 2024	**$**	**800,908**

A summary of lease liabilities is as follows:

		Amount
Balance, January 1, 2023	$	2,350,867
Lease modification		293,754
Payments		(986,802)
Accretion		84,097
Effect of movement in exchange rates		(62,859)
Balance, December 31, 2023	**$**	**1,679,057**
Payments		(850,624)
Accretion		56,541
Effect of movement in exchange rates		138,528
Balance, December 31, 2024		**1,023,502**
Current portion of lease liabilities		**727,525**
Long-term portion of lease liabilities	**$**	**295,977**

Note 21 provides a summary of undiscounted lease payments to be made from the statement of financial position date. Variable lease payments during the year ended December 31, 2024, which are not included in lease liabilities are $217,739 (December 31, 2023 - $214,243). The total cash outflow for leases during the year ended December 31, 2024 is $1,068,363 (December 31, 2023 - 1,201,045).

(Expressed in Canadian Dollars)

11. Accounts payable and accrued liabilities

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

	December 31, 2024	December 31, 2023
Accounts payable	**$ 9,100,376**	$ 35,247,840
Accrued liabilities	**5,922,254**	11,853,432
	$ 15,022,630	$ 47,101,272

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 year ended December 31, 2024, the Company settled certain accounts payables at a discounted price resulting in a gain on settlement of accounts payable of $1,384,377 which is recognized in office and general in the consolidated statements of loss and comprehensive loss.

12. 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.

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. The Company incurred transaction costs of $241,872 in connection with 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.

The Term Credit under the Amended Commitment Letter was amortized at an effective interest rate of 11.08% following the transaction costs incurred and loss on derecognition of long-term debt recognized pursuant to the amendment.

12. Long-term debt (continued)

(i) Commitment letter (continued)

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 is 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 is 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) An increase in the Operating Credit authorized amount from $5,000,000 to $7,500,000, a minimum of $2,500,000 of the Operating Credit shall be guaranteed by Export Development Canada ("EDC"), with a maturity date of June 30, 2025. On November 2, 2023, the Company received the EDC guarantee;
(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.

During the year ended December 31, 2023, the Company incurred transaction costs of $141,952 in connection with the Amended and Restated Commitment Letter. 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. During the year ended December 31, 2023, a loss on modification of long-term debt in the amount of $419,953 is recognized in the consolidated statements of loss and comprehensive loss.

The Term Credit under the Amended and Restated Commitment Letter is 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.

12. Long-term debt (continued)

(i) Commitment letter (continued)

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 year ended December 31, 2024, a loss on modification of long-term debt in the amount of $401,951 (December 31, 2023 - $419,953) is recognized in the consolidated statements of loss and comprehensive loss.

The Term Credit under the First Amendment to the Amended and Restated Commitment Letter is 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.

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

During the year ended December 31, 2024, the Company recognized $2,254,186 (December 31, 2023 – $2,232,234) of interest expense and $331,544 (December 31, 2023 – $56,324) of accretion income which are included in interest and accretion in the consolidated statements of loss and comprehensive loss.

(Expressed in Canadian Dollars)

12. Long-term debt (continued)

(i) Commitment letter (continued)

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

		Amount
Balance, January 1, 2023	$	17,431,625
Advances		8,364,856
Repayments		(4,129,561)
Accretion		(56,324)
Transaction costs		(141,952)
Loss on derecognition of long-term debt		419,953
Balance, December 31, 2023	**$**	**21,888,597**
Advances		3,108,973
Repayments		(6,373,678)
Accretion		(331,544)
Transaction costs		(158,435)
Loss on modification of long-term debt		401,951
Balance, December 31, 2024		**18,535,864**
Current portion of long-term debt		**18,535,864**
Long-term debt	**$**	**-**

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

		December 31, 2024		December 31, 2023
Term credit	**$**	**11,035,864**	$	14,388,597
Operating credit		**7,500,000**		7,500,000
	$	**18,535,864**	$	21,888,597
Current portion of long-term debt		**18,535,864**		21,888,597
Long-term debt	**$**	**-**	$	-

