MANAGEMENT'S DISCUSSION AND ANALYSIS

This MD&A should be read in conjunction with the audited consolidated financial statements of LEAF Mobile Inc. (doing business as East Side Games Group) ("ESGG", "LEAF" or the "Company") for the year ended December 31, 2021 and the related notes, 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 March 10, 2022. The Company expects to officially change its name to East Side Games Group Inc. at its next Annual General Meeting.

On February 5, 2021, the Company acquired Eastside Games Inc. (ESG) in a reverse takeover transaction. Note 5 of the consolidated financial statements for the year ended December 31, 2021 provides additional information on this acquisition. The audited financial statements of ESG for the year ended December 31, 2020 have been filed on SEDAR. *As ESG was the accounting acquirer of the Company, for the year ended December 31, 2021, the financial information of ESG is presented as the continuing company, with the Company's results included for the period from February 5 to December 31, 2021.*

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, the acquisition Truly Social Games, statements regarding future anticipated business developments and the timing thereof, and business and financing plans. 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, ESGG'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; and ability to implement business strategies.

Although ESGG 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. ESGG 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 free-to-play mobile game group, creating engaging games that produce enduring player loyalty. Our entrepreneurial culture is anchored in creativity, execution, and a focused growth strategy of games development and publishing of original and licensed IP games, licensing of our Game Kit(s), technology platforms and a disciplined studio acquisition consolidation strategy. Headquartered in Vancouver the Company has over 170 employees and currently operates multiple virtual studios under the East Side Games and LDRLY Games banners. The Company develops, operates and publishes mobile games within our group and distributed network of Game Kit partners on two main platforms: Apple's iOS and Google's Android.

We generate revenue through in-app purchases ("IAP") from the sale of in-game virtual items that enhance the game-playing experience, and through in-game advertising. Revenue growth will continue to depend on our ability to attract

and retain players and effectively monetize our players. We intend to do this through the launch of new games, enhancements to current games and expansion into new markets and distribution platforms.

As of December 31, 2021 the Company publishes 12 live mobile games, published under the ESG and LDRLY banners. Our financial reporting structure will not report on individual titles to respect our partner non-disclosure agreements and competitive information. At December 31, 2021, the games we publish are as follows:

Game Title	Developer/ Publisher	Worldwide Launch Date	IP Ownership
Trailer Park Boys: Greasy Money	ESG	April 20, 2017	TPB Inc.
It's Always Sunny in Philadelphia: The Gang Goes Mobile	ESG	July 18, 2019	Disney
Archer: Danger Phone	ESG / TSG	August 17, 2019	FoxNext LLC
Dragon Up Idle Adventure	Night Garden/ESG	Feb 8, 2020	ESGG
The Goldbergs: Back to the 80's	ESG / Lumen	May 4, 2020	Sony Pictures Inc.
RuPaul's Drag Race Superstar	ESG / Night Garden	October 25, 2021	World of Wonder Productions Inc.
Bud Farm Idle Tycoon	LDRLY	March 23, 2019	ESGG
Cheech & Chong Bud Farm	LDRLY	April 19, 2020	Cheech & Chong LLC
B-Real's Monster Buds	LDRLY	November 1, 2021	DGT Enterprise LLC
Bud Farm / Pot Farm Grass Roots	LDRLY	May 13, 2016	ESGG
Bud Farm 420	LDRLY	Oct 19, 2018	ESGG
Bud Farm Nifty Stash	LDRLY/WAX	April 20, 2021	ESGG

- Subsequent to year end, the company launched *The Office: Somehow We Manage* on January 27, 2022, and announced future releases based on the *Dr. Who* and *Star Trek: Lower Decks* television shows.

GROWTH STRATEGY

We are focused on three primary ways to grow our business:

1. Organic growth

- Games Development & Publishing – use licensed IP driven and owned IP Franchises
- Unlock white space, loyal fandoms and underserved markets
- Active "Live Ops" services player retention and long-term commitment to the player community

In the fourth quarter we launched the first of our super marquee IP titles, *RuPaul's Drag Race Superstar* on Oct 25th and as of Jan 10, 2022 the game has achieved #1 ranking for all mobile games in 5 countries and a top 100 Game in 84 countries on IOS (per AppAnnie highest ranks). In November we launched *B-Real Monster Buds* and on January 27, 2022 we launched our second super marquee IP title, the critically-acclaimed Emmy® award winning comedy, *The Office: Somehow We Manage* mobile game. Additionally we announced that the Company extended and expanded their agreement with TPB Incorporated for Trailer Park Boys, the hit comedy TV show, signing a worldwide, multi-year, multi-game partnership agreement.

