

## Key Facts:

Ticker-Exchange	BET-TSXV
Closing Price	\$0.070
Date of Report	March 21, 2024
Company Website	<a href="http://www.northstarbets.ca">www.northstarbets.ca</a>
Analyst	David McFadgen

## Company Statistics:

52-week High	\$0.64
52-week Low	\$0.04
Market Cap	\$13.5 MM
Shares Outstanding	
Basic	193.3 MM
Diluted	205.4 MM
Cash (Q3/23A)	\$1.2 MM
Debt	Nil
EV/Revenue (2023A)	0.8x
CEO	Michael Moskowitz

Major Shareholders:	72.3%
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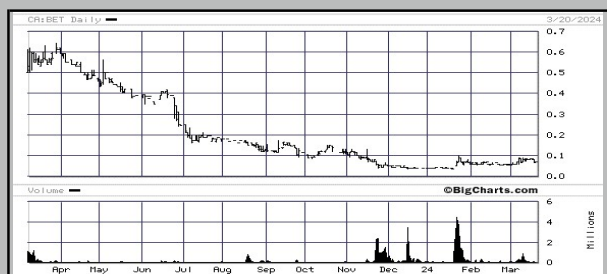
## Management & Insiders:

Michael Moskowitz (CEO)	3.8%
Chin Dhushenthen (CFO)	0.2%
Corey Goodman (CDO)	2.5%
Vic Bertrand (Director)	0.9%
Barry Shafran (Director)	0.2%

## Others:

Playtech PLC	27.5%
Jordan Bitove	18.6%
Paul Rivett	18.6%

## Price Chart:



Source: Bigcharts.com, March 20, 2024

Our **Emerging Ideas** publication seeks to highlight firms that we come across during our travels where, while perhaps not ready for formal research coverage, we see notable developments or inflection points that we believe may be of interest to investors.

## Riding The iGaming Wave In Canada

Unless otherwise denoted, all figures shown in C\$

### Corporate Overview:

NorthStar Gaming (TSXV: BET) is a leading B2C online sportsbook and casino platform that services the Canadian iGaming market through its two subsidiaries: NorthStar Gaming (Ontario) Inc. and Slapshot Media Inc. We believe that NorthStar Gaming is the second largest pure play Canadian iGaming operator after theScore Bet. NorthStar Gaming has been active in the Ontario market since the legalization of online gambling in Ontario in April 2022. Since then, the company has achieved notable top-line growth and now captures approximately 1%+ of the Ontario market and growing. BET's Management long-term target is to capture approximately 5% of the Ontario market. We estimate that each 100 bps incremental market share gain would imply approximately \$23.7 MM in incremental GGR for BET at current levels of wagering activity.

### Key Points:

#### • Strategic Partnerships With Kambi And Playtech - A Key Differentiator

NorthStar Gaming has strategic relationships with two notable global B2B iGaming operators, Playtech PLC and Kambi Group, which we believe is a key advantage for BET. Through its partnership with Playtech, BET has access to a reliable back-end support and a library of over 500 slot and jackpot casino games. The company also has an agreement with Kambi Group PLC to utilize its sports betting platform as well as other related ancillary services. In our view these key strategic relationships allow the company to focus its efforts primarily on player acquisition and retention.

#### • AB And BC Online Gambling Legislation: A Potential Tailwind

Given six quarters of results now out of the Ontario market, we have attempted to extrapolate the size of the AB and BC iGaming markets, given these provinces are likely to legalize online gaming in the near term. We estimate the AB iGaming market to generate approximately \$22.4 BB in wagering activity in its first twelve months, while we estimate the BC market to generate approximately \$21.3 BB in its first year. In our view this presents a sizable opportunity for BET. We estimate that if BET is able to capture 1% of these markets, it could add incremental revenue of approximately \$13.1 MM annually.

