

Effective Execution Positions Us for Further Growth

Letter to Shareholders from the Chair & CEO



Michael Moskowitz, Chair & CEO

Fellow Shareholders,

On behalf of NorthStar Gaming Holdings Inc. (TSXV: BET) (OTCQB: NSBBF) (“NorthStar” or the “Company”), I am pleased to report our results for fiscal 2024 and outline our strategy for continued growth.

Our team executed effectively against all our major objectives in 2024. We expanded our industry-leading content, adding hundreds of new casino games and an enhanced Sports Insights section. We introduced innovations that simplify the user experience and offer our players more relevant betting options. The “NorthStar Elite” program implemented last spring is helping us secure the loyalty of our high-value customers. We launched successful promotions that reinforced our brand and helped attract new customers.

The outcome of these achievements can be seen in our 2024 financial results. We delivered year-over-year growth in excess of 50% for each of total wagers, revenue and gross margin. Total wagers approached one billion dollars for the year, while revenue of \$29.6 million was up by \$10.7 million. The \$10.5 million of gross margin amounted to 36% of revenue, compared to 29% in 2023.

NORTHSTAR★ GAMING

2024 Operating Highlights

NorthStar Elite program – Initiated a loyalty program for high value players

Branded Tables – Showcased NorthStar Bets branding for select live dealer games

Casino Games – More than doubled the number of available games to over 1,400

Sports Insights 2.0 – Enhanced our content vertical with comprehensive statistics, live injury reports, added sports coverage and new casino content

Betting Options – Introduced personalized prop bets and intelligent parlay suggestions

Blackjack Championship – Ran an innovative \$100,000 online tournament that helped drive player acquisition and wagering activity

EURO/Copa Campaign – Asked Canadians if they prefer to say “soccer” or “football”

2024 Financial Highlights

(\$ Millions)	FY 2024	FY 2023	Increase (\$)	Change (%)
Total Wagers	\$980.0	\$648.8	\$330.0	+51%
Revenue	\$29.6	\$18.8	\$10.7	+57%
Gross Margin	\$10.5	\$5.5	\$5.0	+91%
Profit before Marketing and Other Expenses	\$0.1	\$(6.7)	\$6.8	–

Please review the Company's management's discussion and analysis ("MD&A") for the three and twelve-months ended December 31, 2024 and the Company's audited consolidated financial statements for the years ended December 31, 2024 and 2023, each as included in this Annual Report, for important information about the Company's activities and financial results in 2024 and for additional context regarding the below.

Strategic Progress

These are still early days for NorthStar. It is worth noting that 2024 was our first full year as a public company, having obtained a TSXV listing in March 2023. The NorthStar Bets platform has only been live for three years, beginning when Ontario licensed online gaming in 2022.

I am very proud of everything our team has achieved in this relatively brief timeframe. From a standing start, we have built an iGaming platform that is successfully positioned as a premium offering in a crowded market. We compete against multinational companies with established products and much larger promotion budgets. NorthStar is one of the smaller operators in Ontario, but we are steadily growing our market share.