(ii) Credit agreement

On July 12, 2024, the Company entered into a credit agreement (the "Credit Agreement") with Beedie Investments Ltd. ("Agent"), together with an affiliate of Jordan Gnat, who is a director of the Company (Note 19), (collectively the "Lenders"), for a four-year non-revolving loan of $20,000,000 (the "Loan"), due July 12, 2028. The Loan bears interest at a fixed rate of 14% per annum. The Company will have the option until January 31, 2025 to pay the monthly interest in-kind ("PIK Interest") by adding such accrued interest for that month to the outstanding principal amount of the Loan. PIK Interest will accrue interest, compounded monthly, and be added to the outstanding principal amount of the Loan. After January 31, 2025, interest must be paid in cash for the remainder of the Loan's term to maturity. In addition, each of the Lenders shall be entitled, upon notice to the Company, but subject to obtaining, if applicable, stock exchange and/or shareholder approval, to elect to convert all or any portion of their respective pro-rata share of the PIK Interest into common shares of the Company at a price equal to the market price immediately prior to the conversion on the TSX. The Credit Agreement will be used for working capital purposes.

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

12. Long-term debt (continued)

(ii) Credit agreement (continued)

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

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

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

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

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

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

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

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

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

(Expressed in Canadian Dollars)

12. Long-term debt (continued)

(ii) Credit agreement (continued)

The fair value of the Loan based on the Hull-White term structure model as of December 31, 2024 and July 12, 2024 was calculated using the following inputs:

	December 31, 2024	July 12, 2024
Time to maturity	**3.53 years**	4.0 years
Loan interest rate	**14.00%**	14.00%
Risk-free rate	**CAD OIS curve**	CAD OIS curve
Interest rate volatility	**0.985%**	0.907%
Mean reversion factor	**3.771%**	0.192%
Credit rating	**CCC+**	CCC+
Credit spread	**8.69%**	10.63%
Instrument-specific spread	**5.00%**	5.00%

Based on the Hull-White term structure model, the fair value of the prepayment option embedded derivative was estimated to be $Nil as of July 12, 2024 and $660 as of December 31, 2024. As of December 31, 2024, the fair value of the Loan using the ‘with’ approach is $20,454,468 and the fair value of the Loan using the ‘without’ approach is $20,455,128.

For the accelerated payment embedded derivative, as of July 12, 2024 and December 31, 2024, a nil probability and value was assigned to the occurrence of any event that might lead to a default during the remaining term of the Loan.

The Lenders have the option to convert all, or any portion of their respective pro-rate shares of the PIK interest outstanding, into common shares of the Company as described above. The common shares of the Company to be issued upon the conversion option would have a restriction which would require adjusting the fair value of converted shares for a discount for lack of marketability (“DLOM”). Together with the DLOM-adjusted share price and the conversion occurring at a market price, a market participant is not expected to exercise the conversion option. As a result, as of July 12, 2024 and December 31, 2024 the conversion option was assigned a $Nil value.

On July 12, 2024, the Loan, including its embedded derivative features, was fair valued at $17,547,078. On December 31, 2024, the Loan, including its embedded derivative features, was fair valued at $20,454,468.

During the year ended December 31, 2024, the Company incurred $1,372,348 (December 31, 2023 – $Nil) of interest expense. As the Company elected to accrue PIK interest to the outstanding principal amount of the Loan, PIK interest has been included in the outstanding principal balance of the Loan and included with the fair value of the Loan as of December 31, 2024 and the loss on revaluation of long-term during the year ended December 31, 2024 in the consolidated statements of loss and comprehensive loss.

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

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

Transaction costs of $2,434,723 have been allocated to the Loan and common share purchase warrants based on their respective pro-rata portion of the proceeds, with $2,136,114 of such transaction costs being allocated to the Loan and expensed as transaction costs within the consolidated statement of loss and comprehensive loss, and $298,609 being allocated to the common share purchase warrants and included within the warrants reserve. 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. The total value, net of transaction costs and the deferred tax liability, assigned to the common share purchase warrants is $1,823,168.

During the year ended December 31, 2024, the Company recognized a loss on revaluation of long-term debt in the amount of $2,907,390 (December 31, 2023 - $Nil) in the consolidated statements of loss and comprehensive loss.

(Expressed in Canadian Dollars)

12. Long-term debt (continued)

(ii) Credit agreement (continued)

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) 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. 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 is classified as a current liability.

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

		Amount
Balance, December 31, 2023	**$**	**-**
Fair value of the Loan on initial recognition		17,547,078
Loss on revaluation of long-term debt [(i)]		2,907,390
Balance, December 31, 2024		**20,454,468**
Current portion of long-term debt		**20,454,468**
Long-term debt	**$**	**-**

(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 consolidated statements of loss and comprehensive loss.

