For the three-month period ended March 31, 2023

The following management's discussion and analysis ("MD&A") comments on the financial condition and results of operations of NorthStar Gaming Holdings Inc. ("we", "our" or the "Company") for the three-months ended March 31, 2023, updates the MD&A for the period ended December 31, 2022 (the "Annual MD&A"). This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2023, which have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). The information contained herein should be read in conjunction with, the audited Financial Statements of NorthStar Gaming Holdings Inc. (formerly Baden Resources Inc.) for the period ended December 31, 2022 (the "2022 Consolidated Financial Statements") and the audited Consolidated Financial Statements of NorthStar Gaming Inc. for the year ended December 31, 2022.

We report our financial results under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All financial information contained in this MD&A and in the condensed consolidated interim financial statements for the three months ended March 31, 2023, has been prepared in accordance with IAS 34. Per share amounts are calculated using the weighted average number of shares outstanding for the applicable period. On March 3, 2023, immediately prior to the reverse takeover transaction, all of NorthStar Gaming Inc.'s outstanding common shares were subdivided on a 1 for 736.68 basis. Accordingly, all per share numbers in this MD&A have been restated to reflect the impact of this split.

The Company has one reportable operating segment for financial reporting purposes. This segment's revenue is primarily generated from the proceeds from the Company's online casino and sportsbook.

This MD&A is dated May 24, 2023 and all amounts are in Canadian dollars unless otherwise noted.

Forward-looking statements

Cautionary Statement Regarding Forward-Looking Information

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation ("forward-looking information"). Such forward-looking information involves 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 information. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below and as detailed under Risks and Uncertainties in this MD&A. In some cases, forward-looking information can be identified using forward-looking terminology such as "anticipate", "believe", "expects" or "does not expect", "estimates", "outlook", "prospects"; "projection", "intends", "believes", "should", "will", "would" or the negative of these terms, and similar expressions intended to identify forward looking statements. This MD&A includes, among others, forward-looking statements regarding the Company's expectation regarding revenue, expenses and operations, anticipated cash needs, timing or expansion of services, future growth plans, ability to attract and retain players, arrangements and terms with service providers and anticipated trends and challenges in the business and markets. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances. There can ne no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated with such information. 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 information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is given as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking information, 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 forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

1. Overview and Strategy

A summary of our business and strategy

NorthStar Gaming Holdings Inc. (the “Company”) formerly Baden Resources Inc. (“Baden”) was incorporated in the Province of British Columbia on January 19, 2020 under the Business Corporations Act of British Columbia. The Company’s shares were listed on the Canadian Securities Exchange (“CSE”) under the symbol “BDN” until March 3, 2023 at which time they were delisted. On March 3, 2023, the Company completed a reverse takeover transaction (the “Transaction”) with NorthStar Gaming Inc. (“NorthStar”).

The Transaction occurred on March 3, 2023, pursuant to a business combination agreement between the Company and NorthStar, a non-reporting issuer. The Transaction was accomplished via an amalgamation between NorthStar and a newly incorporated subsidiary of the Company. Immediately prior to the Transaction, the Company changed its name to NorthStar Gaming Holdings Inc.

On March 8, 2023, the Company was 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, NorthStar Gaming (Ontario) Inc., a wholly-owned subsidiary of the Company received its license from the Alcohol and Gaming Commission of Ontario (“AGCO”) and on May 9, 2022 it launched its online gaming site www.northstarbets.ca which offers access to regulated sports betting markets, and a robust and curated casino offering, including the most popular slot offerings and live dealer games.

In connection with the launch of operation of NorthStar Gaming (Ontario) Inc.’s online gaming site, it also entered into an agreement with iGaming Ontario, a subsidiary of the AGCO, effective May 9, 2022. The agreement is for an initial term of 5 years. Under the terms of the agreement, NorthStar Gaming (Ontario) Inc. will operate its online gaming and sports betting site in accordance with the regulations as set out by the AGCO and as included in the agreement. As part of the terms of the operating agreement iGaming Ontario charges the Company fees which are based on a percentage of gross gaming revenue as defined in the iGaming Ontario operating agreement.

The Company has one operating segment for financial reporting purposes. This segment’s gaming revenue is primarily generated from the proceeds from the Company’s online casino and sportsbook.

Competitive Landscape and Strategic Initiatives

The main game offerings on www.northstarbets.ca include a sportsbook with pre-live and live markets with monthly sports betting markets, and slot/live and jackpot casino games. www.northstarbets.ca offers in excess of 400 casino games, including slot games, blackjack, roulette and baccarat, at a variety of stakes and live dealer games, which services casual to VIP players.

