

Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

NORTHSTAR GAMING HOLDINGS INC.

Three months ended March 31, 2025 and 2024
(Unaudited)

Notice of no auditor review of interim financial statements

The accompanying unaudited condensed consolidated interim financial statements of NorthStar Gaming Holdings Inc. have been prepared by and are the responsibility of management. NorthStar Gaming Holdings Inc's independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Restatement

The condensed consolidated interim financial statements for the three months ended March 31, 2024 included as comparatives in these statements replaces and supersedes the previously filed condensed consolidated interim financial statements filed on May 22, 2024. The Company has restated the comparative periods for errors identified, as fully described in Note 2 to these restated condensed consolidated interim financial statements.

NORTHSTAR GAMING HOLDINGS INC.

Condensed Consolidated Interim Statements of Financial Position

As at March 31, 2025 and December 31, 2024

(Unaudited, amounts expressed in Canadian dollars)

	March 31 2025	December 31 2024
Assets		
Current assets		
Cash	\$ 11,399,871	\$ 2,090,904
Restricted cash related to performance guarantee	513,000	513,000
Restricted cash related to interest payable (note 11)	7,000,000	-
Player deposits on hand	942,144	1,177,537
Amounts held for Abenaki Council of Wolinak	628,058	306,619
Amounts due from payment processors	373,145	645,874
Amounts receivable	1,607,976	1,194,536
Prepaid expenses and deposits	1,136,317	1,244,931
Total current assets	<u>23,600,511</u>	<u>7,173,401</u>
Non-current assets		
Equipment	36,898	33,334
Intangible assets	2,076,098	2,149,232
Prepaid loan guarantee fees	828,203	-
	<u>2,941,199</u>	<u>2,182,566</u>
Total assets	<u>\$ 26,541,710</u>	<u>\$ 9,355,967</u>
Liabilities and Shareholders' Deficit		
Current liabilities		
Accounts payable and accrued liabilities	\$ 6,294,934	\$ 7,546,927
Due to related party (note 16)	111,835	6,024,583
Liability for player deposits on hand	928,184	1,121,838
Open bets liability (note 9)	12,900	51,270
Liability for player loyalty bonuses	209,120	197,986
Amounts due to Abenaki Council of Wolinak	628,058	306,619
Current portion of loan payable (note 11)	814,332	-
Contingent consideration payable (note 5)	110,621	95,788
Unsecured promissory note (note 16)	-	9,390,336
Redeemable preferred shares (note 10)	5,681,758	5,593,390
Total current liabilities	<u>14,791,742</u>	<u>30,328,737</u>
Non-current liabilities		
Convertible debenture (note 6)	3,752,473	3,574,262
Conversion feature derivative (note 6)	1,307,944	811,461
Loan payable (note 11)	37,090,392	-
Total liabilities	<u>56,942,551</u>	<u>34,714,460</u>
Shareholders' deficit		
Share capital (note 12)	\$ 33,539,164	\$ 33,539,164
Contributed surplus (notes 13 and 14)	10,184,168	9,426,495
Equity component of redeemable preferred shares (note 10)	812,588	812,588
Accumulated deficit	<u>(74,936,761)</u>	<u>(69,136,740)</u>
Total shareholders' deficit	<u>(30,400,841)</u>	<u>(25,358,493)</u>
Total liabilities and shareholders' deficit	<u>\$ 26,541,710</u>	<u>\$ 9,355,967</u>

See accompanying notes to the condensed consolidated interim financial statements

NORTHSTAR GAMING HOLDINGS INC.

Condensed Consolidated Interim Statements of Net Loss and Comprehensive Loss
For the three months ended March 31, 2025 and March 31, 2024
(Unaudited, amounts expressed in Canadian dollars except share data)

	Three months ended March 31	Three months ended March 31
	2025	2024 (Restated - Note 2)
Revenues (note 8)	\$ 7,848,795	\$ 5,930,106
Cost of revenues		
Operator participant fees	1,677,252	1,261,578
Service provider fees	3,153,332	2,797,967
Gross margin	3,018,211	1,870,561
Expenses		
Marketing	4,097,130	3,687,845
General and administrative (note 18)	2,341,932	2,362,884
Share based compensation expense (note 14)	33,976	1,578,715
Amortization and depreciation	91,803	85,863
Total operating expenses	6,564,841	7,715,307
Operating Loss	(3,546,630)	(5,844,746)
Loss on remeasurement of consideration payable (note 5)	(14,833)	(22,256)
Loss on remeasurement of deferred share purchase liability (note 14)	(258,000)	-
Loss on remeasurement of conversion feature derivative (note 6)	(496,483)	(671,997)
Amortization of transaction cost related to convertible debenture (Note 6)	(1,707)	(1,707)
Foreign exchange loss	(5,084)	(12,753)
Interest income	86,820	19,577
Interest expense	(56,110)	-
Finance cost	(1,507,994)	(287,574)
	(2,253,391)	(976,710)
Loss before income taxes	(5,800,021)	(6,821,456)
Income taxes	-	-
Net loss and comprehensive loss	\$ (5,800,021)	\$ (6,821,456)
Loss per common share (notes 5 and 13):		
Basic and diluted	(0.03)	(0.04)