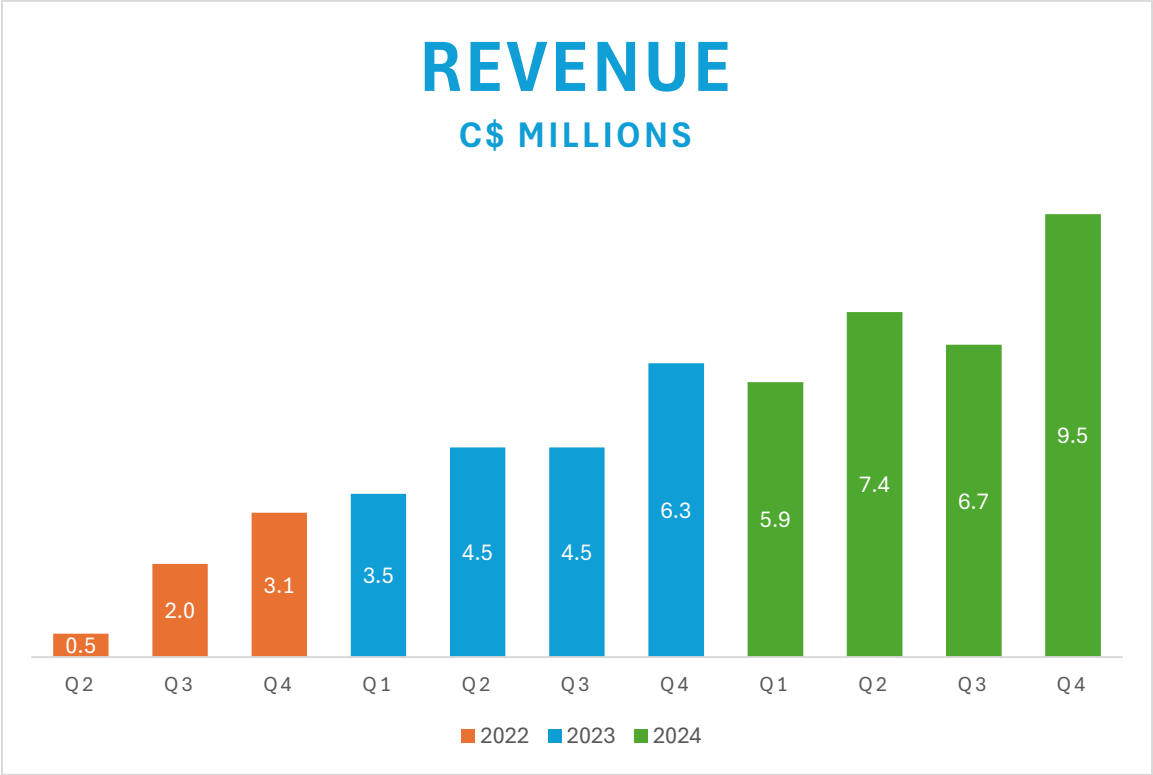
Our objective from the outset has been to build a company that will thrive over the long term. That has meant refusing to compromise on quality or customer service, while being disciplined stewards of our shareholders' capital. It meant assembling a great team that buys into our vision to "change the game for the better." We have avoided promotional tactics that tend to boost short-term numbers at the expense of sustainable results. We also prioritized building relationships with world-leading partners so that we can offer best-in-class gaming technology and content.

Two key strategic partners recently recognized the strength of our fundamentally sound approach. Beach Point Capital Management advanced C\$43.4 million of long-term debt financing in January 2025, and Playtech plc – our largest shareholder and a core technology supplier – is providing credit support for the loan. As the largest financing in NorthStar's history, this funding will be vital in supporting the continued growth of the Company.

Scalable Business Model

The power of our business model is that it is highly scalable: each incremental dollar of revenue delivers increasing returns. In 2024, for example, revenue growth of 57% led to a 91% increase in gross margin, with certain fixed costs being amortized over a larger base of business. At the same time, marketing expense – an important driver of customer acquisition – increased by just 10%. Our other major operating expenses declined in 2024, as our existing people and infrastructure have the capacity to manage a higher volume of activity. We refer to this as operating leverage.

Continued revenue growth and economies of scale is expected to take us to profitability. We reached an important milestone in 2024 with gross margin covering our overhead expenses. Profit before marketing and other expenses was \$0.1 million, an improvement of \$6.8 million over 2023. We will continue to report on this important measure.



Certain quarterly revenue figures have been restated. Please see the Company’s Consolidated Financial Statements and Management’s Discussion and Analysis for the years ended December 31, 2024 and 2023 for details.

Priorities and Outlook for 2025

In many respects, our strategy for creating value is to maintain our focus on what has worked well for us. We are confident that effective execution on the fundamentals of our business will drive continued growth. Our key priorities for 2025 will be familiar to those who have followed the NorthStar story.

- **Operational excellence.** Our brand promise is to deliver a premium entertainment experience. We recently improved our analytics capabilities to help us fully understand how our customers are using our platform and how we might make their journey more effortless and seamless. Improvements in areas like speed, reliability and simplicity lead to higher customer satisfaction and retention. Seemingly small differences, such as the ability to speak with a live agent combined with world-class AI call centre technology, help us stand out.
- **More innovation.** We will build on our recent achievements to roll out further enhancements to our platform. One example is the Spring Tournament Series we ran in March and April 2025, which leverages the development work completed for last fall’s Blackjack Championship. Our

innovation roadmap will take advantage of AI technology to personalize and optimize each player's experience. New casino content will help showcase the NorthStar brand and Canada-centric themes. Our approach to innovation is to be consistently better, and fundamentally different – meaning we target opportunities that differentiate us from larger competitors.