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

NorthStar’s online presence also includes a news portal 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 its ability to engage with its user-base.

The Company operates in the Online Sports Betting industry which is highly competitive, constantly evolving and subject to regulatory and rapid technological change. The Ontario gaming market, within which the Company operates is also highly competitive and newly legalized. As a result of recent legalization, the Company is competing for market share and incurring significant expenses on advertisements to build brand recognition and onboard new players. As a result of the foregoing, in addition to the Company’s news portal which we believe is a key strategic differentiator, the Company plans to continue to introduce and market new and innovative technologies, product and services offerings and product and service enhancements to effectively stimulate customer demand, acceptance and engagement.

Recent Developments

Reverse Take Over Transaction (the "Transaction")

On March 3, 2023 the Company executed a reverse take-over with NorthStar. The Transaction was an arm's length transaction and resulted in a reverse take-over and change of control of the Company, by the shareholders of NorthStar.

As part of the Transaction:

- Immediately prior to the Transaction, all of NorthStar's outstanding common shares were subdivided on a 1 for 736.68 basis.
- NorthStar's common shares outstanding following the share split were exchanged for post-consolidation common shares of the Company on a one for one basis. Accordingly, common shares of pre-close NorthStar were exchanged for 117,737,671 common shares of the Company.
- In addition, the NorthStar Redeemable Preferred Shares were also exchanged on a one-for-one basis for redeemable preferred shares of the Company and all of the outstanding convertible securities of NorthStar, in accordance with their terms, ceased to represent a right to acquire NorthStar common shares and instead now provide the right to acquire common shares of the Company on a one-for-one basis post-consolidation and on the same economic terms and conditions.
- Prior to the transaction Baden, also completed a consolidation of its outstanding common shares immediately before the Transaction on a 3.333333:1 basis.
- Under the Transaction, former security holders of the Company, were issued 4,181,430 common shares of the Company and 1,222,680 warrants having an exercise price of $0.33 and 600,000 warrants having an exercise price of $0.43. All outstanding options of the Company outstanding prior to the Transaction were cancelled prior to the execution of the Transaction.

Given that the Company did not meet the definition of a business, prior to the Transaction, the reverse take-over was accounted for as an asset acquisition of the Company, formerly Baden, by NorthStar and all comparisons in this MD&A are to the operations of NorthStar, previous to the Transaction. In addition, all per share numbers have been restated on a retroactive basis to reflect NorthStar's pre-transaction share split of 736.68:1.

The fair value of the net assets acquired under the Transaction on March 3, 2023 and the public listing cost expensed are summarized as follows:

(in '000s)	
Fair value of 4,181,430 common shares issued (a)	$2,091
Fair value of 1,222,680 warrants exercisable at $0.33 issued (b)	269
Fair value of 600,000 warrants exercisable at $0.43 issued (c)	102
Total purchase price	$2,462
Cash and cash equivalents	$107
Accounts receivable	6
Accounts payable and accrued liabilities	(16)
Net assets assumed	$97
Public listing costs expensed	$2,365
	$2,462

(a) The fair value has been estimated based on $0.50 per common share.

(b) The fair value on the date of the Transaction of each warrant exercisable at $0.33 issued to former Baden warrant holders has been estimated at $0.22 resulting in a total estimated fair value of $0.3 million. The estimated fair value of these warrants was calculated using the Black-Scholes option pricing model.

(c) The fair value on the date of the Transaction of each warrant issued to former Baden warrant holders, exercisable at $0.43 has been estimated at $0.17 resulting in a total estimated fair value of $0.1 million. The estimated fair value of these warrants was calculated using the Black-Scholes option pricing model.

The fair value of consideration paid exceeds the fair value of net assets assumed by $2.4 million and was treated as public listing costs and expensed in the three months ended March 31, 2023. Public listing costs for the three months ended March 31, 2023 also include $0.4 million of accounting and legal expenses related to the Transaction.

<u>Private Placement</u>

Immediately prior to the closing of the Transaction, subscription receipts received and held in escrow for common shares at a price of $0.50 per share, totalling $5.1 million were released from escrow and were exchanged for the issuance of 10,150,000 post-split common shares of the Company as the escrow conditions had been met upon successful completion of the Transaction.

Proceeds released from escrow on the close of the Transaction, were net of agency cash fees and broker legal fees of $0.5 million. Additionally, the Company issued 609,000 broker warrants to the agents with an exercise price of $0.50. The value of each broker warrant has been estimated at $0.20 resulting in a total estimated fair value of $0.1 million and is classified in contributed surplus. The estimated fair value of broker warrants 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 expected life of each warrant is 2 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.