2. Distributed Growth through the Game Kit Software Platform

- Game Kit is ESGG's core software technology. This internally developed proprietary software framework for building specific mobile games allows for a material decrease in the typical build to launch timeline for mobile games to reduce development cost and increase the potential for game

success with proven monetization mechanics. This platform is utilized internally within the group to drive efficiencies and is licensed to related or 3rd party professional development studios on an invite only basis on a revenue-share and SaaS-based models.

We added one new Game Kit Partnership in the fourth quarter with NoPowerup in December 2021, totaling seven new Game Kit partners added during the 2021 fiscal year, bringing our total Game Kit partners to 11 partners, who are anticipated to launch, in the aggregate, up to nine new games in 2022.

3. Acquired Growth

- ESGG is an opportunistic and disciplined buyer looking for accretive acquisitions that support diversification of studio talent, technology, intellectual property and games.
- The Game Kit ecosystem provides a high-quality pipeline for future acquisitions through an "incubator" line of sight which allows us to assess cultural fit, skill sets and acquire studio management alignment.

During Q1, 2021 we completed the acquisition of East Side Games. In Q2 2021, we entered a definitive agreement with respect to a staged acquisition of Truly Social Games, pursuant to which we acquired an initial 20% equity stake during the third quarter. Subsequent to year end, in Q1 2022, we acquired all of N3TWORK Inc.'s interest in the *Funko Pop! Blitz* mobile game, and all assets used and related to the free-to-play mobile game on iOS and Android thereto.

OVERALL PERFORMANCE

The Schedules in the MD&A will conform to the following logic:

- Schedule 1 – "as reported" in the IFRS financial statements (which is ESG for all periods presented including LEAF / LDRLY results from the acquisition date of February 5, 2021 to December 31, 2021).

- Schedule 2 – "non-GAAP pro forma" which is the Schedule 1 as reported under IFRS with the addition of LEAF / LDRLY results from April 17, 2020 to December 31, 2020 and from January 1, 2021 to February 4, 2021.

Note that beginning with our Q1 2022 MD&A, the Schedule 2 report will no longer be provided because our "as reported" and "non-GAAP pro forma" will be identical in 2022 (and was identical for all of 2021 with the exception of Q1 2021).

For the Three Months and Years Ended December 31, 2021 and 2020

Schedule 1 – ESGG as reported under IFRS in the unaudited interim consolidated financial statements

This schedule reports the results of the Company for all periods presented including ESGG / LDRLY results from the merger date of February 5, 2021. As described above, the acquisition of ESG was a reverse takeover and as a result the historical financial information of ESG is the Company's comparative information.

	Three Months Ended December 31, 2021	Three Months Ended December 31, 2020 (Note 2)	Year Ended, December 31, 2021 (Note 1)	Year Ended, December 31, 2020 (Note 2)
Revenue	$ 28,607,632	$ 19,164,686	$ 93,186,818	$ 68,050,451
Cost of sales	9,908,405	4,247,549	33,273,373	20,209,075
Profit before other expenses	18,699,227	14,917,137	59,913,445	47,841,376
Other operating expenses	20,832,991	8,549,079	65,338,293	36,751,462
Other income (expense)	(173,188)	(690,375)	3,280,439	9,052,922
Income tax expense (recovery)	(1,505,191)	1,209,694	(263,493)	5,033,456
Net income (loss)	(801,760)	4,467,990	(1,880,917)	15,109,380
EBITDA (note 3)	(612,988)	5,772,147	3,959,867	16,895,938
Adjusted EBITDA (note 4)	1,097,623	6,566,978	7,436,098	11,241,725
Net income (loss) per share, basic and diluted	(0.01)	0.10	(0.03)	0.35
US : CAD average exchange rate	$ 1.26	$ 1.30	$ 1.25	$ 1.34

Note 1 – Revenue includes ESG revenue for all of 2021 and LEAF / LDRLY revenue from the date of acquisition, February 5, 2021 to December 31, 2021. Revenue would have been $95.5 million for the year ended December 31, 2021 had the reverse takeover of ESGG/LDRLY taken place on January 1, 2021 (See Schedule 2).

