

**East Side Games Group Inc.  
Management’s Discussion and Analysis (“MD&A”)  
For the Three and Six Month Periods Ended September 30, 2025**

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**MANAGEMENT’S DISCUSSION AND ANALYSIS**

This MD&A should be read in conjunction with the audited consolidated financial statements of East Side Games Group (“ESGG” or the “Company”) for the years ended December 31, 2024 and 2023 and the related notes, and our unaudited interim financial statements for the three and nine month periods ended September 30, 2025 which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The Company's functional and reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars. This MD&A is dated November 13, 2025.

**CAUTION ON FORWARD-LOOKING STATEMENTS**

This MD&A contains certain statements that may constitute “forward looking statements”. Forward looking statements include, but are not limited to, statements regarding future anticipated business developments and the timing thereof, business and financing plans, and ongoing litigation. No assurance can be given that such expectations will prove to be correct. Forward looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. Forward looking statements are not guarantees of future performance, and actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to generate future revenues; competition; regulation; potential intellectual property issues; reliance on third party distributors; dependence on key executives; dependence on advertising revenue; potential requirement for further funding; IT security risks; potential conflicts of interest with proposed directors and officers; potential share price volatility; need to attract and retain qualified personnel; litigation risks; and ability to implement business strategies.

Although the Company has attempted to identify important factors that could affect it, unknown events may cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this MD&A address only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unforeseen events other than as required by applicable law.

**COMPANY BACKGROUND & DESCRIPTION OF BUSINESS**

ESGG is a leader in free-to-play mobile gaming, thrilling players with unforgettable experiences that spark lifelong fandom. Fueled by an entrepreneurial spirit, we are driven by creativity, flawless execution, and a laser-focused growth strategy. We develop and publish both original and licensed IP titles, license our cutting-edge GameKit(s) platforms, and strategically acquire studios or games to expand our family.

Headquartered in Vancouver with around 120 talent dense team members, we operate over a dozen titles under East Side Games (“ESG”) and LDRLY (Technologies) Inc. (“LDRLY”). Together, we’re crafting, launching, and publishing mobile games across our own studios and an extended Game Kit partner network—reaching players on iOS and Android worldwide.

We power our success through in-app purchases (“IAP”)—offering exclusive, game-enhancing virtual items—and in-game advertising. To keep growing, we focus on captivating audiences, keeping them engaged, and unlocking exciting new ways to monetize. We’ll drive this momentum by launching bold new titles, enriching our current lineup, innovating discovery, expanding into fresh markets and exploring new distribution platforms.

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Our financial reporting structure will not report on individual titles to respect our partner non-disclosure agreements and competitive information. At September 30, 2025, key published titles and launch dates are as follows:

Game Title	Developer/ Publisher	Worldwide Launch Date	IP Ownership
<i>Trailer Park Boys: Greasy Money</i>	ESG	April 20, 2017	Trailer Park Boys Inc.
<i>Bud Farm Idle Tycoon</i>	LDRLY	March 23, 2019	ESGG
<i>Cheech &amp; Chong Bud Farm</i>	LDRLY	April 19, 2020	Cheech & Chong LLC
<i>RuPaul’s Drag Race Superstar</i>	ESG / Night Garden	October 25, 2021	World of Wonder Productions Inc.
<i>The Office: Somehow We Manage</i>	ESG	January 27, 2022	NBC Universal
<i>Star Trek: Lower Decks - the Badgey Directive</i>	ESG / Mighty Kingdom	September 13, 2022	CBS Viacom
<i>Bud Farm: Munchie Match</i>	ESG / Funkitron	October 25, 2022	ESGG
<i>Milk Farm Tycoon</i>	ESG / NoPowerUp	February 8, 2023	ESGG
<i>Doctor Who: Lost in Time</i>	ESG / Bigfoot	March 8, 2023	BBC Studios
<i>AEW: Rise to the Top</i>	ESG / Game Masons	January 15, 2024	All Elite Wrestling, LLC
<i>Cheech and Chong: Kush Kingdom</i>	ESG / Funkitron	May 7, 2024	Cheech & Chong LLC
<i>Power Rangers: Mighty Force</i>	ESG / Mighty Kingdom	August 16, 2024	Hasbro, Inc.
<i>RuPaul’s Drag Race Match Queen</i>	ESG / Funkitron	June 17, 2025	World of Wonder Productions Inc.
<i>Squishmallows Match</i>	ESG / Zaibatsu	September 1, 2025	Jazwares Entertainment, LLC

