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***THE BUSINESS
OF GAMING***

Enthusiast Gaming Holdings Inc.

Consolidated Financial Statements
For the Years Ended December 31, 2025 and 2024 (Amended)
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Enthusiast Gaming Holdings Inc.

Opinion

We have audited the consolidated financial statements of Enthusiast Gaming Holdings Inc. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of loss and comprehensive loss, shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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 Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 Consolidated financial statements, which indicates that the Company has an accumulated deficit of \$484,938,348 as at December 31, 2025 and, as of that date, the Company's current liabilities exceeded its total assets by \$52,341,131. As stated in Note 2 (ii), these events or conditions, along with other matters as set forth in Note 2 (ii), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note 25 to the consolidated financial statements, which describes that certain comparative information presented for the year ended December 31, 2024 has been amended.

Our opinion is not modified in respect of this matter.

The consolidated financial statements of the Company for the year ended December 31, 2024, excluding the adjustments that were applied to amend certain comparative information, were audited by another auditor who expressed an unmodified opinion on those financial statements on March 31, 2025.

As part of our audit of the consolidated financial statements for the year ended December 31, 2025, we also audited the adjustments described in Note 25 that were applied to amend certain comparative information presented for the year ended December 31, 2024. In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to amend certain comparative information, we were not engaged to audit, review, or apply any procedures to the financial statements for the year ended December 31, 2024. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated 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, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Impairment of goodwill and intangible assets from continuing operations

Refer to financial statement Note 3 Material accounting policies – (x) Impairment testing of goodwill, other intangible assets and property and equipment; Note 8 Intangible assets; and Note 10 Goodwill.

As at December 31, 2025, the Company has goodwill and intangible assets from continuing operations with a carrying value of \$31,543,408 and \$24,491,606, respectively. The Company performs impairment testing on the four cash generating units (“CGUs”) containing goodwill and indefinite-life intangible assets at the end of the fourth quarter, or when circumstances indicate that the carrying value of the Company's CGUs might exceed its recoverable amount. The Company assesses indicators of impairment for all CGUs at the end of each quarter.

When impairment testing is performed, the Company assesses the recoverable amount of the CGU based on the greater of the value in use models prepared by management with key inputs prepared by management's expert or the fair value less costs to sell. If the recoverable amount estimated is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

We considered the impairment of goodwill and intangible assets to be a key audit matter given the magnitude of the asset values and high degree of estimation uncertainty associated with management's assumptions, particularly the terminal growth rate and discount rate. As a result, significant auditor effort, judgment, and assistance from valuation specialists were required to evaluate management's assumptions used in estimating the recoverable amount of the CGUs.

How our audit addressed the Key Audit Matter

Our audit procedures to address the matter included the following, among others:

- We assessed the competence, capabilities and objectivity of management's expert by evaluating their relevant professional qualifications and experience and obtaining an understanding of work performed;
- Evaluated the expected future revenue, operating margins and capital investment in comparison to the actual historical results and other available public data to assess the Company's ability to accurately predict cash flows;
- Performed sensitivity analysis over key assumptions to assess changes in the recoverable amount of the CGUs;
- Agreed data inputs used in management's impairment analysis to applicable source information;
- With the assistance of internal valuation specialists:
 - Assessed the appropriateness of the discounted cash flow methodology used by the Company to determine the recoverable amount of the CGUs;
 - Evaluated the reasonableness of the terminal growth rate by comparing it to published reports of industry analysts; and
 - Evaluated the appropriateness of the discount rate assumption by comparing it to a discount rate range that was independently developed using publicly available market data.
- Where applicable, assessed management's calculation of fair value less costs to sell, by agreeing inputs to applicable source information and sensitizing estimates.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis ("MD&A"), but does not include the consolidated financial statement and our auditor's opinion thereon.

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

In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the MD&A prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated 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 consolidated 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 Company'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 Company'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 consolidated 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company 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 purpose of the group audit. We remain solely responsible for our audit opinion.

We 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.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jamie Zuk.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
April 14, 2026
Toronto, Ontario

Enthusiast Gaming Holdings Inc.
Consolidated Statements of Financial Position
As of December 31, 2025 and 2024
(Expressed in Canadian Dollars)

	Note	December 31, 2025	December 31, 2024
ASSETS			
Current			
Cash		\$ 3,262,528	\$ 4,765,373
Trade and other receivables	6	4,806,842	12,351,539
Income tax receivable		75,334	12,371
Prepaid expenses		752,995	2,010,796
Total current assets		8,897,699	19,140,079
Non-current			
Property and equipment		8,755	187,464
Right-of-use assets	11	-	800,908
Long-term portion of prepaid expenses		-	148,546
Intangible assets	8	24,491,606	71,815,485
Goodwill	10	31,543,408	36,353,244
Total Assets		\$ 64,941,468	\$ 128,445,726
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	12	\$ 8,776,572	\$ 15,022,630
Contract liabilities		6,235,303	5,735,275
Income tax payable		-	131,441
Current portion of long-term debt	13	45,583,794	38,990,332
Current portion of deferred payment liability	14	525,083	2,322,274
Current portion of lease liabilities	11	118,078	727,525
Total current liabilities		61,238,830	62,929,477
Non-current			
Long-term portion of lease liabilities	11	-	295,977
Deferred tax liability	19	1,921,014	13,470,905
Total liabilities		\$ 63,159,844	\$ 76,696,359
Shareholders' Equity			
Share capital	15	461,607,373	461,607,373
Warrants reserve	18	2,561,231	1,823,168
Contributed surplus	16, 17	17,774,059	17,596,195
Accumulated other comprehensive income		4,777,309	11,542,198
Deficit		(484,938,348)	(440,819,567)
Total shareholders' equity		1,781,624	51,749,367
Total liabilities and shareholders' equity		\$ 64,941,468	\$ 128,445,726

Going Concern (Note 2)

Commitments (Note 23)

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, 2025 and 2024
(Expressed in Canadian Dollars)

	Note	December 31, 2025	December 31, 2024 Amended (Note 25)
Revenue	24	\$ 32,034,244	\$ 41,664,470
Cost of sales		4,033,351	10,591,758
Gross margin		28,000,893	31,072,712
Operating expenses			
Professional fees		1,451,065	1,550,559
Consulting fees		432,764	2,113,639
Advertising and promotion		550,268	377,247
Office and general		2,407,072	2,736,650
Salaries and wages		12,910,753	15,128,317
Technology support, web development and content		7,896,882	9,319,926
Foreign exchange (gain) loss		(53,746)	64,515
Share-based compensation	16, 17	177,864	(1,147,697)
Amortization and depreciation	8, 11	1,549,173	2,234,312
Total operating expenses		27,322,095	32,377,468
Other expenses (income)			
Goodwill impairment	10	-	72,044,148
Intangible asset impairment	8	-	9,844,441
Transaction costs	13	389,439	2,136,114
Share of net loss from investment in joint ventures	7	-	11,024
Interest and accretion	11,13,14	3,674,310	2,170,348
(Gain) loss on revaluation of deferred payment liability	14	(743,298)	44,451
Gain on sale of assets	9	-	(344,852)
Loss on disposal of property and equipment		-	25,997
Loss on revaluation of long-term debt	13	5,315,417	2,907,390
Loss on modification of long-term debt	13	700,759	401,951
Loss on derecognition of long-term debt	13	1,537,923	-
Other income		(375,309)	-
Interest income		(5,990)	(4,787)
Loss before income taxes from continuing operations		(9,814,453)	(90,540,981)
Income taxes			
Current tax expense	19	31,549	372,160
Deferred tax recovery	19	(165,393)	(1,056,310)
Net loss for the year from continuing operations		(9,680,609)	(89,856,831)
Net loss from discontinued operations	5	(34,438,172)	(6,126,169)
Net loss for the year		(44,118,781)	(95,983,000)
Other comprehensive income (loss)			
Items that may be reclassified to profit or loss			
Foreign currency translation adjustment	5	(6,764,889)	4,340,222
Net loss and comprehensive loss for the year		\$ (50,883,670)	\$ (91,642,778)
Net loss per share from continuing operations, basic and diluted		\$ (0.06)	\$ (0.57)
Net loss per share from discontinued operations, basic and diluted		\$ (0.22)	\$ (0.04)
Net loss per share, basic and diluted		\$ (0.28)	\$ (0.61)
Weighted average number of common shares outstanding, basic and diluted		159,169,003	156,481,036

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, 2025 and 2024
(Expressed in Canadian Dollars)