See accompanying notes to the condensed consolidated interim financial statements

NORTHSTAR GAMING HOLDINGS INC.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficit)
 For the three months ended March 31, 2025 and March 31, 2024
 (Unaudited, amounts expressed in Canadian dollars except share data)

Three months ended March 31, 2025	Common Shares		Non-voting Common Shares		Contributed Surplus	Equity Component of Redeemable Preferred Shares	Accumulated Deficit	Total Shareholders Deficit
	Number	Value	Number	Value				
Balance January 1, 2025	205,764,717	\$ 33,539,164	-	\$ -	\$ 9,426,495	\$ 812,588	\$ (69,136,740)	\$ (25,358,493)
Share-based payment expense (note 14)	-	-	-	-	33,976	-	-	33,976
Discounted cash flow related to promissory notes	-	-	-	-	(356,568)	-	-	(356,568)
Warrants issued for loan guarantee (note 11)	-	-	-	-	1,080,265	-	-	1,080,265
Net loss for the period	-	-	-	-	-	-	(5,800,021)	(5,800,021)
Balance March 31, 2025	205,764,717	\$ 33,539,164	-	\$ -	\$ 10,184,168	\$ 812,588	\$ (74,936,761)	\$ (30,400,841)

Three months ended March 31, 2024 (Restated - Note 2)	Common Shares		Non-voting Common Shares		Contributed Surplus	Equity Component of Redeemable Preferred Shares	Accumulated Deficit	Total Shareholders Deficit
	Number	Value	Number	Value				
Balance January 1, 2024	192,792,015	\$ 26,828,431	-	\$ -	\$ 11,775,713	\$ 812,588	\$ (50,125,669)	\$ (10,708,937)
Shares issued in exchange for services	500,000	17,500	-	-	-	-	-	17,500
Share-based payment expense (note 14)	-	-	-	-	1,578,715	-	-	1,578,715
Net loss for the period	-	-	-	-	-	-	(6,821,456)	(6,821,456)
Balance March 31, 2024	193,292,015	\$ 26,845,931	-	\$ -	\$ 13,354,428	\$ 812,588	\$ (56,947,125)	\$ (15,934,178)

See accompanying notes to the condensed consolidated interim financial statements

NORTHSTAR GAMING HOLDINGS INC.

Condensed Consolidated Interim Statements of Cash Flows

Three months ended March 31, 2025 and March 31, 2024

(Unaudited, amounts expressed in Canadian dollars)

	Three months ended March 31 2025	Three months ended March 31 2024 (Restated - Note 2)
Cash flows used in operating activities		
Net loss for the period	\$ (5,800,021)	\$ (6,821,456)
Adjustments for:		
Change in fair value of open bets (note 9)	(38,370)	32,824
Depreciation and amortization	91,803	85,863
Loss on remeasurement of consideration payable (note 5)	14,833	22,256
Change in fair value of conversion feature derivative liability (note 6)	496,483	671,997
Amortization of transaction costs	1,707	-
Interest accretion expense (notes 11 and 16)	1,564,103	289,281
Share-based payment expense (note 14)	33,976	1,578,715
	<u>(3,635,486)</u>	<u>(4,140,520)</u>
Change in non-cash operating working capital:		
Player deposits on hand	235,393	(125,787)
Amounts held for Abenaki Council of Wolinak	(321,439)	(44,031)
Amount due from payment processors	272,729	524,659
Amounts receivable	(413,440)	46,523
Prepaid expenses and deposits	360,676	30,456
Accounts payable and accrued liabilities	(1,251,993)	(468,973)
Due to related party (note 16)	(5,912,748)	222,980
Liability for player deposits on hand	(193,654)	93,317
Amounts due to Abenaki Council of Wolinak	321,439	44,031
Liability for player loyalty bonuses	11,134	9,396
Change in non-cash working capital	<u>(6,891,903)</u>	<u>332,571</u>
Change in restricted cash	<u>(7,000,000)</u>	<u>-</u>
Net cash flows used in operating activities	<u>(17,527,389)</u>	<u>(3,807,949)</u>
Proceeds from financing activities:		
Payment of related party note payable (note 16)	(9,803,014)	-
Proceeds from long term debt financing, net of transaction costs (note 11)	36,661,603	-
Net Proceeds from financing activities	<u>26,858,589</u>	<u>-</u>
Cash flows used in investing activities:		
Purchase of equipment	(6,804)	(6,154)
Purchase of intangible assets	(15,429)	(33,994)
Net cash flows used in investing activities	<u>(22,233)</u>	<u>(40,148)</u>
Increase (decrease) in cash	9,308,967	(3,848,097)
Cash, beginning of period	2,090,904	3,909,761
Cash, end of period	<u>\$ 11,399,871</u>	<u>\$ 61,664</u>

See accompanying notes to the condensed consolidated interim financial statements

NORTHSTAR GAMING HOLDINGS INC.