Three of ESGG's top five games are titles that launched in the past four years: *RuPaul’s Drag Race Superstar*, *The Office: Somehow We Manage*, and *Milk Farm Tycoon*. These titles prove out the product market fit for GameKit, our proprietary software that allows developers to build faster, cheaper, and with a higher chance of success. It also proves our focus on IP driven games as well as owned IP is a solid model.

**OVERALL PERFORMANCE**

**For the Three and Six Months Ended September 30, 2025 and 2024**

	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Revenue	\$ 20,052,664	\$ 21,413,150	\$ 57,818,729	\$ 62,769,038
Cost of sales (note 1)	7,559,637	8,604,496	22,353,780	24,331,071
Gross profit	12,493,027	12,808,654	35,464,949	38,437,967
Operating expenses	18,936,920	12,928,655	44,038,082	37,199,410
Other income	4,520	(63,158)	26,023	212,927
Income tax expense (recovery)	2,371	(196,543)	(161,470)	(1,085,474)
Net income (loss)	(6,441,744)	13,384	(8,385,640)	2,536,958
EBITDA (note 2)	(3,831,763)	2,281,864	(1,032,421)	8,785,675
Adjusted EBITDA (note 3)	(2,958,922)	2,452,933	406,858	9,197,120
Earnings (loss) per share	(0.08)	0.00	(0.11)	0.03
Outstanding Shares	77,012,280	81,536,394	77,012,280	81,536,394

Note 1 – Cost of Sales includes 30% platform fees from Google/Apple stores, royalties and server costs for maintaining the games

Note 2 - The term EBITDA does not have a standardized meaning according to IFRS. See Non-GAAP Measures - EBITDA and Adjusted EBITDA for more information.

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Note 3 - The term Adjusted EBITDA is not defined under IFRS and is not a measure of operating income, operating performance or liquidity presented in accordance with IFRS. The Company defines Adjusted EBITDA as EBITDA adjusted for stock-based compensation, unrealized foreign exchange gain or loss, and non-cash and other adjustments. See non-GAAP measures for more information.

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**Commentary for the quarter ended September 30, 2025:**

Q3 was a milestone quarter for the Company where we saw massive increased investment into our Match-3 portfolio of games. The quarter also saw the debut of a new Match-3 game, Squishmallows Match, which launched worldwide on September 1, 2025. This is following another Match-3 debut with *RuPaul’s Drag Race: Match Queen*, which launched worldwide on June 17, 2025. The core titles continue to be a consistent and reliable source of revenue and positive cash flow for the Company, which allows us to reinvest in our expansion and growth as a company, developing the next crop of profitable games to add to our portfolio.

To ensure our new game launches are successful, the Company has taken a two-pronged approach to ensure that our new game launches are successful this year.

- Optimizing Average Revenue Per Daily Active User (“ARPDau”) and retention numbers through Live Operations by delivering content and challenges that foster engagement and return players.
- Investing in a full-funnel strategy for marketing the game launches, with paid media, UA campaigns, creator partnerships, cultural moments and organic community-building into one unified effort.

SquishMallow’s Match Launch

- The integrated approach to Pre-Reg/Pre-order for Squishmallows Match delivered one of our strongest pre-launch metrics to date with 90,000+ players pre-registering. This included a Cecily the Bigfoot contest which generated over 29,000 entries and 12,000 newsletter opt-ins, establishing an active fan base and direct communication pipeline at release.
- Since launch, player sentiment has been overwhelmingly positive, celebrating the game’s charming art direction, collectible systems, and relaxed gameplay experience. The game has experienced strong player reception, averaging 4.8 and 4.6 rating across Apple and Google respectively.
- Fans highlight the joy of collecting and customizing their Squishmallows as a key driver of repeat play, reflecting strong alignment with the brand’s emotional appeal. Continued live-ops support, IP collaboration with Jazwares, and ongoing community activations will drive long-term engagement through 2026.

