

For the three and nine months ended September 30, 2025

November 27, 2025

The following Management’s Discussion and Analysis (“MD&A”) dated November 27, 2025 comments on the financial condition and results of operations of NorthStar Gaming Holdings Inc. (“we”, “our”, the “Company” or “NorthStar”) for the three and nine months ended September 30, 2025 and is intended to assist readers in understanding the business environment, strategies, performance and risk factors of the Company. This MD&A should be read in conjunction with the Company’s unaudited condensed consolidated interim financial statements for three and nine months ended September 30, 2025 as well as audited consolidated financial statements for the year ended December 31, 2024, which have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board. These materials are available on the Company’s SEDAR+ profile at www.sedarplus.ca and on the Company’s website at www.northstargaming.ca. All amounts are presented in Canadian dollars unless otherwise indicated. All references in this MD&A to “Q3 2025” are to the three-month period ended September 30, 2025 and to “Q3 2024” are to the three-month period ended September 30, 2024.

Forward Looking Statements

This MD&A contains “forward-looking information” within the meaning of applicable Canadian securities legislation (“forward looking statements”). Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are neither historical facts nor assurances of future performance but instead provide insights regarding management’s current expectations and plans and allows investors and others to better understand the Company’s anticipated business strategy, financial position, results of operations and operating environment. Although the Company believes that the forward-looking statements are based on information, assumptions and beliefs that are current, reasonable and complete, such information is necessarily subject to a number of business, economic, competitive and other risk factors that could cause actual results to differ materially from management’s expectations and plans as set forth in such forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date the statements were made.

In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as “anticipates”, “believes”, “expects”, “estimates”, “predicts”, “projects”, “forecasts”, “targets”, “intends” or the negative of these terms, and other similar expressions or future or conditional verbs such as “may”, “will”, “should”, “would” and “could”. This MD&A includes, among other things, forward-looking statements regarding the Company’s expectations regarding revenue, expenses and operations, anticipated cash needs, timing or expansion of services, future growth plans, ability to attract and retain players, ability to attract and retain key personnel, regulatory changes, arrangements and terms with service providers and anticipated trends and challenges in the business and markets. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in the forward-looking statements.

Forward-looking statements are based on information currently available to management and on estimates and assumptions, including assumptions about future economic conditions and courses of action. Examples of material estimates, assumptions and beliefs made by management in preparing such forward-looking statements include but are not limited to: continued growth of our business; general economic and geopolitical conditions; our competitive position in our industry; our ability to keep pace with changing customer preferences; our expectations for future growth of the gaming industry; our ability to generate positive cash flow; and our expectations for capital expenditures.

Although the Company has attempted to identify important factors that could 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 to differ from those anticipated, estimated or intended. Readers are advised to consider such forward-looking statements in light of the risks set forth under the heading “Risks and Uncertainties” in this MD&A. Forward looking information contained in this MD&A is subject to risks and uncertainties, including, but not limited to, material liquidity and covenant risks. Many forward looking statements assume the Company will maintain compliance with the terms and conditions of the Credit Agreement (as defined herein), including meeting the minimum liquidity covenant contained therein. Failure to maintain compliance with such terms and conditions would constitute an event of default, which may have adverse consequences for the Company. Actual outcomes may differ if available liquidity materially deviates from forecast. The Company’s publicly filed documents can be accessed under the Company’s profile on SEDAR+ at www.sedarplus.ca.

Forward-looking statements contained herein, are, unless stated otherwise, given as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events, or results, except as may be required by applicable securities laws. There can be no assurance that the forward-looking statements set forth herein 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 any such forward-looking statements.

1. Overview and Strategy

A summary of our business and strategy

The Company is incorporated under the *Business Corporations Act* (Ontario) (the “OBCA”) and is listed as a Tier 2 issuer on the TSX Venture Exchange (“TSXV”) under the symbol “BET”. The Company’s head office is located at Suite 200, 220 King Street West, Toronto, Ontario M5H 1K4.

On April 12, 2022, the Company’s wholly owned subsidiary, NorthStar Gaming (Ontario) Inc. (“NorthStar Ontario”) completed its registration as an internet gaming operator with the Alcohol and Gaming Commission of Ontario (“AGCO”) and on May 9, 2022, launched its online gaming site www.northstarbets.ca (“Northstarbets.ca”), which offers eligible players in Ontario access to regulated sports betting markets, and a robust and curated casino offering, including popular slot offerings and live dealer games. NorthStar Ontario is the holder of this registration with the AGCO and is the operator of Northstarbets.ca. The AGCO regulates internet gaming (“iGaming”) in Ontario. Northstarbets.ca is offered in accordance with the AGCO’s regulations, including the *Registrar’s Standards for Internet Gaming*.

Prior to the launch of Northstarbets.ca, NorthStar Ontario also entered into an operating agreement (the “Operating Agreement”), effective May 9, 2022, with iGaming Ontario (“iGO”), a subsidiary of the AGCO. NorthStar Ontario operates Northstarbets.ca in accordance with and pursuant to the terms and conditions of the Operating Agreement as a regulated operator contracted by iGO, who is responsible for conducting and managing iGaming when provided through private operators in Ontario. Pursuant to the terms of the Operating Agreement, iGO retains a percentage of the Company’s Gross Gaming Revenue, as defined in the Operating Agreement. The initial term of the Operating Agreement is five years.

Competitive Landscape and Strategic Initiatives

The main offerings on Northstarbets.ca include an online sportsbook which features pre-match and live sports betting markets, including futures sports betting markets, and an online casino which features in excess of 2,300 online casino games servicing casual and VIP players, including slot games, blackjack, roulette and baccarat, and a variety of stakes and live dealer games.

Northstarbets.ca is offered exclusively in English to players nineteen years of age or older, physically located in Ontario and is deployed on an instant-play web-based desktop and mobile-optimized site. Northstarbets.ca offers native applications that are available on the iOS and Android platforms downloadable via the Apple App Store and Google Play channels. The desktop version provides for flexibility and makes Northstarbets.ca available on all platforms, such as Windows and Mac, without requiring the download and installation of a platform specific application. The native applications offer substantially the entirety of the web offering, on a convenient mobile platform.

Northstarbets.ca features an in-app news portal called The Boost that seamlessly integrates sports news, betting insights, statistics, scores, and odds, which the Company believes to be a key strategic differentiator, a channel to acquire players, and an enhancement of NorthStar Ontario’s ability to engage with its user-base.

Northstarbets.ca operates in the online sports betting industry which is highly competitive, constantly evolving, and subject to regulatory oversight and rapid technological change. Ontario’s regulated iGaming market is highly competitive. Northstarbets.ca is competing for market share and incurring significant expenses on advertisements and other marketing efforts to build brand recognition and onboard new players. As a result of the foregoing, NorthStar Ontario plans to continue to introduce and market new and innovative technologies, product and service offerings, and product and service enhancements to effectively stimulate customer demand, acceptance and engagement. NorthStar’s ability to sustain or expand its offerings depends on its financial capacity.

The Company’s wholly owned subsidiary, Slapshot, a Canadian iGaming marketing and managed services company, provides managed services to the Abenaki (the “Abenaki”), who own and operate an iGaming site, Northstarbets.com (formerly Spreads.ca), which is licensed by the Kahnawake Gaming Commission. Northstarbets.com is offered across Canada, except in Ontario. Individuals physically located in Ontario are not permitted to access Northstarbets.com. Slapshot receives consideration by way of managed services revenue in exchange for providing the administration of games. These services are recorded as managed services revenue and are based on gaming revenue generated by the Abenaki and is recognized in the periods for which those gaming revenue and related activities conclude.

Financial Highlights

Financial highlights for Q3 2025:

- Revenue, including managed services fees, net of bonuses, promotional costs and free bets was \$6.9 million in Q3 2025, an increase of 4.4% over \$6.6 million in Q3 2024.
- Gross margin was \$2.4 million in Q3 2025, an increase of 14.4% over \$2.1 million in Q3 2024 and represents approximately 34.7% of revenue compared to 31.7% of revenue in Q3 2024.
- Profit before marketing and other expenses¹ was \$0.2 million in Q3 2025 compared to a loss of \$0.5 million in Q3 2024. This is the fourth consecutive quarter in which our profit before marketing and other expenses, was positive.
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Financial highlights for YTD 2025:

- Revenue, including managed services fees, net of bonuses, promotional costs and free bets was \$23.3 million in YTD 2025, an increase of 16.6% over \$20.0 million in YTD 2024.
- Gross margin was \$8.9 million in YTD 2025, an increase of 31.6% over \$6.8 million in YTD 2024 and represents approximately 38.2% of revenue in YTD 2025 compared to 33.9% of revenue in YTD 2024.
- Profit before marketing and other expenses⁽¹⁾ was \$1.5 million in YTD 2025 compared to a loss of \$0.6 million in YTD 2024.

The Company has restated the comparative period due to an understatement of merchant fees and player bonus expenses. These fees and expenses were not included in the previously published financial statements (see sections 2 and 8, and note 2 of the unaudited condensed consolidated financial statements). and the section below noted as restatement of the comparative periods as at and for the three and nine months ended September 30, 2024.

(1) This measure is not defined by IFRS, does not have standard meanings and may not be comparable with other industries or companies. Please refer to the section titled “Non-IFRS Financial Measures” on pages 22 and 23 of this MD&A.

Recent Developments

Debt Financing

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 \$43,431,000 (the “Credit Facility”) to be made available by Beach Point Capital Management LP (“Beach Point”). The Credit Agreement matures on January 24, 2030 (the “Maturity Date”). The interest rate on the loan is calculated based on the applicable secured overnight financing rate (“SOFR”) rate plus 9.35%, with a SOFR floor of 4.40%. There are no principal amortization payments required for the first 30 months following the closing date, after which 2.5% of the principal amount is amortized per annum until the 42nd month (paid quarterly), and, thereafter, 5% per annum with the remaining principal balance repayable on the Maturity Date.

The purpose of the Credit Facility is to support the Company’s continued growth by significantly strengthening the Company’s financial position. The Company has drawn down the full amount of the Credit Facility, being \$43,431,000, to: (i) repay the aggregate CAD \$9,500,000 principal amount (plus accrued interest) loaned to the Company by Playtech Plc (“Playtech”), a global leader in gambling technology that is a supplier of software and services to, and already a significant investor in the Company, pursuant to unsecured promissory notes dated April 25, 2024, September 13, 2024 and December 16, 2024; (ii) fund an interest reserve account in respect of the Credit Facility in an amount equal to \$7,000,000; (iii) pay transaction costs in connection with the Credit Facility; and (iv) to fund working capital and for general corporate purposes.² The interest payments will be drawn out of the interest reserve account. The interest reserve account will be maintained at a minimum balance of three months interest until the loan is repaid.

As at September 30, 2025, the Company had approximately \$0.7 million of covenant liquidity in excess of the required minimum under the Credit Agreement. Compliance with the minimum liquidity covenant is necessary for the Company to ensure it has access to adequate financing to fund its marketing initiatives, but is also sensitive to changes in operational expenditures and the resulting revenues which are generated. During Q3 2025, the interest reserve account decreased to \$4,004,959 and will continue to decrease over the term of the Credit Facility as interest payments are drawn out, eventually being paid out of the Company’s cash balance. Based on current projections of the Company, interest payments will begin to be made out of the Company’s cash flows in April 2026.

The Credit Facility is guaranteed by the Company, and by Playtech, together with certain of its affiliates (the “Playtech Guarantors”). In consideration of the Playtech Guarantors providing the guarantee (the “Playtech Guarantee”), NorthStar has issued to Playtech 32,735,295 Common Share purchase warrants (“Bonus Warrants”), exercisable at a price of \$0.055 per share, reflecting an approximately 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 expire on January 24, 2030 and are non-transferable. In accordance with the policies of the TSXV, 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.

Strategic Marketing Contribution

On June 26, 2023, NorthStar Ontario entered into a marketing agreement with Playtech Software Limited (“Playtech Software”) pursuant to which Playtech Software committed to an initial contribution of up to \$1.5 million and subsequently increased the total contribution to approximately \$4 million over eight months ending in February 2024. Beginning in the second half of 2023, this contribution directly supported NorthStar Ontario’s player acquisition strategy. Playtech Software is reimbursed and compensated through a share of revenue from the income generated in connection with the marketing initiatives to which Playtech Software contributed. On April 25, 2024, NorthStar Ontario extended the program with Playtech Software for a further eight months until December 31, 2024, with contributions not to exceed \$500,000 per month. On April 23, 2025, NorthStar Ontario and Playtech Software extended the agreement to fund \$1.5 million marketing services in Ontario, through to March 31, 2025. Playtech Software continues to be reimbursed and compensated through a share of Gaming Revenue from the income generated in connection with the marketing initiatives to which it contributes.

Acquisition of Slapshot

On May 8, 2023, the Company acquired 100% of the issued and outstanding shares of Slapshot, a Canadian iGaming marketing and managed services company that specializes in providing managed services to the Abenaki for its iGaming operations in Canada (excluding Ontario) under the Spreads.ca brand. As part of the consideration payable, the former shareholders of Slapshot were entitled to a separate earn-out of up to \$0.5 million based on Slapshot’s revenue performance for the 12-month period following the closing, payable quarterly in Common Shares with a deemed value per Common Share equal to the greater of: (i) the 20-day volume weighted average price calculated at the end of each applicable quarter; and (ii) \$0.45 per Common Share.

On the acquisition date, the consideration payable liability included the full value of the estimated payment of \$0.41 million based on revenue performance of Slapshot plus an additional \$0.079 million in respect of additional working capital. As of December 31, 2024, the contingent consideration liability balance was \$0.096 million and a no gain or loss on remeasurement for the three months ended September 30, 2025 and a gain of \$0.1 million for the nine months ended September 30, 2025 (three month ended September 30, 2024 – gain of \$0.002 million and nine months ended September 30, 2024 – loss of \$0.003 million) was recognized. As of September 30, 2025, the contingent consideration payable was at \$0.098 million.