Notes to Condensed Consolidated Interim Financial Statements
Three months ended March 31, 2025 and 2024
(Unaudited)

1. Corporate Information:

NorthStar Gaming Holdings Inc., (the “Company”) was incorporated in the Province of British Columbia on January 19, 2020 under the Business Corporations Act of British Columbia. The Company’s common shares are listed as a Tier 2 issuer on the TSX Venture Exchange (“TSXV”) under the symbol BET and on the OTCQB under the symbol “NSBBF. The Company’s head office is located at Suite 200, 220 King Street West, Toronto Ontario M5H 1K4.

NorthStar Gaming (Ontario) Inc., a wholly-owned subsidiary of the Company holds a license from the Alcohol and Gaming Commission of Ontario (“AGCO”) and operates an online gaming site www.northstarbets.ca which offers access to regulated sports betting markets, and a robust and curated casino offering, including the most popular slot offerings and live dealer games.

In connection with the launch of operation of NorthStar Gaming (Ontario) Inc.’s online gaming site, NorthStar Gaming (Ontario) Inc. also entered into an agreement with iGaming Ontario (“Agreement”), a subsidiary of AGCO. Under the terms of the Agreement, NorthStar Gaming (Ontario) Inc. will operate its online gaming and sports betting site in accordance with the regulations as set out by AGCO and as included in the Agreement. As part of the terms of the Agreement, iGaming Ontario charges NorthStar Gaming (Ontario) Inc. fees which are based on a percentage of gross gaming revenue as defined in the Agreement. The Agreement is for an initial term of 5 years.

The Company continues to be in its early stage of operations and critical to the development of the Company is marketing, product development, obtaining and maintaining iGaming licenses and technical infrastructure. In support of operations, the Company entered into a credit facility on January 24, 2025,

2. Restatement of the comparative periods for the quarter ended March 31, 2024

The Company has restated the comparative periods for errors identified related to an understatement of merchant fees and player bonus expenses. These fees and expenses were not included in the previously published financial statements.

- With respect to merchant fees, the Company’s payment processor deducted merchant fees from the remittances made to the Company, and the deductions were not accounted for by the Company. These additional fees were identified as part of the year-ended December 31, 2024 reconciliation of the amount due from the payment processor, and the three months ended March 31, 2024 condensed consolidated interim financial statements have been restated accordingly. The service provider fees (cost of revenue) were understated in the financial statements for the three months ended March 31, 2024 by \$332,755. The impact as at March 31, 2024 was a reduction of amounts due from payment processor \$332,755.
- The Company identified that certain player bonuses granted by the Company to players were not previously included in the bonus expense recorded by the Company, which is recorded as a reduction in determining gaming revenue; consequently, revenues were overstated in the financial statements for the three months ended March 31, 2024 by \$9,583. The impact as at March 31, 2024 was a reduction of amounts due from payment processor \$9,583.

NORTHSTAR GAMING HOLDINGS INC.

Notes to Condensed Consolidated Interim Financial Statements (continued)
Three months ended March 31, 2025 and 2024 (Unaudited)

Condensed Consolidated Statements Net Loss and Comprehensive Loss

For three months ended March 31, 2024	Previously reported (Unaudited)	Adjustment	As Restated (Unaudited)
Revenues	\$ 5,939,689	\$ (9,583)	\$ 5,930,106
Operator participant fee	1,261,578	-	1,261,578
Service provider fees	2,465,212	332,755	2,797,967
Gross margin	2,212,899	\$ (342,338)	1,870,561
Total operating expenses	7,715,307	-	7,715,307
Operating loss	(5,502,408)	(342,338)	(5,844,746)
Other expenses	976,710	-	976,710
Net loss and comprehensive loss	\$ (6,479,118)	\$ (342,338)	\$ (6,821,456)

3. Basis of Preparation

a. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”).

These condensed consolidated interim financial statements were prepared using the same accounting policies that were used in the Company’s annual financial statements for the year ended December 31, 2024 and should be read in conjunction with those financial statements.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 28, 2025.

b. Basis of presentation

These condensed consolidated interim financial statements have been prepared on a going concern basis, that assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for the open bets liability and contingent consideration payable which are measured at fair value through profit and loss. Other measurement bases used are described in the applicable notes. All amounts are presented in thousands of Canadian dollars, unless otherwise stated.

NORTHSTAR GAMING HOLDINGS INC.