RuPaul’s Drag Race: Match Queen Launch

- *RuPaul’s Drag Race: Match Queen* has quickly become the highest ARPDau Match-3 game in our portfolio. To put this into perspective, its ARPDau is double that of our other successful Match-3 titles. This outstanding performance is a testament to our live operations strategy and the deep engagement the game is fostering.
- Our retention metrics for *RuPaul’s Drag Race: Match Queen* are strong, consistently at or above industry benchmarks. This indicates that players are finding the game highly enjoyable and are returning day after day, which is crucial for long-term revenue generation.

**ESG Data and Stats Summary**

- Revenue of \$20.1 million
- Adjusted EBITDA of (\$3.0 million)
- Average DAU (Daily Active Users): **227,010**
- ARPDau (Average Revenue Per Daily Active User): \$0.97
- Cash Balance of \$3.2 million
- Share Buybacks: The company repurchased 833,700 shares in the quarter under the Normal Course Issuer Bid (“NCIB”) for a total of \$349,288 and cancelled 168,500 shares

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- Core portfolio continues to generate profitable cash flow which the company is using to reinvest into growth of new titles
- The company continues to be disciplined with ad spend, ensuring aggressive payback windows to ensure attractive returns on ad spend

## **STRATEGIC OUTLOOK**

The company is shifting to focus on developing and launching new game titles with the goal of growth. In the quarter, this involved heavy investment in the launches of both RuPaul Match Queen and Squishmallows Match, lining up with the full funnel marketing strategy that aims to acquire hard core users from established IP fanbases at each level of engagement they have with the brand. In addition, a coordinated marketing campaign was deployed across media platforms like Tiktok and Instagram, and also on more traditional methods such as TV ad placements on RuPaul's Drag Race, which has attracted our most engaged players to date, driving a 300% increase in the first week value for that player segment.

The strong collaboration between our Growth, Analytics and Marketing teams have enabled us to capitalize on spending opportunities to boost installs of high quality users while maintaining steady and improved returns.

To reiterate, the Company's strategy and approach to growth in 2025-2026 is as follows:

### **Profitability and Re-investment within the Core Business**

From 2023 to 2024, ESG had a focus on profitability and cashflow, streamlining operations and optimizing costs to ensure that we were building up a war chest while driving sustainable, responsible growth. This involved strengthening the leadership team, and bringing in industry veterans and subject matter experts across key functions. Since then, the studio has a strong core of around 130 people, and a global development partner network of over 300.

As of today, the core portfolio of the business remains strong, stable and profitable, and affords the Company a solid foundation from which we can choose to invest in future growth opportunities while still funding development on future titles to ensure a steady pipeline of amazing games with strong IPs with massive, loyal and engaged fanbases.

With the launch of RuPaul Match Queen and Squishmallows Match, we will focus on prioritizing the growth of these games, while focusing on funding development for the next big IP game with the highest potential and biggest reach.

### **Full Funnel Marketing Strategy**

The Company is pursuing a full funnel marketing strategy in conjunction with its new game launches. This involves ensuring fans of the IP are exposed to the game via multiple touch points that lead to future installs. This has been integral to our approach to launching RuPaul's Drag Race Match Queen, where we have in-show placements for the game which directly led to an increase in organic installs, and had the additional effect of improving performance on paid ads, doubling our returns on Day 1. This shows that brand exposure helps us reach more players and makes our advertising more effective.

Timing was key: we launched at the same time as *RuPaul's Drag Race All Stars* Season 10 aired on Paramount+, coordinated with sponsored Pride campaigns, and activated a strategic network of LGBTQ+, fashion, and gaming creators. This wasn't just a game launch, it was a cultural moment that lived across platforms. The results are promising. Over the July 4th weekend, we saw a strong organic lift: daily installs doubled, largely fueled by our second in-show feature on Paramount+. This allowed us to increase marketing spend by 66% to boost installs over this specific window, while keeping the cost per installs steady and driving improved returns.