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

		December 31, 2024		December 31, 2023
Commitment Letter	**$**	**18,535,864**	$	21,888,597
Credit Agreement		**20,454,468**		-
	$	**38,990,332**	$	21,888,597
Current portion of long-term debt		**38,990,332**		21,888,597
Long-term debt	**$**	**-**	$	-

(Expressed in Canadian Dollars)

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

On December 31, 2024, the Vedatis Earn-Out Payment was revalued at $2,322,274 (December 31, 2023 - $2,083,262) based on a discounted valuation using a 7.83% (December 31, 2023 – 13.75%) and 2.99% (December 31, 2023 – 3.99%) discount rate for the cash settled and equity settled portion, respectively, and an expectation that a Vedatis Earn-Out Payment of $2,406,424 (December 31, 2023 – $2,406,437) is probable. Following the December 31, 2024 revaluation, the cash portion of the Vedatis Earn-Out Payment is amortized at an effective interest rate of 7.86% (December 31, 2023 – 13.83%).

The fair value of the Vedatis Earn-Out Payment as of December 31, 2024 and December 31, 2023 was calculated using the following inputs:

	December 31, 2024	December 31, 2023
Payment date	**August 29, 2025**	August 29, 2025
Time to maturity	**0.66 years**	1.66 years
Required metric risk premium	**21.75%**	21.75%
EBITDA volatility	**21.00%**	21.00%
Senior credit rating	**CCC+**	CCC+
Earn-out payment credit rating	**CCC**	CCC
Drift rate	**3.02%**	4.15%
Discount rate (risk free rate) for equity-based payment	**2.99%**	3.99%
Discount rate (risk adjusted rate) for cash payment	**7.83%**	13.75%
Discount rate for lack of marketability	**Nil%**	Nil%

(Expressed in Canadian Dollars)

13. Deferred payment liability (continued)

(i) Vedatis deferred payment liability (continued)

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

		Vedatis Earn-Out Payment
Balance, January 1, 2023	$	1,377,764
Accretion		90,355
Loss on revaluation of deferred payment liability		592,053
Effect of movement in exchange rates		23,090
Balance, December 31, 2023	**$**	**2,083,262**
Accretion		153,920
Loss on revaluation of deferred payment liability		44,451
Effect of movement in exchange rates		40,641
Balance, December 31, 2024		**2,322,274**
Current portion of deferred payment liability		**2,322,274**
Long-term portion of deferred payment liability	**$**	**-**

(ii) FFS deferred payment liability

The FFS deferred payment liability consisted of the present value of a $1,690,600 (GBP £1,000,000) first anniversary payment (the "FFS First Anniversary Deferred Payment") to be paid on April 28, 2023, the present value of a $80,480 (GBP £50,000) second anniversary payment (the "FFS Second Anniversary Deferred Payment") to be paid April 28, 2024 (collectively, the "FFS Deferred Payment") and the present value of the first anniversary earn-out payment of $804,800 (GBP £500,000) (the "FFS Earn-Out Payment") to be paid on April 28, 2023 based upon certain criteria being met.

The FFS Earn-Out Payment would be paid if the Fantasy Premier League agreement, which expired on August 1, 2022, was renewed for an additional three-year period, on substantially similar or more favourable terms. The Fantasy Premier League agreement was renewed on August 1, 2022 for an additional three-year period on substantially similar terms.

The Company had, at its option, the ability to settle the FFS First Anniversary Deferred Payment either in cash or by the allotment and issuance of such number of common shares determined by the volume weighted average price for the ten trading days prior to the payment due date.

On May 9, 2023, the Company settled the FFS Earn-Out Payment through a cash payment of $844,350 (GBP £500,000).

On June 16, 2023, the FFS First Anniversary Deferred Payment has been settled by the Company issuing 2,626,037 common shares of the Company through the exercise of the Company's option (Note 14).