	Note	Number of shares	Share capital	Warrants reserve	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total shareholders' equity
Balance, January 1, 2024		154,393,280	\$ 444,474,076	\$ -	\$ 35,877,189	\$ 7,201,976	\$ (344,836,567)	\$ 142,716,674
Shares issued upon settlement of restricted share units	15,17	4,775,723	17,133,297	-	(17,133,297)	-	-	-
Warrants issued in connection with long-term debt	13,18	-	-	1,823,168	-	-	-	1,823,168
Share-based compensation	16,17	-	-	-	(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
Warrants issued in connection with long-term debt	13,18	-	-	738,063	-	-	-	738,063
Share-based compensation	16,17	-	-	-	177,864	-	-	177,864
Other comprehensive loss for the year	5	-	-	-	-	(6,764,889)	-	(6,764,889)
Net loss for the year		-	-	-	-	-	(44,118,781)	(44,118,781)
Balance, December 31, 2025		159,169,003	\$ 461,607,373	\$ 2,561,231	\$ 17,774,059	\$ 4,777,309	\$ (484,938,348)	\$ 1,781,624

The accompanying notes are an integral part of these consolidated financial statement

Enthusiast Gaming Holdings Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

	Note	December 31, 2025	December 31, 2024
Cash flows from operating activities			
Net loss for the year from continuing operations		\$ (9,680,609)	\$ (89,856,831)
Items not affecting cash:			
Goodwill impairment	10	-	72,044,148
Intangible asset impairment	8	-	9,844,441
Amortization and depreciation	8, 11	1,549,173	2,234,312
Share-based compensation	16, 17	177,864	(1,147,697)
Accretion	11,13,14	(97,784)	(161,878)
Deferred tax recovery	19	(165,393)	(1,056,310)
Share of net loss from investment in joint ventures	7	-	11,024
Gain on sale of assets	9	-	(344,852)
(Gain) loss on revaluation of deferred payment liability	14	(743,298)	44,451
Foreign exchange loss (gain)		42,457	(320,592)
Loss on disposal of property and equipment		-	25,997
Gain on settlement of accounts payable	12	(386,500)	(1,384,377)
Loss on modification of long-term debt	13	700,759	401,951
Loss on derecognition of long-term debt	13	1,537,923	-
Loss on revaluation of long-term debt	13	5,315,417	2,907,390
Transaction costs	13	389,439	2,136,114
Provisions		56,672	24,837
Changes in working capital:			
Changes in trade and other receivables		1,009,985	3,797,171
Changes in prepaid expenses		106,091	518,379
Changes in accounts payable and accrued liabilities		(1,531,330)	(6,422,503)
Changes in contract liabilities		509,771	1,094,870
Changes in income tax receivable and payable		52,459	421,934
Income tax paid		(246,135)	(538,682)
Net cash used in operating activities from continuing operations		(1,403,039)	(5,726,703)
Net cash from (used in) operating activities from discontinued operations		659,684	(14,023,339)
Net cash used in operating activities		(743,355)	(19,750,042)
Cash flows from investing activities			
Proceeds from sale of assets, net of transaction costs	9	-	2,693,339
Repayment of deferred payment liability	14	(1,376,800)	(85,700)
Acquisition of property and equipment		(840)	(5,303)
Net cash (used in) from investing activities from continuing operations		(1,377,640)	2,602,336
Net cash from investing activities from discontinued operations		941,948	1,244,289
Net cash (used in) from investing activities		(435,692)	3,846,625
Cash flows from financing activities			
Proceeds from long-term debt, net of transaction costs	13	2,249,464	20,737,490
Repayment of long-term debt	13	(2,268,758)	(6,373,678)
Repayment of other long-term debt		-	(173,858)
Lease payments	11	(39,359)	(289,431)
Net cash (used in) from financing activities from continuing operations		(58,653)	13,900,523
Net cash used in financing activities from discontinued operations		(183,867)	(561,193)
Net cash (used in) from financing activities		(242,520)	13,339,330
Foreign exchange effect on cash from continuing operations		(74,389)	318,588
Foreign exchange effect on cash from discontinued operations		(6,889)	158,906
Foreign exchange effect on cash		(81,278)	477,494
Net change in cash		(1,502,845)	(2,086,593)
Cash, beginning of year		4,765,373	6,851,966
Cash, end of year		3,262,528	4,765,373
Cash held by discontinued operations		-	180,903
Cash held by continuing operations		\$ 3,262,528	\$ 4,584,470

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.

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

On August 16, 2025, pursuant to an unsolicited offer from Vertiqal Studios Corp. (“VSC”), the Company entered into a binding letter of intent with VSC to acquire the direct sales business carried on by the Company, which is primarily comprised of (i) Omnia Media Inc. (“Omnia”), being the entity that holds the Company’s YouTube multi-channel network license, (ii) GameCo Esports Canada Inc. (“GameCo”), being the entity that holds the Company’s esports operations, including Luminosity Gaming Inc. (“Luminosity”) and GameCo eSports USA Inc. (“GameCo USA”), and (iii) those assets and contracts of the Company specifically related to the direct sales business operated within Enthusiast, including certain systems, processes, and personnel (the “Direct Sales Business Line”). The transaction closed on August 30, 2025 and VSC acquired all the issued and outstanding shares of Omnia, GameCo, Luminosity and GameCo USA (the “Acquired Entities”) and the Direct Sales Business Line.

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

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

On April 15, 2024, the Company sold certain non-core and non-profitable casual gaming assets (Note 9).

Approval of Financial Statements

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on April 13, 2026.

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”).

(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.

Enthusiast Gaming Holdings Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

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

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

The Company's future operations are dependent upon its ability to generate positive cash flows from operations and to raise additional financing. For the year ended December 31, 2025, the Company had negative cash flows from operations of \$743,355 (December 31, 2024 – \$19,750,042) and as of December 31, 2025, the Company has a working capital deficit of \$52,341,131 (December 31, 2024 - \$43,789,398), which includes the current portion of long-term debt of \$45,583,794 (December 31, 2024 - \$38,990,332), and an accumulated deficit of \$484,938,348 (December 31, 2024 – \$440,819,567). The Company is also in breach of covenants relating to its long-term debt (Note 13) as of December 31, 2025, for which waivers have not been received as of the date of approval of these consolidated financial statements. As a result, the long-term debt has been presented as a current liability and the Company's long-term debt is due and payable under the terms of the Forbearance and First Supplemental Credit Agreement and the Forbearance Agreement.

The Company's cash resources as of December 31, 2025, 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 long-term debt and remain in compliance with covenants (Note 13), 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.

(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 as of December 31, 2025:

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

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

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 7 for the Company's former investments in associates and joint ventures.

Enthusiast Gaming Holdings Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars)

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.

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, including programmatic 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. A significant portion of advertising is delivered through programmatic channels, where advertising inventory is bought and sold in real time through automated auctions facilitated by demand-side platforms, supply-side platforms and ad exchanges. The programmatic advertising revenue arrangements may involve multiple intermediaries. The Company has identified a third-party advertising monetization company as its customer for the majority of programmatic advertising revenue. In this arrangement, the Company provides a stand-ready performance obligation to make advertising units available to sell and display on web properties. The performance obligation is satisfied through a series of identical but distinct performance obligations over time, which occur each time the ad is displayed. Revenues from other digital advertising is recognized when the user views the advertisement for a specified period of time or 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.

3. Material accounting policies (continued)

(ii) Revenue (continued)

Events/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 earned 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 was recognized over time, using an output method, upon fulfillment of contractual campaigns.

The Company earned prize revenue from its winnings from various esports tournaments and competitions that Luminosity teams entered into. Prize revenue was recognized once the competition ended.

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

The Company earned revenue on physical and digital merchandise that it sold through its websites and video games. Revenue was recognized when the products were shipped or digital products had been redeemed.

Gross versus net revenue

When another party is involved in providing goods or services to a customer, the Company evaluates whether it acts as principal or agent under the specific terms of each contract. 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.

3. Material accounting policies (continued)

(iv) Investment in associates and joint ventures (continued)

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.

(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 13 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. The value assigned to warrants is included in warrants reserve.

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

When the terms of warrants are modified, the incremental fair value of the warrant modification is estimated using the Black-Scholes option pricing model calculated as the excess of the fair value of the modified award over the fair value of the original award immediately before its terms are modified. The incremental fair value of the warrants modified is included in loss on derecognition of long-term debt in the consolidated statement of loss and comprehensive loss.

3. Material accounting policies (continued)

(vii) Income taxes and deferred taxes (continued)

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.

(viii) Intangible assets

Intangible assets 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, intangible assets are carried at cost, less any accumulated amortization and impairments, 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 names	Indefinite life
Brand names	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.

Where goodwill forms part of a cash-generating unit ("CGU") and part of that operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair value of the operation disposed of and the portion of the cash-generating unit retained.