Conversion of Convertible Debenture

October 31, 2023 Private Placement and Convertible Debenture

On October 31, 2023, the Company completed a private placement financing of approximately \$10.3 million, through the issuance of units (“Units”), comprised of common shares of the Company (the “Common Shares”), warrants, and Convertible Debentures (as defined below) (the “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, one half A warrant, and a further half B warrant, in each case, exercisable for a period of five years.

The value of each A warrant, exercisable at \$0.36, has been estimated at \$0.0562 resulting in a total estimated fair value of \$830,059.

The value of each B warrant, exercisable at \$0.40, has been estimated at \$0.0538 resulting in a total estimated fair value of \$794,006.

The estimated fair values of warrants were calculated using the Black Scholes option pricing model with the following assumptions: i) share price \$0.50, ii) exercise price \$0.20, iii) the expected life of each warrant is 5 years; iv) the risk-free rate is 3.58v)%; the dividend

yield is nil; and vi) expected volatility is 71%. These are highly subjective assumptions and any change in the assumptions can materially affect the fair value estimate.

As part of the Offering, the Company also issued three-year, 8% unsecured convertible debentures (the “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. 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 gain on remeasurement of \$42,578 in the three months ended September 30, 2025 and a loss of \$259,454 in nine months ended September 30, 2025 (three months ended September 30, 2024 – gain of \$ 187,301 and nine months ended September 30, 2024 – gain of \$112,193).

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 of 30% per annum:

	On date of issuance	At December 31, 2024	At September 30, 2025
Stock price	\$0.08	\$0.035	\$0.04
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%	2.40%
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	13 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 Offering. Of the \$81,936 of legal costs, \$40,968 was allocated to Common Shares and warrants, \$20,484 was expensed in year ended December 31, 2023 and the balance \$20,484 was deferred as a transaction cost and amortized over three years.

2. Operating Results

A discussion of our operating results for the three and nine months ended September 30, 2025.

Selected Financial Information

The financial information for the three and nine months ended September 30, 2024, included as comparatives in these operating results has been restated and replaces the previously disclosed information for the same periods, as fully described in Note 2 to the condensed consolidated interim financial statements for the three and nine months ended September 30, 2025.

The following table summarizes our recent results of operations for the periods indicated. The selected consolidated financial information set out below has been derived from our unaudited condensed consolidated interim financial statements and accompanying notes for the three and nine months ended September 30, 2025.

	<u>Unaudited</u> <u>Three months</u> <u>ended</u>	<u>Unaudited</u> <u>Three months</u> <u>ended</u>	<u>\$ Change</u>	<u>Unaudited</u> <u>Nine</u> <u>months</u> <u>ended</u>	<u>Unaudited</u> <u>Nine</u> <u>months</u> <u>ended</u>	<u>\$ Change</u>
(in 000s, except per share amounts)	<u>September 30,</u> <u>2025</u>	<u>September 30,</u> <u>2024</u> <u>* Restated</u>	<u>Favourable/</u> <u>(Unfavourable)</u>	<u>September</u> <u>30, 2025</u>	<u>September</u> <u>30, 2024</u> <u>* Restated</u>	<u>Favourable/</u> <u>(Unfavourable)</u>
Revenue	\$6,939	\$6,645	\$294	\$23,329	\$20,007	\$3,322
Cost of revenues						
Operator participant fee	\$1,445	\$1,519	74	\$4,809	\$4,345	(464)
Service providers fees	\$3,083	\$3,019	(64)	\$9,606	\$8,887	(719)
Gross margin	2,411	2,107	304	8,914	6,775	2,139
Expenses:						
General and administrative:						
Salaries, short-term benefits and contractors	1,336	1,218	(118)	4,275	4,050	(225)
Professional and consulting fees	417	850	433	1,343	1,681	338
Other administrative expenses	242	325	83	1,139	789	(350)
Insurance	105	135	31	334	637	303
Depreciation and amortization	90	89	(1)	275	263	(12)
	2,190	2,617	427	7,366	7,420	55
Profit/(Loss) before marketing and other expenses (1)	221	(510)	731	1,548	(645)	2,193
Marketing	2,259	2,850	591	9,414	10,207	793
Loss before other expenses (1)	(2,038)	(3,360)	1,322	(7,866)	(10,852)	2,986
Other Expenses						
Share-based payment expense	67	82	15	147	3,782	3,635
Gain on remeasurement of consideration payable	-	-	-	2	2	-
Gain on remeasurement of deferred share unit liability	-	-	-	26	-	(26)
MTM gain on derivative financial liability	(43)	(188)	(146)	259	(109)	(368)
Amortization of deferred transaction costs	-	2	2	3	5	2
Foreign exchange loss	49	17	(32)	64	44	(20)
Interest income	(65)	(5)	60	(248)	(30)	218
Interest expense	-	74	74	56	118	62
Finance cost	2,044	313	(1,731)	5,556	900	(4,656)
Total Other expenses	2,052	294	(1,758)	5,866	4,713	(1,153)
Net loss and comprehensive loss	(4,090)	(3,654)	(436)	(13,733)	(15,565)	1,832
Net loss per share (Basic and diluted)	(0.02)	(0.02)		(0.07)	(0.08)	

* The comparative periods are restated for understated merchant fees, and player bonus expenses. See page 7 below.

(1) These measures are not defined by IFRS, do not have standard meanings and may not be comparable with other industries or companies. Please refer to the section titled “Non-IFRS Financial Measures” on pages 22 and 23 of this MD&A.

Per share amounts included are calculated using the weighted average number of shares outstanding for the applicable period.

Restatement of the comparative periods as at and for the three and nine months ended September 30, 2024.

The Company has restated the comparative periods due 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 and nine months ended September 30, 2024 condensed consolidated interim financial statements have been restated accordingly. The service provider fees (cost of revenue) were understated in the unaudited financial statements for the three and nine months ended September 30, 2024 by \$398,143 and \$1,249,860 respectively.
- 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 unaudited financial statements for the three and nine months ended September 30, 2024 by \$155,329 and \$191,248 respectively.

The following tables summarize the impacts of the foregoing corrections on the Company’s consolidated financial statements.

Condensed Consolidated Statements Net Loss and Comprehensive Loss

For three months ended September 30, 2024	Previously reported (Unaudited)	Adjustment	As Restated (Unaudited)
Revenues	\$ 6,800,819	(\$155,329)	\$ 6,645,490
Operator participant fee	1,518,724	-	1,518,724
Service provider fees	2,620,826	398,143	3,018,969
Gross margin	2,661,270	(553,472)	2,107,797
Total operating expenses	5,548,447	-	5,548,447
Operating loss	(2,887,177)	(553,472)	(3,440,650)
Other expenses	213,710	-	213,710
Net loss and comprehensive loss	\$ (3,100,887)	\$ (553,472)	\$ (3,654,360)

For nine months ended September 30, 2024	Previously reported (Unaudited)	Adjustment	As Restated (Unaudited)
Revenues	\$ 20,197,862	\$ (191,248)	\$ 20,006,614
Operator participant fee	4,345,189	-	4,345,189
Service provider fees	7,828,330	1,058,612	8,886,942
Gross margin	8,024,343	(1,249,860)	6,774,483
Total operating expenses	21,408,770	-	21,408,770
Operating loss	(13,384,427)	(1,249,860)	(14,634,287)
Other expenses	(930,434)	-	(930,434)
Net loss and comprehensive loss	\$ (14,314,861)	\$ (1,249,860)	\$ (15,564,721)

Revenues

NorthStar Ontario launched Northstarbets.ca on May 9, 2022 offering eligible players in Ontario access to regulated sports betting markets, and a robust and curated casino offering, including popular slot offerings and live dealer games. NorthStar Ontario is the holder of this registration with the AGCO and is the operator of Northstarbets.ca.

In sports-betting and online casino related transactions where the Company is the primary obligor in its gaming contracts with its players, the Company generates a net gain or loss on a bet that is determined by an uncertain future event. Gaming Revenue is recorded as the gain or loss on betting transactions settled during the period less free bets, promotional costs, bonuses and fair value adjustments on open (unsettled) bets. The Company recognizes the gain or loss on a betting transaction as revenue when a bet is settled.

Slapshot’s revenues are generated from providing managed services to the Abenaki.

Revenue in the three months ended September 30, 2025 increased by \$0.3 million to \$6.9 million, compared to \$6.6 million in the three months ended September 30, 2024. Revenue in Q3 2025 included Gaming Revenue of \$6.1 million (net of bonuses, promotional costs and free bets of \$2.1 million) and managed services revenue of \$0.8 million. Revenue in Q3 2024 included Gaming Revenue of \$6.3 million (net of bonuses, promotional costs and free bets of \$2.0 million) and managed services revenue of \$0.3 million. The year-over-year increase is due to growth in active players and increased wagering.

Revenue in the YTD September 30, 2025 increased by \$3.3 million to \$23.3 million, compared to \$20.0 million in the YTD September 30, 2024. Revenue in YTD 2025 included Gaming Revenue of \$21.4 million (net of bonuses, promotional costs and free bets of \$5.5 million) and managed services revenue of \$1.9 million. Revenue in YTD 2024 included Gaming Revenue of \$19.4 million (net of bonuses, promotional costs and free bets of \$4.7 million). Revenue in YTD 2024 included managed services revenue of \$0.8 million. The increase in revenue is due primarily to increased active players in YTD 2025 compared to YTD 2024.

Future sustained revenue growth is heavily dependent on the Company’s ability to maintain adequate cash flows to sustain its marketing initiatives. Without sufficient liquidity, the Company may not be able to make the necessary investments in marketing to continue to increase player registrations and player activity, and therefore, could result in a material adverse effect to the Company’s revenue and operating results.

Quarterly revenue is influenced by seasonality, including sporting events, which can result in fluctuations in wagering activity. Management anticipates improved engagement in the coming quarter, supported by the continuation of major sporting events, such as the NFL season, international soccer fixtures, and holiday-related promotions. These factors are expected to provide opportunities to support liquidity objectives as the Company focuses on driving activity and optimizing operational efficiency during this critical period.

Cost of Revenues

Cost of revenues incurred during Q3 2025 primarily relate to service provider costs as well as operator participant fees associated with the operation of Northstarbets.ca. Service provider fees incurred in Q3 2025 also include \$0.5 million of costs associated with the provision of managed services by Slapshot. Service provider fees include gaming related costs, platform fee, merchant fee, and player verification costs.

Operator participant fees are a variable cost of Gaming Revenue whereas service provider fees are a combination of fixed and variable charges. For the three months ended September 30, 2025, the Company incurred certain fixed service provider fees related to its operations. However, these fees as a proportion of revenue are lower in the more recent periods, 44.4% in Q3 2025 and 41.2% in YTD September 2025 compared to 45.4% in Q3 2024 and 44.4% in YTD September 2024. Service provider fees as a percentage of revenue will continue to decrease as revenues grow.

In Q3 2025, gross margin was \$2.4 million or 34.7% of revenue compared to \$2.1 million or 31.7% of revenue in Q3 2024. YTD September 30, 2025 gross margin was \$8.9 million or 38.2% of revenue compared to \$6.8 million or 33.9% of revenue in YTD September 30, 2024. The quarter included significant player-friendly outcome that put some downward pressure on our revenues.

Expenses*General and administrative*

General and administrative expenses were \$2.2 million in Q3 2025, a reduction of \$0.4 million compared to Q3, 2024. The reduction was due to the timing of lower professional and consulting fees and other administrative expenses, partially offset by higher salaries, short term benefits and contractor expense. YTD 2025 and YTD 2024 costs were \$7.4 million. The details of the expenses included in general and administrative expenses are discussed in the paragraphs below.

Salaries, directors' fees, short-term benefits, and contractors totalled \$1.34 million in Q3 2025, an increase of \$0.1 million compared to Q3 2024.. YTD 2025 costs were \$4.3 million, an increase of \$0.2 million compared to Q3, 2024. The increases in Q3 2025 and YTD 2025 compared to the same periods in 2024 were related to merit increases to Company staff.

Professional and consulting fees were \$0.42 million in Q3 2025 and relate to legal and other professional fees. These amounts reflect a decrease of \$0.43 million over the comparative period in 2024. YTD 2025 costs were \$1.34 million compared to \$1.68 million in YTD 2024. The decrease in Q3 2025 was due to lower legal and professional costs relating to operational and public company related costs in Q3 2025. The professional fees represent the ongoing fees associated with i) business activities, and ii) various costs associated with requirements of the internet gaming registration, compliance with the Operating Agreement with iGO, and public company expenses.

Other administrative expenses were \$0.24 million in Q3 2025 compared to \$0.33 million in Q3 2024. YTD 2025 costs were \$1.1 million compared to \$0.79 million in YTD 2024. The increase is due to timing of expenses in Q3 and YTD 2025 relative to the comparable periods in 2024 for costs associated with warrants issued to Playtech.

Insurance costs were \$0.11 million in Q3 2025 compared to \$0.14 million in Q3 2024. YTD 2025 costs were \$0.33 million compared to \$0.63 million in YTD 2024. The variance relates to lower insurance premiums in 2025 compared to 2024.

Profit before marketing and other expenses was \$0.22 million in Q3 2025 compared to a loss of \$0.53 million in Q3 2024. The favorable variance was due to the higher gross profit margin and lower general and administrative expenses in Q3 2025 compared to Q3 2024. The gross margin is in excess of the administrative expenses as stated in the operating results table and partially offsets the marketing expenses. YTD 2025 profit before marketing and other expenses was \$1.58 million compared to a loss of \$0.65 million in YTD 2024. The favorable variance was due to the higher gross profit margin and lower general and administrative expenses in YTD 2025 compared to YTD 2024. This marks the fourth consecutive quarter of positive profit before marketing and other expenses.

Marketing

Marketing expenses of \$2.3 million were incurred in Q3 2025 compared to \$2.9 million in Q3 2024. As a percentage of revenue, Q3 2025 marketing expenses decreased to 32.6% of revenue from 42.9% of revenues for Q3 2024, reflecting increasing effectiveness in the Company's marketing efforts. Marketing expenses in YTD 2025 were \$9.4 million (40.4% of revenue) compared to \$10.2 million in YTD 2024 (51.0% of revenue).