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

(Expressed in Canadian Dollars)

13. Deferred payment liability (continued)

(ii) FFS deferred payment liability (continued)

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

	FFS Deferred Payment	FFS Earn-Out Payment	Total
Balance, January 1, 2023	$ 1,668,750	$ 797,288	$ 2,466,038
Accretion	43,782	19,041	62,823
Payment – cash	-	(844,350)	(844,350)
Payment – shares	(1,692,700)	-	(1,692,700)
Effect of movement in exchange rates	62,399	28,021	90,420
Balance, December 31, 2023	**82,231**	**-**	**82,231**
Accretion	1,985	-	1,985
Payment - cash	(85,700)	-	(85,700)
Effect of movement in exchange rates	1,484	-	1,484
Balance, December 31, 2024	**-**	**-**	**-**
Current portion of deferred payment liability	**-**	**-**	**-**
Long-term portion of deferred payment liability	**$ -**	**$ -**	**$ -**

The following table shows the aggregate movement of the deferred payment liability during the years ended December 31, 2024 and 2023:

	December 31, 2024	December 31, 2023
Beginning balance	**$ 2,165,493**	$ 3,843,802
Accretion	**155,905**	153,178
Payment – cash	**(85,700)**	(844,350)
Payment – shares	**-**	(1,692,700)
Loss on revaluation of deferred payment liability	**44,451**	592,053
Effect of movement in exchange rates	**42,125**	113,510
Ending balance	**2,322,274**	2,165,493
Current portion of deferred payment liability	**2,322,274**	82,231
Long-term portion of deferred payment liability	**$ -**	$ 2,083,262

14. Share capital

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

During the year ended December 31, 2024:

(i) On January 3, 2024, the Company issued 1,328,559 common shares to settle 1,328,559 restricted share units. The fair value assigned to these restricted share units of $8,520,520 was reclassified from contributed surplus to share capital;
(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;
(iii) On October 9, 2024, the Company issued 3,197,960 common shares to settle 3,197,960 restricted share units. The fair value assigned to these restricted share units of $8,316,134 was reclassified from contributed surplus to share capital; and,
(iv) On November 18, 2024, the Company issued 202,818 common shares to settle 202,818 restricted share units. The fair value assigned to these restricted share units of $89,901 was reclassified from contributed surplus to share capital.

During the year ended December 31, 2023:

(i) On June 16, 2023, the Company issued 2,626,037 common shares to settle the FFS First Anniversary Deferred Payment (Note 13).

(Expressed in Canadian Dollars)

15. 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 December 31, 2024 and 2023:

	December 31, 2024			December 31, 2023		
	Number of options		**Weighted average exercise price**	Number of options		Weighted average exercise price
Beginning balance	**9,485,334**	**$**	**1.81**	3,941,982	$	3.46
Issued	**3,170,365**		**0.17**	6,062,976		0.91
Forfeited	**(8,325,964)**		**(1.14)**	(519,624)		(3.74)
Ending balance	**4,329,735**	**$**	**1.91**	9,485,334	$	1.81
Exercisable	**1,886,192**	**$**	**3.89**	2,629,049	$	3.29

On March 1, 2023, the Company issued 5,305,104 stock options to the former Chief Executive Officer. These stock options were exercisable at $0.91, expired on March 1, 2033 and vested as follows: (i) 1,326,276 on March 1, 2024, and (ii) 3,978,828 in substantially equal installments of 110,523 at the end of each month starting March 31, 2024 for 36 months ending on February 28, 2027. The fair value of these stock options issued was $0.84 per stock option, which was estimated using the Black-Scholes option pricing model using the following inputs and assumptions: stock price - $0.91; exercise price - $0.91; expected life in years – 10 years; expected volatility – 107.75% (based on comparable companies); expected dividend yield – Nil%; expected forfeiture rate – Nil%; and, risk-free interest rate – 3.41%. On January 8, 2024, the former Chief Executive Officer resigned and these stock options were forfeited. Share-based compensation expensed recorded on these stock options vesting during the year ended December 31, 2023 in the amount was $2,194,888 was credited against share-based compensation expense during the year ended December 31, 2024.

On March 1, 2023, the Company issued 757,872 performance stock options to the former Chief Executive Officer. These performance stock options were exercisable at $0.91, expired on March 1, 2033 and vested as follows: (i) 189,468 on March 1, 2024, and (ii) 568,404 in substantially equal installments of 15,789 at the end of each month starting March 31, 2024 for 36 months ending on February 28, 2027 and, in all events, were subject to the Company's common shares having an average share price of at least USD $5.00 on the Nasdaq over a period of 90 consecutive days with such threshold being subject to adjustment in the event of any stock split, reverse split or other capital reorganization event (the "Performance Award Requirement"). The Performance Award Requirement was a market condition, an expense for a market-linked performance condition is recognized based on the probable outcome of the market-linked performance condition being met over the vesting period. As of December 31, 2023 and during year ended December 31, 2024, it was considered probable that the market-linked performance condition would not be met during the vesting period, as a result no expense was recognized during the year. On January 8, 2024, the former Chief Executive Officer resigned and these stock options were forfeited.