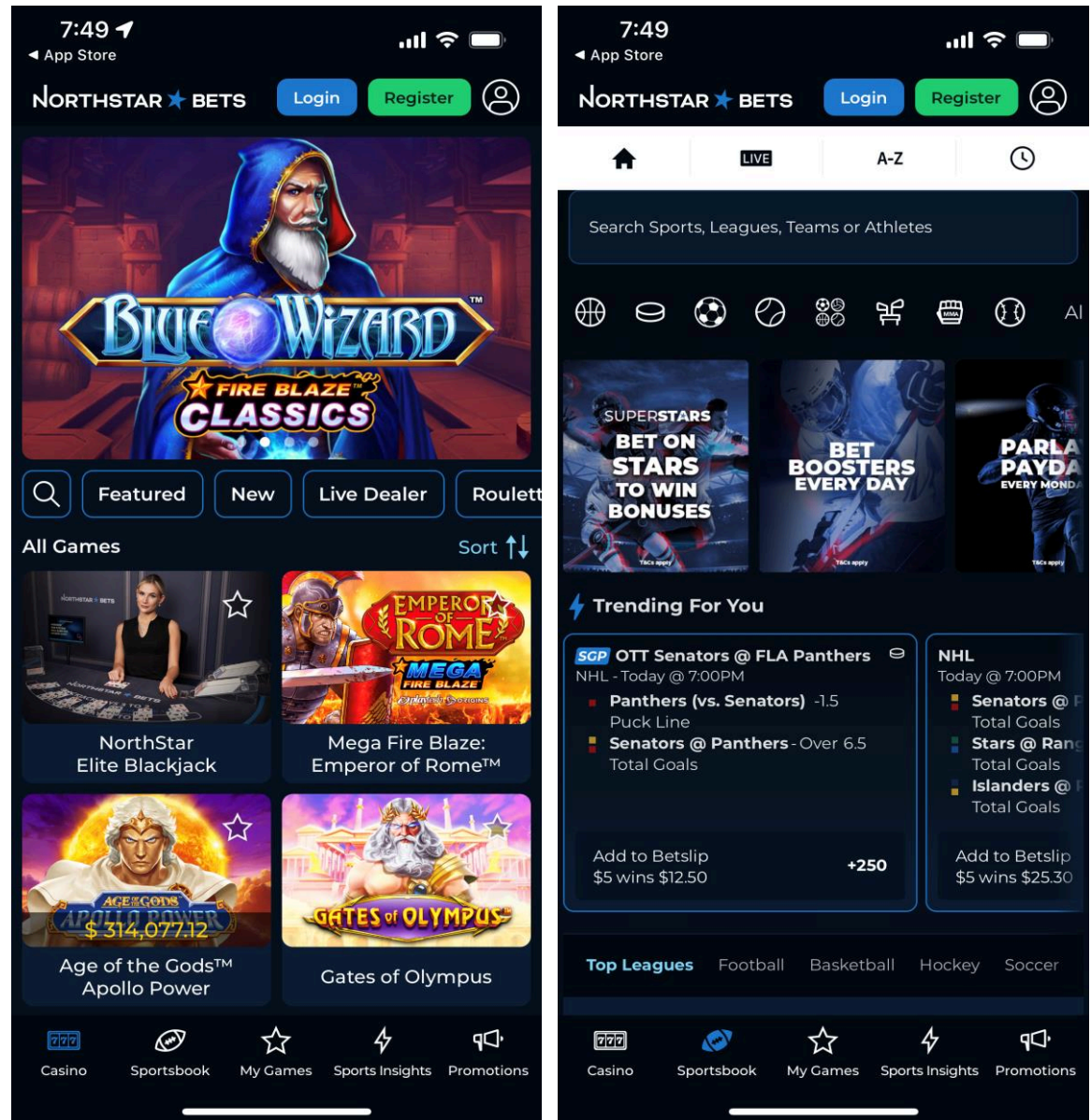
### **Riding The iGaming Wave In Canada**

NorthStar Gaming (TSXV: BET) is a leading B2C online sportsbook and casino platform that services the Canadian iGaming market through its two subsidiaries: NorthStar Gaming (Ontario) Inc. and Slapshot Media Inc. We believe that NorthStar Gaming is the second largest pure play Canadian iGaming operator after theScore Bet. NorthStar Gaming has been active in the Ontario market since the legalization of online gambling in Ontario in April 2022. Since then, the company has achieved notable top-line growth and now captures approximately 1% of the Ontario market which generated approximately \$59.3 BB in wagering activity in C2023. Through its unique customer acquisition strategy and disciplined book management (win margins circa 3.5%), NorthStar Gaming generated approximately \$23.0 MM in GGR with approximately 80% conversion to NGR in 2023. In our view, the company's growth is backstopped by the growing regulated iGaming market in Canada. We believe that the near-term iGaming legislation in Alberta and British Columbia represents a sizable market opportunity for NorthStar.

NorthStar Gaming also has strategic relationships with two of the most notable iGaming operators in the world, which in our opinion provide the company with reliable back-end support and access to a library of over 500 slot and jackpot casino games. In December 2021, NorthStar Gaming entered into a long-term agreement with Playtech PLC (PTEC – LSE, Not Covered) for the licensing of its iCasino platform and games along with other ancillary payment, customer support and advisory services. The initial term of the contract is until May 9, 2038. Shortly, thereafter NorthStar Gaming also signed an agreement with Kambi Group PLC (KAMBI – NASDAQ Stockholm, Not Covered) in January 2022 to utilize its sports betting platform as well as other related ancillary services. In our view these key strategic relationships allow the company to focus its efforts primarily on player acquisition and retention.