3. Material accounting policies (continued)

(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 (CGU). The Company has five (December 31, 2024 – seven) CGUs. CGUs that contain goodwill, indefinite-life intangibles or intangibles not yet available for use, are tested for impairment at least annually 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.

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.

3. Material accounting policies (continued)

(xi) Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement (continued)

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. 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. 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. 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.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets. 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.

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.

3. Material accounting policies (continued)

(xi) Financial instruments (continued)

Financial liabilities (continued)

Recognition and initial measurement (continued)

The Company considers whether a contract contains an embedded derivative when the Company first becomes party to it. Embedded derivatives are separately accounted for from the host contract if the host contract is not measured at fair value through profit or loss and when the economic characteristics and risks are not closely related to those of the host contract. The Credit Agreement (Note 13) financial liability is measured at fair value through profit or loss.

Classification and subsequent measurement

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

Modification of financial liabilities

If the Company renegotiates or otherwise modifies the contractual cash flows of a financial liability, the Company assesses whether or not the discounted present value of cash flows under the new terms are substantially different from the discounted present value of the remaining cash flows of the original terms. If the terms are substantially different, the Company derecognizes the original financial liability and recognizes a new financial liability at fair value and recalculates a new effective interest rate for the loan. The gain or loss on derecognition is recognized as a gain or loss on derecognition of long-term debt in profit or loss. If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the debt, discounted using the original effective interest rate, and recognizes a gain or loss on modification of long-term debt in profit or loss.

Derecognition of financial liabilities

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

(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, 2025 and 2024, 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.

3. Material accounting policies (continued)

(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 Instruments*, 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.

(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.

3. Material accounting policies (continued)

(xvii) Leases (continued)

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) Assets and liabilities held for sale and discontinued operations

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

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

(xix) New standards, interpretations or amendments adopted

Accounting Pronouncements effective January 1, 2025

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

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

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

Accounting Pronouncements Issued but not yet effective

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

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

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

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

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 these new standard on its consolidated financial statements.

3. Material accounting policies (continued)

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

IFRS 9 - *Financial Instruments* (“IFRS 9”) and IFRS 7 – *Financial Instrument: Disclosures* (“IFRS 7”)

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 which clarify the date of recognition and derecognition of some financial assets and liabilities with a new exception for some financial liabilities settled through an electronic cash transfer system, clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion, add new disclosures for certain instruments with contractual terms that can change cash flows such as instruments with features linked to the achievement of environment, social and governance targets and update the disclosures for equity instruments designated at fair value through other comprehensive income. Amendments to IFRS 9 and IFRS 7 are effective for periods beginning on or after January 1, 2026, with early adoption 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 are as follows:

(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) 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.

(iii) 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)

(iv) Share-based payments and warrants

The fair value of share-based payments and warrants granted are determined using the Black-Scholes option pricing model which incorporates assumptions regarding risk-free interest rates, dividend yield, expected volatility, estimated forfeitures, discount for lack of marketability and expected life.

(v) 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.

(vi) 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.

The gross versus net basis evaluation is applicable to the media and content revenue stream as third parties are involved sometimes in facilitating the media and content revenue transactions.

(vii) 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.

(viii) 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 13 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.

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5. Discontinued Operations

As described in Note 1, on August 30, 2025 VSC acquired all the issued and outstanding common shares of the Acquired Entities and the Direct Sales Business Line for cash consideration of \$900,000 as well as the assumption of all existing and ongoing liabilities of the Acquired Entities and certain liabilities of the Direct Sales Business Line. The Company completed this transaction pursuant to the terms of the Forbearance and First Supplemental Credit Agreement with the Lenders and a Forbearance Agreement with the Bank (Note 13) in which the Company agreed to implement a cost-cutting plan to achieve a minimum of \$3,000,000 in annualized cost savings.

Discontinued operations presented in these consolidated financial statements for the years ended December 31, 2025 and 2024 are comprised of the operating results relating to the Acquired Entities and the Direct Sales Business Line.

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

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

The net loss from discontinued operations for the years ended December 31, 2025 and 2024 is as follows:

	December 31, 2025	December 31, 2024
Revenue	\$ 8,487,157	\$ 29,392,418
Cost of sales	(2,738,113)	(11,340,043)
Gross margin	5,749,044	18,052,375
Operating expenses	(12,892,011)	(23,043,220)
Disposal of goodwill (Note 10)	(4,729,108)	-
Intangible asset impairment (Note 8)	(45,331,449)	-
Other expenses	(38,667)	(1,135,324)
Reclassification of accumulated other comprehensive income	5,902,210	-
Net loss before income taxes	(51,339,981)	(6,126,169)
Income taxes	11,363,200	-
Net loss from discontinued operations	(39,976,781)	(6,126,169)
Gain on sale of subsidiary and assets	5,538,609	-
Net loss for the year from discontinued operations	\$ (34,438,172)	\$ (6,126,169)

As a result of the sale of subsidiaries and assets, the Company reclassified accumulated other comprehensive income of \$5,902,210 to net loss from discontinued operations. For the year ended December 31, 2025, the foreign currency translation adjustment of \$6,764,889 includes the reclassification amount of \$5,902,210.

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6. Trade and other receivables

A summary of trade and other receivables is as follows:

	December 31, 2025	December 31, 2024
Trade receivables (Note 22)	\$ 4,058,458	\$ 11,675,946
Other receivables	822,451	688,130
HST and VAT receivables	54,108	113,454
Expected credit loss provision (Note 22)	(128,175)	(125,991)
	\$ 4,806,842	\$ 12,351,539

As of December 31, 2025, other receivables include \$Nil (December 31, 2024 - \$383,415) of amounts receivable relating to the divestment of certain non-core and non-profitable casual gaming assets pursuant to an Asset Sale Agreement entered into on March 31, 2024 (Note 9).

7. Investment in associates and joint ventures

(i) *Investment in associates*

On August 30, 2019, pursuant to an investment agreement between 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 USA acquired a 25% non-voting participating interest in AIG eSports USA Intermediate Holdings, LLC (“AIG USA”). Collectively, AIG Canada and AIG USA owned and managed professional esports teams in Canada and the United States. Aquilini Properties LP controlled AIG Canada and AIG USA. On August 16, 2025, the investments GameCo and GameCo USA held in AIG Canada and AIG USA respectively were sold as part of the VSC transaction (Note 5).

Pursuant to a termination agreement dated November 7, 2023, the league in which AIG Canada and AIG USA owned and managed professional esports teams in Canada and the United States terminated operations.

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 investment in associates impairment of \$26,497.

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 was classified as an other long-term asset as the Company did 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.

The share of net income (loss) from investment in associates, the investment in associates impairment and other long-term asset impairment is included in net loss from discontinued operations in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2024. The distribution from investment in associates, net of adjustments, is included net cash from investing activities from discontinued operations in the consolidated statement of cash flows for the year ended December 31, 2024.

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

	AIG Canada	AIG USA	Total
Balance, January 1, 2024	\$ 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 and 2025	\$ -	\$ -	\$ -

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7. 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 held a 50% interest in this joint venture. The Company and Torstar 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, 2024	\$ 11,024
Share of net loss from investment in joint ventures	(11,024)
Balance, December 31, 2024 and 2025	\$ -