In addition, NorthStar incurred $0.2 million in respect of accounting and legal fees in respect of the Private Placement and reverse take over transaction.

<u>Conversion of Convertible Debenture</u>

Immediately prior to the closing of the Transaction, the convertible debenture, entered into with Playtech plc on December 19, 2022, was converted into a total of 24,500,000 common shares of the Company, as well as 12,250,000 A warrants which are exercisable at $0.85 for a period of 5 years from March 3, 2023 and 12,250,000 B warrants which are exercisable at $0.90 for a period of 5 years from March 3, 2023. Concurrent with the conversion, the remaining, $7.3 million of proceeds from the convertible debenture, held in escrow, was released.

The value of each A warrant, exercisable at $0.85, has been estimated at $0.25 resulting in a total estimated fair value of $3.1 million. The estimated fair value of warrants was calculated using the Black-Scholes option pricing model.

The value of each B warrant, exercisable at $0.90, has been estimated at $0.24 resulting in a total estimated fair value of $3.0 million. The estimated fair value of warrants was calculated using the Black-Scholes option pricing model.

Upon conversion, the carrying value of the convertible debenture was derecognized and recorded in equity components using the relative fair value of common shares and warrants issued. The value allocated to the common shares issued was $8.2 million, while the value allocated to the A warrants and B warrants was $2.1 million and $2.0 million respectively.

Acquisition of Slapshot Media Inc. (“Slapshot”)

On May 8, 2023, the Company acquired 100% of the outstanding shares of Slapshot, a Canadian iGaming marketing and managed services company that specializes in providing managed services to Spreads.ca an iGaming site owned and operated by the Abenaki Council of Wolinak. The goal of this strategic transaction is to ultimately open up the Canadian market to the NorthStar brand outside Ontario, and materially expand the addressable market available to NorthStar. This strategic acquisition is highly complementary to NorthStar’s current online casino and sportsbook offerings. Spreads.ca is not and will not be made available in Ontario and NorthStar Bets will continue to be the only online casino and sports book offered by NorthStar in Ontario.

The Company acquired all of Slapshot’s issued and outstanding shares for $1.8 million, plus an adjustment for working capital. The Company issued 3,818,181 common shares to the former owners of Slapshot at a value based on the volume weighted average trading price equal to $0.55 per share reflecting the purchase price an estimate of $0.3 million in respect of estimated working capital. The vendors of Slapshot are entitled to earn a separate earn-out of up to $0.5 million based on revenue performance of Slapshot for the 12-month period following the closing, payable quarterly in Company common shares with a deemed value per share equal to the greater of: (i) a 20-day volume weighted average price calculated at the end of each applicable quarter; and (ii) $0.45 per share. The purchase price for the transaction is subject to customary, post-closing adjustments for working capital.

We currently anticipate that Slapshot will achieve the performance required to achieve the maximum earn-out.

2022 Equity Financings

On February 11, 2022, NorthStar offered and sold a total of 8,103,480 voting common shares and 4,051,740 warrants resulting in gross proceeds of $0.5 million. NorthStar incurred cash share issuance costs of less than $0.1 million relating to the offering. Each common share sold was accompanied by a ½ warrant to purchase additional common shares. Each whole warrant entitles the holder to purchase one common share at $63.14 per share on the earlier of i) the Corporation completing a going public transaction or ii) the merger or sale of all or substantially all of the assets of the Corporation. On January 20, 2023, all 4,051,740 outstanding warrants were exercised for proceeds of $0.3 million.

On March 28, 2022, NorthStar sold a total of 23,442,631 voting common shares resulting in gross proceeds of $5.0 million. The Company incurred cash share issuance costs of $0.3 million relating to the offering.

On September 9, 2022, NorthStar issued 50,000 redeemable preferred shares valued at $100.00 per share in exchange gross proceeds of $5.0 million comprised of $3.8 million in cash and settlement of $1.2 million of costs previously funded by the holders. Under a separate agreement, the holders of these shares can request a redemption in Common shares at a price of $552.51 per common share instead of cash. This represents up to 6,666,666 post-split common shares at a post-split conversion price of $0.75 per share. On February 17, 2023, NorthStar received an irrevocable waiver from the holders of 66,300 of the total outstanding 78,000 redeemable preferred shares indicating that it has not and will not seek to redeem the preferred shares for a period of 18 months from the date on which the common shares of the Company trades on the TSX Venture Exchange. Of the 11,700 remaining preferred shares, for which no waiver has been received, the holders of 7,500 of these shares can request a redemption in Common shares instead of cash.