Note 2 – Due to the reverse takeover of LEAF by ESG, the prior period comparative amounts are those of ESG. During the comparative period, ESG owned LDRLY from January 1 to April 17, 2020. Revenue would have been $23.0 million and $80.5 million for the three months and year ended December 31, 2020, respectively had ESG owned LDRLY for the entire period (see Select Quarterly Information – Schedule 2 in this MD&A for additional information).

Note 3 - The term EBITDA does not have a standardized meaning according to IFRS. See Non-GAAP Measures - EBITDA and Adjusted EBITDA for more information.
Note 4 - 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.

Commentary for the three months and year ended December 31, 2021:

As Reported:

- On an IFRS basis, as reported in our consolidated financial statements, revenue was $28.6 million and $93.2 million for the three months and year ended December 31, 2021, respectively, increases of 49% and 37%, respectively, compared to $19.2 million and $68.1 million in the comparable prior year periods. The quarterly increase is largely due to the launch of *RuPaul's Drag Race Superstar* on October 25, 2021 and the annual increase was largely due to the acquisition of ESG in February 2021 and the launch of RuPaul.

- For the quarter ended December 31, 2021 our advertising revenue increased to $7.6 million, or 27% of total revenue, up from $5.5 million on a pro forma basis, or 24% of pro forma revenue in the prior year quarter. As compared to Q3, 2021, ad revenue was consistent as a percentage of total revenue.

- Approximately 70% of our revenue is generated in the United States. The 3% year over year quarterly decrease in the US dollar foreign exchange rate compared to the Canadian dollar resulted in a 2% reduction to our overall revenue. In constant dollars, revenue would have been $29.2 million this quarter. On an annual basis, the 7% reduction in the average exchange rate resulted in a 5% reduction to revenue. In constant dollars, revenue would have been $97.9 million.

- Cost of sales include platform fees from Apple and Google, which are 30% of in-app purchases, Amazon hosting fees and IP royalties. The increase over the prior year is due to the higher revenues. Cost of sales as a percentage of revenues is higher year over year for the three months and year ended December 31, 2021due to the Acquisition of ESG.

- Operating expenses include user acquisition costs, internal and third party development costs, administration expenses, stock based compensation, transaction fees, and depreciation of equipment and intangible assets. User acquisition costs increased over the prior year due to the launch of *RuPaul's Drag Race Superstar* in October 2021. Development costs increased over the prior year quarter and on a year-to-date basis due to increased headcount and lower SRED credits as a result of being a public company. General and administration expenses increased due to higher stock based compensation charges and public company costs during the quarter and annual periods. Transaction expenses in Q4 2021 primarily resulted from legal and accounting fees related to our intended LSE listing and base shelf prospectus and for the year to date period also included transaction costs related to the ESG and Truly Social acquisitions.

- Other income for the year ended December 31, 2021 reflects the $5.0 million gain on distribution of the Company shares to ESG shareholders. Accretion expense resulted from the contingent consideration and the unrealized foreign exchange loss resulted from the weakening of the US dollar. Other income for the year ended December 31, 2020 reflects the $9.6 million gain on sale of LDRLY.

- For the three month period, the Company recorded a net loss of $0.8 million largely as a result of the amortization of intangibles, stock based compensation, transaction expenses and accretion expense. This compares to net income of $4.5 million in the prior year quarter which benefited from accelerated install growth across entire game portfolio as result of shelter in place restrictions. For the year ended December 31, 2021, the Company reported a net loss of $1.9 million compared to net income of $15.1 million in the prior year period, which reflects the $9.6 million gain on sale of LDRLY.

- Adjusted EBITDA was $1.1 million for the quarter, representing a 4% margin, compared to $6.6 million for the prior year quarter. Adjusted EBITDA for the year ended December 31, 2021 was $7.4 million compared to $12.0 million for the prior year.