Notes to Condensed Consolidated Interim Financial Statements (continued)
Three months ended March 31, 2025 and 2024 (Unaudited)

c. Principles of consolidation

The accompanying condensed consolidated interim financial statements include the Company and its wholly-owned subsidiaries, NorthStar Gaming Inc., NorthStar Gaming (Ontario) Inc. and Slapshot Media Inc. on a consolidated basis. All intercompany transactions and balances are eliminated on consolidation. On January 1, 2024, NorthStar Gaming Inc. amalgamated with NorthStar Gaming Holdings Inc.

d. Foreign currency

The functional currency of the Company is the Canadian dollar, which is also the presentation currency for the condensed consolidated interim financial statements.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transaction. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated into the functional currency using the prevailing rate of exchange at the reporting date. Gains and losses on translation of monetary items are recognized in the consolidated statements of loss and comprehensive loss.

e. Segment Reporting

The Chief Operating Decision Maker (CODM), determined to be the Chief Executive Officer of the Company, is responsible for allocating resources and assessing performance, reviews the business operating units as two separate segments. The managed services revenue and loss for the three months ended March 31, 2025 were below 10% of the consolidated revenue and loss. Accordingly, the Company has concluded that it has one reportable segment and segment disclosures have not been presented.

4. Use of estimates and judgments

The preparation of condensed consolidated interim financial statements requires management to make estimates and exercise judgement in applying the Company's accounting policies and to measure assets, liabilities, revenues and expenses. Actual results may differ from these estimates. The significant judgements made by management and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

5. Acquisition of Slapshot Media Inc.

On May 8, 2023, the Company acquired 100% of the issued and outstanding shares of Slapshot.

The consideration payable to the former owners of Slapshot included an earn-out of up to \$500,000 based on the revenue performance of Slapshot for the 12-month period following the closing, payable quarterly in Company common shares with a deemed value per share equal to the greater of: (i) a 20-day volume weighted average price calculated at the end of each applicable quarter; and (ii) \$0.45 per share.

The contingent consideration payable is measured at fair value at each reporting date with changes in fair value recognized in net income. Management uses current and historical operational results, estimates and probabilities of future earnings and discounted cash flows to estimate the earn-out payment. In the three months ended March 31, 2025, the Company remeasured the contingent consideration payable to \$110,621, which resulted in a loss of \$14,833.

NORTHSTAR GAMING HOLDINGS INC.

Notes to Condensed Consolidated Interim Financial Statements (continued)
Three months ended March 31, 2025 and 2024 (Unaudited)

6. Private Placement and Convertible Debenture

On October 31, 2023, the Company completed a private placement financing of \$10,273,508 before legal cost, consisting of common shares, warrants and convertible debentures (the "October 2023 Offering").

Pursuant to the October 2023 Offering, the Company issued 29,528,458 units at a price of \$0.175 per Unit, with each Unit comprised of one common share of the Company (a "Common Share"), one half warrant to acquire Common Shares exercisable at \$0.36 per full warrant (each such whole warrant an "A Warrant"), and a further half warrant to acquire Common Shares exercisable at \$0.40 per full warrant (each such whole warrant a "B Warrant"), in each case for a period of five years.

As part of the October 2023 offering the Company also issued three-year, 8% unsecured convertible debentures ("Convertible Debentures") in the aggregate principal amount of \$5,167,480. Interest is payable quarterly in cash or, at the Company's option, in kind and capitalized to the carrying amount of the debenture. The Convertible Debentures allow the holders to convert the original principal amount of the debenture into a fixed number of common shares at \$0.20 per share and to convert any capitalized interest into common shares at the market price of the shares on the last day of the respective interest period. During the three and nine months ended September 30, 2024, debentures of \$67,375 were converted into 336,875 common shares. The conversion of capitalized interest is into a variable number of common shares meaning the conversion feature is a derivative liability. On initial recognition, the derivative liability was recognized at its fair value of \$2,263,910 and the host financial liability was recognized as the residual of the proceeds received less the derivative liability at an amount of \$2,903,570. The derivative liability is remeasured at fair value at each reporting date, which resulted in a loss of \$496,483 in the three months ended March 31, 2025 (2024 – loss of \$671,997).

The measurement of the conversion feature assumes that all interest amounts are capitalized to the loan for the term of the debenture. The model used to measure the conversion feature incorporated the following inputs and the fair values derived were discounted to present value using a marginal cost of borrowing.

	On date of issuance	At December 31, 2024	At March 31, 2025
Stock price	\$0.08	\$0.035	\$0.065
Exercise prices	\$0.20 for the principal and \$0.035 and \$0.56 for the capitalized interest	\$0.20 for the principal and \$0.035 and \$0.56 for the capitalized interest	\$0.20 for the principal and \$0.035 and \$0.56 for the capitalized interest
Risk free interest rate	4.08%	2.92%	2.49%
Remaining term	36 months for the principal and the remaining term for each capitalized interest period	22 months for the principal and the remaining term for each capitalized interest period	19 months for the principal and the remaining term for each capitalized interest period
Volatility	71%	71%	71%

The Company incurred \$81,936 legal costs related to the private placement, of which \$40,968 was allocated to common shares and warrants, \$20,484 was deferred as transaction cost to be amortized over three years and the balance of \$20,484 was expensed in year ended December 31, 2023.

NORTHSTAR GAMING HOLDINGS INC.

Notes to Condensed Consolidated Interim Financial Statements (continued)
Three months ended March 31, 2025 and 2024 (Unaudited)

7. New and revised IFRS Standards

The following new standard has been issued but is not yet effective and will be applied by the Company on its effective date.