2. Operating Results

A discussion of our operating results for the three months ended March 31, 2023

The following financial information is prepared in accordance with IFRS in Canadian dollars and is presented for the three-month period ended March 31, 2023 and March 31, 2022 as a comparative period. As noted above, given that the Company did not meet the definition of a business, prior to the Transaction, the reverse take-over was accounted for as an asset acquisition of the Company, by NorthStar and all comparative periods below reflect the operations of NorthStar, prior to the Transaction.

(in 000s, except per share amounts)

	Three months ended March 31, 2023	Three months ended March 31, 2022	$ Change Favourable/ (Unfavourable)
Gaming Revenue	**$3,646**	**-**	**$3,646**
Cost of revenues			
Operator participant fee	794	-	(794)
Service providers fees	1,693	-	(1,693)
Gross margin	**1,159**	**-**	**(1,159)**
Expenses:			
Marketing	4,072	748	(3,324)
General and administrative:			
Salaries, short-term benefits and contractors	1,319	714	(605)
Professional and consulting fees	305	321	16
Other administrative expenses	302	88	(214)
Insurance	228	-	(228)
Share-based payment expense	713	-	(713)
Public listing costs (non-cash)	2,364	-	(2,364)
Public listing costs (cash)	425		
Depreciation and amortization	29	-	(29)
Interest expense	105	-	(105)
Total expenses	9,862	1871	(7,566)
Net loss	**(8,703)**	**(1,871)**	**(6,832)**
Net loss per share (Basic and fully diluted)	(0.07)	(0.02)	(0.05)

Revenues

On April 12, 2022, NorthStar received its license from the AGCO and on May 9, 2022 and launched its online gaming and site www.northstarbets.ca which offers access to regulated sports betting markets, and a robust and curated online casino offering, including popular slot offerings and live dealer games. Accordingly, the Company began generating revenue on May 9, 2022 and there are no comparative Gaming Revenue for the comparable three month period ended March 31, 2022.

In sports-betting and online casino related transactions where the Company is the primary obligor in its sports-betting and online casino gaming contracts with its players, the Company generates a net gain or loss on a bet that is determined by an uncertain future event. 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 bets (unsettled bets). The Company recognizes the gain or loss on a betting transaction as revenue when a bet is settled.

Gaming revenue in the three months ended March 31, 2023 of $3.7 million was net of bonuses, promotional costs and free bets of $0.8 million that have been netted against gaming revenue for the three months ended March 31, 2023. Total wagers* were $139.5 million in Q1 2023, an increase of 24% from Q4 2022.

Cost of revenues

Cost of revenues incurred during first quarter ended March 31, 2023 relate to service providers costs associated with early operation of its online casino and sportsbook. For the three months ended March 31, 2023, gross profit was 32% of Gaming revenues, an increase of 11% from 21% in the year ended December 31, 2022.

Operator participant fees are a variable cost of Gaming revenues whereas service provider fees are a combination of fixed and variable charges. For the three months ended March 31, 2023, the Company incurred some amount of fixed fees related to its early stage of operations. However, these fees will generally become more variable as gaming revenue continues to grow.

Expenses

Marketing

Marketing expenses of $4.1 million incurred during the three months ended March 31, 2023 substantially all relate to marketing to acquire new players. Marketing expenses of $0.7 million incurred during the three months ended March 31, 2022, all relate to marketing expenses associated with branding.

General and administrative

Salaries, benefits and short-term contractors were $1.3 million in the three months ended March 31, 2023 an increase of $0.6 million from the comparable period in 2022. The increase is related to additional resources associated with the launch of operations of our online casino and sportsbook on May 9, 2022.

Professional and consulting fees were $0.3 million in the three months ended March 31, 2023, and relate to legal and other professional fees incurred. This was comparable to the amounts incurred in the comparable period in 2022.

Other administrative expenses were $0.3 million in the three months ended March 31, 2023 an increase of $0.2 million from the comparable period in 2022. The increase is related to additional activity associated with the launch of our online casino and sportsbook on May 9, 2022.

Insurance costs were $0.2 million in the three months ended March 31, 2023 and relate to the launch of operations of our online casino and sportsbook on May 9, 2022.

Share based payment expense was $0.7 million in the three months ended March 31, 2023 and all relate to expenses associated with stock options, the details of which are further discussed in section 3.

Public listing costs of $2.8 million all relate to the costs associated with the Transaction, discussed above. $2.5 million of these costs were non-cash and relate to the value of shares and warrants provided to the former shareholders and warrant holders of Baden. The remaining expenses were legal and accounting fees associated with the Transaction and the subsequent listing on the TSXV.