Schedule 2 – Pro Forma including ESGG / LDRLY acquisition from January 1, 2021

Schedule 2 includes LEAF / LDRLY in the results as if ESG's reverse takeover of LEAF / LDRLY had taken place on January 1, 2021. The Company is providing pro forma quarterly information for the year ended December 31, 2021 to provide a full year view of the combined entity as we believe this will assist readers in understanding the results. These results are not audited or reviewed and not in accordance with IFRS.

	Schedule 2 - Pro Forma including LEAF / LDRLY from January 1, 2021			
	ESGG, As Reported under IFRS (See Schedule 1)	**LEAF / LDRY (Jan 1 – Feb 4)**	**Elimination Adjustments**	**Pro Forma ESGG (Schedule 2)**
Revenue	$ 93,186,818	$ 5,803,188	$ (3,539,919)	$ 95,450,087
Cost of sales	33,273,373	5,247,931	$ (3,539,919)	34,981,385
Profit before other expenses	59,913,445	555,257		60,468,702
Other operating expenses	65,338,293	1,799,203		67,137,496
Other income	3,280,439	-		3,280,437
Income tax expense (recovery)	(263,493)	-		(263,494)
Net income (loss) for the period	(1,880,917)	(1,243,946)		(3,124,863)
EBITDA (Note 1)	3,959,867	(1,089,612)		2,870,255
Adjusted EBITDA (Note 2)	$ 7,436,098	$ 308,486		$ 7,744,584

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.

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

Additional Comments Regarding Pro Forma Information:

- The pro forma information for 2021 includes LDRLY for the period from January 1 to February 5, 2021. Since completion of the ESG Acquisition, As Reported and Pro Forma results are identical (ie. Q2 2021, Q3 2021 and Q4 2021).

- On a pro forma basis, which includes the LDRLY studio in all periods presented, revenue was $28.6 million (same as "As Reported") and $95.5 million for the three months and year ended December 31, 2021, respectively, increases of 25% and 19%, respectively, compared to $23.0 million and $80.5 million in the comparable prior year periods. The combination of the retention of our increased Q2 2020 user base across our entire game portfolio with the shelter in place restrictions, new game launches in Q2 2020 (*Cheech and Chong Bud Farm)* and Q3 2020 *(Archer: Danger Phone)* and the Q4 2021 launch of *RuPaul's Drag Race Superstar* contributed to our revenue growth measured on a pro forma basis during 2021.

- Adjusting for the lower US dollar in 2021 compared to 2020, revenue would have been $29.2 million this quarter in constant dollars. On an annual basis, the 7% reduction in the average exchange rate resulted in a 5% reduction to revenue. In constant dollars revenue would have been $100.3 million on a pro forma basis.

- Adjusted EBITDA was $1.1 million for the quarter (same as "As Reported"), representing a 4% margin, compared to $6.6 million for the prior year quarter. Adjusted EBITDA for the year ended December 31, 2021 was $7.7 million compared to $11.2 million for the prior year.

Introduction of 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. As of Q4 we will introduce these metrics into our reporting to reflect the business health and to inform our shareholders. The audience metrics areas are outlined as follows:

Daily Active Users (DAU): The Company defines DAU as the number of users who played one or more 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.

	Total ESGG Portfolio of Games	
Key Metrics	**2021 Q4**	**Full Year 2021**
DAU	348,154	278,552
Y-o-Y %	*21%*	*8%*
MAU	1,526,246	1,047,749
Y-o-Y %	*53%*	*-1%*
DAU / MAU	23%	27%
Y-o-Y %	*-21%*	*9%*
ARPDAU	$0.90	$0.96
Y-o-Y %	*-1%*	*7%*

Total Game Portfolio (12 Titles): We finished the fourth quarter with record average DAU of 348,154, up 21% year-over-year, and average MAU of 1,526,246, up 53% year- over-year. This growth was driven by increased UA investment results across our titles, including *RuPaul's Drag Race Superstar* that launched on October 25th.

On a full year basis we have captured our largest audience ever. We finished the year with record average DAU of 278,552, up 8% year-over-year, and stable average MAU of 1,047,749 year over year. This return to growth was driven by user acquisition investment and by the addition of *RuPaul's Drag Race Superstar*.