IFRS 18, Presentation and Disclosure in Financial Statements (“IFRS 18”) – In April 2024, the IASB issued IFRS 18, which replaces IAS 1. IFRS 18 aims to improve comparability and transparency of communication in financial statements. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and sub-totals. Disclosure of performance measures defined by management will be required, including the aggregation and disaggregation of financial information based on the identified roles of the primary financial statements and related notes. Narrow scope amendments have been made to IAS 7, Statement of Cash Flows (“IAS 7”), IAS 34, Interim Financial Reporting (“IAS 34”) and other minor amendments to other statements. IFRS 18 and the amendments to the other standards will become effective for reporting periods beginning on or after January 1, 2027, with earlier adoption permitted, and will be applied retrospectively. The Company is currently assessing potential impacts of IFRS 18 and the amendments to the other standards.

8. Revenues

The Company’s revenue disaggregated by line of business is as follows:

	Three months ended March 31, 2025	Three months ended March 31, 2024 (Note 2 - Restated)
Gaming revenue from wagered games (sports-betting and casino transactions)	\$ 7,608,381	\$ 5,770,779
Other revenue from managed services	240,414	159,327
Revenue	\$ 7,848,795	\$ 5,930,106

9. Open bets liability

As at March 31, 2025, the open bets liability for unsettled wagers was \$12,900 (December 31, 2024 - \$51,270). Open bets liability is a derivative financial instrument and the fair value remeasurement gain of \$38,370 in the three months ended March 31, 2025 (March 31, 2024 – loss of \$32,824) was recorded in gaming revenue. Open bets are fair valued using Level 3 inputs in the fair value hierarchy, using the amount of the wagers and the average return to players for the month of March 2025 (note 17).

10. Redeemable preferred shares

The authorized share capital of the Company includes an unlimited number of redeemable preferred shares (“Redeemable Preferred Shares”). Holders of Redeemable Preferred Shares have no right to receive notice of any meeting of shareholders of the Company, to attend such meeting or to vote thereat. Holders of Redeemable Preferred Shares are entitled to receive an annual non-cumulative dividend of 6% on the redemption value of \$100 per share (the “Redemption Amount”) of the preferred shares if and when declared by the Board of Directors. The Board has not declared any such dividends during the three months ended March 31, 2025.

NORTHSTAR GAMING HOLDINGS INC.

Notes to Condensed Consolidated Interim Financial Statements (continued)
Three months ended March 31, 2025 and 2024 (Unaudited)

The Redeemable Preferred Shares are redeemable at the option of either the Company or the holder. While these Redeemable Preferred Shares are redeemable at the option of the holder, the British Columbia Business Corporations Act prevents redemptions where such redemption would cause an insolvency event for the Company.

Under a separate agreement, the holders of 50,000 of the Redeemable Preferred Shares can request a redemption in Common shares at a price of \$0.75 per common share, instead of cash, representing up to 6,666,666 common shares.

Redeemable Preferred Shares	Number	Redeemable preferred shares liability	Equity component of redeemable preferred shares
Balance, January 1, 2024	66,300	\$ 6,482,486	\$ 812,588
Fair value adjustment	-	(1,142,736)	-
Interest accretion during the period		253,640	-
Balance, December 31, 2024	66,300	\$ 5,593,390	\$ 812,588
Balance, January 1, 2025	66,300	\$ 5,593,390	\$ 812,588
Interest accretion during the period		88,368	-
Balance, March 31, 2025	66,300	\$ 5,681,758	\$ 812,588

During the year ended December 31, 2024, the Company changed the redemption date of the preference shares from two years from issue date to five years. This change was made to provide more relevant and reliable information to users of the financial statements in accordance with IFRS. This change in measurement has resulted in a gain of \$1,142,736 and recognized in the financial statements for the year ended December 31, 2024.

11. Loan payable

On January 24, 2025, the Company entered into a credit agreement (the "Credit Agreement") in respect of a senior secured first lien term loan facility providing for US dollar denominated loans in an aggregate principal amount of up to US \$30,000,000 or approximately CAD \$43,400,000 (the "Credit Facility") to be made available by Beach Point Capital Management LP ("Beach Point").

The contractual interest rate of the loan is the term SOFR rate for the respective interest period plus 9.35% per annum, with a SOFR floor of 4.40%. The contractual interest rate for the three months ended March 31, 2025 was 13.75%. The loan is accounted for using the effective interest rate which was 18.55% per annum for the period. Interest is payable quarterly on each 3-month anniversary of the loan drawdown date.

The principal amount of the loan, plus any accrued and unpaid interest at each principal repayment date, is repayable by:

- a) 12 quarterly payments equal to 0.625% of the original amount of the loan, payable on the last day of March, June, September and December commencing on September 30, 2025 with the last payment on June 30, 2028;
- b) 6 quarterly payments equal to 1.250% of the original amount of the loan, payable on the last day of March, June, September and December commencing on September 30, 2028 with the last payment on December 31, 2029; and

NORTHSTAR GAMING HOLDINGS INC.