Marketing expenses are the main driver of growth in revenue and player acquisition and are completely at the discretion of management, and Management continues to focus on marketing optimization to reduce the per-player acquisition cost.

Other Expenses

Except for finance costs, all the other expenses are non-cash.

Share-based payment expenses, which are non-cash, were \$0.07 million in Q3 2025 compared to \$0.08 million in Q3 2024, and reflect expenses associated with stock options of the Company (“Options”) and restricted share units (“RSUs”), the details of which are further discussed below in section 4 of this MD&A. YTD 2025 share-based payment expenses were \$0.15 million compared to \$3.8 million in YTD 2024.

Comprehensive loss for Q3 2025 was \$4.1 million compared to \$3.7 million in the comparable period in 2024. This was due to higher finance costs.

Net loss per share for YTD 2025 was \$0.07 compared to loss per share of \$0.08 in YTD 2024. The loss per share in Q3 2025 and Q3 2024 reflects the above noted net loss for the period divided by the weighted average number of Common Shares outstanding at the end of each period.

3. Outlook

We anticipate, assuming the continued availability of capital to the Company, that player registrations and active players on Northstarbets.ca and associated revenues will continue to grow based on our continued investment in marketing to support player acquisition, player retention initiatives, enhancement of the content-rich user experience, and improvements to the Company’s world-class online casino. However, the pace of growth of players and revenues is dependent on the Company’s ability to generate sufficient cash flow to support a sustained level of marketing investment while also meeting the required liquidity and covenant requirements under the Credit Agreement. While the Company currently anticipates it will generate sufficient cash flow to sustain its marketing initiatives, there can be no assurance that liquidity requirements will continue to be met. For further details, please refer to the sections “Liquidity and Capital Resources” on page 11 and “Risks and Uncertainties” beginning on page 26.

Marketing Agreement

- On April 25, 2024, NorthStar Ontario and Playtech Software extended the marketing agreement implemented in 2023 to accelerate NorthStar Ontario’s player acquisition strategy in Ontario. The initial agreement, announced by the Company on June 23, 2023, resulted in a total contribution of services from Playtech Software valued at \$6 million in FY2024 and was a significant driver of NorthStar Ontario’s growth since July 2023.
- On April 23, 2025 NorthStar Ontario and Playtech Software extended the agreement implemented in 2023 to accelerate NorthStar Ontario’s player acquisition strategy in Ontario. Under the renewal, Playtech Software provided \$1.5 million of marketing services in Ontario, through to March 31, 2025. Playtech Software was reimbursed and compensated through a share of Gaming Revenue from the income generated in connection with the marketing initiatives to which it contributed. The agreement has not been extended further.

Long-Term Debt Financing

On January 24, 2025, the Company entered into the Credit Agreement with Beach Point. Playtech and the Playtech Guarantors have agreed to provide the Playtech Guarantee. The Credit Agreement matures on the Maturity Date of January 24, 2030. The interest rate on the loan is calculated based on the applicable SOFR rate plus 9.35%, with a SOFR floor of 4.40%. There are no principal amortization payments required for the first 30 months following the closing date, after which 2.5% of the principal amount is amortized per annum (paid quarterly) until the 42nd month, and, thereafter, 5% per annum (paid quarterly) until the Maturity Date when the balance of the outstanding principal is repayable.

The purpose of the Credit Facility is to support the Company’s continued growth. The Company used the proceeds of loans to: (i) repay the aggregate \$9.5 million principal amount plus \$0.3 million accrued interest loaned to the Company by Playtech pursuant to the April Note, September Note and December Note; (ii) fund an interest reserve account in respect of the Credit Facility in an amount equal to \$7 million; and (iii) pay transaction costs in connection with the Credit Facility of \$6.8 million. Future use of the Credit Facility will be to fund working capital and for general corporate purposes. Minimum quarterly liquidity requirements commencing Q1 2025 are to be the greater of: (1) \$ 2.5 million or (2) an amount equal to \$5.0 million minus consolidated EBITDA for the period; if the consolidated EBITDA is negative, consolidated EBITDA shall be deemed to be \$0. The Company has reviewed its financial results for the nine months ended September 30, 2025, and has determined that all covenant requirements were met. No breaches or events of default have occurred during the reporting period or up to the date of issuance of these financial statements.

The Credit Facility is guaranteed by the Company and by Playtech, together with the Playtech Guarantors. In consideration of the Playtech Guarantors providing the Playtech Guarantee, NorthStar has issued to Playtech 32,735,295 Bonus Warrants, exercisable at a price of \$0.055 per share, reflecting an approximately 8.70% premium to the five-day volume-weighted average price of the Common Shares on January 24, 2025. The Bonus Warrants expire on January 24, 2030 and are non-transferable. In accordance with the policies of the TSXV, 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.

4. Liquidity and Capital Resources

A discussion of our cash flow, liquidity and other disclosures

As at September 30, 2025, the Company had total assets of \$18.3 million, and working capital, excluding the Redeemable Preferred Shares and Convertible Debentures, of \$8.9 million, including \$5.7 million of unrestricted cash and cash equivalents (December 31, 2024- \$2.1 million), representing approximately \$0.7 million of liquidity headroom relative to the minimum liquidity covenant under the Credit Agreement. The Company’s ability to remain in compliance with the covenant in future periods depends on revenue performance, marketing expenditure, and the level of operating losses. While management’s current forecast reflects continued compliance with the minimum liquidity covenant, adverse variance in any of the Company’s revenue, marketing expenditure and operating losses could result in reduced headroom or a potential covenant breach.

For YTD 2025, the Company used \$23.1 million of cash and cash equivalents in operating activities, including a \$4.2 million increase in restricted cash (\$0.24 million in YTD September 2024), generated \$26.9 million of net cash and cash equivalents from financing activities (YTD 2024 – \$6 million), and used \$0.09 million of cash and cash equivalents in investing activities related to software development (used \$0.10 million in YTD 2024). The cash and cash equivalents used in operating activities reflect the \$10.4 million comprehensive loss, net of non-cash expenses plus a decrease in net non-cash working capital of \$8.5 million. The cash and cash equivalents generated from financing activities represents \$36.7 million in net proceeds from a senior secured first lien term loan facility and includes a repayment of \$9.8 million of promissory note including interest. The cash and cash equivalents spent in investing activities was primarily due to acquisition of intangible assets.

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 below and raising additional capital. The Company is exposed to this risk mainly in respect of amounts due from the payment processor, accounts payable and accrued liabilities. Accounts payable and accrued liabilities are all contractually due within three months or less. Players can withdraw their player balances in cash without giving notice to the Company.

The Redeemable Preferred Shares are callable on demand by the holders. While these preferred shares are redeemable at the option of the holder, the OBCA prevents redemptions where such redemption would cause an insolvency event for the Company (note 10 of the unaudited condensed consolidated interim financial statements of the Company).

On January 24, 2025, the Company entered into the Credit Agreement with Beach Point. The Credit Agreement requires the Company to maintain minimum quarterly liquidity, commencing in Q1 2025, of the greater of (1) \$2,500,000 and (2) an amount equal to \$5,000,000 minus consolidated EBITDA for the period. If the consolidated EBITDA is negative, consolidated EBITDA shall be deemed to be \$0. Based on the Company’s current financial performance and forecasts, there is a risk that the Company may breach the liquidity covenant under the Credit Agreement in Q1 2026, primarily due to lower growth resulting from customer-friendly outcomes and the discontinuance of the marketing affiliate program. Any substantial change to the Company’s liquidity could cause a breach to the covenants under the Credit Agreement. If the Company fails to meet the liquidity requirements under the Credit Agreement and is unable to negotiate a waiver of or amendments to the covenant, such failure would constitute an event of default which could result in the Company’s repayment of outstanding indebtedness being accelerated, the Company’s inability to access to funds under the Credit Agreement and its need for additional financing. There is no assurance that the Company will maintain compliance with the liquidity covenant under the Credit Agreement or that additional financing will be available on terms acceptable to the Company, both of which could have a material adverse effect on the Company’s financial condition, results of operations and future outlook.

For further details, please refer to the section “Risks and Uncertainties” beginning on page 26 of this MD&A.

Ability to Continue Operations

The unaudited condensed consolidated financial statements have been prepared on a going-concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for at least twelve months from date of approval of the Q3 unaudited financial statements

The Company incurred a net loss of \$4,090,155 during the three months ended September 30, 2025 and \$13,733,371 during the nine months ended September 30, 2025, and the accumulated deficit was \$82,870,111 as at September 30, 2025. As at September 30, 2026, the Company had unrestricted cash of \$5,775,770, which may not be sufficient to fund its planned operations and meet its minimum liquidity requirements, as described above and in Note 12 of the unaudited financial statements, for the next 12 months.

Based on the Company’s current financial performance and forecasts, there is a risk that the Company may breach the quarterly covenants in the Credit Agreement in Q1 2026, primarily due to lower growth. A breach of this covenant would give the lender certain default rights under the terms of the Credit Agreement.

Management has developed a cash flow forecast for the period to December 31, 2026 which indicates that the Company can continue to meet its obligations as they come due. However, there is a risk that the Company may breach certain debt-related covenants, and management has initiated discussions with the lender regarding these matters. A breach could require the Company to implement operational adjustments and, if necessary, seek additional debt or equity financing. Management continues to closely monitor the Company’s liquidity position to ensure that operating cash flows remain sufficient to support ongoing obligations.

Accordingly, the unaudited financial statements do not include the adjustments that would be necessary if the going concern basis of preparation were no longer appropriate. Such adjustments could be material.

Off Balance Sheet Arrangements

As at the date of this MD&A, the Company has not entered into any off-balance sheet arrangements.

Contractual Obligations and Other

As at September 30, 2025, the Company had the following minimum commitments:

Contractual Obligations Under Service Contracts	Payments Due by Period		
	Less than One Year	One to Five Years	Greater than Five Years
Related Party	\$2.4 million	\$9.7 million	\$18.5 million
Others	\$1.6 million	\$1.1 million	\$2.6 million

Current Share Information

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares (the “Preferred Shares”). As at September 30, 2025, 206,764,717 Common Shares and 66,300 Preferred Shares were issued and outstanding, on an undiluted basis.

As at September 30, 2025, an aggregate of 86,763,753 warrants to purchase Common Shares were outstanding with exercise prices and expiry dates as follows:

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

As at September 30, 2025, the Company had the following share-based payment arrangements:

Stock Options

As at September 30, 2025, the following table provides the outstanding Options at their respective exercise prices and the related weighted average remaining contractual life:

Exercise price	Number outstanding	Weighted average remaining contractual life (in years)
\$0.21	2,652,058	1.67
\$0.50	779,408	2.25
\$0.06	5,543,525	2.75
\$0.06	3,893,500	2.25
Total	12,868,481	

The equity compensation plan adopted by the Company in 2022 (the “Equity Compensation Plan”) permits the Company to issue Options, RSUs, performance share units, DSUs and dividend-equivalent rights (collectively, “Awards”). Under the Equity Compensation Plan, the maximum number of Common Shares issuable from treasury pursuant to Option Awards may not exceed 10% of the total outstanding Common Shares. A further 9,696,910 Common Shares are reserved for all other types of Awards.

As part of the Reverse Take Over Transaction, 5,156,760 outstanding Company options with an exercise price of \$0.21 were exchanged for Options. On March 3, 2023, 8,058,542 Options with an exercise price of \$0.50 were granted to employees and contractors of the Company. Of these Options, 2,054,601 vested immediately. The remaining 6,003,941 Options vested one year from the date of grant.

- The value of each Option that vests immediately is \$0.25 resulting in a total estimated fair value of \$0.5 million. The estimated fair value of such Options was calculated using the Black-Scholes option pricing model with the following assumptions: i) share price \$0.50; ii) exercise price \$0.50; iii) the estimated expected life of each Option is 3 years; iv) the risk-free rate is 3.85%; v) the dividend yield is nil; and vi) expected volatility is 71%. These are highly subjective assumptions and any change in the assumptions can materially affect the fair value estimate.
- The value of each Option that vests over one year is \$0.28 resulting in a total estimated fair value of \$1.7 million. The estimated fair value of the Options was calculated using the Black-Scholes option pricing model with the following assumptions: i) share price \$0.50; ii) exercise price \$0.50; iii) the estimated expected life of each Option is 4 years; iv) the risk-free rate is 3.85%; v) the dividend yield is nil; and vi) expected volatility is 71%. These are highly subjective assumptions and any change in the assumptions can materially affect the fair value estimate.
- On May 30, 2024, the Company granted 5,960,000 Options to officers, employees and contractors, of which 2,400,000 were issued to officers. 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 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 3 years; iv) a risk-free rate of 3.85%; v) dividend yield of nil; and vi) expected volatility of 71%.
- On May 30, 2025, the Company granted 3,932,500 Options to officers, employees and contractors, of which 1,560,000 were issued to officers. Of the Options, 1,297,725 will vest on May 30, 2026 and the remaining 2,634,775 Options vest on May 30, 2027 and May 30, 2028. The estimated fair value of the Options was calculated using the Black-Scholes option pricing model with the following assumptions: i) share price \$0.04; ii) exercise price \$0.06; iii) an estimated expected life of 4 years; iv) a risk-free rate of 2.61%; v) dividend yield of nil; and vi) expected volatility of 71%.
- On August 13, 2025, certain directors, officers and consultants of the Company mutually agreed to cancel stock options (the “Cancelled Options”) exercisable to acquire an aggregate of 6,026,779 common shares of the Company. These Cancelled Options were granted on March 3, 2023, with an expiry date of March 3, 2028, and were each exercisable at a price of \$0.50 per common share. No consideration was paid for the surrender of the Cancelled Options.
- As at September 30, 2025, and November 13, 2025, 12,868,481 Options were outstanding.

Restricted Share Units

On May 30, 2025, pursuant to the Equity Compensation Plan, the Company issued 6,000,000 RSUs to officers, and a consultant, of which 5,400,000 were issued to officers. These RSUs were issued at a unit price of \$0.05 and will vest in tranches of 1,980,000 on May 30, 2026, 1,980,000 on May 30, 2027 and 2,040,000 on May 30, 2028.