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%.

(Expressed in Canadian Dollars)

15. 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 $0.16, 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 recovery of $1,971,460 (December 31, 2023 – expense of $3,073,262) for stock options vesting and forfeited during the year ended December 31, 2024.

The Company has the following stock options outstanding as of December 31, 2024:

Expiry date	Number of stock options outstanding	Exercise price	Number of stock options exercisable	Weighted average remaining life (years)
December 9, 2025	531,383	$ 3.20	531,383	0.94
January 1, 2026	449,318	8.75	449,318	1.00
February 16, 2027	30,652	1.13	20,434	2.13
April 20, 2027	708,043	2.75	522,246	2.30
November 17, 2027	51,403	1.13	34,268	2.88
December 12, 2028	190,000	1.00	190,000	3.95
April 10, 2029	1,280,000	0.19	-	4.28
May 27, 2029	822,400	0.14	138,543	4.41
August 23, 2029	87,282	0.155	-	4.65
November 25, 2029	179,254	0.16	-	4.90
	4,329,735	**$ 1.91**	**1,886,192**	**3.22**

16. Share units

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

On May 17, 2023, the Company issued 212,868 restricted share units to directors. These restricted share units are expected to be settled through the issuance of 212,868 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 $0.68 per restricted share unit using the following inputs and assumptions: quoted market price on the date of issuance - $0.68; and, expected forfeiture rate – Nil%.

16. Share units (continued)

On June 22, 2023, the Company issued 202,694 restricted share units to directors. These restricted share units are expected to be settled through the issuance of 202,694 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 $0.59 per restricted share unit using the following inputs and assumptions: quoted market price on the date of issuance - $0.59; and, expected forfeiture rate – Nil%.

On November 17, 2023, the Company issued 100,439 restricted share units to directors. These restricted share units are expected to be settled through the issuance of 100,439 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 $0.36 per restricted share unit using the following inputs and assumptions: quoted market price on the date of issuance - $0.36; and, expected forfeiture rate – Nil%.

On November 17, 2023, the Company issued 1,067,066 restricted share units to employees. These restricted share units are expected to be settled through the issuance of 1,067,066 common shares of the Company. These restricted share units vest one-third on January 1, 2024, January 1, 2025 and January 1, 2026 respectively. The fair value of these restricted share units issued was $0.34 per restricted share unit using the following inputs and assumptions: quoted market price on the date of issuance - $0.36; and, expected forfeiture rate – 3.65%.

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%.

(Expressed in Canadian Dollars)

16. Share units (continued)

The Company recorded share-based compensation expense of $823,763 (December 31, 2023 - $2,401,185) for restricted share units vesting and forfeited during the year ended December 31, 2024.

The following table reflects the continuity of restricted share units as of December 31, 2024 and 2023:

	December 31, 2024	December 31, 2023
Beginning balance	**5,640,244**	4,139,454
Granted	**4,514,493**	1,583,067
Released (Note 14)	**(4,775,723)**	-
Forfeited	**(982,952)**	(82,277)
Ending balance	**4,396,062**	5,640,244
Vested	**1,904,400**	3,670,906

17. Warrants

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

The following table reflects the continuity of common share purchase warrants as of December 31, 2024 and 2023:

	December 31, 2024		December 31, 2023	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
Beginning balance	**-**	**$ -**	-	$ -
Issued	**37,037,037**	**0.14**	-	-
Ending balance	**37,037,037**	**$ 0.14**	-	$ -

The Company has the following common share purchase warrants outstanding as of December 31, 2024:

Expiry date	**Number of stock warrants outstanding**	**Exercise price**	**Weighted average remaining life (years)**
July 12, 2029	37,037,037	$ 0.14	4.53
	37,037,037	**$ 0.14**	**4.53**

18. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.60% (2023 - 26.60%) to the effective tax rate for the years ended December 31, 2024 and 2023 is as follows:

	December 31, 2024	December 31, 2023
Statutory income tax rate	**26.60%**	26.60%
Net loss before income taxes	**$ (96,667,150)**	$ (127,849,414)
Computed income tax recovery	**(25,713,462)**	(34,007,944)
Increase (decrease) resulting from:		
Non-deductible expenses and other	**21,280,844**	20,258,194
Differences in foreign tax rates	**773,401**	1,059,685
Change in tax rates	**-**	330,277
Recognition of previously unrecognized tax losses	**(927,810)**	(4,198,023)
Origination and reversal of temporary differences	**1,324,363**	780,391
Current period loss for which no benefit is recognized	**2,578,514**	5,601,614
Income tax recovery	**$ (684,150)**	$ (10,175,806)