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8. Intangible assets

	Domain names	Application & technology development & website content	Brand names	Subscriber & sponsorship relationships	Multi-channel network license	Talent contracts & digital content	Game application & technology development	Total
Balance, January 1, 2024	\$ 42,772,408	\$ 18,210,665	\$ 34,092,881	\$ 8,892,194	\$ 7,653,789	\$ 5,507,000	\$ 6,333,656	\$ 123,462,593
Reclassified to gain on sale of assets (Note 9)	(3,797,408)	-	-	-	-	-	-	(3,797,408)
Impairment	-	-	(9,844,441)	-	-	-	-	(9,844,441)
Disposals	-	(1,166,246)	-	(887,210)	-	-	(6,583,321)	(8,636,777)
Effect of movement in foreign exchange rates	-	1,213,037	1,933,033	116,684	-	-	249,665	3,512,419
Balance, December 31, 2024	\$ 38,975,000	\$ 18,257,456	\$ 26,181,473	\$ 8,121,668	\$ 7,653,789	\$ 5,507,000	\$ -	\$ 104,696,386
Impairment	(36,025,000)	-	(6,855,000)	-	(2,451,449)	-	-	(45,331,449)
Disposals	-	-	-	-	(5,202,340)	(5,507,000)	-	(10,709,340)
Effect of movement in foreign exchange rates	-	(653,851)	(610,237)	12,407	-	-	-	(1,251,681)
Balance, December 31, 2025	\$ 2,950,000	\$ 17,603,605	\$ 18,716,236	\$ 8,134,075	\$ -	\$ -	\$ -	\$ 47,403,916
Accumulated amortization								
Balance, January 1, 2024	\$ -	\$ 18,194,684	\$ -	\$ 4,416,066	\$ 3,589,960	\$ 5,507,000	\$ 6,333,656	\$ 38,041,366
Amortization	-	3,939	-	847,262	1,074,920	-	-	1,926,121
Disposals	-	(1,166,246)	-	(887,210)	-	-	(6,583,321)	(8,636,777)
Effect of movement in foreign exchange rates	-	1,225,079	-	75,447	-	-	249,665	1,550,191
Balance, December 31, 2024	\$ -	\$ 18,257,456	\$ -	\$ 4,451,565	\$ 4,664,880	\$ 5,507,000	\$ -	\$ 32,880,901
Amortization	-	-	-	856,253	537,460	-	-	1,393,713
Disposals	-	-	-	-	(5,202,340)	(5,507,000)	-	(10,709,340)
Effect of movement in foreign exchange rates	-	(653,851)	-	887	-	-	-	(652,964)
Balance, December 31, 2025	\$ -	\$ 17,603,605	\$ -	\$ 5,308,705	\$ -	\$ -	\$ -	\$ 22,912,310
Balance, December 31, 2024	\$ 38,975,000	\$ -	\$ 26,181,473	\$ 3,670,103	\$ 2,988,909	\$ -	\$ -	\$ 71,815,485
Balance, December 31, 2025	\$ 2,950,000	\$ -	\$ 18,716,236	\$ 2,825,370	\$ -	\$ -	\$ -	\$ 24,491,606

During the year ended December 31, 2025, the Company recognized an impairment charge of (i) \$36,025,000 for domain names relating to Enthusiast Gaming Properties Inc. ("Enthusiast Properties"), (ii) \$6,855,000 for brand names relating to Luminosity, and (iii) \$2,451,449 for the multi-channel network license relating to Omnia pursuant to the proposed consideration per the non-binding letter of intent entered into on July 7, 2025 (Note 1). These impairment charges are included in discontinued operations (Note 5).

During the year ended December 31, 2025, the Company derecognized the multi-channel network license (\$5,202,340) and talent contracts and digital content (\$5,507,000) relating to Omnia as Omnia was sold to VSC on August 30, 2025 (Note 5).

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 9).

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 10).

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9. 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 (paid April 18, 2025, net of adjustments). Pursuant to the Asset Sale Agreement, the purchaser deducted 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, January 1, 2024	\$ -
Intangible assets reclassified to gain on sale of assets (Note 8)	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, 2025 and 2024	\$ -

As of December 31, 2025, other receivables include \$Nil (2024 - \$359,725 (USD \$250,000)) relating to the 12-month anniversary payment and working capital adjustments of \$Nil (2024 - \$23,690 (USD \$16,464)) due from the purchaser.

10. Goodwill

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

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

Goodwill relating to Outplayed was fully impaired in the year ended December 31, 2024. Goodwill relating to Luminosity, Omnia, Tabwire and Addicting Games was fully impaired in the year ended December 31, 2023. On August 30, 2025, VSC acquired all the issued and outstanding common shares of Luminosity and Omnia and those assets and contracts of the Company specifically related to the Direct Sales Business Line (Note 5). The Direct Sales Business Line was previously included in the Enthusiast Properties CGU and became a separate CGU in the year ended December 31, 2025 prior to its disposal. The disposal of the Direct Sales Business Line resulted in a disposal of goodwill relating to the Direct Sales Business Line of \$4,729,108.

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10. Goodwill (continued)

A summary goodwill by CGU is as follows:

	Enthusiast Properties	TSR	Steel Media	Outplayed	Total
Balance, January 1, 2024	\$ 61,705,441	\$ 20,898,598	\$ 4,094,303	\$ 19,169,739	\$105,868,081
Goodwill impairment	(50,864,250)	-	-	(21,179,898)	(72,044,148)
Effect of movement in foreign exchange rates	276,034	-	243,118	2,010,159	2,529,311
Balance, December 31, 2024	\$ 11,117,225	\$ 20,898,598	\$ 4,337,421	\$ -	\$ 36,353,244
Disposal of goodwill	(4,729,108)	-	-	-	(4,729,108)
Effect of movement in foreign exchange rates	(162,107)	-	81,379	-	(80,728)
Balance, December 31, 2025	\$ 6,226,010	\$ 20,898,598	\$ 4,418,800	\$ -	\$ 31,543,408

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. Based on impairment testing performed as of December 31, 2025, the Company determined that no impairment charges were necessary. Based on the impairment testing performed as of 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, including but not limited to, changes in interest rates, high inflation, the softening of digital advertisements and spending due to uncertain market economic outlook, and a change in corporate strategy. The Enthusiast Properties impairment charge was allocated to goodwill in the amount of \$50,864,250. The Outplayed impairment charge was allocated to goodwill in the amount of \$21,179,898 and intangible assets (brand names) in the amount of \$9,844,441 (Note 8).

The Company determined the recoverable amount based on the value-in-use approach to assess the value of the Company's 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.

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, 2025, 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	Steel Media	Outplayed
Average revenue growth rates	8.6%	3.2%	5.4%	11.1%
Terminal revenue growth rates	1.3%	2.0%	2.0%	2.0%
Pre-tax discount rate	26.2%	26.3%	22.0%	21.1%

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%

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.

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10. Goodwill (continued)

As of December 31, 2025, the carrying amount of intangible assets with indefinite useful lives allocated to CGUs is as follows: Enthusiast Properties brand names - \$3,798,263, TSR domain names - \$2,950,000, Steel Media brand names - \$2,715,033, and Outplayed brand names - \$12,202,940.

As of December 31, 2025, the recoverable amount of CGUs is as follows: Enthusiast Properties - \$13,460,318, TSR - \$24,208,222, Steel Media - \$11,264,198, and Outplayed - \$31,027,221.

11. Right-of-use assets and lease liabilities

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

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

	Amount
Balance, January 1, 2024	\$ 1,441,149
Depreciation	(726,682)
Effect of movement in exchange rates	86,441
Balance, December 31, 2024	\$ 800,908
Disposal relating to sale of subsidiaries (Note 5)	(338,339)
Depreciation	(434,514)
Effect of movement in exchange rates	(28,055)
Balance, December 31, 2025	\$ -

A summary of lease liabilities is as follows:

	Amount
Balance, January 1, 2024	\$ 1,679,057
Payments	(850,624)
Accretion	56,541
Effect of movement in exchange rates	138,528
Balance, December 31, 2024	\$ 1,023,502
Disposal relating to sale of subsidiaries (Note 5)	(654,786)
Payments	(223,226)
Accretion	19,471
Effect of movement in exchange rates	(46,883)
Balance, December 31, 2025	118,078
Current portion of lease liabilities	118,078
Long-term portion of lease liabilities	\$ -

Note 22 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, 2025, which are not included in lease liabilities are \$64,528 (December 31, 2024 - \$217,739). The total cash outflow for leases during the year ended December 31, 2025 is \$287,754 (December 31, 2024 - \$1,068,363).

12. Accounts payable and accrued liabilities

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

	December 31, 2025	December 31, 2024
Accounts payable	\$ 4,947,749	\$ 9,100,376
Accrued liabilities	3,828,823	5,922,254
	\$ 8,776,572	\$ 15,022,630

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

During the year ended December 31, 2025, the Company settled certain accounts payables at a discounted price resulting in a gain on settlement of accounts payable of \$386,500 (December 31, 2024 - \$1,384,377) which is recognized in office and general in the consolidated statements of loss and comprehensive loss.

13. Long-term debt

(i) *Commitment letter*

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

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

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

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

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

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

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

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

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

13. Long-term debt (continued)

(i) *Commitment letter (continued)*

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

The Term Credit under the Amended and Restated Commitment Letter 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.

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 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.