In addition, Social engagement is also gaining momentum. A recent Instagram video featuring former *RuPaul's Drag Race All-Stars* winner Trixie Mattel on our social media channels has reached 217,000 views and over 5,500 engagements, delivering an engagement rate well above industry benchmarks. We've received outreach on social media from a number of Drag Race Queens sharing content of them playing the game or asking how to be a part of the game.

### **Diversifying Revenue Streams**

ESG has diversified our revenue streams by introducing new revenue streams through subscription, season passes and new advertising placements such as interstitial ads and offer walls. We've built more new features than ever across the studio which have been diligently proven through a/b testing methods to prove their value and profitability. We've introduced new tools for optimizing prices, especially in price sensitive markets across several geographic locations, resulting in increasing conversion rates and revenue. This allows us to consolidate the best features and practices across the portfolio of games, allowing all games to benefit from the breakthrough of a single title that can scale to the studio, helping maximize revenue.

Match-3 has also been shown to be a viable genre to apply our expertise of adapting the biggest IP and brands in the world to an engaging mobile game experience. We consolidated all the learnings from that first generation of Match-3 games and improved on them as we get ready to launch our next generation of Match-3 games with huge, beloved IPs: *RuPaul's Drag Race: Match Queen* and *Squishmallows Match*. *RuPaul's Drag Race: Match Queen* entered limited soft launch and is already showing the best retention, monetization, and engagement metrics of any of our match games in the same countries.

ESG also made strides in expanding its market presence by launching Trailer Park Boys: Greasy Money on the Epic Mobile Store. As one of the few developers on the platform, ESG has already seen 21% of installs come from the store, all through organic, non-paid traffic. With Epic Mobile Store taking a lower platform fee, ESG is poised to benefit from improved profit margins as the platform grows and we port more games over to the platform.

### **Sustainable and Profitable User Acquisition**

The economics of free to play games typically suggests that games experience diminishing returns to user acquisition over time. It is essential for a company to continually have new products on the pipeline to replace stagnating and declining revenue on older titles. Three games launched in 2024 gave us opportunities to revamp creative processes and add to the portfolio. In addition, rooting our understanding of creative performance and its effect on user acquisition cost and real time data allowed us to improve the efficacy of each subsequent launch of 2024.

Second, we built stronger relationships with our ad networks and partners, unlocking resources reserved for their largest advertisers. Google and Apple, specifically, are two networks where we had little to no presence previously but now the studio has access to their enterprise level service tier. We have also been selected as one of Singular's gaming partners to beta test their new creative AI tagging. This additional support is invaluable.

Finally, we learned the nuances of a new genre as we look to capitalize on one of the strongest IPs in the portfolio by bringing RuPaul's Drag Race to Match in 2025. Through the first few stages of tech and soft launches in RuPaul Match, we have seen the strong retention metrics that would make anyone on the network side lean in, and they are already doing so. Player retention is one of the strongest leading indicators of future success and long-term growth potential, allowing games to reach the critical mass of players to grow revenue with over time. This critical mass is even more important for the Match Games. Combined with Product's ability to maximize revenue from our player base, our expectations and excitement for the future Match launches are high.

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**Non GAAP Key Audience Metrics:**

We manage our business by tracking several non-GAAP operating metrics we believe collectively best reflect key audience growth, retention and monetization trends. The audience metrics areas are outlined as follows:

**Daily Active Users (DAU):** The Company defines DAU as the number of users who played one of its mobile games during a particular day. DAU for a particular period is the average DAU of each day during that period. We use DAU as a measure of audience engagement.

**Monthly Active Users (MAU):** The Company defines MAU as the number of users who played one or more of its mobile games during a 30-day period ending with the measurement date. Annual and quarterly MAU is the average MAU at each month-end during that period. We use MAU as a measure of total game audience size.