(Expressed in Canadian Dollars)

18. Income Taxes (continued)

The components of income tax expense (recovery) are as follows:

	December 31, 2024	December 31, 2023
Current tax expense	**$ 372,160**	$ 261,947
Deferred tax recovery	**(1,056,310)**	(10,437,753)
Income tax recovery	**$ (684,150)**	$ (10,175,806)

The table below summarizes the movement of net deferred tax assets and liabilities:

	January 1, 2024	**Recognized in net loss**	**Recognized in OCI**	**Recognized in equity**	**December 31, 2024**
Deferred tax asset					
Tax losses carried forward	$ 5,139,880	$ (1,886,901)	$ 439,241	**-**	**$ 3,692,220**
Intangible assets and other	1,136,247	(300,548)	-	**-**	**835,699**
	6,276,127	(2,187,449)	439,241	**-**	**4,527,919**
Deferred tax liability					
Intangible assets and other	$ (20,338,010)	$ 3,766,022	$ (558,532)	**-**	**$ (17,130,520)**
Goodwill	-	(729,494)	-	**-**	**(729,494)**
Loans and borrowing	-	207,231	-	(331,145)	**(123,914)**
Investments	(14,896)	-	-	**-**	**(14,896)**
	(20,352,906)	3,243,759	(558,532)	(331,145)	**(17,998,824)**
Net deferred tax asset (liability)	$ (14,076,779)	$ 1,056,310	$ (119,291)	(331,145)	**$ (13,470,905)**

	January 1, 2023	**Recognized in net loss**	**Recognized in OCI**	**Recognized in equity**	**December 31, 2023**
Deferred tax asset					
Tax losses carried forward	$ 3,114,242	$ 2,049,121	$ (23,483)	-	$ 5,139,880
Intangible assets and other	150,120	1,011,089	(24,962)	-	1,136,247
	3,264,362	3,060,210	(48,445)	-	6,276,127
Deferred tax liability					
Intangible assets and other	$ (27,920,792)	$ 7,377,543	$ 205,239	-	$ (20,338,010)
Investments	(14,896)	-	-	-	(14,896)
	(27,935,688)	7,377,543	205,239	-	(20,352,906)
Net deferred tax asset (liability)	$ (24,671,326)	$ 10,437,753	$ 156,794	-	$ (14,076,779)

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	December 31, 2024	December 31, 2023
Non-capital losses carried forward	**$ 139,213,432**	$ 128,181,224
Capital losses carried forward	**4,588,818**	3,365,312
Intangible assets and goodwill	**7,251,196**	26,959,373
Investments	**1,671,392**	3,658,835
Financing and share issuance costs	**3,810,218**	3,967,440
Unrealized foreign exchange and other	**524,143**	2,304,377
	$ 157,059,199	$ 168,436,561

The Company has Canadian net operating losses of $82,777,501 available to reduce taxable income in future years. If not utilized, these net operating losses will expire between 2033 to 2044. The Company has Canadian capital losses of $4,588,818 available to reduce capital gains in future years, these capital losses will carryforward indefinitely.

The Company has USA net operating losses of $56,435,930 available to reduce taxable income in future years. If not utilized, $15,471,071 of these net operating losses will expire between 2034 and 2036 and $40,964,860 of these net operating losses will carryforward indefinitely.

(Expressed in Canadian Dollars)

18. Income Taxes (continued)

Other deductible temporary differences have an unlimited carryforward period pursuant to current tax laws.

Deferred tax liabilities related to undistributed earnings from investments in subsidiaries have not been recognized as the Company controls whether the liabilities will be incurred and the Company is satisfied that the liabilities will not be incurred in the foreseeable future.