Deferred Share Units

The Company has a DSU plan (the “DSU Plan”) for directors. Under the DSU Plan, participants are granted DSUs 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 Common 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).

As at September 30, 2025, the number of outstanding DSUs was 10,054,544 (2024 – 8,599,999), and the liability recognized in respect of the DSU plan was \$402,182 (2024 – \$301,000). The liability is presented as part of accounts payable and accrued liabilities on the consolidated statement of financial position.

The following table summarizes the DSU activity during the period:

	Number of DSUs
Outstanding, January 1, 2024	0
Granted	8,599,990
Outstanding, December 31, 2024	8,599,999
Outstanding, January 1, 2025	8,599,999
Exercised	(1,000,000)
Granted	2,454,545
Outstanding, September 30, 2025	10,054,544

5. Related Party Transactions

A discussion of transactions with related parties

Playtech

On March 3, 2023, Playtech became a “related party” of the Company, as such term is defined under Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*, as a person that has beneficial ownership of, or control or direction over, directly or indirectly, securities of the Company carrying more than 10% of the voting rights attached to all the Company’s outstanding voting securities.

The Company incurred service provider fees of \$3.1 million from Playtech during the three months ended September 30, 2025 (2024- \$3.0 million) and \$9.6 million during the nine months ended September 30, 2025 (2024- \$8.9 million) for use of Playtech’s iGaming platform, which is critical to the ongoing operations of Northstarbets.ca, and ancillary services including managed services fees. Service provider fees are recorded based on the level of transactions and contractual amounts and are expensed as incurred

The Company received from Playtech \$nil during the three months ended September 30, 2025 (2024 \$1.5 million) and \$1.5 million during the nine months ended September 30, 2025 (2024- \$4.4 million) towards marketing costs under the Marketing Agreement.

The Company owed \$1.8 million to Playtech as at September 30, 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- \$6.0 million).

Playtech is a global leader in gambling technology and a supplier of software and services to the Company.

6. Financial Instruments

A summary of our financial instruments

The Company’s financial instruments as at September 30, 2025 include cash and cash equivalents, restricted cash (which cannot be used for general operations) related to performance guarantee and interest reserve, player deposits on hand, amounts due from payment processors, accounts receivable, accounts payable and accrued liabilities, amounts due to related parties, liability for player deposits on hand, player loyalty bonuses, consideration payable liability, loan payable and Redeemable Preferred Shares. The carrying value of the loan payable approximates its fair value because it accrued interest at variable market rates. The carrying value of the other financial instruments are reasonable approximations of their fair values due to the relatively short periods to maturity and the terms of these instruments.

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 September 2025.

For additional information about how the Company recognizes, measures, and classifies its financial instruments, see “7. Material Accounting Policies and Estimates” below.

7. Material Accounting Policies and Estimates

A description of accounting estimates and judgements that are material to our financial results, and changes to accounting policies, if any.

Accounting Policies

We consider the accounting policies related to revenue, including Gaming Revenue, cost of revenues, Redeemable Preferred Shares, Convertible Debentures, share capital, share-based payments, warrants and financial instruments to be the material accounting policies used in the preparation of the Company’s audited consolidated financial statements for the years ended December 31, 2024 and 2023. The accounting policies below reflect the policies used in preparation of these financial statements.

We have not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- **Revenue**

Revenue is measured at the fair value of the consideration received.

The Company earns revenues from two main sources: (i) Gaming Revenues for its online casino and sports betting operations; and (ii) managed services revenues. The Company has adopted the following policies for Gaming Revenue recognition.

- i) **Gaming Revenue:**

Gaming Revenue represents the operating business transactions accounted for under both IFRS 9, Financial Instruments (“IFRS 9”) and IFRS 15, Revenue from Contracts with Customers (“IFRS 15”).

The Company has assessed that it is the primary obligor in its sports betting and online casino gaming contracts with its players. The Company offers sports-betting and online casino related transactions, where it generates a net gain or loss on a bet that is determined by an uncertain future event. These transactions are within the scope of IFRS 9. Gaming Revenue is recorded as the gain or loss on betting transactions settled during the period net of free bets, promotional costs, bonuses and fair value adjustments on open bets (unsettled bets). The Company recognizes the gain or loss on a betting transaction as Gaming Revenue when a bet is settled.

IFRS 15 reflects revenue earned from transactions where the Company administers games amongst players. Significant judgment is needed to determine whether gaming transactions are within the scope of IFRS 9 or IFRS 15. Currently, www.northstarbets.ca only offers gaming transactions where the Company takes a position against the player, and thus all transactions are in the scope of IFRS 9.

- ii) **Managed services revenue**

The Company has entered into a contract with the Abenaki, through the acquisition of Slapshot, whereby it receives consideration in exchange for services it provides over the contract period. These services are recorded as managed services revenue based on gaming revenue generated by the Abenaki and is recognized in the periods in which those gaming revenue and activities conclude. Managed services revenue has been accounted for in accordance with IFRS 15.

The Company determines revenue recognition through the following steps under IFRS 15:

- Identify the contract, or contracts, with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to performance obligations in the contract; and
- Recognize revenue when, or as, the Company satisfies performance obligations by transferring the promised good or services

The Company has determined that it operates in a single reportable segment, based on the internal reporting structure and the nature of its operations.

The Chief Operating Decision Maker, determined to be the Chief Executive Officer of the Company, who is responsible for allocating resources and assessing performance, reviews the business as a single operating unit. All operations are substantially similar in nature, share common systems and processes, and are managed on a consolidated basis.

Accordingly, the Company has concluded that it has one reportable segment and segment disclosures have not been presented.

- **Cost of revenues**

Cost of revenues includes direct costs incurred by the Company associated with revenue generation activities and principally comprises of operator participant fees and service provider fees.

In connection with the launch of operation of Northstarbets.ca, the Company entered into the Operating Agreement with iGO, a subsidiary of the AGCO, effective May 9, 2022. Operator participant fees reflect fees that the Company pays under the terms of the Operating Agreement. These operator participant fees are based on a percentage of Gaming Revenue as defined in the Operating Agreement and are expensed simultaneously as Gaming Revenue is earned.

Service provider fees reflect fees that the Company pays to vendors who provide services in respect of its iGaming platform and ancillary services including supplier costs and customer payment transaction fees. Service provider fees are recorded based on the level of transactions and contractual amounts and are expensed as incurred.

- **Redeemable Preferred Shares**

The Company's Redeemable Preferred Shares are classified as a compound financial instrument with a liability component as they are redeemable in cash by the holders and have an equity redemption feature. The Redeemable Preferred Shares that allow the holder to request a redemption in Common Shares at a fixed price per Common Share results in a compound financial instrument with an equity and a liability component. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option.

The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is accreted to the redemption value using the effective interest rate method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition. Interest, losses and gains relating to the financial liability are recognized as period costs.

- **Convertible Debentures**

On October 31, 2023, the Company issued the Convertible Debentures. 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. 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, and the host financial liability was recognized as the residual of the proceeds received less the derivative liability. The derivative liability is remeasured at fair value at each reporting date.

- **Share capital**

Voting Common Shares and non-voting common shares are classified as equity. Transaction costs directly attributable to the issue of Common Shares and Options are recognized, net of any tax effects, as a reduction from equity. For unit offerings that consist of multiple categories of equity, the proceeds from the issuance of units are allocated between voting Common Shares and share purchase warrants using the relative fair value method.

- **Share based payments**

The Company grants Options to its employees, directors and consultants. Options vest over time in tranches and expire after various periods of time. For employees and consultants providing services in exchange for share based payments with vesting conditions, the fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model.

For consultants providing services in exchange for share-based payments without vesting conditions, the fair value of each grant is measured at the date of grant using the closing share price on the date of grant.

Share based compensation expense is recognized over the tranche’s vesting period based on the number of Awards expected to vest with the offsetting entry to contributed surplus. The number of Awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

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

- **Restricted Share Units**

The Company has an Equity Compensation Plan for directors, officers, employees and consultants. Each tranche in an Award is considered a separate Award with its own vesting period and grant date fair value. Fair value of equity-settled RSUs is measured at the grant date based on the market value of the Common Shares on that date. Compensation expense is recognized over the tranche’s vesting period based on the number of Awards expected to vest with the offset credited to contributed surplus. The number of Awards expected to vest is reviewed at each reporting date with any change recognized immediately as an adjustment to share-based compensation expense and contributed surplus.

When Common Shares are issued for RSUs, the fair value attributed to these RSUs is transferred from contributed surplus to share capital.

- **Deferred Share Units**

The Company has a DSU Plan for directors. Each tranche in an Award is considered a separate Award with its own grant date. The DSUs are vested on the grant date and the compensation expense and liability are recognized immediately. The Awards and the liability are reviewed at each reporting date with any change recognized immediately.

- **Warrants**

All warrants issued under a unit financing arrangement are valued on the date of grant using the Black-Scholes pricing model, net of related issuance costs. Warrants meeting equity classification have been classified as an equity instrument within contributed surplus as they have a fixed exercise price, denominated in Canadian dollars, as well as a fixed number of equity instruments for which the exercise price will be exchanged.

If and when warrants are exercised, consideration received is credited to share capital and the fair value attributed to these warrants is transferred from contributed surplus to share capital. The fair value of expired warrants is reclassified from contributed to retained earnings or deficit.

- **Financial Instruments**

Financial assets

Initial Recognition and Measurement

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

Classification and subsequent measurement

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

Financial assets are classified as follows:

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

Business model assessment

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

Contractual cash flow assessment

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

alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company’s claim to cash flows, and any features that modify consideration for the time value of money.

Impairment and derecognition

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

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

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

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

Derecognition of financial assets

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

Financial liabilities

Recognition and initial measurement

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

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

Classification and subsequent measurement

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

Derecognition of financial liabilities

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

Accounting Estimates and Judgements

The preparation of the consolidated interim financial statements requires management to make judgements and estimates that affect the application of the Company’s accounting policies and reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company’s accounting policies and the key source of estimation uncertainty are acquisitions and acquisitions of businesses under common control and whether such acquisition is treated as a continuity of interest, ability of the Company to continue as a going concern, Gaming Revenue, determination of whether gaming transactions are within the scope of IFRS 9 or IFRS 15. The Company has also made a judgement of it being the primary obligor in respect of the Company’s sports betting and casino gaming contracts with its players determination of primary obligor in assessing revenue recognition. Additional judgements were also made in respect of the fact that management

has assessed that it does not have control over iGO or its service providers which comprise its cost of revenues (operator participant fees and service provider fees) and accordingly does not consolidate them. Additional judgements were also made around accounting for business combinations and the reverse take-over transaction, recognition of software intangible assets and classification of warrants as either a component of equity or a liability. Warrants have been classified as an equity instrument as they have a fixed exercise price, denominated in Canadian dollars, as well as a fixed number of equity instruments for which the exercise price will be exchanged for.

In assessing whether the going concern assumption is appropriate, management applies judgement and takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

Assumption and estimation uncertainties

Information about assumption and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include: (i) Mark to market on open events which are estimated using the amount of the wagers and the published odds for such wagers at the date of the unaudited financial statements; (ii) Estimated useful lives of long-lived assets (equipment and intangible assets); (iii) Fair value of warrants based on the Black-Scholes option pricing model for valuation of the warrants issued to purchasers of its share capital which requires the input of subjective assumptions including expected price volatility, risk-free interest rate, and forfeiture rate and changes in the input assumptions can materially affect the fair value estimate which correspondingly affects the Company’s equity reserves; (iv) Fair value of share-based payments determined using the Black-Scholes option pricing model which incorporates assumptions regarding risk-free interest rates, dividend yield, expected volatility, estimated forfeitures, and the expected life of options; and (v) Fair value of assets acquired in business combinations.

8. Summary of Quarterly Results

The following table summarizes the results of our operations for the eight most recently completed quarters. This unaudited quarterly information has been prepared in accordance with IFRS.

(in '000s of dollars) (unaudited)	FY 2025			FY 2024				FY 2023
	F	Q3	Q2	Q1	Q4	Q3	Q2	Q1
						*Restated	*Restated	*Restated
Financial Summary:								
Revenue (Previously Reported)						\$6,801	\$7,457	\$5,940
Adjustments Increase/(Decrease)						\$(85)	\$(25)	\$(10)
Revenue (Restated)		\$6,939	\$8,540	\$7,849	\$9,478	\$6,716*	\$7,432*	\$5,930*
Service Provider Fee (Previously Reported)						(2,621)	(2,742)	(2,465)
Adjustments Increase/(Decrease)						398	328	333
								234

Service Provider Fee (Restated)	(3,083)	(3,369)	(3,153)	(3,987)	(3,019)*	(3,070)*	(2,798)*	(2,819)*
Gross Profit (Previously Reported)					2,661	3,234	2,213	2,518
Adjustments Increase/(Decrease)					(483)	(353)	(343)	(410)
Gross Profit (Restated)	2,411	3,484	3,019	3,614	2,178*	2,881*	1,870*	2,108*
Operating Expense (Previously Reported)					(5,548)	(8,145)	(7,715)	(11,225)
Adjustments Increase/(Decrease)					-		-	81
Operating Expense (Restated)	(4,516)	(5,847)	(6,565)	(8,294)	(5,548)*	(8,145)*	(7,715)*	(11,306)*
Operating Loss (Previously Reported)					(2,887)	(4,911)	(5,502)	(8,707)
Adjustments Increase/(Decrease)					483	353	343	491
Operating Loss (Restated)	(2,105)	(2,362)	(3,547)	(4,680)	(3,370)*	(5,264)*	(5,845)*	(9,198)*
Comprehensive Loss (Previously Reported)					(3,101)	(4,651)	(6,479)	(7,474)
Adjustments Increase/(Decrease)					(483)	(353)	(343)	(491)
Comprehensive Loss (Restated)	(4,090)	(3,843)	(5,800)	(3,601)	(3,584)*	(5,004)*	(6,821)*	(7,965)*
Basic loss per share (Previously Reported)					(\$0.02)	(\$0.02)	(\$0.04)	(\$0.05)
Basic loss per share (Restated)	(\$0.02)	(\$0.02)	(\$0.03)	(\$0.02)	(\$0.02)*	(\$0.03)*	(\$0.04)*	(\$0.05)*

* The comparative periods are restated for understated merchant fees, player bonus expenses and director fees.