We saw consistent DAU/MAU % above 20% across the total portfolio on a fourth quarter and full year 2021 basis. The fourth quarter decline in 2021 compared to 2020 was a result of rapidly growing new installs of *RuPaul's Drag Race Superstar* that launched at the end of October that we expect to stabilize in Q1 2022.

Fourth quarter Average Revenue Per DAU (ARPDAU) of $0.90 was consistent with prior year quarter. On a full year basis, ARPDAU was up 7% to $0.96 compared to the prior year. The lower Q4 2021 ARPDAU as compared to the full year ARPDAU was due to the successful launch of *RuPaul's Drag Race Superstar during* Q4 2021 and the early stage of monetization for the game.

Apple Advertising (IDFA/ATT) Policy Change

In June of 2020, Apple announced a key change to their newest operating system, iOS 14, which has altered the advertising ecosystem of mobile apps. The eco-system is adapting, as we see the large advertising networks and ad service providers evolving on how they track and optimize performance marketing campaigns in this new environment that benefits Apple's ad network services.

We reduced our user acquisition investment as of Q2 2021 and through Q3 to manage the change, which we believe will drive long term value for its stakeholders. As we exit the year our studios have adapted well to Apple's ATT changes and have been successful in their marketing campaigns with increased spend towards the end of the year. The marketing landscape continued to improve in the fourth quarter, and our user acquisition spend of $11.8 million with sustained returns. This increased investment in marketing also coincided with the launch of *RuPaul's Drag Race Superstar*.

SELECT QUARTERLY INFORMATION

Schedule 1 - ESGG as reported in the unaudited interim consolidated financial statements - Quarterly Data

This schedule reports the results of ESG for the full quarter and ESGG / LDRLY results from the acquisition date of February 5, 2021. As described above, the acquisition of ESG was a reverse takeover and as a result the historical financial information of ESG is the Company's comparative information. ESG also owned LDRLY from January 1 to April 17, 2020.

	Q1 2021	Q2 2021	Q3 2021	Q4 2021
ESGG, As Reported under IFRS				
Revenue	$ 23,004,986	$ 22,538,799	$ 19,035,401	$ 28,607,632
Cost of sales	7,968,314	8,525,928	6,870,726	9,908,405
Profit before other expenses	15,036,672	14,012,871	12,164,675	18,699,227
Other operating expenses	17,225,687	13,870,865	13,408,749	20,832,991
Other income (loss)	4,680,987	(883,980)	(343,382)	(173,188)
Income tax expense	1,231,881	152,264	(142,448)	(1,505,191)
Net income (loss) for the period	1,260,090	(894,238)	(1,445,008)	(801,760)
EBITDA (Note 1)	3,610,227	899,844	62,785	(612,988)
Adjusted EBITDA (Note 2)	2,695,930	2,560,134	1,082,411	1,097,623
Net income (loss) per share	0.00	(0.01)	(0.02)	(0.01)
US : CAD average exchange rate	$ 1.27	$ 1.23	$ 1.26	$ 1.26

	Q1 2020	Q2 2020	Q3 2020	Q4 2020
ESGG, As Reported under IFRS				
Revenue	$ 12,975,675	$ 17,570,206	$ 18,339,884	$ 19,164,686
Cost of sales	5,914,369	5,449,043	4,598,114	4,247,549
Profit before other expenses	7,061,306	12,121,163	13,741,770	14,917,137
Other operating expenses	8,602,823	9,149,968	10,449,593	8,549,079
Other income (loss)	(95,421)	9,707,412	136,271	(695,340)
Income tax expense	5,749	2,949,741	868,272	1,209,694
Net income (loss) for the period	(1,642,687)	9,728,867	2,560,176	4,463,024
EBITDA (Note 1)	(1,570,231)	12,746,202	3,499,801	5,772,147
Adjusted EBITDA (Note 2)	(1,303,016)	3,210,584	3,535,324	6,566,978
Net income (loss) per share	0.00	0.19	0.06	0.11
US : CAD average exchange rate	$ 1.35	$ 1.39	$ 1.33	$ 1.30

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.