19. Related party transactions and balances

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

Compensation provided to key management during the years ended December 31, 2024 and 2023 is as follows:

	December 31, 2024	December 31, 2023
Short-term benefits	**$ 1,578,452**	$ 4,182,146
Share-based compensation	**681,871**	4,575,520
	$ 2,260,323	$ 8,757,666

A summary of other related party transactions during the years ended December 31, 2024 and 2023 is as follows:

	December 31, 2024	December 31, 2023
Total transactions during the year:		
Expenses		
Consulting fees	**$ -**	$ 37,515
Interest expense	**17,154**	-
Share of net loss from investment in associates and joint ventures	**11,024**	1,212

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

	December 31, 2024	December 31, 2023
Balances receivable (payable):		
Trade and other receivables	**$ -**	$ 67,180
Investment in associates and joint ventures	**-**	11,024
Accounts payable and accrued liabilities	**(1,202,545)**	(1,014,738)
Long-term debt	**(267,154)**	-

During the year ended December 31, 2024, the Company recognized consulting expense of $Nil (December 31, 2023 - $37,515) to Rivonia Capital Inc., a company in which a former director of the Company was a principal.

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

As of December 31, 2024, a balance of $739,612 (December 31, 2023 - $918,534) is included in accounts payable and accrued liabilities for severance payable to the former Chief Executive Officer who is currently serving as Interim Chief Executive Officer.

As of December 31, 2024, a balance of $400,728 (December 31, 2023 - $Nil) is included in accounts payable and accrued liabilities for severance payable to the former Chief Financial Officer who was reappointed as the Chief Financial Officer of the Company effective December 31, 2024. As of December 31, 2024, a balance of $62,205 (December 31, 2023 - $Nil) 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.

19. Related party transactions and balances

On July 12, 2024, the Company entered into a $250,000 Credit Agreement (Note 12) with an affiliate of Jordan Gnat (the "Gnat Affiliate"), who is a director of the Company. The Company also issued 462,963 common share purchase warrants to the Gnat Affiliate pursuant to the Credit Agreement. During the year ended December 31, 2024, the Company incurred interest expense of $17,154 (December 31, 2023 - $Nil) to the Gnat Affiliate. As of December 31, 2024 a balance of $267,154 (December 31, 2023 - $Nil) is payable to the Gnat Affiliate relating to the Credit Agreement. See Note 12 for information relating to warrants issued to the Gnat Affiliate.

See Note 6 for information relating to an investment in a joint venture under common management as the Company. During the year ended December 31, 2024, the Company recognized a share of net loss from investment in joint ventures of $11,024 (December 31, 2023 – $1,212) from AFK, a related party by nature of it having common management as the Company. As of December 31, 2024, a balance of $Nil (December 31, 2023 - $67,180) is included in trade and other receivables from AFK.

See Note 15 for information relating to stock options issued to directors and officers of the Company.

See Note 16 for information relating to restricted share units issued to directors and officers of the Company.

20. 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 during the year ended December 31, 2024 obtained additional sources of financing. On July 12, 2024, the Company entered into a Credit Agreement and received a four-year non-revolving loan of $20,000,000 (Note 12) which will be used for working capital purposes. 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 year ended December 31, 2024. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements aside from the covenants described in Note 12.

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).

21. Financial instruments

Fair values

The fair values of cash, trade and other receivables, accounts payable and accrued liabilities and contract liabilities approximate their carrying values due to the relatively short-term nature of these financial instruments. The fair value of long-term debt, lease liabilities, deferred payment liability and other long-term debt 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 December 31, 2024, the Loan is classified as a Level 3 financial instrument, see Note 12. As of December 31, 2024, the Vedatis Earn-Out Payment liability is classified as a Level 3 financial instrument, see Note 13.

(Expressed in Canadian Dollars)

21. Financial instruments (continued)

Fair values (continued)

Total interest income and interest expense for the years ended December 31, 2024 and 2023 for financial assets or financial liabilities that are not at fair value through profit or loss is as follows:

	December 31, 2024	December 31, 2023
Interest income	$ (8,808)	$ (64,316)
Interest and accretion expense	2,058,435	2,339,743
Net interest expense	**$ 2,049,627**	$ 2,275,427

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

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. Substantially all of the Company's cash is held with major financial institutions and 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:

	December 31, 2024	December 31, 2023
Trade receivables aging:		
0-30 days	$ 6,553,840	$ 22,974,148
31-60 days	1,308,754	2,841,566
61-90 days	1,364,496	1,148,610
Greater than 90 days	2,448,856	4,153,822
	11,675,946	31,118,146
Expected credit loss provision	(125,991)	(336,633)
Net trade receivables	**$ 11,549,955**	$ 30,781,513