The summary of quarterly results reflects the steady growth in the Company’s customer base and betting volumes since the launch of Northstarbets.ca on May 9, 2022, as well as the cyclical nature of Gaming Revenue. Quarterly results of the Company are dependent on the availability of sufficient liquidity to support its market initiatives; however the fourth quarter is generally the Company’s strongest quarter, driven by seasonality.

9. Non-IFRS Financial Measures

This MD&A makes reference to “Total Wagers”, “Gross Gaming Revenue”, “Profit (loss) before marketing and other expenses” and “Loss before other expenses”, each of which are “supplementary financial measures” as defined in National Instrument 52-112 *Non-GAAP and Other Financial Measures*. Total Wagers is calculated as the total amount of money bet by customers in respect of bets that have settled in the applicable period. Total Wagers does not include free bets or other promotional incentives, nor money bet by customers in respect of bets that are open at period end. Gross Gaming Revenue is calculated as dollar amounts bet by customers less the dollar amounts paid out to the customers in respect of such bets which have settled in the applicable period. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are, therefore, not necessarily comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement other IFRS measures by providing further understanding of our results of operations from management’s perspective. Profit (loss) before marketing and other expenses is operating losses before marketing expenses and stock-based compensation. Loss before other expenses is the operating loss excluding stock-based compensation. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of the Company’s financial information reported under IFRS. Total Wagers, Gross Gaming Revenue, profit (loss) before marketing and other expenses and loss before other expenses are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our business that may not otherwise be apparent when relying solely on IFRS measures. The Company believes that securities analysts, investors and other interested parties frequently use non IFRS- measures, including industry metrics, in the evaluation of companies in our industry. Management also uses non IFRS- measures and industry metrics in order to facilitate operating performance comparisons from period to period, the preparation of annual operating budgets and forecasts and to determine components of executive compensation.

10. Regulatory Matters

Regulation of the Gaming Industry

Gaming laws are generally designed to protect gaming consumers and the viability and integrity of the gaming industry. Gaming laws may also be designed to protect and maximize local revenues, as well as to enhance economic development. To accomplish these public policy goals, gaming laws establish stringent procedures to ensure that participants in the gaming industry meet certain standards of character and responsibility.

Our business is subject to extensive laws, regulations and policies which enable and govern the operation of the iGaming site *Northstarbets.ca* and our provision of iGaming services to eligible individuals physically located in Ontario. Such laws, regulations and policies generally concern the responsibility, financial stability, integrity and character of the owners, managers, staff and persons with material financial interests in the gaming operation along with the integrity and security of the iGaming product offerings. We are generally subject to extensive and evolving regulations that could change based on political and social norms and that could be interpreted in ways that could negatively impact our business.

Canada’s Gaming Regulatory Framework and Ontario’s Regulated iGaming Market

Canada’s federal *Criminal Code* makes it illegal for any entity, other than a provincial government, to provide gaming services to individuals located in Canada. As a result, Canada’s provincial governments have created wholly-owned corporations (“crown corporations”) and robust regulatory frameworks to provide gaming services in their respective jurisdictions.

On April 4, 2022, the province of Ontario enacted legislation to expand the provision of iGaming services within Ontario in order to permit private gaming operators, contracted by iGO, to offer iGaming products directly to Ontarians. This was accomplished through (i) requiring iGaming operators to secure and maintain a registration with the AGCO, the regulatory authority overseeing all gaming conducted in Ontario; and (ii) the establishment of a new crown corporation, being iGO, a government entity which, in accordance with the *Criminal Code*, conducts and manages the vast majority of the iGaming sites legally available in Ontario today.

iGO subcontracts the operation of all of its online gaming sites to companies that are registered as iGaming operators by the AGCO, such as NorthStar Ontario. In doing so, Ontario’s regulatory regime subjects all registered iGaming operators to strict compliance under various frameworks, including, but not limited to, the terms and conditions of the Operating Agreement with

iGO, iGO’s various operational policies (“iGO Policies”) and the *Registrar’s Standards for Internet Gaming* (the “Standards”). The respective frameworks established by each of the AGCO and iGO prescribe guidelines and place restrictions on a registered iGaming operator’s provision of iGaming offerings in the province, including in respect to marketing and advertising, technology standards and responsible gambling. As such, registered iGaming operators in Ontario, such as NorthStar Ontario, are subject to high standards of operation to ensure the integrity, stability and fairness of their offerings and the market in general.

Registration

On April 12, 2022, the Company’s wholly-owned subsidiary, NorthStar Ontario completed its registration as an iGaming operator with the AGCO and listed *Northstarbets.ca* as the gaming site associated with such registration. NorthStar Ontario’s registration number with the AGCO is OPIG1226485 and its registration is publicly listed on the AGCO’s website.

On May 9, 2022, NorthStar Ontario entered into its Operating Agreement with iGO, for an initial term of five years, and made the *Northstarbets.ca* iGaming offerings available to eligible individuals physically located in Ontario.

Since such date, NorthStar Ontario has continued to operate *Northstarbets.ca*, as a regulated operator contracted by iGO, and in accordance with the terms and conditions of its Operating Agreement with iGO. Under this arrangement, iGO receives a percentage of NorthStar Ontario’s Gross Gaming Revenues, as defined in the Operating Agreement, which it then remits to the province of Ontario.

NorthStar Ontario’s compliance with the terms and conditions of the Operating Agreement is a pre-requisite for its provision of regulated iGaming offerings in Ontario. While the Company is of the view that the Operating Agreement could technically be considered a material contract under applicable securities laws, the Operating Agreement is, in fact, more akin to a license entered into in the ordinary course of business, which contains information which is confidential to a provincial government entity. Given this context, and particularly the confidential government information contained in the Operating Agreement, this agreement has not been filed on SEDAR+.

Northstarbets.ca offers eligible players in Ontario access to regulated sports betting markets and a robust and curated casino offering, including popular slot offerings, digital table games, and live dealer games. In addition, to compliance with the terms and conditions of the Operating Agreement, as well as iGO Policies, *Northstarbets.ca* is offered in accordance with the AGCO’s regulations, including the Standards, and, among other things, does not accept players who are physically located in jurisdictions outside of the province of Ontario. The regulatory requirements for anti-money laundering, responsible gaming, advertising integrity and other initiatives is expanding and could increase the costs of regulatory reporting and compliance.

Neither the Company nor its subsidiaries owns or operates any other gaming sites or provides any form of gaming services within Canada or anywhere else in the world (including, for greater certainty, any emerging market). Accordingly, as a result of the maintenance and good standing of NorthStar Ontario’s registration as an iGaming operator with the AGCO and its ongoing compliance with the terms and conditions of the Operating Agreement, the Company and its subsidiaries hold all necessary licenses, permits and regulatory approvals required in order to legally carry on the Company’s business as currently conducted in the jurisdiction (*i.e.* Ontario) in which the Company operates.

Compliance

The Company and its subsidiaries operate in accordance with a commitment to character, integrity and high ethical values. We have developed numerous policies and procedures in order to meet applicable legal and regulatory requirements, including those set out in the Standards, the Operating Agreement and the iGO Policies. The Standards can be found on the AGCO’s website at: www.agco.ca/en/lottery-and-gaming/guides/registrars-standards-internet-gaming. Our robust internal compliance program is designed to identify relevant regulatory requirements and promote compliance with applicable laws and regulations. It is also informed by legal advice from external counsel with respect to the operations of the Company and its subsidiaries. Among other things, compliance processes and tools are utilized to track any incidents of non-compliance identified internally or by external parties and to ensure that all such incidents are addressed in a timely manner. On a quarterly basis, senior executives and key staff members assess the Company’s conformity to its compliance framework and attest to its adherence to applicable laws and regulations as well as the effectiveness of internal controls related thereto. On an annual basis, and more often if requested, the Company provides iGO with comprehensive financial reporting with regards to NorthStar Ontario’s performance and operations, including auditor reports related thereto.

Under the Standards, iGaming operators are responsible for the gaming regulatory compliance of actions taken by parties with whom they contract for the provision of any aspect of such operator’s business related to gaming in Ontario. Accordingly, NorthStar Ontario’s contracts with third party service providers and other suppliers are reviewed by the Company’s general counsel to ensure compliance with the Standards and that each such contract adheres to all other laws and regulations applicable to the iGaming industry in Ontario. On an annual basis, NorthStar Ontario’s key gaming-related suppliers provide

their control assessment against the Standards and, if applicable, their remediation plan to address any potential gaps to ensure ongoing compliance.

The Company operates in compliance with applicable gaming laws and regulations, being Ontario’s iGaming regulatory scheme, including the Standards, the terms and conditions of the Operating Agreement and the iGO Policies, and is not in receipt of any material non-compliance citations or notices of violation in relation thereto which may have an impact on the Company’s business activities or operations or NorthStar Ontario’s registration with the AGCO.

Slapshot’s Relationship with the Abenaki

On May 8, 2023, the Company acquired all of the shares of Slapshot Media Inc. (“Slapshot”), a Canadian company that provides marketing and managed services to a Quebec First Nation located in the province of Quebec, namely the Abenaki. Pursuant to a services agreement between those two parties (the “Abenaki Services Agreement”), Slapshot assists the Abenaki in the operation of one of their online gaming sites (the “Abenaki Site”). Prior to the acquisition of Slapshot by the Company, the Abenaki operated the Abenaki Site under the brand “Spreads” and the site was accessible via the domain name *Spreads.ca*.

Following the completion of the Company’s acquisition of Slapshot, the parties wished to change the brand name of the Abenaki Site to “NorthstarBets” pursuant to a license agreement (the “License Agreement”). In relation to the Abenaki Site, this brand name change was designed by the Abenaki to both take advantage of and expand upon the brand recognition attaching to the “NorthstarBets” brand name across Canada (excluding Ontario as *Northstarbets.com* does not accept players located in Ontario). The brand name change was implemented pursuant to the terms of the License Agreement which, among other things (i) licensed the “NorthStar” brand to the Abenaki for use on the Abenaki Site and (ii) allowed the Abenaki to register the domain name *Northstarbets.com* for use as the new pathway to the Abenaki Site.

The License Agreement is the only direct nexus between the Company and the Abenaki. The Company also has an indirect nexus to the Abenaki as its subsidiary, Slapshot, is a party to the Abenaki Services Agreement.

The Company has determined that the managed services provided by Slapshot to the Abenaki are not subject to any provincial or federal legislation. This determination was informed by the Company’s diligence efforts, including advice from external legal counsel, through which the Company satisfied itself that the Abenaki have strong legal arguments to support their legal right to provide gaming services.

The Abenaki Site is owned and operated by the Abenaki. Slapshot continues to assist the Abenaki with its operation of the Abenaki Site pursuant to the Abenaki Services Agreement. The managed services provided by Slapshot to the Abenaki under the Abenaki Services Agreement include:

- general management and administration services, subject to the Abenaki’s operation, control and final approval right over each aspect of the Abenaki Site;
- recommending the features and functionality associated with the Abenaki Site;
- marketing and promotion services, pursuant to a marketing plan to be provided to the Abenaki for approval on an annual basis; and
- regular reporting to the Abenaki.

The Mohawks of Kahnawà:ke (the “Kahnawà:ke”) have for a number of decades acted as gaming regulators for many of the largest gaming operators in the world. The regulatory authority overseeing all gaming activity conducted through the Abenaki Site is the Kahnawà:ke Gaming Commission or “KGC”. The gaming regulations promulgated and enforced by the KGC are, by any substantive measure, equivalent to the gaming regulations found in other jurisdictions including the United Kingdom, Alderney, and Malta.

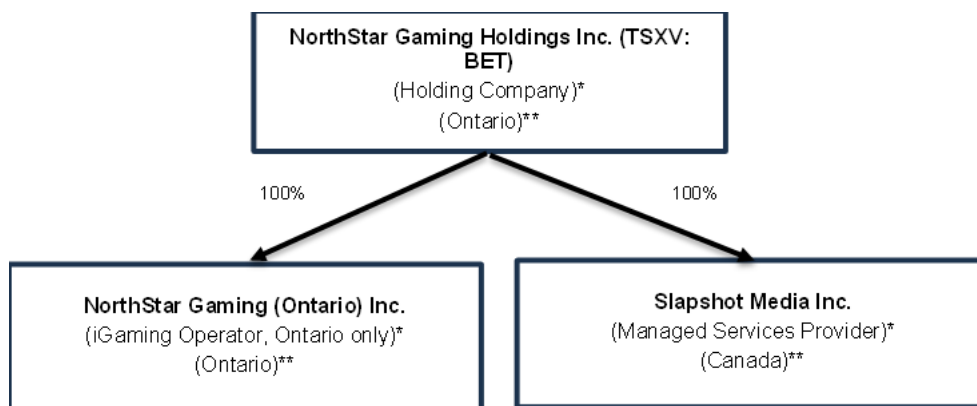
Since the beginning of the Abenaki’s operation of online gaming sites, they have been licensed by the KGC to do so. The operation of all of the Abenaki Site is and has always been regulated by the KGC. The Abenaki Services Agreement includes comprehensive representations and warranties concerning the legality of the operation of the Abenaki Site as well as terms that permit Slapshot to terminate the provision of services to the Abenaki in the event that there is ever a legal challenge to the legality of those operations.

Northstarbets.com does not accept players from the province of Ontario, and none of the Company, NorthStar Ontario or Slapshot own or operate any gambling operations outside of Ontario.