13. Long-term debt (continued)

(i) *Commitment letter (continued)*

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

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

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

- (a) the forbearance period is until the earliest of (i) December 31, 2025, (ii) the date of repayment of the indebtedness in full, and (iii) the date of the occurrence or existence of any terminating event;
- (b) the Company agreed to implement a cost-cutting plan to achieve a minimum of \$3,000,000 in annualized cost savings;
- (c) as a result of the events of default, from January 1, 2025 and during the forbearance period and thereafter until no event of default is continuing, the Company is required to pay default interest on amounts outstanding on the term credit and operating credit at a rate of 2% per annum ("Default Interest") over and above the regular interest rate set out in the Commitment Letter. All accrued and unpaid Default Interest shall compound monthly on each date interest is due and shall be payable in accordance with the terms of the Commitment Letter;
- (d) during the forbearance period, monthly principal repayments of \$365,745 due in respect of the Term Credit are deferred until the end of the forbearance period;
- (e) the interest rate on the Term Credit was amended to the Bank's prime lending rate plus 5.60% per annum;
- (f) the Company is to pay the Bank a maturity fee of \$550,000 on the earlier of the occurrence of terminating event and December 31, 2025 which is included in the carrying value of Term Credit as of December 31, 2025; and,
- (g) amended the covenants that the Company must comply with at all times from June 1, 2025, include i) maintaining a minimum unrestricted cash of the Company and the guarantors subsidiaries, which varies by period, (ii) maintaining a minimum trailing adjusted EBITDA of not less than applicable amount calculated monthly, which varies by period, and (iii) maintaining a maximum funded debt to revenue ratio of not less than an applicable amount calculated on a monthly basis, which varies by period.

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13. Long-term debt (continued)

(i) *Commitment letter (continued)*

During the year ended December 31, 2025, the Company incurred transaction costs of \$58,316 in connection with the Senior Forbearance Agreement. As the terms of the Senior Forbearance Agreement were not substantially different from the Waiver and Third Amendment to the Amended and Restated Commitment Letter, the amendment was determined to be modification of debt in accordance with IFRS 9. During the year ended December 31, 2025, a loss on modification of long-term debt in the amount of \$700,759 was recognized in the consolidated statements of loss and comprehensive loss.

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

During the year ended December 31, 2025, the Company was not in compliance with covenant (iii) as per the Senior Forbearance Agreement.

During the year ended December 31, 2025, the Company recognized \$1,810,682 (December 31, 2024 – \$2,254,186) of interest expense relating to the term credit and operating credit, which includes default interest of \$333,493 (December 31, 2024 - \$Nil), and \$245,953 (December 31, 2024 – \$331,544) of accretion income relating to the term credit which are included in interest and accretion in the consolidated statements of loss and comprehensive loss.

The following table shows the movement of the Term Credit and Operating Credit balances the year:

	Amount
Balance, January 1, 2024	\$ 21,888,597
Advances	3,108,973
Repayments	(6,373,678)
Accretion	(331,544)
Transaction costs	(158,435)
Loss on modification of long-term debt	401,951
Balance, December 31, 2024	\$ 18,535,864
Advances	235,453
Repayments	(2,268,758)
Accretion	(245,953)
Transaction costs	(58,316)
Loss on modification of long-term debt	700,759
Balance, December 31, 2025	16,899,049
Current portion of long-term debt	16,899,049
Long-term debt	\$ -

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

	December 31, 2025	December 31, 2024
Term credit	\$ 9,618,629	\$ 11,035,864
Operating credit	7,280,420	7,500,000
Current portion of long-term debt	\$ 16,899,049	\$ 18,535,864
Long-term debt	\$ -	\$ -

13. Long-term debt (continued)

(ii) Credit agreement

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

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

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

Upon an event of default, the Agent has a right to demand accelerated payment of the then outstanding Term Loan A advances together with all other outstanding obligations prior to the maturity date. An event of default will be deemed a voluntary prepayment. Upon the occurrence and during the continuance of an event of default, at the election of the Agent, interest on Term Loan A will be increased by an additional 5% per annum effective as at the date of such event of default and payable on demand upon the request of the Agent. Events of default include but 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.

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

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

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

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13. Long-term debt (continued)

(ii) *Credit agreement (continued)*

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

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

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

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

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

The Lenders have the option to convert all, or any portion of their respective pro-rata 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. The Company elected to accrue PIK interest to the outstanding principal amount of Term Loan A. As a result, as of July 12, 2024, the conversion option was assigned a \$Nil value.

On initial valuation on July 12, 2024, Term Loan A, including its embedded derivative features, was fair valued at \$17,547,078. Term Loan A proceeds of \$20,000,000 was allocated as follows based on the residual method:

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

13. Long-term debt (continued)

(ii) Credit agreement (continued)

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

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

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

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

The forbearance period under the Beedie Forbearance Agreement will be until the earliest of (i) March 31, 2026, (ii) the completion date of a strategic transaction approved by the Agent on or before December 1, 2025 which may include recapitalization and refinancing transactions designed to strengthen the Company's balance sheet and deleverage the business, and (iii) the expiry or termination of the forbearance period agreed to by the Senior Lender (in the case of the Senior Forbearance Agreement) or the Lenders (in the case of the Beedie Forbearance Agreement), as applicable, or any further default.

Pursuant to the Beedie Forbearance Agreement, the Company agreed to implement a cost-cutting plan to achieve a minimum of \$3,000,000 in annualized cost savings.

13. Long-term debt (continued)

(ii) Credit agreement (continued)

Pursuant to the Beedie Forbearance Agreement, Term Loan B bears interest at a fixed rate of 16.0% per annum calculated and payable monthly in arrears, with: (i) interest at 8% per annum to accrue and be added to the outstanding principal amount of Term Loan B for that month ("PIK Interest"), and (ii) interest at 8% per annum payable in cash each month. The rate of interest on the existing Term Loan A pursuant to the Credit Agreement was amended from and after June 1, 2025 to correspond to the rate of interest under Term Loan B, but reducing to 14.0% (all paid in cash) from April 1, 2026 onwards. In addition, each Lender shall be entitled, upon notice to the Company, but subject to obtaining, if applicable, stock exchange and/or shareholder approval, to elect to convert all or any portion of their respective pro-rata share of Term Loan B PIK Interest into common shares in the capital of the Company at a price equal to the market price immediately prior to conversion on TSX. The Company will pay the Lenders a commitment fee in the amount of \$40,000 which is added to the outstanding principal of Term Loan B, as well as an exit fee in the amount of \$75,000 which is also added to the outstanding principal of Term Loan B (the exit fee will be reduced to \$50,000 if all outstanding obligations are repaid on or before December 31, 2025). On initial advance, the outstanding principal of Term Loan B is \$2,115,000.

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

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

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

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

Per the terms of the Beedie Forbearance Agreement, the covenants per the Credit Agreement were amended. The covenants that the Company must comply with at all times from June 1, 2025, include i) maintaining a minimum unrestricted cash of the Company and the guarantors subsidiaries, which varies by period, (ii) maintaining a minimum trailing adjusted EBITDA of not less than applicable amount calculated monthly, which varies by period, and (iii) maintaining a maximum funded debt to revenue ratio of not less than an applicable amount calculated on a monthly basis, which varies by period. During the year ended December 31, 2025, the Company was not in compliance with covenant (iii) per the Beedie Forbearance Agreement, as a result as of December 31, 2025, Term Loan A and B long-term debt is classified as a current liability.

13. Long-term debt (continued)

(ii) *Credit agreement (continued)*

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

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

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

As of July 23, 2025, Term Loan A’s pre-modification date, and July 24, 2025, Term Loan A’s modification date, the Company was not in compliance with covenants as described below which is an event of default per the Credit Agreement and provides the Lenders the right to accelerate repayment of the Term Loan A rendering Term Loan A due and payable immediately. As of July 23, 2025 and July 24, 2025, the Company expected that the non-compliance with covenants will be waived and covenants will be amended by the Lenders and the prepayment option pursuant to the existing Credit Agreement will remain. As of July 23, 2025 and July 24, 2025, the Company also expected the probability of the Lenders accelerating the repayment of Term Loan A to be negligible. As of July 23, 2025 and July 24, 2025, the Company expected that in the event the Lenders accelerate repayment of Term Loan A, it is anticipated the Lenders would require the Company to settle the outstanding Term Loan A amount, including the mandatory prepayment fee, by March 31, 2026. To fair value Term Loan A as at July 23, 2025 and July 24, 2025, the Company assigned probabilities to (i) the non-compliance with covenants being waived and covenants being amended by the Lenders and the prepayment option remaining (“Scenario 1”), and, (ii) the Lenders accelerating repayment of Term Loan A (“Scenario 2”). Scenario 1 was fair valued using the Hull-White term structure model and Scenario 2 was fair valued using a discounted cash flow approach. Based on the fair values determined using Scenario 1 and 2, a probability weighted approach was used to determine the fair value of Term Loan A.

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

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

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13. Long-term debt (continued)

(ii) *Credit agreement (continued)*

As of July 23, 2025, Term Loan A was estimated to have a fair value of \$22,619,950 and as of July 24, 2025, Term Loan A was estimated to have a fair value of \$23,419,810.