Notes to Condensed Consolidated Interim Financial Statements (continued)
Three months ended March 31, 2025 and 2024 (Unaudited)

- c) A final payment of the remaining principal amount of the loan on the maturity date of January 24, 2030.

The Company has the right at any time and from time to time to prepay an amount of principal in multiples of \$1,000,000 but not less than \$3,000,000, plus accrued and unpaid interest on the prepaid principal amount up to the day prior to the prepayment date.

Changes in the carrying amount of the loan during the three months ended March 31, 2025 are as follows:

Balance, January 1, 2025	\$	-
Principal amount of loan		43,431,000
Transaction costs and lender fees		(6,769,397)
Net proceeds received		36,661,603
Interest accretion during the period		1,243,121
Balance, March 31, 2025	\$	37,904,724
Principal repayable within twelve months	\$	814,332
Principal repayable long term	\$	37,090,392

Payments of principal and interest, estimated using the March 31, 2025 interest rate, for the next five years are as follows:

Nine month period ending December 31, 2025	\$	5,018,600
Years ended December 31:		
2026	\$	6,951,788
2027	\$	6,802,494
2028	\$	7,192,978
2029	\$	7,483,932
Three month period ending March 31, 2030	\$	37,197,785

Of the proceeds received, an amount of \$7,000,000 at March 31, 2025 is held in an interest reserve account to secure the interest payments required under the loan agreement. The Company can use the funds held in the interest reserve account to make scheduled interest payments. Where the balance in the interest reserve account is less than the required interest payment for the next three-month period, the Company is required to deposit funds to eliminate the deficiency.

The Credit Facility is guaranteed by the Company, and by Playtech, together with certain of Playtech's affiliates (the "Playtech Guarantors"). In consideration for the Playtech Guarantors providing the guarantee, the Company issued to Playtech 32,735,295 common share purchase warrants ("Bonus Warrants"), exercisable at a price of \$0.055 per share, reflecting approximately an 8.70% premium to the five-day volume-weighted average price of the common shares of the Company on January 24, 2025. The Bonus Warrants will be subject to a trading hold period expiring four months from the date of issue under applicable securities laws. The Bonus Warrants expire on January 24, 2030 and are non-transferable. The estimated fair value of the Bonus Warrants of \$1,080,265 was recognized as an increase in contributed surplus and as prepaid guarantee fees, of which \$216,053 is classified as a current asset and is included in prepaid expenses and deposits on the consolidated statement of financial position. The financing cost is

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being expensed straight line over the term of the financing, with amortization of \$36,000 expensed in the three months ended March 31, 2025 and included in general and administrative expense. The fair value was calculated using the Black-Scholes option pricing model with the following inputs: i) share price \$0.055, ii) exercise price \$0.055 iii) an expected life of each warrant of 5 years; iv) a risk-free rate of 2.92%; v) a dividend yield of nil; and vi) expected volatility of 71%. These are highly subjective assumptions and any change in the assumptions can materially affect the fair value estimate. In accordance with the policies of the TSX Venture Exchange, if at any time the outstanding principal amount under the Credit Facility is reduced or repaid during the first year of the term of the Credit Facility, the expiry date in respect of a pro rata number of the total Bonus Warrants will be accelerated to the later of: (a) one year from the date of issuance of the Bonus Warrants; and (b) 30 days from such reduction or repayment of the Credit Facility.

The Company must meet a minimum liquidity financial covenant at each quarter end, commencing with the quarter ended March 31, 2025, whereby liquidity must exceed the greater of (1) \$ 2,500,000 and (2) an amount equal to \$5,000,000 minus consolidated earnings before interest tax depreciation and amortization ("EBITDA") for the period. If the consolidated EBITDA is negative, consolidated EBITDA shall be deemed to be \$nil. The Company was in compliance with this covenant as at March 31, 2025. The loan payable is also subject to financial covenants including: a minimum consolidated EBITDA test; maximum gross leverage ratio; and a minimum interest coverage ratio that must each be met for each quarter commencing with the quarter ended December 31, 2026.

12. Share capital

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

Common Shares

During the three months ended March 31, 2025, the Company did not issue common shares.

During the three months ended March 31, 2024, the Company:

- (a) On January 19, 2024, issued 500,000 common shares in exchange for services valued at \$98,160. Of which, \$17,500 was classified as share capital, representing the fair value of the shares, and \$80,660 was recorded as a gain on settlement of expenses in shares, representing the difference between the fair value and the services provided.

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13. Warrants

The following schedule summarizes the warrant transactions for the three months ended March 31, 2025 and the year ended December 31, 2024:

Warrants	Number	Value
Balance, January 1, 2024	54,637,458	\$ 5,792,470
Issued	-	-
Balance, December 31, 2024	54,637,458	\$ 5,792,470
Balance January 1, 2025	54,637,458	\$ 5,792,470
Expired	(609,000)	\$ (124,290)
Issued (a)	32,735,295	\$ 1,080,265
Balance, March 31, 2025	86,763,753	\$ 6,748,445

- (a) In consideration of a guarantee provided by Playtech for the credit agreement entered into on January 24, 2025 with Beach Point Capital Management, the Company issued 32,735,295 warrants exercisable at \$0.055 to Playtech. The fair value of the warrants issued of \$1,080,265 was allocated to contributed surplus (Note 11).