Net loss

Net loss for three months ended March 31, 2023 was $8.7 million compared to $1.9 million in the three months ended March 31, 2022. Excluding the public listing costs associated with the Transaction noted above, Net loss was $5.9 million an increase of $4.0 million over the first quarter of last year, $3.4 million of which was related to increased marketing costs in a period of seasonally higher marketing spend.

Net loss per share for the period ended March 31, 2023 was ($0.07) per share, compared to a loss of ($0.02) per share in the first quarter of 2022. The loss per share in the first quarter of 2023 reflects the above noted net loss for the period divided by the weighted average number of shares outstanding at March 31, 2023. In addition, all per share numbers have been restated on a retroactive basis to reflect NorthStar's pre-transaction share split of 736.68:1.

*This is a Non-IFRS measure. Refer to Section 8

3. Outlook

The outlook for our business in the balance of 2023

Given that the Company is still in its early stage of operations, we anticipate that our player registrations, active players and associated Gaming revenues will continue to grow for the foreseeable future as we continue to invest in additional marketing to support player acquisition and continue to enhance our content-rich user experience and world-class online casino.

At the same time, we intend to work to integrate our recent acquisition of Slapshot in order to open up the Canadian market to the NorthStar brand outside Ontario, and materially expand the addressable market available to the Company and the NorthStar brand.

4. Liquidity and Capital Resources

A discussion of our cash flow, liquidity and other disclosures

As at March 31, 2023, the Company had total assets of $9.9 million and working capital of $1.6 million and ended the first quarter ended March 31, 2023 with $7.1 million of cash and cash equivalents (March 31, 2022 - $4.9 million, December 31, 2022 - $1.2 million).

In the three months ended March 31, 2023, we used $6.2 million of cash and cash equivalents in operating activities, we generated $12.1 million of cash and cash equivalents from financing activities, and we generated $0.1 million in cash and cash equivalents from investing activities. The cash and cash equivalents used in operating activities reflects the net loss, net of non-cash expenses of $5.4 million plus an increase in net non-cash working capital of $0.8 million. The cash and cash equivalents generated from financing activities represents $11.7 million in net proceeds from issuing common shares and warrants as part of the private placement and conversion of the convertible debenture discussed previously, as well as $0.4 million in proceeds from the conversion of warrants into common shares. The cash and cash equivalents generated by investing activities was primarily the $0.1 million in cash and cash equivalents acquired by NorthStar from Baden as part of the Transaction.

In the three months ended March 31, 2022, we used $0.2 million of cash and cash equivalents in operating activities, we used $0.1 million in cash and cash equivalents in investing activities, and we generated $5.2 million of cash and cash equivalents from financing activities. The cash and cash equivalents used in operating activities reflects the net loss of $1.9 million offset by a decrease in net non-cash working capital of $0.7 million. The cash and cash equivalents used in investing activities reflects the purchase of computer equipment and development of intangible assets associated with preparing the platform for operations, beginning May 9, 2022. The cash and cash equivalents generated from financing activities represents net proceeds from issuing common shares and warrants as part of the private placements in February and March of 2022.

As at March 31, 2023, the Company was in its early stage of operations and therefore, the Company has experienced losses since inception, the Company’s cash resources as at March 31, 2023 are not sufficient to fund its planned business operations over the next 12 months. As a result, there is significant doubt about the Company's ability to continue as a going concern. The Company is pursuing opportunities to raise additional capital in the form of equity and/or debt to fund its business operations. However, there is no assurance of the success or sufficiency of any these initiatives, additional financing may not be available, or on favourable terms. The failure to raise such financing could result in the delay or indefinite postponement of current business operations.

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 March 31, 2023, the Company had the following minimum commitments:

	Payments Due by Period		
Contractual Obligations	**Less than One Year**	**One to Five Years**	**Greater than Five Years**
Contractual Commitments under service contracts	$4.7 million	$10.6 million	$17.7 million

Outstanding Share and Share Option Information

As at March 31, 2023, we had 78,000 redeemable shares and 156,851,101 voting common shares outstanding. As at May 24, 2023 we had 78,000 preferred shares and 160,756,282 voting common shares outstanding.

As at March 31, 2023, we had 26,931,690 warrants to purchase voting common shares at prices ranging between $0.33 and $0.90 which expire between November 25, 2023 and March 3, 2028. As at May 24, 2023 we had 26,844,690 warrants to purchase voting common shares outstanding.

At March 31, 2023, the Company had the following share-based payment arrangements:

The Equity Compensation Plan adopted by the Company in 2022 includes options, restricted share units, performance share units, deferred share units and dividend-equivalent rights (collectively, "Awards"). Under the Equity Compensation Plan, the maximum number of Common Shares issuable from treasury pursuant to stock option Awards shall not exceed 10% of the total outstanding Common Shares. A further 15,656,910 Common Shares are reserved for all other types of Awards. The options can be granted for a maximum of 10 years and vest at the discretion of the Board of Directors. Vesting is determined by the Board.