**DAU/MAU %:** The Company defines DAU/MAU “stickiness rate” as Daily Active Users (DAU) in the period divided by Monthly Active Users (MAU) in the period. We use this metric to evaluate how often users interact with our products.

**Average Revenue per Daily Active Users (ARPDau):** The Company defines ARPDau as its total revenue in a particular period, divided by the number of days in that period, divided by DAU in that period. We use this metric to evaluate monetization across our player base from both in-app purchases and advertising.

<b>Key Metrics</b>	<b>Q3 2025</b>	<b>Q3 2024</b>
<b>DAU</b>	<b>227,010</b>	<b>237,086</b>
<i>Y-o-Y %</i>	<i>-4.2%</i>	<i>-1.3%</i>
<b>MAU</b>	<b>971,433</b>	<b>976,893</b>
<i>Y-o-Y %</i>	<i>-0.6%</i>	<i>20.3%</i>
<b>DAU / MAU</b>	<b>23.4%</b>	<b>24.3%</b>
<i>Y-o-Y %</i>	<i>-3.7%</i>	<i>-18.0%</i>
<b>ARPDau</b>	<b>\$0.97</b>	<b>\$0.98</b>
<i>Y-o-Y %</i>	<i>-1.1%</i>	<i>4.2%</i>

Total Game Portfolio: We finished the period with average DAU of 227,010, down 4.2% year-over-year, and average MAU of 971,433, down 0.6% year-over-year. ARPDau ended the period at \$0.97, down 1.1% as compared to Q3 2024. The core metrics of the games remain solid, with the challenge being only discovery and new player acquisition. The Company intends to solve this through IP and marketing innovation.

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**SELECT QUARTERLY INFORMATION**

	<b>Q3 2025</b>	<b>Q2 2025</b>	<b>Q1 2025</b>	<b>Q4 2024</b>
Revenue	\$ 20,052,664	\$ 19,221,332	\$ 18,544,733	\$ 20,438,434
Cost of sales	7,559,637	7,291,766	7,502,377	8,017,680
Gross profit	12,493,027	11,929,566	11,042,356	12,330,754
Operating expenses	18,936,920	12,986,910	12,114,252	14,534,944
Other income, net	4,520	(158,544)	180,047	62,646
Income tax expense (recovery)	148,881	148,881	(312,722)	1,320,620
Net income (loss) for the period	(6,441,744)	(1,364,769)	(579,127)	(3,462,164)
EBITDA (Note 1)	(3,831,763)	1,291,107	1,508,235	601,090
Adjusted EBITDA (Note 2)	(2,958,922)	1,553,960	1,991,867	2,487,109
Earnings (loss) per share	(0.08)	(0.02)	(0.01)	(0.04)

Note 1 - The term EBITDA does not have a standardized meaning according to IFRS. See Non-GAAP Measures - EBITDA and Adjusted EBITDA for more information. USD:CAD average exchange rate is as follows : (Q3 2025 – 1.38, Q2 2025 – 1.38, Q1 2025 – 1.44, Q4 2024 – 1.40)

Note 2 - The term Adjusted EBITDA is not defined under IFRS. See non-GAAP measures for more information.

**LIQUIDITY & CAPITAL RESOURCES**

Net cash for the Company at September 30, 2025 was \$1.2 million, compared to net cash of \$8.3 million at September 30, 2024. On December 2, 2024, the Company announced a renewal of its Normal Course Issuer Bid (“NCIB”) authorizing the Company to purchase 4,076,819 of its shares. Through September 30, 2025, the Company purchased 4,558,614 shares at an average price of \$0.66 and cancelled 4,524,114 shares. The Company will continue to balance the need for growth and the return of capital to our shareholders.

The net cash generated from operating activities for the three-month period ended September 30, 2025 was \$0.2 million compared to \$6.2 million in the prior year. This is mainly due to increased marketing investment as part of the new game launches in Q3.