As of March 31, 2024, the Company had the following warrants outstanding:

Number of Warrants	Exercise Price	Expiry Date
12,250,000	\$0.85	March 3, 2028
12,250,000	\$0.90	March 3, 2028
14,764,229	\$0.36	October 31, 2028
14,764,229	\$0.40	October 31, 2028
32,735,295	\$0.055	January 24, 2030

14. Share-based payment arrangements

The Equity Compensation Plan adopted by the Company in 2022 includes stock options, restricted share units, performance share units, deferred share units and dividend-equivalent rights (collectively, "Awards"). At March 31, 2025, the Company had issued stock options and restricted share units as described in the following.

Stock Options

Under the Equity Compensation Plan, the maximum number of Common Shares issuable from treasury pursuant to stock options shall not exceed 10% of the total outstanding Common Shares. A further 15,656,910 Common Shares are reserved for all other types of award. The options can be granted for a maximum of 10 years and vest at the discretion of the Board of Directors.

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The following schedule summarizes the stock option transactions for the three months ended March 31, 2025:

	Number of options	Weighted average exercise price
Outstanding, January 1, 2024	11,581,591	\$ 0.40
Granted	5,960,000	0.06
Exercised	-	-
Cancelled or forfeited	(1,472,131)	0.21
Outstanding, December 31, 2024	16,069,460	\$ 0.40
Outstanding, January 1, 2025	16,069,460	\$ 0.40
Granted	-	-
Exercised	-	-
Cancelled or forfeited	-	-
Outstanding, March 31, 2025	16,069,460	\$ 0.40
Vested and exercisable, end of period	9,166,510	\$ 0.43
Unvested	6,902,950	\$ 0.08

On May 30, 2024, the Company granted a total of 5,960,000 options to officers, employees and contractors, of which 2,400,000 were issued to officers of the Company. Of the options, 1,966,800 will vest on May 30, 2025 and the remaining 3,993,200 options vest in tranches of 499,150 on each of the eight subsequent quarters. The estimated fair value of the stock-options was calculated using the Black-Scholes option pricing model with the following assumptions: i) share price \$0.055, ii) exercise price \$0.06 iii) an estimated expected life of 4years; iv) a risk-free rate of 3.85%; v) dividend yield of nil; and vi) expected volatility of 71%.

At March 31, 2025, the following table provides the outstanding options at their respective exercise prices and the related weighted average remaining contractual life:

Number outstanding	Exercise Price	Weighted average remaining contractual life (in years)
2,787,597	\$0.21	2.1
7,321,863	\$0.50	3
5,960,000	\$0.06	4.2

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Deferred Share Units (DSU)

The Company has a Deferred Share Unit ("DSU") plan for directors. Under the DSU plan, participants are granted units that represent a right to receive an equivalent number of common shares or cash payment at the time of their departure from the Company.

DSUs vest immediately upon grant and are settled in cash or shares upon the termination of the participant's service. The number of DSUs granted is based on the market value of the Company's common shares on the grant date.

The DSUs are classified as a liability and are marked to market at each reporting period, with changes in fair value recognized in the consolidated statement of income (loss). The liability is presented as part of current liabilities on the consolidated statement of financial position.

As at March 31, 2025, the number of outstanding DSUs was 8,599,999 (2024 – 8,599,999), and the liability recognized in respect to the DSU plan was \$559,000 (2024– \$301,000). The liability is included in accounts payable and accrued liabilities.

The following table summarizes the DSU activity during the year:

	Number of DSUs
Outstanding, January 1, 2024	-
Granted	8,599,999
Exercised	-
<u>Outstanding, December 31, 2024</u>	<u>8,599,999</u>
Outstanding, January 1, 2025	8,599,999
Granted	-
Exercised	-
<u>Outstanding, March 31, 2025</u>	<u>8,599,999</u>

15. Loss per share

The following table sets forth the calculation of basic and diluted loss per share:

	Three months ended March 31, 2025	Three months ended March 31, 2024 (Note 2 - Restated)
Numerator:		
Loss for the period	\$ (5,800,021)	\$ (6,821,456)
Denominator:		
Weighted average number of shares:		
Basic and diluted	205,764,717	193,292,015
Loss per share:	15	
Basic and diluted	(0.03)	(0.04)

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During the three months ended March 31, 2025, outstanding stock options, warrants, RSUs and Redeemable Preferred Shares were excluded from the computation of diluted loss per share since their effect would be anti-dilutive.

16. Related party transactions

Playtech plc has significant influence over the Company.

The Company incurred service provider fees of \$2,560,577 from Playtech during the three months ended March 31, 2025 (three months ended March 31, 2024 - \$2,519,062) for use of Playtech's iGaming platform, which is critical to the ongoing operations of northstarbets.ca and Slapshot, and ancillary services including managed services fees. Service provider fees are incurred based on the level of transactions and contractual amounts are expensed as incurred.