For the accelerated payment embedded derivative, as of July 23, 2025 and July 24, 2025, a nil probability and value was assigned to the occurrence of any event that might lead to a default during the remaining term of the Term Loan A.

The Lenders have the option to convert all, or any portion of their respective pro-rata shares of the PIK interest outstanding, into common shares of the Company as described above. The common shares of the Company to be issued upon the conversion option would have a restriction which would require adjusting the fair value of converted shares for a DLOM. Together with the DLOM-adjusted share price and the conversion occurring at a market price, a market participant is not expected to exercise the conversion option. As a result, as of July 23, 2025 and July 24, 2025 the conversion option was assigned a \$Nil value.

As the terms of the Beedie Forbearance Agreement were substantially different from the terms of the Credit Agreement, the amendment to Term Loan A is determined to be derecognition of debt in accordance with IFRS 9. A loss on derecognition of long-term debt relating to Term Loan A in the amount of \$799,860 is recognized in the consolidated statements of loss and comprehensive loss during the year ended December 31, 2025. The amendments to Term Loan A did not impact or change the embedded derivatives identified above relating to Term Loan A, as a result management has elected to designate the substantially modified Term Loan A and its embedded derivative features at fair value through profit and loss.

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

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

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

The Participation Warrants were estimated to have a fair value of \$472,218 which is included in warrants reserve and the loss on derecognition of debt in the consolidated statements of loss and comprehensive loss during the year ended December 31, 2025. The replacement warrants (pre-modification) were estimated to have a fair value of \$2,495,820 and the replacement warrants were estimated to have a fair value of \$2,761,665 resulting in an incremental fair value of \$265,845 which is included in warrants reserve and the loss on derecognition of debt in the consolidated statements of loss and comprehensive loss during the year ended December 31, 2025.

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13. Long-term debt (continued)

(iii) Credit agreement (continued)

As of December 31, 2025, the Company was not in compliance with covenant (iii) described above which is an event of default per the Beedie Forbearance Agreement and provides the Lenders the right to accelerate repayment of Term Loan A and B rendering Term Loan A and B due and payable immediately. As of December 31, 2025, the Company expected that the non-compliance with covenants will be waived and covenants will be amended by the Lenders and the prepayment option pursuant to the Credit Agreement and Beedie Forbearance Agreement will remain. As of December 31, 2025, the Company also expected the probability of the Lenders accelerating the repayment of the Loan to be negligible. As of December 31, 2025, the Company expected that in the event the Lenders accelerate repayment of the Loan, it was anticipated the Lenders would require the Company to settle the outstanding Term Loan A and B amounts, including the mandatory prepayment fee, by June 30, 2026. To fair value Term Loan A and B as at December 31, 2025, the Company assigned probabilities to (i) the non-compliance with the covenant being waived and covenant being amended by the Lenders and the prepayment option remaining (“Scenario 1”), and, (ii) the Lenders accelerating repayment of term Loan A and B (“Scenario 2”). Scenario 1 was fair valued using the Hull-White term structure model and Scenario 2 was fair valued using a discounted cash flow approach. Based on the fair values determined using Scenario 1 and 2, a probability weighted approach was used to determine the fair value of the Term Loan A and B.

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

	December 31, 2025	December 31, 2024
Time to maturity	0.50 years	3.53 years
Loan interest rate (Term Loan A)	16.00% (until Apr 1, 2026) & 14.00% (as of Apr 1, 2026)	14.00%
Loan interest rate (Term Loan B)	16.00% (until Apr 1, 2026) & 14.00% (as of Apr 1, 2026)	N/A
Risk-free rate	CAD OIS curve	CAD OIS curve
Interest rate volatility	0.786%	0.985%
Mean reversion factor	2.051%	3.771%
Credit rating	CCC+	CCC+
Credit spread	9.18%	8.69%
Instrument-specific spread	5.00%	5.00%

As of December 31, 2025, Term Loan A was estimated to have a fair value of \$26,463,605 (December 31, 2024 - \$20,454,468) and Term Loan B was estimated to have a fair value of \$2,221,140 (December 31, 2024 - \$Nil).

The Lenders have the option to convert all, or any portion of their respective pro-rata shares of the PIK interest outstanding, into common shares of the Company as described above. The common shares of the Company to be issued upon the conversion option would have a restriction which would require adjusting the fair value of converted shares for a DLOM. Together with the DLOM-adjusted share price and the conversion occurring at a market price, a market participant is not expected to exercise the conversion option. The Company elected to accrue PIK interest to the outstanding principal amount of Term Loan A. As a result, as of December 31, 2025 and 2024 the conversion option was assigned a \$Nil value.

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13. Long-term debt (continued)

(ii) *Credit agreement (continued)*

During the year ended December 31, 2025, the Company incurred \$4,704,806 (December 31, 2024 – \$1,372,348) of interest expense which includes PIK interest of \$1,674,426 (December 31, 2024 - \$1,372,348) and default interest of \$1,127,006 (December 31, 2024 - \$Nil). PIK interest and default interest are included in the outstanding principal amount of Term Loan A and B per the Credit Agreement and Beedie Forbearance Agreement. During the year ended December 31, 2025, PIK interest and default interest of \$2,801,432 (December 31, 2024 - \$1,372,348) is included in the loss on revaluation of long-term debt and in the consolidated statements of loss and comprehensive loss. During the year ended December 31, 2025, the Company recognized \$1,903,374 (December 31, 2024 – \$Nil) of interest expense which is included in interest and accretion in the consolidated statements of loss and comprehensive loss.

During the year ended December 31, 2025, the Company recognized a loss on derecognition of long-term debt of \$1,537,923 (December 30, 2024 - \$Nil) which is comprised of a loss on derecognition of long-term debt of \$799,860, the estimated fair value of Participation Warrants of \$472,218 and the estimated incremental fair value of Replacement Warrants of \$265,845. During the year ended December 31, 2025, the Company incurred transaction costs of \$389,439 which are expensed as transaction costs within the consolidated statements of loss and comprehensive loss.

During the year ended December 31, 2025, the Company recognized a loss on revaluation of long-term debt in the amount of \$5,315,417 (December 31, 2024 - \$2,907,390) in the consolidated statements of loss and comprehensive loss.

The following table shows the movement of the Term Loan A and B balance during the year:

	Amount
Balance, January 1, 2024	\$ -
Fair value of Term Loan A on initial recognition	17,547,078
Loss on revaluation of long-term debt ⁽ⁱ⁾	2,907,390
Balance, December 31, 2024	20,454,468
Fair value of Loan B on initial recognition	2,115,000
Loss on derecognition of Term Loan A	799,860
Loss on revaluation of long-term debt ⁽ⁱ⁾	5,315,417
Balance, December 31, 2025	28,684,745
Current portion of long-term debt	28,684,745
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. For the year ended December 31, 2025, PIK interest, default interest and loss on revaluation of long-term debt are included within the loss on revaluation of long-term debt within the consolidated statements of loss and comprehensive loss.

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

	December 31, 2025	December 31, 2024
Commitment Letter	\$ 16,899,049	\$ 18,535,864
Credit Agreement	28,684,745	20,454,468
Current portion of long-term debt	\$ 45,583,794	\$ 38,990,332
Long-term debt	\$ -	\$ -

14. Deferred payment liability

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

(i) *Vedatis deferred payment liability*

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

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

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

The Company used Monte-Carlo simulation valuation techniques to estimate the net present value of the Vedatis Earn-Out Payment prior to the end of the end of the earn-out period. 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.

The Vedatis earn-out period ended June 30, 2025 and the Vedatis Earn-Out Payment is expected to be settled in cash. On December 19, 2025, the Company made a payment of \$1,376,800 towards the Earn-Out Payment. As of December 31, 2025, the Vedatis Earn-Out Payment reflects the remaining estimated amount expected to be paid by the Company. The Vedatis Earn-Out Payment amount remains subject to ongoing negotiations.

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

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

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

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14. Deferred payment liability (continued)

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

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

	Vedatis Earn-Out Payment
Balance, January 1, 2024	\$ 2,083,262
Accretion	153,920
Loss on revaluation of deferred payment liability	44,451
Effect of movement in exchange rates	40,641
Balance, December 31, 2024	\$ 2,322,274
Accretion	145,819
Payment – cash	(1,376,800)
Gain on revaluation of deferred payment liability	(743,298)
Effect of movement in exchange rates	177,088
Balance, December 31, 2025	525,083
Current portion of deferred payment liability	525,083
Long-term portion of deferred payment liability	\$ -

(ii) *FFS deferred payment liability*

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

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

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

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

The following table shows the aggregate movement of the deferred payment liability during the years ended December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
Beginning balance	\$ 2,322,274	\$ 2,165,493
Accretion	145,819	155,905
Payment – cash	(1,376,800)	(85,700)
(Gain) loss on revaluation of deferred payment liability	(743,298)	44,451
Effect of movement in exchange rates	177,088	42,125
Ending balance	525,083	2,322,274
Current portion of deferred payment liability	525,083	2,322,274
Long-term portion of deferred payment liability	\$ -	\$ -

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15. Share capital

Authorized:

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

During the year ended December 31, 2025, the Company had no share capital activity.