**FINANCIAL INSTRUMENTS**

***Credit risk***

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Company’s main exposure to credit risk relates to its trade receivables. The credit risk is minimal since the majority of the Company’s receivables come from large corporations who pay the Company advertising and gaming revenue. There is no bad debt expense in the current or prior periods and in the opinion of management, none of the amounts comprising this balance were considered impaired. As at September 30, 2025, 68% (December 31, 2024 – 71%) of the Company’s trade receivables were concentrated to three major Digital Storefronts and advertisers. The Company has not had any problems with payment from these Digital Storefronts and advertisers and as such management is of the opinion that any concentration of credit risk is minimal.

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**Liquidity risk**

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. The following are the remaining contractual maturities of financial liabilities at the reporting date:

	<b>Contractual cash flows</b>				
	<b>Total</b>	<b>2 months</b>	<b>3-12 months</b>	<b>13-24 months</b>	<b>25-48 months</b>
<b>September 30, 2025</b>					
Trade and other payables	13,954,593	12,895,320	1,059,273	-	-
Long-term liabilities <sup>(i)</sup> (minimum guarantee payments)	353,420	-	-	75,000	278,420
	<b>14,308,013</b>	<b>12,895,320</b>	<b>1,059,273</b>	<b>75,000</b>	<b>278,420</b>
<b>December 31, 2024</b>					
Trade and other payables	12,256,649	10,268,799	1,987,850	-	-
Long-term liabilities <sup>(i)</sup> (minimum guarantee payments)	434,725	-	-	434,725	-
	<b>12,691,374</b>	<b>10,268,799</b>	<b>1,987,850</b>	<b>434,725</b>	-

(i) Total cash payment amounts do not include present value discounts.

**Currency risk**

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is exposed to foreign currency exchange risk on cash and cash equivalents, trade and other receivables, and trade and other payables held primarily in U.S. dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

At September 30, 2025, 1 Canadian Dollar was equal to \$0.7183 US Dollar (December 31, 2024 - \$0.6950).

	<b>September 30, 2025</b>		<b>December 31, 2024</b>	
	<b>US Dollar</b>	<b>CDN Equivalent</b>	<b>US Dollar</b>	<b>CDN Equivalent</b>
Cash and cash equivalents	<b>1,553,158</b>	<b>2,162,151</b>	3,695,569	4,256,610
Trade and other receivables	<b>4,945,751</b>	<b>6,884,980</b>	4,466,761	6,335,819
Trade and other payables	<b>(2,736,683)</b>	<b>(3,809,736)</b>	(2,263,445)	(4,103,235)

Based on the net exposures as of September 30, 2025 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the US Dollar would result in a change to the Company's net income by approximately \$476,127 (December 31, 2024 - \$771,628).

## **RELATED PARTY TRANSACTIONS**

### *Transactions with Night Garden*

During the nine-month period ended September 30, 2025, the Company incurred \$1.7 million (2024 – \$1.7 million) in development costs to Night Garden and were expensed during the period.

### *Transactions with Bailey Ransen Family Trust*

The Company has an escrow payable to Bailey Ransen Family Trust totaling \$1.1 million, including interest owing.

## **UPDATE ON OUTSTANDING LITIGATION**

The company continues to vigorously defend against all claims in its ongoing British Columbia litigation with Truly Social Games (TSG). The trial has recently been adjourned to May 2026.

## **NON-GAAP MEASURES**

We have included certain non-GAAP performance measures throughout this MD&A. These performance measures are employed by us internally to measure operating and economic performance and to assist in business decision-making, as well as providing key performance information to senior management. We believe that, in addition to conventional measures prepared in accordance with IFRS, certain investors and other stakeholders also use this information to evaluate our operating and financial performance; however, these non-GAAP performance measures do not have any standardized meaning. Accordingly, these performance measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

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**Non-GAAP Measures – EBITDA and Adjusted EBITDA**

We believe that, in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors use EBITDA and Adjusted EBITDA as an indicator of our ability to generate liquidity by producing operating cash flow to fund working capital needs and fund development expenditures. EBITDA is also frequently used by investors and analysts for valuation purposes whereby EBITDA is multiplied by a factor or “EBITDA multiple” that is based on an observed or inferred relationship between EBITDA and market values to determine the approximate total enterprise value of a company.