The Company also has a receivable from Playtech of \$1,500,000 during the three months ended March 31, 2025 (three months ended March 31, 2024 received - \$1,429,427) towards marketing costs under the Marketing Agreement.

The Company owed \$1,611,835 to Playtech at March 31, 2025 in respect of trade accounts payable and accrued liabilities which are due on 30-day payment terms and are non-interest bearing (December 31, 2024 - \$6,024,583).

On January 28, 2025, the Company paid \$9,803,014 in respect of principal and accrued interest in full settlement of the unsecured promissory notes from Playtech.

17. Financial instruments and capital management

(a) Classification and fair values of financial instruments

The following table sets out the classification of each financial asset and financial liability.

Financial instrument	Classification
<i>Financial assets</i>	
Cash	Amortized cost
Restricted cash related to performance guarantee	Amortized cost
Restricted cash related to interest payable	Amortized cost
Amounts held for Abenaki Council of Wolinak	Amortized cost
Amount due from payment processor	Amortized cost
Amounts receivable	Amortized cost
<i>Financial liabilities</i>	
Accounts payable and accrued liabilities	Amortized cost
Due to related party	Amortized cost
Liability for player deposits on hand	Amortized cost
Open bets liability	Fair value through profit and loss
Liability for player loyalty bonuses	Amortized cost
Amounts due to Abenaki Council of Wolinak	Amortized cost
Convertible debenture	Amortized cost
Redeemable preferred shares	Amortized cost
Loan payable	Amortized cost
Deferred payment liability	Fair value through profit and loss
Conversion feature derivative	Fair value through profit and loss

The carrying values of cash, restricted cash related to performance guarantee, restricted cash related to interest payable, amounts receivable, amounts due from payment processor, accounts

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payable and accrued liabilities, liability for player deposits on hand, due to related party, player loyalty bonuses, convertible debenture and redeemable preferred shares approximate their fair value due to the nature of these financial instruments and the short settlement cycle that is expected for these financial assets and liabilities. The carrying value of the loan payable approximates fair value because the liability carries interest at variable market rates.

The Company, when applicable, provides disclosure of the three-level hierarchy that reflects the significance of the inputs used in making the fair value measurement. The three levels of fair value hierarchy based on the reliability of inputs are as follows:

- Level 1 - inputs are quoted prices in active markets for identical assets and liabilities.
- Level 2 - inputs are based on observable market data, either directly or indirectly other than quoted prices; and include the mark to market on open events. This is calculated using the published odds of the event at the date of the financial statements.
- Level 3 - inputs are not based on observable market data.

The fair values of open bets liability, deferred payment liability and conversion feature derivative are determined using Level 3 inputs.

b) Risk Management

The Company has exposure to the following risks:

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. In the normal course of business, the Company is exposed to credit risk from its cash and cash equivalents and receivables. The maximum exposure to credit risk at the reporting date is the carrying value of these financial assets. The Company's exposure to credit risk from its payment processor is reduced because the processor transfers funds it receives to the Company's account on a daily basis.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient balances in cash, managing credit risk as outlined above and raising additional capital. The Company is exposed to this risk mainly in respect of accounts payable and accrued liabilities which are all contractually due within three months or less.

The Redeemable Preferred Shares are callable on demand by the holders. While these preferred shares are redeemable at the option of the holder, the British Columbia Business Corporations Act prevents redemptions where such redemption would cause an insolvency event for the Company (note 10).

On January 24, 2025, the Company entered into a credit agreement (the "Credit Agreement") which requires the Company to meet, amongst other things, a liquidity covenant (note 11). Any substantial change to the Company's liquidity could cause a breach to such covenants.

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(c) Capital management

The Company's capital management objectives are to maintain financial flexibility in order to meet financial commitments, potential obligations resulting from internal growth and acquisitions and, to the extent possible, pay dividends.

The Company defines capital as total equity and Redeemable Preferred Shares which at March 31, 2025, was a deficit of \$24,719,083 (December 31, 2024 – deficit of \$19,765,103) (note 2).

The Company manages its capital structure in accordance with changes in economic conditions. In order to maintain or adjust its capital structure, subject to capital market conditions, the Company may elect to adjust the amount of debt outstanding or issue new shares. There have been no changes to the components of capital or its management since December 31, 2024.

As per the terms of the Agreement with AGCO, the Company remits 100% of the funds received from gross gaming revenues to iGaming Ontario and iGaming Ontario then remits approximately 80% of those funds back to the Company. The Company is not subject to any other external capital requirements.

18. General and administrative expense classified by nature

	Three months ended March 31,	
	2025	2024
Salaries, other short-term benefits, and contractors	\$ 1,572,963	\$ 1,427,595
Other administrative expenses	437,412	161,258
Professional and consulting fees	259,832	476,238
Insurance	71,725	297,793
	\$ 2,341,932	\$ 2,362,884