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

	December 31, 2024	December 31, 2023
Expected credit loss provision, beginning balance	$ (336,633)	$ (300,735)
Increase in provision of expected credit losses	(145,014)	(131,192)
Write-offs	361,204	14,062
Recoveries	-	79,257
Effect of movement in exchange rates	(5,548)	1,975
Expected credit loss provision, ending balance	**$ (125,991)**	$ (336,633)

The following default rates, determined based on historical default rates based on the aging of trade receivables, are used to calculate the expected credit loss provision on trade receivables as of December 31, 2024:

	Total	Not past due	Over 30 days past due	Over 60 days past due	Over 90 days past due
Default rates		0.44%	0.73%	0.93%	3.05%
Trade receivables	$ 11,675,946	$ 6,553,840	$ 1,308,754	$ 1,364,496	$ 2,448,856
Expected credit loss provision	**$ 125,991**	$ 29,130	$ 9,511	$ 12,713	$ 74,637

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

(Expressed in Canadian Dollars)

21. Financial instruments (continued)

Concentration risk

The Company has two customers (December 31, 2023 – one customer) which makes up more than 10% of revenue. These customers account for approximately 20.58% (December 31, 2023 – 25.01%) of trade receivables as of December 31, 2024 and 37.55% (December 31, 2023 – 50.50%) of revenue for the year ended December 31, 2024.

Liquidity risk

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

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

	Less than one year	**One to two years**	**Two to three years**	**More than three years**	**Total**
Accounts payable and accrued liabilities	**$ 15,022,630**	$ -	$ -	$ -	$ 15,022,630
Contract liabilities	**5,735,275**	-	-	-	5,735,275
Income tax payable	**131,441**	-	-	-	131,441
Deferred payment liability	**2,412,728**	-	-	-	2,412,728
Lease liabilities	**751,520**	297,450	-	-	1,048,970
Long-term debt (i)	**39,908,212**	-	-	-	39,908,212
	$ 63,961,806	$ 297,450	$ -	$ -	$ 64,259,256

(i) Included in long-term debt in less than one year is $21,372,978 of debt payable pursuant to the Credit Agreement (Note 12) which is not due until July 12, 2028 but has been presented as a current liability as of December 31, 2024 due to the Company not being in compliance with covenants.

A large portion of the Company's transactions occur in foreign currencies (including US dollars, UK pound sterling and Euro) and, therefore, the Company is exposed to foreign currency risk at the end of the reporting period through its US dollars, UK pound sterling and Euro denominated trade and other receivables, accounts payable and accrued liabilities, contract liabilities, deferred payment liability and cash. As of December 31, 2024, a 10% depreciation or appreciation of the US dollar, UK pound sterling and Euro against the Canadian dollar would have resulted in an approximate $41,000, $277,000, and $280,000 decrease or increase, respectively, in total net loss and comprehensive loss.

Interest rate risk

The Company's Term Credit bears interest at Adjusted Term CORRA rate plus 7.5% per annum. The Company's Operating Credit bears interest at the greater of (i) the Bank's prime lending rate plus 1.50%, and (ii) 2.45% per annum. Fluctuations in the Adjusted Term CORRA rate and the Bank's prime lending rate will result in changes to interest expense. A change in the annual interest rate of 0.50% would approximately result in a $61,000 change in the annual interest expense.

22. Commitments

As of December 31, 2024, the Company has the following payment commitments with respect to consulting and other contractual obligations:

Not later than one year	**$ 624,000**
Later than one year and not later than five years	**122,000**
	$ 746,000

23. Segment disclosure

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

Revenues by pillar for the years ended December 31, 2024 and 2023 is as follows:

	December 31, 2024	December 31, 2023
Media and content	**$ 51,255,222**	$ 154,825,175
Esports and entertainment	**8,462,358**	8,311,342
Subscription	**12,850,926**	15,041,610
	$ 72,568,506	$ 178,178,127

Revenues, in Canadian dollars, in each of the four major geographic locations for the years ended December 31, 2024 and 2023 is as follows:

	December 31, 2024	December 31, 2023
Canada	**$ 2,643,373**	$ 4,898,125
USA	**49,933,943**	146,874,305
England and Wales	**9,055,429**	9,716,729
All other countries	**10,935,761**	16,688,968
	$ 72,568,506	$ 178,178,127

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

	December 31, 2024	December 31, 2023
Canada	**$ 79,515,249**	$ 132,820,450
USA	**20,777,668**	54,268,252
France	**3,335,000**	3,335,000
England and Wales	**5,677,730**	5,502,233
	$ 109,305,647	$ 195,925,935