EBITDA and Adjusted EBITDA are intended to provide additional information to investors and analysts and do not have any standardized definition under IFRS, and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. EBITDA and Adjusted EBITDA exclude the impact of cash costs of financing activities and taxes, and the effects of changes in operating working capital balances, and therefore are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate EBITDA and Adjusted EBITDA differently.

**EBITDA**

ESGG defines EBITDA as net income or loss adjusted for income taxes, interest expense, depreciation and amortization.

	<b>Q3 2025</b>	<b>Q2 2025</b>	<b>Q1 2025</b>	<b>Q4 2024</b>
<b>Net income (loss)</b>	(6,441,744)	(1,364,769)	(579,127)	(3,462,164)
<b>Income tax</b>	2,371	148,881	(312,722)	1,320,620
<b>Depreciation and amortization</b>	2,607,610	2,506,995	2,400,084	2,742,634
<b>EBITDA</b>	(3,831,763)	1,291,107	1,508,235	601,090

**Adjusted EBITDA**

ESGG defines Adjusted EBITDA as EBITDA adjusted for stock-based compensation, unrealized foreign exchange gains or losses, non-recurring costs, and non-cash and other adjustments.

	<b>Q3 2025</b>	<b>Q2 2025</b>	<b>Q1 2025</b>	<b>Q4 2024</b>
<b>EBITDA</b>	(3,831,763)	1,291,107	1,508,235	601,090
<b>Stock based compensation</b>	50,324	50,891	69,554	352,007
<b>Transaction expenses and restructuring costs</b>	553,217	42,845	57,626	11,353
<b>One-time items</b>	269,300	169,117	356,452	1,522,659
<b>Adjusted EBITDA</b>	(2,958,922)	1,553,960	1,991,867	2,487,109

## **SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and notes to the consolidated financial statements. These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimates are revised. Significant areas requiring the Company to make estimates include identification and valuation of intangible assets and contingent liabilities in business combinations, impairment of long-lived assets, indefinite life intangible assets and goodwill. The application of these and other accounting policies are described in note 2 of our annual consolidated financial statements for the years ended December 31, 2024 and 2023, filed on March 24, 2025. Actual amounts may vary significantly from estimates used. There have been no significant changes in accounting policies applied to the September 30, 2025 interim consolidated financial statements.

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

The Company is not aware of any proposed accounting standards or amendments that would have a significant effect on the consolidated financial statements as at September 30, 2025.

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with IFRS. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Based on a review of the Company's internal control procedures, the Company's Chief Executive Officer and Chief Financial Officer believe its internal controls and procedures are appropriately designed and have certified on the operating effectiveness of internal controls as at September 30, 2025.

There have been no material changes in the Company's internal control over financial reporting during the period ended September 30, 2025 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

## **Disclosure Controls and Procedures**

Management is also responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, which is required to be disclosed by the Company in its filings or required to be submitted by the Company under securities legislation is recorded, processed and summarized and reported within specified time periods. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the design of the Company's disclosure controls and procedures as at September 30, 2025, and have concluded that these controls and procedures were appropriately designed.

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

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

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

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

## **RISK FACTORS AFFECTING OUR PERFORMANCE**

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

The risks presented in the Annual Information Form may not be all of the risks that the Company may face. It is believed that these are the factors that could cause actual results to be different from expected and historical results. Other sections of this MD&A, the consolidated financial statements for the quarter ended September 30, 2025, each of which are available on SEDAR, and other filings the Company has made and may make in the future with the applicable securities authorities, include additional factors that could have an effect on the business and financial performance of the Company's business. The market in which the Company competes is very competitive and changes rapidly. Sometimes new risks emerge and management may not be able to predict all of them or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements. You should not rely upon forward-looking statements as a prediction of future results.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available in the consolidated financial statements of the Company for the quarter ended September 30, 2025. Additional information can also be found in the investors section of the Company's website at [www.eastsidegamesgroup.com](http://www.eastsidegamesgroup.com) or on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).