Other Contractual Relationships

In connection with its operation of *Northstarbets.ca*, NorthStar Ontario has entered into certain agreements with service providers, including: (i) Software License and Services Agreement with Playtech dated December 30, 2021 (the “Playtech Services Agreement”); and (ii) Framework Agreement with Kambi Group plc dated January 31, 2022 (the “Kambi Framework Agreement”). The Company is of the view that, as a question of fact based on the iGaming industry in which NorthStar Ontario operates, the Playtech Services Agreement was entered into in the ordinary course of business and falls within the applicable exemption from filing requirements under applicable securities laws. Based on the current portion of the Company’s revenues derived from services provided under the Kambi Framework Agreement, the Company has determined such agreement is not a material contract under applicable securities laws. *Corporate Structure*

The following chart illustrates the corporate structure of the Company:



*Description of business/operations.

**Governing jurisdiction.

11. Risks and Uncertainties

Risks and uncertainties surrounding our business

The following are certain factors relating to the business and structure of the Company and the industry within which it operates.

These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company, or that the Company currently deem immaterial, may also impair the operations of the Company. If any such additional risks actually occur, the business, financial condition, liquidity and results of operations of the Company could be materially adversely affected.

Risks Related to the Company’s Business, Operations, Industry and Market Conditions

The iGaming industry is heavily regulated, evolving and complex

The Company and its subsidiaries, officers, directors, major shareholders, key employees and business partners will generally be subject to the laws and regulations relating to iGaming of the jurisdictions in which the Company or its subsidiaries may conduct business, as well as the general laws and regulations that apply to all e-commerce businesses, such as those related to privacy and personal information, tax and consumer protection. These laws and regulations vary from one jurisdiction to another and future legislative and regulatory action, court decisions or other governmental action, which may be affected by, among other things, political pressures, attitudes and climates, as well as personal biases, may have a material impact on the Company’s operations and financial results.

Currently, the Company, through its wholly owned subsidiary NorthStar Ontario, only operates and offers iGaming products in Ontario through *Northstarbets.ca*. This offering is made available by NorthStar Ontario, as regulated operator contracted by iGO, pursuant to and in accordance with NorthStar Ontario's registration with the AGCO, the Operating Agreement, the Standards and other regulations and policies of the AGCO and iGO. The Company may look to expand to other jurisdictions in the future which may have different requirements. In particular, some jurisdictions have introduced regulations attempting to restrict or prohibit iGaming, while others have taken a similar position to Ontario that iGaming should be licensed and regulated and have adopted or are in the process of considering legislation to enable that to happen. In Ontario and in other jurisdictions that license and regulate iGaming, the licensing and regulatory regimes can vary considerably in terms of their business-friendliness and at times may be intended to provide incumbent operators with advantages over new licensees. Regulatory regimes imposed upon gaming providers vary by jurisdiction. Typically, however, most regulatory regimes, including in Ontario, include the following elements:

- a requirement for gaming license applicants to make detailed and extensive disclosures as to their legal and beneficial ownership, their source of funds, the probity and integrity of certain persons associated with the applicant, the applicant's management competence and structure and business plans, the applicant's proposed geographical territories of operation and the applicant's ability to operate a gaming business in a socially responsible manner in compliance with regulation;
- interviews and assessments by the relevant gaming authority intended to inform a regulatory determination of the suitability of applicants for gaming licenses;
- ongoing reporting and disclosure obligations, both on a periodic and ad hoc basis in response to material issues affecting the business;
- the testing and certification of software and systems, generally designed to confirm such things as the fairness of the gaming products offered by the business, their genuine randomness and ability to accurately generate settlement instructions and recover from outages;
- the need to account for applicable gaming duties and other taxes and levies, such as contributions to the promotion of responsible gambling; and
- social responsibility obligations.

A gaming license may be revoked, suspended or conditioned at any time. The loss of a gaming license held by the Company or its subsidiaries could cause the Company or its subsidiaries to cease offering some or all of its product offerings. The Company or its subsidiaries may be unable to obtain or maintain all necessary registrations, licenses, permits or approvals, and could incur fines or experience delays related to the licensing process, which could adversely affect its operations. The determination of suitability process may be expensive and time-consuming. The Company's delay or failure to obtain gaming licenses in any jurisdiction may prevent it from distributing its product offerings, increasing its customer base and/or generating revenues. A gaming regulatory body may refuse to issue or renew a gaming license if the Company, or one of its subsidiaries, directors, officers, employees, major shareholders or business partners: (a) are considered to be a detriment to the integrity or lawful conduct or management of gaming; (b) no longer meet a licensing or registration requirement; (c) have breached or are in breach of a condition of licensure or registration or an operational agreement with a regulatory authority; (d) have made a material misrepresentation, omission or misstatement in an application for licensure or registration or in reply to an inquiry by a person conducting an audit, investigation or inspection for a gaming regulatory authority; (e) have been refused a similar gaming license in another jurisdiction; (f) have held a similar gaming license in that province, state or another jurisdiction which has been suspended, revoked or cancelled; or (g) has been convicted of an offence, inside or outside of a particular jurisdiction that calls into question the honesty or integrity of the Company or any of its directors, officers, employees or associates.

Additionally, the Company's product offerings must be approved in regulated jurisdictions in which they are offered and will likely need to undergo third-party testing by a certified lab. Such testing can be costly and time consuming, and this process cannot be assured or guaranteed. Obtaining these approvals is a time-consuming process that can be extremely costly. A developer and provider of iGaming products may pursue corporate regulatory approval with regulators of a particular jurisdiction while it pursues technical regulatory approval for its product offerings by that same jurisdiction.

If the Company decides to enter additional jurisdictions, delays in regulatory approvals or failure to obtain such approvals may also serve as a barrier to entry to the market for the Company's product offerings. If the Company is unable to overcome the barriers to entry, it could materially affect its results of operations and future prospects. There can be no assurance that legally enforceable prohibiting legislation will not be proposed and passed in jurisdictions relevant or potentially relevant to the Company's business to prohibit, legislate or regulate various aspects of the iGaming industry. Compliance with any such legislation may have a material adverse effect on the Company's business, financial condition and results of operations.

In addition to regulations pertaining specifically to iGaming, the Company may become subject to any number of laws and regulations that may be adopted with respect to the internet and electronic commerce generally. New laws and regulations that address issues such as consumer protection, user privacy, pricing, online content regulation, taxation, advertising, intellectual property, information security and the characteristics and quality of online products and services may be enacted. As well, current laws, which predate or are incompatible with the internet and electronic commerce, may be applied and enforced in a manner that restricts the electronic commerce market. The application of such pre-existing laws regulating communications or commerce in the context of the internet and electronic commerce is fluid and uncertain. Moreover, it may take years to determine the extent to which existing laws relating to issues such as intellectual property ownership and infringement, libel and personal privacy are actually applicable to the remote supply of online gambling content and products. The adoption of new laws or regulations relating to the internet, or particular applications or interpretations of existing laws, could decrease the growth in the use of the internet for gaming and gambling to the extent it would indirectly impact such activities, and result in a decrease in the demand for the Company’s products and services, increase its cost of doing business or could otherwise have a material adverse effect on the Company’s business, prospects, revenues, operating results and financial condition.

In addition to regulations directly governing iGaming, the Company is subject to a variety of laws and regulations domestically and abroad that involve money laundering, the Internet, e-commerce, privacy and protection of data and personal information, rights of publicity, acceptable content, intellectual property, advertising, marketing, distribution, data and information security, electronic contracts and electronic communications, competition, protection of minors, consumer protection, unfair commercial practices, product liability, taxation, economic or other trade prohibitions or sanctions, securities law compliance and online payment and payment processing services. The Company may introduce new products or services, expand its activities in certain jurisdictions, or take other actions that may subject it to additional laws, regulations or other government scrutiny. For example, the Company handles, collects, stores, retrieves, transmits and uses confidential, personal information relating to its customers and personnel for various business purposes, including marketing and financial purposes. The Company may share this personal or confidential information with vendors or other third parties in connection with processing of transactions, operating certain aspects of its business, combating fraud or for marketing purposes. These laws, regulations and legislation, along with other applicable laws and regulations, which in some cases can be enforced by private parties or government entities, are constantly evolving and can be subject to significant change. As a result, the application, interpretation, and enforcement of these laws and regulations, including pre-existing laws regulating communications and commerce in the context of the Internet and e-commerce, are often uncertain, particularly in the new and rapidly evolving industry in which the Company operates, and may be interpreted and applied inconsistently across jurisdictions and inconsistently with its future policies and practices. Legislators and regulators also look beyond iGaming regulations specifically to implement restrictive measures on iGaming. Any such laws could adversely affect the Company’s business, results of operations or financial condition.

The Company may be subject to regulatory investigations and legal proceedings

From time to time, the Company may receive formal and informal inquiries from government authorities and regulators, including securities authorities, tax authorities and gaming regulators, regarding its compliance with laws and other matters. Violation of existing or future regulatory orders or consent decrees could subject the Company to substantial monetary fines and other penalties that could negatively affect its financial condition and results of operations. In addition, it is possible that future orders issued by, or inquiries, legal proceedings or enforcement actions initiated by, government or regulatory authorities could cause the Company to incur substantial costs, expose it to unanticipated civil and criminal liability or penalties, or require it to change its business practices in a manner materially adverse to its business.

The Company’s use and disclosure of personally identifiable information is subject to privacy and security regulations, and failure to comply with such regulations could result in significant liability or reputational harm and, in turn, a material adverse effect on its business

There are numerous local and foreign laws, regulations and directives regarding privacy and the collection, storage, transmission, use, processing, disclosure and protection of personally identifiable information (“PII”), including personal health information (“PHI”), and other personal or customer data, the scope of which is continually evolving and subject to differing interpretations. The Company must comply with such laws, regulations and directives and it may be subject to significant consequences, including reputational harm, penalties and fines, for its failure to comply.

In Canada, these laws and regulations include, among others, the *Personal Information Protection and Electronic Documents Act* (Canada) (“PIPEDA”), which govern the collection, use and disclosure of personal information, including PII and PHI, in the course of its business activities and interactions with its customers. Pursuant to PIPEDA, organizations may collect, use or disclose personal information only for purposes that a reasonable person would consider appropriate in the circumstances. Moreover, PIPEDA requires, among other things, data-breach notification and record keeping procedures.

Given the breadth of PIPEDA and other similar privacy legislation, there can be no assurance that the measures the Company has taken for the purposes of compliance with such regulations will be successful in preventing a breach of PIPEDA or other similar legislations. In addition, government regulatory bodies, privacy advocacy groups, the technology industry and other

industries may consider new or different self-regulatory standards that may place additional burdens directly on the Company and/or its customers, thus indirectly affecting the Company. The Company’s products are expected to be capable of use by its customers in compliance with such laws and regulations. The functional and operational requirements and costs of compliance with such privacy laws and regulations may adversely impact the Company’s business, and failure to enable its products to comply with such laws could lead to significant fines and penalties imposed by regulators, as well as claims by the customers of third parties. Additionally, all of these domestic and international legislative and regulatory initiatives could adversely affect the Company’s and/or its customers’ ability or desire to collect, use, process and store certain information, which could reduce demand for the Company’s products.

the Company relies, in part, on third-party compliance with privacy legislation and could be subject to liability as a result of any breaches by such third parties.

Ontario’s regulated iGaming market is immature and volatile, and its future development is uncertain

Ontario’s regulated iGaming market is relatively new and unproven, and it is uncertain whether it will achieve and sustain high levels of demand, consumer acceptance and market adoption. The Company’s success will depend to a substantial extent on the willingness of its customers to use, and to increase the frequency and extent of their utilization of, the Company’s products. Negative publicity concerning the online gambling industry and gambling as a whole could limit market acceptance and customer adoption of the Company’s products and services.

Success of the Company’s betting products and outcomes is not guaranteed

The betting industry is characterized by elements of chance. Accordingly, the Company employs theoretical win rates to estimate what a certain type of bet, on average, will win or lose in the long run. Net win is impacted by variations in the hold percentage (the ratio of net win to total amount wagered), or actual outcome. The Company uses the hold percentage as an indicator of a bet’s performance against its expected outcome. Although each bet generally performs within a defined statistical range of outcomes, actual outcomes may vary for any given period. In addition to the element of chance, win rates (hold percentages) may also (depending on the game involved) be affected by the spread of limits and factors that are beyond the Company’s control, such as a customer’s skill, experience and behavior, the mix of games played, the financial resources of customers, the volume of bets placed and the amount of time spent gaming. As a result of the variability in these factors, the actual win rates of bets may differ from the theoretical win rates estimated and could result in the winnings of the Company’s customers exceeding those anticipated. The variability of win rates (hold rates) also has the potential to negatively impact the Company’s financial condition, results of operations, and cash flows. The Company’s success also depends in part on its ability to anticipate and satisfy customer preferences in a timely manner. The Company will operate in a dynamic environment characterized by rapidly changing industry and legal standards, and its products will be subject to changing consumer preferences that cannot be predicted with certainty. The Company will need to continually introduce new offerings and identify future product offerings that complement its existing platforms, respond to its customers’ needs and improve and enhance its existing platforms to maintain or increase customer engagement and growth of its business. The Company may not be able to compete effectively unless its product selection keeps up with trends in the digital sports entertainment and gaming industries, or trends in new gaming products. The Company will rely on information technology and other systems and platforms, and any failures, errors, defects or disruptions in its systems or platforms could diminish its brand and reputation, subject it to liability, disrupt its business, affect its ability to scale technical infrastructure and adversely affect its operating results and growth prospects. The Company’s software applications and systems, and the third-party platforms upon which they are made available could contain undetected errors. The Company’s technology infrastructure will be critical to the performance of its platform and offerings and to customer satisfaction. The Company devotes significant resources to network and data security to protect systems and data. However, the Company’s systems may not be adequately designed with the necessary reliability and redundancy to avoid performance delays or outages that could be harmful to its business. The Company cannot ensure that the measures it takes to prevent or hinder cyber-attacks and protect its systems, data and user information and to prevent outages, data or information loss, fraud and to prevent or detect security breaches, including a disaster recovery strategy for server and equipment failure and back-office systems and the use of third parties for certain cybersecurity services, will provide absolute security.