At the time of the Transaction, NorthStar had 5,156,760 stock options outstanding exercisable at $0.21 which were exchanged for stock options of the Company, as part of the transactions.

On March 3, 2023, 8,058,542 stock options were granted to employees and contractors. The exercise price of these options was $0.50. Of these options, or 2,054,601 vested immediately. The remaining 6,003,941 options vest one year from the date of grant.

The value of each stock option that vests immediately is $0.25 resulting in a total estimated fair value of $0.5 million. The estimated fair value of the stock-options was calculated using the Black-Scholes option pricing model with the following assumptions: i) share price $0.50, ii) exercise price $0.50 iii) the estimated expected life of each stock 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 stock 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 stock-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 stock 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.

As at March 31, 2023 we also had 13,215,302 options to purchase voting common shares outstanding to executives and contractors (May 24, 2023 – 13,215,302).

On April 6, 2023, pursuant to the Equity Compensation Plan, the Company issued 9,426,154 restricted share units to directors and executives at a unit price of $0.55. These restricted share units vest on April 6, 2024.

5. Related Party Transactions

A discussion of transactions with related parties

The Company paid $0.7 million to Torstar Corporation, (a company which was under common control until February 8, 2023) from January 1, 2023 through March 31, 2023 (March 31, 2022 - $nil) for advertising services. The Company also paid $0.2 million to Torstar Corporation from January 1, 2023 through March 31, 2023 (March 31, 2022 - $nil) in respect of technology and general and administrative services pursuant to a managed services agreement. The Company owed $0.9 million to Torstar Corporation at March 31, 2023 in respect of trade accounts payable and accrued liabilities which are due on 30 day payment terms and are non-interest bearing (March 31, 2022 - $0.1 million).

6. Financial Instruments

A summary of our financial instruments

The Company's financial instruments at March 31, 2023 include cash and cash equivalents, restricted cash related to performance guarantee, player deposits on hand, amounts due from payment processor, accounts receivable, accounts payable and accrued liabilities, due to related party, liability for player deposits on hand, player loyalty bonuses and redeemable preferred shares. The carrying value of these amounts are reasonable estimates of fair values due to the relatively short periods to maturity and the terms of these instruments.

The mark to market on open events is determined using Level 2 fair value measurements using the amount of wagers received on open events and the published odds related to such open events as at the financial statement date.

7. Critical Accounting Policies and Estimates

A description of accounting estimates and judgements that are critical to determining our financial results, and changes to accounting policies

Accounting Policies

We consider the accounting policy related to Gaming revenue, cost of revenues, redeemable preferred shares, convertible debenture, share capital, share-based payments, warrants and financial instruments to be the critical accounting policies used in the preparation of the Condensed Consolidated Interim Financial Statements. However, as these are the first condensed consolidated interim financial statements after the occurrence of the Transaction, 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.

- **Gaming revenue**

  The Company has adopted the following policy for gaming revenue recognition.

  Gaming revenue is measured at the fair value of the consideration received. 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, consequently, these transactions are within the scope of IFRS 9. 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 bets (unsettled bets). The Company recognizes the gain or loss on a betting transaction as revenue when a bet is settled.

IFRS 15 reflects revenue earned from transactions where the Company administers games amongst players ("administered games").

Significant judgment is needed to determine whether gaming transactions are within the scope of IFRS 9 or IFRS 15. Currently, the Company only offers gaming transactions where the Company takes a position against the player, and thus all transactions are in the scope of IFRS 9. The Company recognizes the net gain or losses on the bets within the revenue line as this represents the Company's sole source of revenue.

- **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 the Company's online gaming site, the Company entered into an agreement with iGaming Ontario, a subsidiary of the AGCO, effective May 9, 2022. Operator participant fees reflect fees that the Company pays under the terms of its agreement with iGaming Ontario. These operator participant fees are based on a percentage of gross gaming revenue as defined in the iGaming Ontario 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.

- **Cash and cash equivalents**

Cash is comprised of cash on hand, cash held in trust accounts and demand deposits. Cash equivalents are short-term, highly liquid investments with maturities within three months when acquired or cashable on demand without penalty and excludes restricted cash related to performance guarantee.

- **Restricted cash related to performance guarantee**

Restricted cash related to performance guarantee represents cash held in a trust account in respect of a performance guarantee and is required under the terms of the license with iGaming Ontario.