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

Schedule 2 – Pro Forma including LEAF / LDRLY acquisition from January 1, 2020 - Quarterly Data

Schedule 2 is the as reported under IFRS (Schedule 1) with the addition of LEAF / LDRLY results from April 17, 2020 to December 31, 2020 and from January 1, 2021 to February 4, 2021. The Company is providing pro forma quarterly information to provide a full view of the combined entity as we believe this will assist readers in understanding the results. These results are not audited or reviewed and not in accordance with IFRS.

	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Schedule 2 -Pro Forma including ESGG / LDRLY from January 1, 2021				
Revenue	$ 25,268,255	$ 22,538,799	$ 19,035,401	$ 28,607,632
Cost of sales	9,676,326	8,525,928	6,870,726	9,908,405
Profit before other expenses	15,591,929	14,012,871	12,164,675	18,699,227
Other operating expenses	19,024,890	13,870,865	13,408,749	20,832,991
Other income (expense)	4,680,986	(883,980)	(343,382)	(173,188)
Income tax expense (recovery)	1,231,881	152,264	(142,448)	(1,505,191)
Net income (loss) for the period	16,144	(894,238)	(1,445,008)	(801,760)
EBITDA (Note 1)	2,520,615	899,844	62,785	(612,988)
Adjusted EBITDA (Note 2)	$ 3,004,416	$ 2,560,134	$ 1,082,411	1,097,623

	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Schedule 2 -Pro Forma including ESGG / LDRLY from January 1, 2021				
Revenue	$ 12,975,675	$ 21,746,541	$ 22,818,989	$ 22,966,464
Cost of sales	5,914,369	8,407,128	8,360,396	7,965,970
Profit before other expenses	7,061,306	13,339,413	14,458,593	15,000,494
Other operating expenses	8,699,664	10,817,782	12,025,408	12,531,477
Other income (expense)	(95,421)	9,707,412	136,271	(695,340)
Income tax expense (recovery)	5,749	2,949,741	868,272	240,514
Net income (loss) for the period	(1,739,528)	9,279,302	1,701,184	1,533,163
EBITDA (Note 1)	(1,661,347)	12,640,828	2,984,998	2,931,459
Adjusted EBITDA (Note 2)	$(1,394,132)	$ 4,155,868	$ 3,280,238	$ 5,199,751

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

LIQUIDITY & CAPITAL RESOURCES

Cash for the Company at December 31, 2021 was $9.2 million.. In addition to the cash on the balance sheet, the Company has access to $13.5 million in credit facilities, none of which has been drawn upon as of the date of this MD&A. The Company expects to use its existing cash and credit facilities to pay the $10.0 million contingent payment owed to ESG shareholders.

The net cash generated in operating activities for the year ended December 31, 2021 was $1.0 million compared to $7.1 million in the prior year period. The lower cash from operations was due to significant investments in new game launches, $2.2 million in transaction costs related to the intended LSE listing, base shelf and three acquisitions, and taxes paid in 2021 of $4.2 million versus a $2.4 million refund in the prior year. For 2022, we anticipate lower transactions costs and income tax refunds.

Cash provided by investing activities during the year ended December 31, 2021 was $8.0 million due to $5.2 million in proceeds from disposal of marketable securities and $4.4 million of cash acquired in the ESG Acquisition, offset by investments of $1.7 million in Truly Social Games, intellectual property and equipment.

There were a number of financing transactions that took place as a result of the acquisition of ESG, resulting in an overall use of cash of $4.2 million, as follows:

- A cash dividend of $6.3 million was paid out by ESG to its shareholders prior to the acquisition.
- Proceeds received from the Company's share issuance of $21.0 million.
- These proceeds from the share issuance were largely paid out to the shareholders of ESG as part of the acquisition in the amount of $19.3 million.

SHARE CAPITAL AND ESG EARN OUT

The Company has an unlimited number of authorized common shares.

On August 16, 2021, the Company announced a 10-for-1 share consolidation. The share consolidation has been reflected in all share amounts in this MD&A.