The Company has experienced, and may in the future experience, website disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, human or software errors and capacity constraints. Such disruptions have not had a material impact on the Company; however, future disruptions from unauthorized access to, fraudulent manipulation of, or tampering with the Company’s computer systems and technological infrastructure, or those of third parties, could result in a wide range of negative outcomes, each of which could materially adversely affect the Company’s business, financial condition, results of operations and prospects. Additionally, the Company’s products may contain errors, bugs, flaws or corrupted data, and these defects may only become apparent after their launch. If a particular product offering is unavailable when customers attempt to access it or navigation through the Company platform is slower than they expect, customers may be unable to place their bets and may be less likely to return to the Company’s platform as often, if at all. Furthermore, programming errors, defects and data corruption could disrupt operations, adversely affect the experience of the

Company’s customers, harm the Company’s reputation, cause customers to stop utilizing the Company’s platform, divert resources and delay market acceptance of the Company offerings, any of which could result in legal liability to the Company or harm its business, financial condition, results of operations and prospects.

Our business is sensitive to reductions in discretionary consumer spending, which may be adversely impacted by downturns in the economy and other factors outside of our control

Our business is particularly sensitive to downturns in the economy and the associated impact on discretionary spending on leisure activities. Decreases in discretionary consumer spending or changes in consumer preferences, including as a result of perceived or actual adverse economic conditions or inflation, changes in interest or unemployment rates, tight credit conditions, increased housing, energy, food and travel costs, global hostilities, trade disputes, including the imposition of new or increased tariffs, political or social unrest, widespread illnesses, or other factors beyond our control, could adversely affect our industry and demand for our products and services, which could materially and adversely affect our business, financial condition, and results of operations.

Limited information for potential investors is available

Because the industry in which the Company’s industry is relatively new, there is limited information about comparable companies available for potential investors to review in making a decision about whether to invest in the Common Shares. Shareholders and investors should further consider, among other factors, the Company’s prospects for success in light of the risks and uncertainties encountered by companies that, like the Company, are in their early stages. Unanticipated expenses and problems or technical difficulties may occur, and they may result in material delays in the operation of the Company’s business. The Company may not successfully address these risks and uncertainties or successfully implement its operating strategies. If the Company fails to do so, it could materially harm the Company’s business to the point of having to cease operations and could impair the value of the securities of the Company to the point investors may lose their entire investment. The Company expects to commit significant resources and capital to develop and market existing products and new products and services. These products are relatively untested, and the Company cannot assure shareholders and investors that it will achieve market acceptance for these products, or other new products and services that the Company may offer in the future. Moreover, these and other new products and services may be subject to significant competition with offerings by new and existing competitors in the business. In addition, new products and services may pose a variety of challenges and require the Company to attract additional qualified employees. The failure to successfully develop and market these new products and services could seriously harm the Company’s business, financial condition and results of operations.

The Company’s success is dependent on certain strategic partnerships and vendor relationships

To grow its business, the Company anticipates that it will continue to depend on relationships with third parties, such as Playtech. Identifying partners, and negotiating and documenting relationships with them, requires significant time and resources. The Company’s competitors may be effective in providing incentives to third parties to favour their products or services over the Company’s. In addition, acquisitions of the Company’s partners or vendors by its competitors, and certain exclusivity agreements granted to the Company’s customers, could result in a decrease in the number of the Company’s current and potential customers and users, as its partners and vendors may no longer facilitate the adoption of their applications by potential customers and users. If the Company is unsuccessful in establishing and maintaining its relationships with third parties, or if these third parties are unable or unwilling to provide services to the Company, its ability to compete in the marketplace or to grow its revenue could be impaired, and its results of operations may suffer. Even if the Company is successful, it cannot be assured that these relationships will result in increased customer and user adoption and continued use of its products and services or increased revenue.

The Company may experience information security breaches and disruptions or other performance problems with its information technology systems

The Company’s use of technology is critical in its continued operations, and companies are generally increasingly subject to a wide variety of attacks on their networks and systems on an ongoing basis. Despite the Company’s efforts to create security barriers to such threats, it is virtually impossible for the Company to entirely mitigate these risks, and the Company is susceptible to operational, financial and information security risks resulting from cyber-attacks and/or technological malfunctions. The security measures the Company has undertaken to minimize cyber-attacks, security breaches and/or technological malfunctions may not function as expected or may not offer sufficient protection. Successful cyber-attacks, security breaches and/or technological malfunctions affecting the Company or its products or services can result in, among other things, litigation, governmental audits or investigations, financial penalties or losses, unauthorized release of customer information or confidential information, loss of confidence in the Company’s products and services and significant reputational risk, each of which could adversely affect its business, financial condition and results of operations.

Furthermore, third parties to whom the Company outsources certain functions, or with whom their systems interface, are also subject to the risks outlined above and may not have or use appropriate controls to protect confidential information. A breach or attack on the Company, or affecting third-party service providers or partners, could harm the Company’s business even if the Company does not control the service that is attacked.

If the Company is unable to manage its continued growth successfully, its business and results of operations could suffer

The Company’s ability to manage growth will require it to continue to build its operational, financial and management controls, contracting relationships, marketing and business development plans and controls and reporting systems and procedures. The Company’s ability to manage its growth will also depend in large part upon a number of factors, including the ability for it to rapidly:

- expand its internal and operational and financial controls significantly so that it can maintain control over operations;
- attract and retain qualified personnel in order to continue to develop reliable and flexible products and provide services that respond to evolving customer needs;
- build a marketing and customer acquisitions team to keep customers and partners informed regarding the technical features issues and key selling points of its products and services;
- develop support capacity for customers as sales increase; and
- build a channel network to create an expanding presence in the evolving marketplace for its products and services.

An inability to achieve any of these objectives could harm its business, financial condition and results of operations.

The Company may need additional financing in order to make further investments or take advantage of unanticipated opportunities

In order to execute its anticipated growth strategy, the Company may require additional equity and/or debt financing to undertake capital expenditures or undertake business combination transactions or other initiatives. The Company’s ability to arrange such financing in the future will depend in part upon prevailing capital market conditions as well as its business success. There can be no assurance that it will be successful in its efforts to arrange additional financing on satisfactory terms, and the inability to raise additional financing could limit its growth and may have a material adverse effect upon its business, operations, results, financial condition or prospects.

If additional funds are raised by the issuance of shares or other forms of convertible securities from treasury, shareholders may suffer additional dilution. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult to obtain additional capital and to pursue business opportunities. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business.

Any default under our existing debt that is not waived by the applicable lender(s) could materially adversely impact our results of operations and financial results

We are required to comply with the covenants in the Credit Agreement. These covenants may create a risk of default on our debt if we cannot satisfy or continue to satisfy these covenants. If we cannot comply with a debt covenant or anticipate that we will be unable to comply with a debt covenant under any debt instrument we are party to, management may seek a waiver and/or amendment to the applicable debt instrument in respect of any such covenant in order to avoid any breach or default that might otherwise result therefrom. If we default under a debt instrument and the default is not waived by the applicable lender(s), the debt extended pursuant to all of such lender(s) debt instruments could become due and payable prior to its stated due date. If such event were to occur, we cannot give any assurance that (i) our lender(s) will agree to any covenant amendments or waive any covenant breaches or defaults that may occur, and (ii) we could pay this debt if it became due prior to its stated due date. Accordingly, any default by us on existing debt that is not waived by the applicable lender(s) could materially adversely impact our results of operations and financial results.

Liquidity and Covenant Compliance Risk

As the Company’s operations are not yet cash-flow positive, it is subject to liquidity risk, including the inability to generate or maintain adequate cash flow to meet its ongoing operational and debt covenant requirements. Future marketing expenditures,

platform fees, and fixed operating costs are all expenditures of the Company which may exceed internally generated cash. The Credit Agreement requires the Company to maintain a minimum level of quarterly liquidity and failure to meet these requirements would constitute an event of default. If an event of default were to occur, the Company’s repayment of outstanding indebtedness may be accelerated, it may no longer be able to access funds under the Credit Agreement and it may require additional financing. There is no assurance that the Company will maintain compliance with the liquidity covenant under the Credit Agreement or that additional financing will be available on terms acceptable to the Company, both of which could have a material adverse effect on the Company’s financial condition, results of operations and future outlook. There is a risk that the Company may breach the liquidity covenant under the Credit Agreement in Q1 2026.

The Company’s success depends on its ability to continue to innovate and enhance its existing products

The iGaming market is characterized by rapid technological change, changing consumer requirements, short product lifecycles and evolving industry standards. To keep pace with such technological developments, satisfy increasingly sophisticated customer requirements and achieve market acceptance, the Company must enhance and improve existing platforms and services. If the Company is unable to successfully develop new products or enhance and improve existing products with the next generation of technologies, or if it fails to position and/or price its products to meet market demand, the Company’s business and operating results will be adversely affected. Further, the introduction of new products could require long development and testing periods and may not be introduced in a timely manner or may not achieve the broad market acceptance necessary to generate significant revenue. There is no guarantee that the Company will possess the resources, either financial or personnel, for the research, design and development of new applications or services, or that it will be able to utilize these resources successfully.

No assurance can be provided that the Company’s products will remain compatible with evolving computer hardware and software platforms and operating environments. In addition, competitive or technological developments and new regulatory requirements may require the Company to make substantial, unanticipated investments in new products and technologies. If the Company is required to expend substantial resources to respond to specific technological or product changes, its operating results could be adversely affected. The continuing ability of the Company to address these risks will depend, to a large extent, on its ability to retain a technically competent research and development staff and to adapt to rapid technological advances in the industry.

The Company may not remain competitive and increased competition could seriously harm its business

The industry in which the Company operates is highly competitive, evolving and characterized by rapid technological change. Current or future competitors may have longer operating histories, larger customer bases, greater brand recognition and more extensive commercial relationships in certain jurisdictions, and greater financial, technical, marketing and other resources than the Company. As a result, the Company’s competitors may be able to develop new products, services or enhancements offerings that better meet the needs of customers and may be able to respond more quickly and effectively than the Company can to new or changing opportunities and industry standards. In addition, larger competitors may be able to leverage a larger installed customer base and network to adopt more aggressive pricing policies. Such increased competition may cause price reductions, reduced gross margins and loss of market share, any of which could have a material adverse effect on the Company’s business, results of operations and financial condition.

If the Company fails to attract and retain key personnel, its ability to develop and effectively manage its business could be adversely affected

The Company’s success depends on the continued efforts and abilities of its executive officers and other key employees. The Company relies on its leadership team in the areas of managing iGaming assets, digital engagement, engineering, and design. The loss of the services of any of these persons could have a material adverse effect on its business, results of operations and financial condition.

The Company’s success is also highly dependent on its continuing ability to identify, hire, train, motivate and retain highly qualified management, finance, technical, sales and marketing personnel. Any such new hire may require a significant transition period prior to making a meaningful contribution to the Company. Competition for qualified employees is particularly intense in the technology industry. In addition, job candidates and existing employees often consider the value of equity awards they receive in connection with their employment. If the perceived value of the Company’s equity awards declines, it may harm its ability to recruit and retain highly skilled employees. The Company’s failure to attract and retain the necessary qualified personnel could adversely affect its business, results of operations, financial condition and future growth.

Controls and procedures risk

Given the Company’s size, it has limited resources within the finance department at head office to adequately segregate duties and to permit or necessitate the comprehensive documentation of all policies and procedures that form the basis of an effective

design for Internal Controls Over Financial Reporting (“ICFR”). As a result, the Company is reliant on the knowledge of a limited number of employees and on the performance of mitigating procedures during its financial close process to ensure that the consolidated financial statements are presented fairly in all material respects. Although the individuals comprising the members of the Company’s management responsible for financial reporting are considered to have appropriate proficiency and experience to effectively perform their respective duties, the nature and size of the Company’s operations are such that the duties are performed by a small number of persons. While management of the Company believes that the flow of information and degree of consultation with the finance personnel is significant, in order to mitigate the risk of material misstatement in the consolidated financial statements, further steps to cross train existing personnel continue to be undertaken where possible.

Potential future international operations may pose certain risks to the Company’s business that may be different from risks associated with domestic operation

The Company currently operates exclusively in Ontario. Any decision to expand its business internationally will be subject to risks resulting from differing legal and regulatory requirements, political, social and economic conditions and unforeseeable developments in a variety of jurisdictions. Potential international operations, if any, will be subject to particular risks in addition to those faced by its domestic operations, including:

- the need to localize and adapt its solutions for specific countries;
- requirements of foreign laws and other governmental controls, including compliance challenges related to the complexity of multiple, conflicting and changing governmental laws and including employment, healthcare, tax, privacy and data protection laws and regulations;
- data privacy laws that require customer data be stored and processed in a designated territory;
- new and different sources of competition and laws and business practices favoring local competitors;
- changes to economic sanctions laws and regulations;
- adverse tax consequences;
- fluctuations in currency exchange rates;
- different pricing environments, longer sales cycles and longer accounts receivable payment cycles collections issues;
- difficulties in coordinating the activities of its geographically dispersed and culturally diverse operations and
- any disruption in the ability of the Company’s personnel to travel to expand international operations and to service international customers.

the Company’s overall success in international markets will depend, in part, on its ability to anticipate and effectively manage these risks and there can be no assurance that it will be able to do so without incurring unexpected costs. If the Company is not able to manage the risks related to any international operations, its business, financial condition and results of operations may be materially adversely affected.

The acquisition and integration of a new business could have an adverse effect on the Company’s business

If appropriate opportunities present themselves, the Company may acquire businesses, technologies, services or products that it believes are strategically advantageous. The Company currently has no understandings, commitments or agreements with respect to any other material acquisition and no other material acquisition is currently being pursued. There can be no assurance that the Company will be able to identify, negotiate or finance future acquisitions successfully, or to integrate such acquisitions. If a strategy of growth through acquisition is pursued, the failure to successfully manage this strategy could have a material adverse effect on the Company’s business, results of operations and financial condition. Furthermore, if acquired businesses and assets are not successfully integrated, the Company may not achieve the anticipated benefits or growth opportunities.