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.

16. 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, 2025 and 2024:

	December 31, 2025		December 31, 2024	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Beginning balance	4,329,735	\$ 1.91	9,485,334	\$ 1.81
Issued	-	-	3,170,365	0.17
Forfeited	(2,312,963)	(2.79)	(8,325,964)	(1.14)
Ending balance	2,016,772	\$ 0.89	4,329,735	\$ 1.91
Exercisable	956,481	\$ 1.70	1,886,192	\$ 3.89

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

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

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16. Stock options (continued)

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

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

The Company recorded a share-based compensation expense of \$45,804 (December 31, 2024 – expense recovery of \$1,971,460) for stock options vesting and forfeited during the year ended December 31, 2025.

The Company has the following stock options outstanding as of December 31, 2025:

Expiry date	Number of stock options outstanding	Exercise price	Number of stock options exercisable	Weighted average remaining life (years)
January 1, 2026	100,525	\$ 8.75	100,525	-
February 16, 2027	30,652	1.13	30,652	1.13
April 20, 2027	187,467	2.75	187,467	1.30
November 17, 2027	51,403	1.13	51,403	1.88
December 12, 2028	53,000	1.00	53,000	2.95
April 10, 2029	643,332	0.19	216,638	3.28
May 27, 2029	683,857	0.14	227,952	3.41
August 23, 2029	87,282	0.155	29,094	3.65
November 25, 2029	179,254	0.16	59,750	3.90
	2,016,772	\$ 0.89	956,481	2.97

17. 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. Restricted share units are expected to be settled through the issuance of common shares of the Company.

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

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

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17. Share Units (continued)

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

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

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

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

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

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

The Company recorded share-based compensation expense of \$132,060 (December 31, 2024 - \$823,763) for restricted share units vesting and forfeited during the year ended December 31, 2025.

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18. Warrants

On July 12, 2024, the Company issued 37,037,037 common share purchase warrants in connection with the Credit Agreement (Note 13). On July 24, 2025, the Company issued 6,005,178 common share purchase warrants and amended the exercise price of 36,574,074 warrants originally issued to Beedie Investments Ltd. in connection with the Beedie Forbearance Agreement (Note 13).

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

	December 31, 2025		December 31, 2024	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Beginning balance	37,037,037	\$ 0.135	-	\$ -
Issued	6,005,178	0.083	37,037,037	0.135
Ending balance	43,042,215	\$ 0.084	37,037,037	\$ 0.135

The Company has the following common share purchase warrants outstanding as of December 31, 2025:

Expiry date	Number of stock warrants outstanding	Exercise price	Weighted average remaining life (years)
July 12, 2029	36,574,074	\$ 0.083	3.53
July 12, 2029	462,963	0.135	3.53
July 24, 2030	6,005,178	0.083	4.56
	43,042,215	\$ 0.084	3.68

19. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.60% (December 31, 2024 - 26.60%) to the effective tax rate for the years ended December 31, 2025 and 2024 is as follows:

	December 31, 2025	December 31, 2024
Statutory income tax rate	26.60%	26.60%
Net loss before income taxes	\$ (55,615,825)	\$ (96,667,150)
Computed income tax recovery	(14,793,810)	(25,713,462)
Increase (decrease) resulting from:		
Non-deductible expenses and other	1,600,781	21,280,844
Differences in foreign tax rates	322,050	773,401
Recognition of previously unrecognized tax losses	(3,482,317)	(927,810)
Origination and reversal of temporary differences	4,276,678	1,324,363
Current period loss for which no benefit is recognized	579,574	2,578,514
Income tax recovery	\$ (11,497,044)	\$ (684,150)

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

	December 31, 2025	December 31, 2024
Current tax expense	\$ 31,549	\$ 372,160
Deferred tax recovery	(165,393)	(1,056,310)
Income tax recovery from continuing operations	(133,844)	(684,150)
Deferred tax recovery from discontinued operations	(11,363,200)	-
Income tax recovery	\$ (11,497,044)	\$ (684,150)

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19. Income Taxes (continued)

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

	January 1, 2025	Recognized in net loss	Recognized in OCI	Recognized in equity	December 31, 2025
Deferred tax asset					
Tax losses carried forward	\$ 3,692,220	\$ (731,403)	\$ (128,608)	\$ -	\$ 2,832,209
Intangible assets and other	835,699	(835,699)	-	-	-
	4,527,919	(1,567,102)	(128,608)	-	2,832,209
Deferred tax liability					
Intangible assets and other	\$ (17,130,520)	\$ 12,242,287	\$ 149,906	\$ -	\$ (4,738,327)
Goodwill	(729,494)	729,494	-	-	-
Loans and borrowing	(123,914)	123,914	-	-	-
Investments	(14,896)	-	-	-	(14,896)
	(17,998,824)	13,095,695	149,906	-	(4,753,223)
Net deferred tax asset (liability)	\$ (13,470,905)	\$ 11,528,593	\$ 21,298	\$ -	\$ (1,921,014)

	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)

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

	December 31, 2025	December 31, 2024
Non-capital losses carried forward	\$ 64,900,692	\$ 139,213,432
Capital losses carried forward	92,355,874	4,588,818
Intangible assets and goodwill	12,023,910	7,251,196
Investments	120,000	1,671,392
Financing and share issuance costs	2,017,623	3,810,218
Loans and borrowing	11,622,737	-
Unrealized foreign exchange and other	446,988	524,143
	\$ 183,487,825	\$ 157,059,199

The Company has Canadian net operating losses of \$30,918,753 available to reduce taxable income in future years. If not utilized, these net operating losses will expire between 2041 to 2045. The Company has Canadian capital losses of \$92,355,874 available to reduce capital gains in future years, these capital losses will carryforward indefinitely.

The Company has USA net operating losses of \$34,080,940 available to reduce taxable income in future years. If not utilized, these net operating losses will carryforward indefinitely.

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.

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20. Related party transactions and balances

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

Compensation provided to key management during the years ended December 31, 2025 and 2024 is as follows:

	December 31, 2025	December 31, 2024
Short-term benefits	\$ 1,330,314	\$ 1,578,452
Share-based compensation	158,212	681,871
	\$ 1,488,526	\$ 2,260,323

A summary of other related party transactions during the years ended December 31, 2025 and 2024 is as follows:

	December 31, 2025	December 31, 2024
Total transactions during the year:		
Expenses		
Interest expense	\$ 23,792	\$ 17,154
Share of net loss from investment in joint ventures	-	11,024

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

	December 31, 2025	December 31, 2024
Balances receivable (payable):		
Accounts payable and accrued liabilities	\$ (279,270)	\$ (1,202,545)
Long-term debt	(328,711)	(267,154)

As of December 31, 2024, a balance of \$739,612 is included in accounts payable and accrued liabilities for severance payable to the former Chief Executive Officer who was serving as Interim Chief Executive Officer.

As of December 31, 2025, a balance of \$279,270 (December 31, 2024 - \$400,728) is included in accounts payable and accrued liabilities for severance payable to the former Chief Financial Officer who was reappointed as the Chief Financial Officer of the Company effective December 31, 2024, then reappointed as Chief Executive Officer on July 6, 2025. As of December 31, 2025, a balance of \$Nil (December 31, 2024 - \$62,205) is included in accounts payable and accrued liabilities for consulting fees payable to Macaview Inc., a company controlled by the former Chief Financial Officer who was reappointed as the Chief Financial Officer of the Company effective December 31, 2024, then reappointed as Chief Executive Officer on July 6, 2025.

On July 12, 2024, the Company entered into a \$250,000 Credit Agreement (Note 13) with an affiliate of Jordan Gnat (the "Gnat Affiliate"), who is a director of the Company, and on July 10, 2025, the Company entered into a \$25,000 Beedie Forbearance Agreement (Note 13) with the Gnat Affiliate. The Company also issued 462,963 common share purchase warrants to the Gnat Affiliate pursuant to the Credit Agreement and 75,065 common share purchase warrants to the Gnat Affiliate pursuant to the Beedie Forbearance Agreement. During the year ended December 31, 2025, the Company incurred interest expense of \$23,792 (December 31, 2024 - \$17,154) to the Gnat Affiliate. As of December 31, 2025, a balance of \$328,711 (December 31, 2024 - \$267,154) is payable to the Gnat Affiliate relating to the Credit Agreement and Beedie Forbearance Agreement. See Note 13 for information relating to warrants issued to the Gnat Affiliate.