Significant share transactions during 2021 by the legal parent, as part of the acquisition of ESG were:

- On February 4, 2021, the Company issued 10,222,222 shares at $2.25 for gross proceeds of $23.0 million prior to the ESG acquisition.
- On February 5, 2021, the Company issued 44,444,444 shares to purchase ESG.
- On February 5, 2021, the Company issued 613,333 warrants to Haywood Capital as part of the share issuance. The warrants have an exercise price of $2.25 and a two year exercise period.
- On February 5, 2021, the Company granted 2.4 million stock options to the Company's directors and CEO at an exercise price of $2.25.

As part of the purchase of ESG, ESG shareholders had the ability to earn an additional $40.0 million over the next 24 months, with the vendors' option to convert up to 50% of the contingent consideration into the Company's common shares at a set price of $2.25 per share.

Subsequent to year end, the Company met the $100 million gross revenue target and $20 million became payable. The vendors elected to take the maximum consideration, or $10 million, in shares at the set price of $2.25. This will result in the issuance of 4,444,444 shares. The remaining $10 million will be paid out in cash. The share issuance and cash payment will be made prior to March 31, 2022.

The remaining $20 million of contingent consideration becomes payable if ESGG achieves $150 million in gross revenue between February 5, 2022 and February 5, 2023.

Former ESG shareholders agreed that 48,985,416 shares are subject to lock-up with one third coming out of lock-up on each of February 5, 2022, February 5, 2023 and February 5, 2024. Accordingly, as of the date of this MD&A, 32,656,944 of these shares are in lock-up. In addition, two thirds, or 2,962,962, of the contingent shares are in lock-up.

	Shares Locked-up	Released on Feb 5, 2022	To be released on Feb 5, 2023	To be released on Feb 5, 2024
Acquisition of ESG	48,985,416	16,328,472	16,328,472	16,328,472
Contingent payment (shares issuable)	2,962,962	-	1,481,481	1,481,481

ACQUISITION OF TRULY SOCIAL GAMES

The Company entered into an agreement to acquire Truly Social Games Inc. ("TSG") on June 22, 2021. The Company initially acquired 20% of TSG in July 2021 in exchange for an initial investment of up to $3.0 million which will be used by TSG to develop new game titles. The Company is committed to increasing its ownership position if certain performance targets are met. The remaining 80% ownership position would be purchased for $19.0 million, to be paid in ESGG shares on the achievement of defined revenue targets by June 2024. The Company is also committed to a $15.0 million payment to TSG, also in ESGG shares, on the achievement of TSG achieving defined revenue targets by June 2027. As of December 31, 2021, the Company had advanced $0.6 million to TSG.

ACQUISITION OF FUNKO POP! BLITZ MOBILE GAME

Subsequent to year end, on January 18, 2022, the Company announced that it acquired all of N3twork Inc.'s ("N3twork") rights to the Funko Pop! Blitz mobile game, and all assets used and related to the free-to-play mobile game on iOS and Android platforms. The Company issued 419,389 shares and assumed certain of N3twork's obligations as part of this transaction.

OTHER COMMITMENTS

In addition to the commitments to ESG and TSG shareholders noted above, the Company has minimum guarantees and other commitments of $1.5 million to certain IP holders. The Company believes that its cash on hand and credit facilities, combined with the cash generated from operations is sufficient to meet its obligations.

RELATED PARTY TRANSACTIONS

Transactions with LDRLY

During the period from January 1 to February 4, 2021, the Company received $3.5 million in royalties and services reimbursement from LDRLY.

Transactions with TSG

The Company paid $1.1 million in royalties to TSG during 2021 and as of December 31, 2021 had advanced them $0.6 million of the $3.0 million commitment.

Transactions with Night Garden

In November 2020, the Company purchased 25% of Night Garden for $0.1 million.

During the year ended December 31, 2021, the Company incurred $2.2 million (2020 - $nil) in development costs which are recoupable from Night Garden. The $2.2 million of recoupable costs are included in prepaids at December 31, 2021. Research and development expenses for the year ended December 31, 2021 were 46,000 (2020 - $0.7 million).

Key Management Personnel

Compensation expenses for key management and directors, including stock-based compensation were $2.8 million for the year ended December 31, 2021 (2020 - $0.5 million). As a result of the ESG Acquisition, the senior management team double from two people to four people and there are four non-executive directors. Approximately 63% of the 2021 compensation expense is stock-based compensation.