The Company is dependent on certain third-party technologies licensed on a non-exclusive basis

The Company licenses certain technologies used in its products from third parties, generally on a non-exclusive basis. The termination of any of these licenses, or the failure of the licensors to adequately maintain or update their products, could

adversely affect our business and existing product offering, and/or delay the Company’s ability to roll-out new products while it seeks to implement alternative technology offered by other sources and may require significant unplanned investments. In addition, alternative technology may not be available on commercially reasonable terms. In the future, it may be necessary or desirable to obtain other third-party technology licenses relating to one or more of the Company’s products or relating to current or future technologies. There is a risk that the Company will not be able to obtain licensing rights to the needed technology on commercially reasonable terms, if at all.

The Company’s use of open source software may pose certain risks to its business

The Company’s operations depend, in part, on how it makes use of certain open source software products. These open source software products are developed by third parties over whom the Company has no control. The Company has no assurance that the open source components do not infringe on the intellectual property rights of others. The Company could be exposed to infringement claims and liability in connection with the use of these open source software components, and it may be forced to replace these components with internally developed software or software obtained from another supplier, which may increase its expenses. The Company has conducted no independent investigation to determine whether the sources of the open source software have the rights necessary to permit the Company to use this software free of claims of infringement by third parties. The developers of open source software may be under no obligation to maintain or update that software, and the Company may be forced to maintain or update such software itself or replace such software with internally developed software or software obtained from another supplier, which may increase its expenses. Making such replacements could also delay enhancements to the Company’s services. Certain open source software licenses provide that the licensed software may be freely used, modified and distributed to others provided that any modifications made to such software, including the source code to such modification, are also made available under the same terms and conditions. As a result, any modifications the Company makes to such software may be made available to all downstream users of the software, including its competitors. Open source software licenses may require the Company to make source code for the derivative works available to the public. In the event the Company inadvertently uses open source software without the correct license form, or a copyright holder of any open source software were to successfully establish in court that the Company had not complied with the terms of a license for a particular work, the Company could be required to release the source code of that work to the public. The Company could also incur costs associated with litigation or other regulatory penalties as a result.

The Company’s success and ability to compete depends on its ability to secure and protect trademarks, and other proprietary rights

The Company relies on a combination of copyright and trade secret laws and contractual provisions to establish and protect its rights in its software and proprietary technology. The Company generally includes non-disclosure provisions in its employment and customer agreements and historically has restricted access to its software products’ source code. The Company regards its source code as proprietary information, and attempts to protect the source code versions of its products as trade secrets and as unpublished copyrighted works. Despite the Company’s precautions, it may be possible for unauthorized parties to copy or otherwise reverse engineer portions of the Company’s products or otherwise obtain and use information that the Company regards as proprietary. In connection with certain contractual commitments, the Company has provided copies of its source code for certain products to third-party escrow agents to be released on certain predefined terms, which in turn heightens the risk of unauthorized third parties copying, misappropriating, misusing or reverse engineering the Company’s products. The impact of any unauthorized disclosure of, access to, or replication of the Company’s proprietary information and processes could have a material adverse effect on the Company’s business, results of operations and financial conditions.

Existing copyright and trade secret laws offer only limited protection, and the laws of certain countries in which the Company’s products may be used in the future do not protect its products and intellectual property rights to the same extent as the laws of Canada. Certain provisions of the license and strategic alliance agreements that may be entered into in the future by the Company, including provisions protecting against unauthorized use, transfer and disclosure, may be unenforceable under the laws of certain jurisdictions, and the Company is required to negotiate limits on these provisions from time to time.

Litigation may be necessary to determine the scope, enforceability and validity of third-party proprietary rights or to establish the Company’s proprietary rights. Some competitors have substantially greater resources and may be able to sustain the costs of complex intellectual property litigation to a greater degree and for a longer period of time than the Company could. Regardless of their merit, any such claims could: be time consuming; be expensive to defend; divert management’s attention and focus away from the business; subject the Company to significant liabilities; and require the Company to enter into costly royalty or licensing agreements or to modify or stop using the infringing technology, any of which may adversely affect its revenue, financial condition and results of operations. There can be no assurance that the steps taken by the Company to protect its proprietary rights will be adequate to deter misappropriation of the Company’s technology or independent development by others of technologies that are substantially equivalent or superior to its technology.

The requirement of being a public company may strain the Company’s resources and divert management’s attention

As a reporting issuer, the Company will be subject to the reporting requirements of applicable securities legislation of the jurisdictions in which it is a reporting issuer, the listing requirements of the TSX Venture Exchange and other applicable securities rules and regulations. Compliance with these rules and regulations will increase the Company’s legal and financial compliance costs, make some activities more difficult, time consuming or costly and increase demand on its systems and resources. Applicable securities laws will require the Company to, among other things, file certain annual and quarterly reports with respect to its business and results of operations. As a result, management’s attention may be diverted from other business concerns, which could harm the Company’s business and result of operations. To comply with these requirements, the Company may need to hire more employees in the future or engage outside consultants, which will increase its costs and expenses.

The Company has had a limited history of operations and it may never achieve or sustain profitability

The Company has incurred significant losses in each period since its inception. These losses and accumulated deficit reflect the substantial investments the Company made to develop its technology platform and products. The Company cannot assure investors that it will achieve profitability in the future or that, if it does become profitable, it will be able to sustain or increase profitability. The Company’s prior losses, combined with its expected future losses, have had and will continue to have an adverse effect on its shareholder equity and working capital.

The Company and NorthStar Ontario have had negative cash flow from operations

Since inception, the Company and NorthStar Ontario have had negative cash flows from operating activities. Although the Company anticipates it will have positive cash flows from operating activities in future periods, to the extent that it has negative cash flows in any future period, certain of the net proceeds from the private placement may be used to fund such negative cash flows from operating activities, if any.

There is uncertainty with respect to future revenues

Although management is optimistic about the Company’s prospects, there is no guarantee that expected outcomes and sustainable revenue streams will be achieved. The Company faces risks frequently encountered by early-stage companies. In particular, its growth and prospects depend on its ability to expand its operation and grow its revenue streams, whilst at the same time maintaining effective cost controls. Any failure to expand is likely to have a material adverse effect on the Company’s business, financial condition and results.

Financial projections may prove materially inaccurate or incorrect

The Company’s financial estimates, projections and other forward-looking information contained in this MD&A were prepared by the Company based on its own internal data and research without the benefit of reliable historical industry information or other information customarily used in preparing such estimates, projections and other forward-looking statements. The Company’s user metrics are based on internal company data that are not independently verified, data from third-party analytics providers that measure the performance of its mobile applications and websites, and/or data from third-party platforms where its content is distributed, such as TikTok, Facebook, Instagram, X, and YouTube. While these numbers are based on what the Company believes to be reasonable calculations for the applicable period of measurement, there are inherent challenges in measuring usage and user engagement across multiple platforms and across the Company’s user base. The Company’s measures of user growth and user engagement may differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology. If advertisers, partners or investors do not perceive our user metrics to be accurate representations of our user base or user engagement, or if they discover material inaccuracies in the Company’s user metrics, our reputation may be harmed and advertisers and partners may be less willing to allocate their budgets or resources to our products and services, which could have a material adverse effect on the Company’s prospects, business, financial condition or results of operations. Further, as the Company’s business develops, it may revise or cease reporting metrics if the Company determines that such metrics are no longer accurate or appropriate measures of performance. Such forward-looking information is based on assumptions of future events that may or may not occur. Investors should inquire of the Company and become familiar with the assumptions underlying any estimates, projections or other forward-looking statements. Projections are inherently subject to varying degrees of uncertainty and their achievability depends on the timing and probability of a complex series of future events. There is no assurance that the assumptions upon which these projections are based will be realized. Actual results may differ materially from projected results for a number of reasons including sales and operational results not being maintained in line with historical performance on which such projections may be based or failing to increase along expected trajectories based on past performance, increases in operational expenses, changes or shifts in regulatory rules, undiscovered and unanticipated adverse industry and economic conditions, and unanticipated competition. Accordingly, investors should not rely on any projections to indicate the actual results the Company and its subsidiaries might achieve.

Directors and officers may have conflicts of interest

Certain of the directors and/or officers of the Company, are or will be, and may continue to be, involved in other business ventures through their direct and indirect participation in corporations, partnerships, joint ventures, etc. that may become potential competitors of the technologies, products and services the Company intends to provide. Situations may arise where the other interest of these directors and officers conflict with, or diverge from, the Company’s interest. Certain of such conflicts may be required to be disclosed in accordance with procedures and remedies, as applicable, under corporate law, however, such procedures and remedies may not fully protect the Company. In addition, in conflict of interest situations, the directors and officers of the Company may owe the same duty to another company and will need to balance their competing interest. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavorable to the Company.

Risks Related to investment in the Company and in our Common Shares

The trading price of the Common Shares has been, and will likely continue to be, volatile and you could lose all or part of your investment

The trading price of the Common Shares has been, and will likely continue to be, volatile and subject to wide fluctuations in response to various factors, some of which are beyond our control. Any of the factors listed below could have a material adverse effect on your investment in the Common Shares, and the Common Shares may trade at prices significantly below the price you paid for them. In such circumstances, the trading price of our securities may not recover and may experience a further decline.

Factors affecting the trading price of the Common Shares may include, among others:

- actual or anticipated fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us;
- changes in the market’s expectations about our operating results;
- success of competitors;
- lack of adjacent competitors;
- our operating results failing to meet the expectation of securities analysts or investors in a particular period;
- changes in financial estimates and recommendations by securities analysts concerning the Company or the iGaming industry in general;
- operating and stock price performance of other companies that investors deem comparable to us;
- our ability to market new and enhanced product offerings and services on a timely basis;
- changes in laws and regulations affecting our business;
- commencement of, or involvement in, litigation or regulatory action involving us;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- any default under our existing debt that is not waived by the applicable lender(s);
- the volume of shares of the Common Shares available for public sale;
- any major change in the Company’s Board or management;
- sales of substantial amounts of the Common Shares by our directors, executive officers or significant stockholders or the perception that such sales could occur; and

- general economic and political conditions such as recessions, tariffs, inflation, rising interest rates, actual or perceived instability in the global banking sector, fuel prices, international currency fluctuations and acts of war or terrorism.

Broad market and industry factors may materially harm the market price of the Common Shares irrespective of our operating performance. The stock market in general, and securities traded on the TSXV in particular, have experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the affected companies. The trading prices and valuations of these stocks, and of the Common Shares, may not be predictable. A loss of investor confidence in the market for the stocks of other companies which investors perceive to be similar to us could depress our stock price regardless of our business, prospects, financial conditions or results of operations. A decline in the market price of the Common Shares also could adversely affect our ability to issue additional securities and our ability to obtain additional financing in the future.

The Company’s shareholders may experience significant dilution from future sales of its securities

The Company will need to raise additional capital in the future. The sale of additional equity, including warrants or debt securities, if convertible into equity will result in dilution to the Company’s existing shareholders. Also, any debt financing, if available, may require the Company to pledge its assets as collateral or involve restrictive covenants, such as limitations on the Company’s ability to incur additional indebtedness, limitations on its ability to acquire or license intellectual property rights and other operating restrictions that could negatively impact the Company’s ability to conduct its business. As a result, the Company’s net income per share could decrease in future periods and the market price of the Common Shares could decline. The perceived risk of dilution may negatively impact the price of the Common Shares and may cause its shareholders to sell their Common Shares, which would contribute to a decline in the price of the Common Shares. Moreover, the perceived risk of dilution and the resulting downward pressure on the Company’s Common Share price could encourage investors to engage in short sales of its Common Shares, which could further contribute to progressive price declines in the Common Shares.

The Company is a holding company with no operations of its own and, as such, it depends on its subsidiaries for cash to fund its operations and expenses, including future dividend payments, if any

The Company is a holding company, and the operations are conducted through wholly owned subsidiaries of the Company. As a holding company, the Company’s principal source of cash flow are distributions from its operating subsidiaries. Therefore, the Company’s ability to fund and conduct its business, service any debt and pay dividends, if any, in the future, will depend on the ability of its direct and indirect subsidiaries to generate sufficient cash flow to make upstream cash distributions to the Company. The Company’s subsidiaries are separate legal entities, and although they are directly and indirectly wholly owned and controlled by the Company, such subsidiaries have no obligation to make any funds available to the Company, whether in the form of loans, dividends or otherwise. The ability of the Company’s subsidiaries to distribute cash to the Company will also be subject to, among other things, availability of sufficient funds in such subsidiaries and applicable laws and regulatory restrictions. Claims of any creditors of the Company’s subsidiaries generally will have priority as to the assets of such subsidiary over the Company’s claims and claims of its creditors and shareholders.

The Company may be subject to securities litigation, which is expensive and could divert management attention

The market price of the Common Shares may be volatile, and in the past companies that have experienced volatility in the market price of their shares have been subject to securities class action litigation. The Company may be the target of this type of litigation in the future. Litigation of this type could result in substantial costs and diversion of management’s attention and resources, which could adversely impact the Company’s business. Any adverse determination in litigation could also subject the Company to significant liabilities.

The Company does not intend to pay any dividends in the foreseeable future

It is not anticipated that the Company will pay any dividends in the foreseeable future. The declaration of dividends will be at the discretion of the Board, even if the Company has sufficient funds, net of its liabilities, to pay such dividends, and the declaration of any dividend will depend on the Company’s financial results, cash requirements, future prospects and other factors deemed relevant by the Board. No dividends can be paid on the Common Shares until all dividends have been paid on the Preferred Shares.

As a venture issuer, the Company is not be required to make representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 – Certification of Disclosure in Issuers’ Annual and Interim Filings (“NI 52-109”), the Company’s certifying officers, as a venture issuer, are not required to make representations relating to the establishment and maintenance of disclosure controls and procedures (“DC&P”) and ICFR,

as defined in NI 52-109. In particular, the certifying officers of the Company will not be required to make any representations that they have:

- i) designed, or caused to be designed, DC&P to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) designed, or caused to be designed, ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

12. Additional Information

Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca and on the Company’s website at www.northstargaming.ca. The Common Shares are listed for trading on the TSXV under the symbol “BET” and on the OTCQB under the symbol “NSBBF.”