- **Player deposits on hand**

Player deposits on hand represents cash held on behalf of player deposits.

- **Equipment**

Equipment is stated at cost, net of accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.
Depreciation is calculated using the straight-line basis over the estimated useful life of the asset as follows:

- Computer equipment 5 years

The useful lives and methods of depreciation and the assets' residual values are reviewed at least annually, and the depreciation charge is adjusted prospectively, if appropriate.
An item of equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of income or loss when the asset is derecognized.

- **Intangible assets**

Intangible assets with finite lives that are acquired separately are measured on initial recognition at cost, which comprises its purchase price plus any directly attributable costs of preparing the asset for its intended use.

Other costs such as enhancements and routine maintenance are expensed as incurred.

Amortization is calculated using the straight-line basis over the estimated useful life of the asset as follows:

• Software (including licenses and integration)	5 years
• Domain names	5 years

- **Accrued player loyalty bonuses**

Accrued player loyalty bonuses reflect the liability for incentive points that are earned based on the volume of play and redeemable for complimentary bets or wagers and/or cash. This is recognized as a liability and is measured at the amount payable on demand.

- **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 conversion 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 debenture**

On December 19, 2022 the Company issued a convertible debenture. The convertible debenture allows the holder to convert the debenture into 24,500,000 common shares, 12,250,000 A warrants and 12,250,000 B warrants. The debenture carries interest at 8% which will be waived by the holder if the Transaction occurs within 90 days of the date of issue. The conversion feature of the convertible debenture requires the Company to deliver, in the future, a combination of shares and warrants. As a result, the conversion feature does not meet the definition of equity, the convertible debenture is therefore a financial liability in its entirety and is measured at fair value through profit and loss ("FVTPL"). On conversion, the value ascribed to the separate equity instruments will be allocated using the relative fair value method. The debenture was converted on March 3, 2023.

- **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 share purchase options are recognized as a reduction from equity, net of any tax effects. For unit offerings that consist of multiple categories of shares, 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 stock options to its employees, directors and consultants. Stock options vest over time in tranches and expire after various periods of time. For employees, and consultants providing services in exchange of 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. 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 stock options are exercised, consideration received is credited to share capital and the fair value attributed to these options is transferred from contributed surplus to share capital.

- **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 for.

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. Expired warrants are removed from contributed surplus and credited directly to retained earnings or deficit.

- **Loss per share**

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similarly to basic loss per share except that the weighted average number of shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The average number of shares is calculated by assuming that outstanding conversions were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting period.

- **Taxes**

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable or recoverable is based on taxable profit or loss for the year. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their corresponding tax bases (known as temporary differences).

Deferred tax liabilities are generally recognized for all temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future years when the carrying amount of the asset or liability is recovered or settled (taxable temporary differences).

Deferred tax assets are generally recognized for all temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future years when the carrying amount of the asset or liability is recovered or settled (deductible temporary differences) – but only to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognized in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the years in which it expects the deferred tax asset to be realized or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting year.

- **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 due from related party.

- 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
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 residual amount.

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 condensed 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 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 iGaming Ontario 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.

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. These are estimated using the amount of the wagers and the published odds for such wagers at the date of the financial statements; (ii) Estimated useful lives of long-lived assets (equipment and intangible assets); (iii) Fair value of warrants. The Company uses the Black-Scholes option pricing model for valuation of the warrants issued to purchasers of its share capital. Option pricing models require the input of subjective assumptions including expected price volatility, risk-free interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate which correspondingly affects the Company's equity reserves; and (iv) Fair value of share-based payments. The fair value of all share-based payments granted are 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.

8. Non-IFRS Measures

This MD&A makes reference to certain non-IFRS measures, including wagers. This measure is not a recognized measures under IFRS and does not have a standardized meaning prescribed by IFRS and is, therefore, not necessarily comparable to similar measures presented by other companies. Rather, this measure is provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, this measure should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. This non-IFRS measure and metric is 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. We also believe 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.

Wagers is calculated as the total amount of money bet by customers in respect of bets that have settled in the applicable period. 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.

9. Risks and Uncertainties

Risks and uncertainties surrounding our business

The risks presented below should not be considered exhaustive and may not be all the risks the Company may face. The Company believes that factors set out below could cause actual results to be different from expected and historical results. New risks may emerge from time to time and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements.