- **Expanding our addressable market.** Ontario remains the only province in Canada to license online gaming, and it represents approximately 40% of the estimated \$8.5 billion addressable market nationwide.¹ Other provinces, such as Alberta, are expected to follow suit when they determine the regulatory approach that works for them. We intend to apply to operate in those provinces, where we would leverage our existing technology stack and marketing spend. NorthStar currently addresses the Canadian market outside of Ontario through the managed services we provide to the Abenaki Council of Wolinak, which owns and operates the Northstarbets.com site. Managed services represented approximately 8% of total revenue in 2024, and we expect that contribution to increase.
- **Financial discipline.** We have maintained tight control of costs since the Company was founded, and we will continue to do so. The recent strengthening of our balance sheet will not change our approach, although it does provide reassurance that we can continue to execute our business plan. One key success factor in our management of expenses has been targeted marketing campaigns that maximize efficiency through ongoing data analysis and innovative, locally focused promotions. We will continue to prioritize the acquisition of high-value players.

“Our strategy for creating value is to maintain our focus on what has worked well for us. We are confident that effective execution on the fundamentals of our business will drive continued growth.”

NorthStar has always emphasized our Canadian roots, starting with the brand name itself. Most of our customers value the distinct local flavour they find at NorthStar Bets, in the Sports Insights section and elsewhere. Many people across the country have recently made concerted efforts to “Buy Canadian.” We are proud to be a local success story and are confident that those who try our platform will find that it meets or exceeds their expectations.

On behalf of the Board of Directors, I would like to acknowledge the entire NorthStar team for their commitment to serving our customers and building our company. Thanks also to our strategic partners, and to our shareholders for your continued support.



Michael Moskowitz
Chair and CEO

¹Source PwC – Global Centre of Excellence for Betting & Gaming *Lessons from Int'l Markets* June 2022
Canada estimates calculated internally based on extrapolating Ontario estimates to the entire country based on population

Non-IFRS Financial Measures

Throughout this document, management uses certain non-IFRS "supplementary financial measures", as defined in National Instrument 52-112 *Non-GAAP and Other Financial Measures*, to evaluate the performance of the Company. The term "Total Wagers" is a non-IFRS "supplementary financial measure". Total Wagers is calculated as the total amount of money bet by customers in respect of bets that have settled in the applicable period. Total Wagers does not include free bets or other promotional incentives, nor money bet by customers in respect of bets that are open at period end. This measure is not a recognized measure under International Financial Reporting Standards ("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 and to discuss NorthStar's financial outlook. Accordingly, this measure should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. We 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.

Cautionary Note Regarding Forward-Looking Information and Statements

This Letter to Shareholders contains "forward-looking information" within the meaning of applicable securities laws in Canada ("forward-looking statements"), including without limitation, statements with respect to the following: financial guidance for 2025, expected performance of the Company's business, strategic priorities, expansion into new markets, future growth opportunities and expected benefits of transactions. The foregoing are provided for the purpose of presenting information about management's current expectations and plans relating to the future and allowing investors and others to get a better understanding of the Company's anticipated financial position, results of operations, and operating environment. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. This information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. This forward-looking information is based on management's opinions, estimates and assumptions that, while considered by NorthStar to be appropriate and reasonable as of the date of this letter, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, levels of activity, performance, or achievements to be materially different from those expressed or implied by such forward-looking information. Forward-looking information is subject to significant risks including, without limitation: risks related to the Company's business and financial position; risks associated with general economic conditions; adverse industry risks; future legislative and regulatory developments; the ability of the Company to

implement its business strategies; and those factors discussed in greater detail under the "Risk Factors" section of the Company's most recent annual information form, which is available under NorthStar's profile on SEDAR+ at www.sedarplus.com. Many of these risks are beyond the Company's control.

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking statements. Although the Company has attempted to identify important risk factors that could cause actual results to differ materially from those contained in the forward-looking statements, there may be other risk factors not presently known to the Company or that the Company presently believes are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking statements. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. No forward-looking statement is a guarantee of future results. Accordingly, you should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this letter represents NorthStar's expectations as of the date specified herein and are subject to change after such date. However, the Company disclaims any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws.

All of the forward-looking information contained in this letter is expressly qualified by the foregoing cautionary statements.