During the year ended December 31, 2024, the Company recognized a share of net loss from investment in joint ventures of \$11,024 from AFK Media Partnership, a related party by nature of it having common management as the Company. On December 31, 2024, AFK Media Partnership was dissolved.

See Note 16 for information relating to stock options issued to directors and officers of the Company.

See Note 17 for information relating to restricted share units issued to directors and officers of the Company.

21. Capital Management

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

The Company has largely been dependent on external financing to fund its activities and is presently seeking additional sources of financing. In order to carry out the planned operations and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed if the Company is unable to generate positive cash flows from operations. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2025. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements aside from the covenants described in Note 13.

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).

22. Financial instruments

Fair values

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

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

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

As of December 31, 2025, Term Loan A and B are classified as a Level 3 financial instrument, see Note 13. The Vedatis Earn-Out Payment liability was classified as a Level 3 financial instrument as at December 31, 2024 and during the year ended December 31, 2025 prior to maturity, see Note 14.

Total interest income and interest expense for the years ended December 31, 2025 and 2024 for financial assets or financial liabilities that are not at fair value through profit or loss are as follows:

	December 31, 2025	December 31, 2024
Interest income	\$ (5,990)	\$ (4,787)
Interest and accretion expense	3,528,491	2,014,444
Net interest expense	\$ 3,522,501	\$ 2,009,657

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

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22. Financial instruments (continued)

Credit risk

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

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

	December 31, 2025	December 31, 2024
Trade receivables aging:		
0-30 days	\$ 1,280,656	\$ 6,553,840
31-60 days	318,339	1,308,754
61-90 days	123,594	1,364,496
Greater than 90 days	2,335,869	2,448,856
	4,058,458	11,675,946
Expected credit loss provision	(128,175)	(125,991)
Net trade receivables	\$ 3,930,283	\$ 11,549,955

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

	December 31, 2025	December 31, 2024
Expected credit loss provision, beginning balance	\$ (125,991)	\$ (336,633)
Increase in provision of expected credit losses	(41,829)	(145,014)
Write-offs	36,887	361,204
Effect of movement in exchange rates	(2,758)	(5,548)
Expected credit loss provision, ending balance	\$ (128,175)	\$ (125,991)

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

	Total	Not past due	Over 30 days past due	Over 60 days past due	Over 90 days past due
Default rates		0.28%	0.86%	1.49%	5.14%
Trade receivables	\$ 4,058,458	\$ 1,280,656	\$ 318,339	\$ 123,594	\$ 2,335,869
Expected credit loss provision	\$ 128,175	\$ 3,620	\$ 2,727	\$ 1,843	\$ 119,985

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

Concentration risk

The Company has one customer which makes up more than 10% of revenue. This customer accounts for approximately 25.60% (December 31, 2024 - 20.58%) of trade receivables as of December 31, 2025 and 39.95% (December 31, 2024 - 37.26% (Amended - Note 25)) of revenue for the year ended December 31, 2025.

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22. Financial instruments (continued)

Liquidity risk

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

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

	Less than one year	One to two years	Two to three years	More than three years	Total
Accounts payable and accrued liabilities	\$ 8,776,572	\$ -	\$ -	\$ -	\$ 8,776,572
Deferred payment liability	525,083	-	-	-	525,083
Lease liabilities	118,078	-	-	-	118,078
Long-term debt ⁽ⁱ⁾	43,195,960	-	-	-	43,195,960
	\$ 52,615,693	\$ -	\$ -	\$ -	\$ 52,615,693

- (i) Included in long-term debt in less than one year is \$26,296,911 of debt payable pursuant to the Beedie Forbearance Agreement (Note 13) which is not due until July 12, 2028 but has been presented as a current liability as of December 31, 2025 due to the Company not being in compliance with covenants.

Currency risk

A large portion of the Company's transactions occur in foreign currencies (including US dollars, UK pound sterling and Euro) and, therefore, the Company is exposed to foreign currency risk at the end of the reporting period through its US dollars, UK pound sterling and Euro denominated trade and other receivables, accounts payable and accrued liabilities, contract liabilities, deferred payment liability and cash. As of December 31, 2025, a 10% depreciation or appreciation of the US dollar, UK pound sterling and Euro against the Canadian dollar would have resulted in an approximate \$275,000, \$270,000, and \$78,000 decrease or increase, respectively, in total net loss and comprehensive loss.

Interest rate risk

The Company's Term Credit bears interest at the Bank's prime lending rate plus 5.60% per annum. The Company's Operating Credit bears interest at the greater of (i) the Bank's prime lending rate plus 1.50%, and (ii) 2.45% per annum. Fluctuations in the Bank's prime lending rate will result in changes to interest expense. A change in the annual interest rate of 0.50% would approximately result in a \$81,000 change in the annual interest expense.

23. Commitments

As of December 31, 2025, the Company has the following payment commitments with respect to consulting and other contractual obligations:

Not later than one year	\$ 122,000
Later than one year and not later than five years	-
	\$ 122,000

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24. Segment disclosure

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

Revenues by pillar for the years ended December 31, 2025 and 2024 are as follows:

	December 31, 2025	December 31, 2024 (Amended – Note 25)
Media and content	\$ 15,295,309	\$ 24,325,609
Events	5,297,033	4,487,935
Subscriptions	11,441,902	12,850,926
	\$ 32,034,244	\$ 41,664,470

Revenues, in Canadian dollars, in each of the four major geographic locations for the years ended December 31, 2025 and 2024 are as follows:

	December 31, 2025	December 31, 2024 (Amended – Note 25)
Canada	\$ 1,197,279	\$ 1,887,893
USA	17,509,027	23,353,633
England and Wales	9,208,663	8,573,816
All other countries	4,119,275	7,849,128
	\$ 32,034,244	\$ 41,664,470

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

	December 31, 2025	December 31, 2024
Canada	\$ 34,437,105	\$ 79,515,249
USA	12,666,203	20,777,668
France	3,335,000	3,335,000
England and Wales	5,605,461	5,677,730
	\$ 56,043,769	\$ 109,305,647

25. Amendment of revenue on a net basis

During the year ended December 31, 2025, management reassessed the recognition and presentation of media and content revenue under an arrangement with a third-party advertising monetization company, based on the relevant facts and circumstances considered in connection with the preparation of the Company's 2025 consolidated financial statements. As a result of that reassessment, management concluded that the third-party advertising monetization company is the Company's customer and revenue is recognized and presented based on the Company's contractual share of net revenues remitted by the third-party advertising monetization company.

Management has retrospectively amended the comparative media and content revenue and cost of sales amounts for the year ended December 31, 2024 to reflect the revenue earned from the third-party advertising monetization company as the Company's contractual share of net revenue, with no cost of sales. This amendment resulted in a decrease in both revenue and cost of sales of \$1,511,618 for the year ended December 31, 2024, with no impact on gross profit, net loss, loss per share, cash flows, total assets, total liabilities, or shareholders' equity.

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25. Amendment of revenue on a net basis (continued)

The impact of the amendment on December 31, 2024 revenue, costs of sales and gross margin from continuing operations is as follows:

	For the year ended December 31, 2024	Adjustment	Amended amount for the year ended December 31, 2024
Revenue	\$ 43,176,088	\$ (1,511,618)	\$ 41,664,470
Cost of sales	12,103,376	(1,511,618)	10,591,759
Gross margin	\$ 31,072,712	\$ -	\$ 31,072,712

The impact of the amendment on December 31, 2024 revenues by pillar from continuing operations is as follows:

	For the year ended December 31, 2024	Adjustment	Amended amount for the year ended December 31, 2024
Media and content	\$ 25,837,227	\$ (1,511,618)	\$ 24,325,609
Events	4,487,935	-	4,487,935
Subscriptions	12,850,926	-	12,850,926
	\$ 43,176,088	\$ (1,511,618)	\$ 41,664,470

The impact of the amendment on revenues from continuing operations, in Canadian dollars, in each of the four major geographic locations, for the year ended December 31, 2024 is as follows:

	For the year ended December 31, 2024	Adjustment	Amended amount for the year ended December 31, 2024
Canada	\$ 1,977,286	\$ (89,393)	\$ 1,887,893
USA	24,354,789	(1,001,156)	23,353,633
England and Wales	8,630,430	(56,614)	8,573,816
All other countries	8,213,583	(364,455)	7,849,128
	\$ 43,176,088	\$ (1,511,618)	\$ 41,664,470