Risks Related to the Company's Business and Industry

The Company conducts its business in a heavily regulated industry.
The Company and its officers, directors, major shareholders, key employees and business partners will generally be subject to the laws and regulations relating to online gaming of the jurisdiction in which the Company 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 only operates in the Ontario market and has an online

gaming operator licence issued by the AGCO. The Company will 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 online gaming, while others have taken a similar position to Ontario that online gaming 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 online gaming, 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 licence 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 licences;
- 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 fees or contributions to bodies that organize the sports on which bets are offered, as well as contributions to the prevention and treatment of problem gaming; and
- social responsibility obligations.

A gaming licence may be revoked, suspended or conditioned at any time. The loss or suspension of a gaming licence held by the Company could cause the Company to cease offering some or all of its product offerings. The Company may be unable to obtain or maintain all necessary registrations, licences, 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 licences 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 licence if the Company, or one of its 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 licence in another jurisdiction; (f) have held a similar gaming licence 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.

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 will 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 Internet, e-commerce, payment processing, or the online gaming industries. Compliance with any such legislation may have a material adverse effect on the Company's business, financial condition and results of operations.

Complex and Evolving Regulatory Environment for Online Gaming Industry

In addition to regulations governing online gaming, 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 online gaming regulations specifically to implement restrictive measures on online gaming. Any such laws could adversely affect the Company's business, results of operations or financial condition.

***The Company may be subject to Regulatory Investigations*.**

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 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 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.

The online gambling market is immature and volatile, and its future development is uncertain.

The online gambling 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 online gambling and gambling as a whole could limit market acceptance of the Company's products and services.

Success of Betting Products and Outcomes 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 have 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 , denial of service attacks 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's 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's offerings, any of which could result in legal liability to the Company or harm its business, financial condition, results of operations and prospects.

Limited Information for Potential Investors.

Because 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 Company's 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. For example, no other Canadian public company of which the Company is aware have betting gains accounted for under IFRS 9 as their sole source of revenue. In addition, 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.
To grow its business, the Company anticipates that it will continue to depend on significant relationships with third parties, such as Playtech and Kambi. 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 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 may no longer facilitate the adoption of its 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 player needs;
- build a sales 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 will 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.

The Company's success depends on its ability to continue to innovate and enhance its existing products.
The online gaming 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 and/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 online gaming assets, digital engagement, engineering, marketing 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.

Segregation of duties

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 of 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 have been undertaken where possible.

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.. 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 key technologies used in its products from third parties, generally on a non-exclusive basis. The termination of any of these licences, or the failure of the licensors to adequately maintain or update their products, could delay the Company's ability to roll-out its 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 licences 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 licences 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 licences 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 licence 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 licence 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 licence 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.

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 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 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, customer base 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.

Negative Cash Flow from Operations

Since inception, the Company has 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.

Uncertainty of 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 and funding future operations. 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 Facebook, Instagram, Twitter, YouTube and Twitch. 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, lack of sufficient capital, 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 proposed 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 the Company’s Securities

The price of the Company’s common shares may experience volatility and may be subject to fluctuation in the future based on market conditions.
The market prices for securities of development stage technology companies have historically been highly volatile. The market has from time-to-time experienced significant price and volume fluctuations that are unrelated to the operating performance of any particular company. In addition, because of the nature of the Company’s business, certain factors such as announcements of, and competition from, new products or technological innovations, government regulations, fluctuations in operating results, results of test, general market conditions and developments in patent and proprietary rights can have an adverse impact on the market price of the Company’s common shares. Any negative change in the public’s perception of the Company’s prospects could cause the price of its common shares to decrease dramatically. Furthermore, any negative change in the public’s perception of the prospects of online gaming companies in general or

the market in general could depress the Company's share price regardless of its results. Volatility or depression in the capital markets, could also affect the Company's ability to raise additional capital.

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 future net income per share could decrease in future periods and the market price of its common shares could decline. The perceived risk of dilution may negatively impact the price of the Company's common shares and may cause its shareholders to sell their common shares, which would contribute to a decline in the price of the Company's 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 Company's 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 a wholly owned subsidiary 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 subsidiary 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 Company's 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 Company 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 its board of directors. No dividends can be paid on the Company's Common Shares until all dividends have been paid on the Company's Preferred Shares.

There may be no market for the Company's common shares.
There can be no assurance that an active market for the Company's common shares will develop or be sustained. If an active public market for the Company's common shares does not develop, the liquidity of a purchaser's investment may be limited, and the share price may decline.

As a venture issuer, the Company will 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 internal control over financial reporting ("**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:

(a) 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

(a) 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.

The Company will have discretion in the use of net proceeds.

The Company's management has broad discretion in using the net proceeds from the Private Placement in ways that it deems most efficient. The application of the proceeds to various items may not benefit the business or increase its value. If proceeds are not applied effectively, this misapplication could adversely affect its business, results of operations and financial condition.