Growthworks Transactions

Accounting and administrative services of $0.3 million were provided by Growthworks, a company controlled by a director of ESGG.

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.

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.

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Schedule 1 – ESGG as reported under IFRS in the consolidated financial statements								
Net income (loss)	$(1,642,687)	$ 9,728,866	$ 2,560,176	$ 4,463,024	$ 1,260,090	$ (894,238)	$ (1,445,008)	$ (801,760)
Income tax	5,749	2,949,741	868,272	1,209,694	1,231,881	152,264	(142,448)	(1,505,191)
Depreciation and amortization	66,707	67,595	71,353	99,429	1,118,256	1,641,818	1,650,241	1,693,963
EBITDA	$(1,570,231)	$ 12,746,202	$ 3,499,801	$ 5,772,147	$ 3,610,227	$ 899,844	$ 62,785	$ (612,988)

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Schedule 2 - Pro Forma including ESGG / LDRLY from January 1, 2021								
Net income	$ (1,739,528)	$ 9,279,302	$ 1,701,184	$ 1,533,163	$ 16,144	$ (894,238)	$ (1,445,008)	$ (801,760)
Income tax	5,749	2,949,741	868,272	240,514	1,231,881	152,264	(142,448)	(1,505,191)
Depreciation and amortization	72,432	411,785	415,542	1,157,782	1,272,590	1,641,818	1,650,241	1,693,963
EBITDA	$ (1,661,347)	$ 12,640,828	$ 2,984,998	$ 2,931,459	$ 2,520,615	$ 899,844	$ 62,785	$ (612,988)

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.

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Schedule 1 – ESGG as reported under IFRS in the consolidated financial statements								
EBITDA	$(1,570,231)	$ 12,746,202	$ 3,499,801	$ 5,772,147	$ 3,610,227	$ 899,844	$ 62,785	$ (612,988)
Stock based comp	171,794	171,794	171,794	99,491	2,556,314	608,495	463,204	376,600
Public listing and transaction costs	-	-	-	-	1,210,375	167,815	213,040	602,637
One time items*	95,421	(9,707,412)	(136,271)	695,340	(4,680,986)	883,980	343,382	731,374
Adjusted EBITDA	$(1,303,016)	$ 3,210,584	$ 3,535,324	$ 6,566,978	$ 2,695,930	$ 2,560,134	$ 1,082,411	$ 1,097,623

*Note – includes other income and expenses and margin related to deferred revenue.

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Schedule 2 - Pro Forma including ESGG / LDRLY from January 1, 2021								
EBITDA	$(1,661,347)	$ 12,640,828	$ 2,984,998	$ 2,931,459	$ 2,520,615	$ 899,844	$ 62,785	$ (612,988)
Stock based comp	171,794	431,511	431,511	194,930	3,119,412	608,495	463,204	376,600
Public listing and transaction costs	-	790,941	-	1,378,022	2,045,375	167,815	213,040	602,637
One time items*	95,421	(9,707,412)	(136,271)	695,340	(4,680,986)	883,980	343,382	731,374
Adjusted EBITDA	$(1,394,132)	$ 4,155,868	$ 3,280,238	$ 5,199,751	$ 3,004,416	$ 2,560,134	$ 1,082,411	$ 1,097,623

*Note – includes other income and expense and margin related to deferred revenue.

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 acquired in business combinations, contingent liabilities resulting from business combinations and the fair value of share-based payments. The application of these and other accounting policies are described in notes 2 and 3 of our annual consolidated financial statements and our MD&A, for the year ended December 31, 2021, filed on March 10, 2022. Actual amounts may vary significantly from estimates used. There have been no significant changes in accounting policies applied to the December 31, 2021 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 December 31, 2021.

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 December 31, 2021.

There have been no material changes in the Company's internal control over financial reporting during the year ended December 31, 2021 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 December 31, 2021, 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.

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 years ended December 31, 2020 and 2019, 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 years ended December 31, 2021 and 2020. Additional information can also be found in the investors section of the Company's website at www.eastsidegamesgroup.com or on the Company's SEDAR profile at www.sedar.com including the most recently filed Annual Information Form.