In October 2022, NorthStar Gaming entered into a strategic partnership with select subsidiaries of Torstar. The partnerships span an initial term of three (3) years until October 1, 2025, after which it automatically renews for two (2) successive one (1) year terms, thereafter. The agreement allows NorthStar Gaming to utilize Torstar's ad inventory along with preferential media including NorthStar gaming's betting hub, navigation, and menu links to promote its sports betting offerings on the company's platform. The agreement also includes certain exclusivity measures whereby certain operating subsidiaries of Torstar are restricted from accepting advertising from NorthStar Gaming's competitors. NorthStar Gaming also pays Torstar each year a base fee in annual media spend, pro-rated based on actual insertion orders incurred each quarter. In our opinion, this partnership underscores a strategic alignment between NorthStar Gaming and Torstar to allow for the opportunity to expand outside Ontario. We note that approximately 30% of Torstar's Canadian traffic is generated from users outside of Ontario. Lastly, Torstar and Torstar-related entities own approximately 18.6% of the outstanding shares of NorthStar Gaming.

Figure 1: NorthStar Gaming iOS App



Source: Company Reports

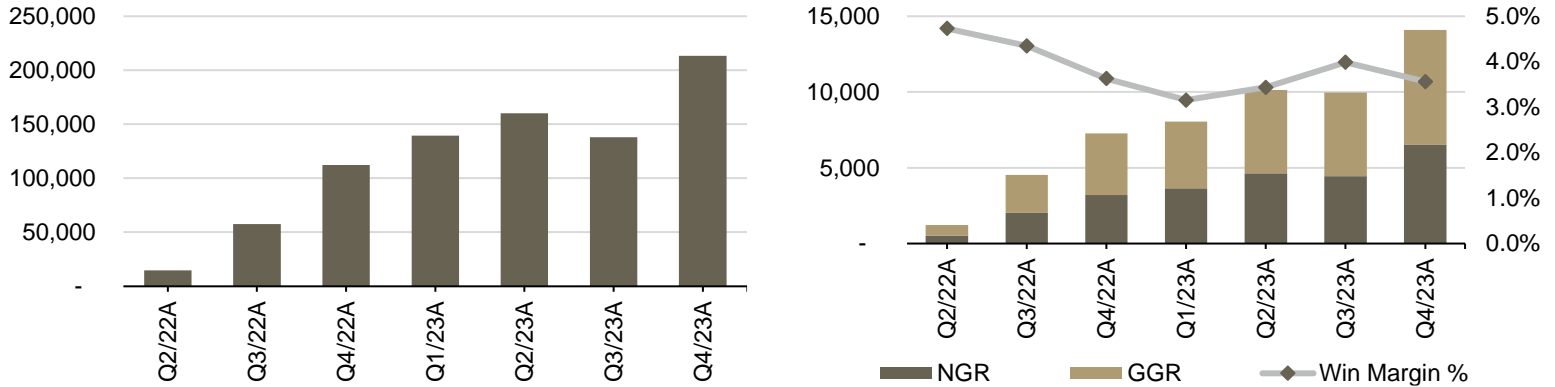
## Company History

NorthStar Gaming Holdings Inc. (NGHI) was initially incorporated as Baden Resources, a junior exploration stage company on January 19, 2020, and completed its going public transaction on May 28, 2021, listed on the CSE under the symbol "BDN". On March 8, 2023, NGHI completed its RTO transaction of Baden Resources, upon which NGHI common shares were listed on the TSXV under the symbol "BET". The company's head office is located at Suite 200, 220 King Street West, Toronto, Ontario M5H 1K4.

Following the go-public transaction, NorthStar Gaming (Ontario) Inc., a wholly owned subsidiary of the company, received its license from the Alcohol and Gaming Commission of Ontario (AGCO) on April 12, 2022. On May 9, 2022, the company signed an operator agreement with iGaming Ontario, a subsidiary of AGCO, under which NorthStar Gaming will operate in accordance with the agreement. The company launched its online gaming site [www.northstarbets.ca](http://www.northstarbets.ca) which offers access to the regulated online sports betting and casino markets.

NorthStar Gaming generated a total wager of approximately \$650.9 MM in 2023 versus approximately \$184.6 MM in 2022. Recall that NorthStar Gaming launched its Ontario sports and iCasino offering in Ontario post legalization of online gambling in the province in April 2022.

**Figure 2: NorthStar Gaming Historical Performance – Wager (LHS) And GGR/NGR (RHS) (\$000s)**



Source: Company Reports, Cormark Securities Inc.

### Economic Model:

NorthStar Gaming generates gross gaming revenue (GGR) through margins generated on betting and casino. For betting, NorthStar Gaming manages its book to typically balance each side of any bet and build a margin between the two sides. The margin is referred to as the win rate. Typically, sportsbooks will generate win rates in the range of 5-10%, but sometimes the win rate can go negative or jump to as high as approximately 15%. If the book is not totally balanced, then effectively the book has taken a side of the bet and depending on the outcome of the bet the sportsbook will win or lose. In situations where the sportsbook wins the win margin can be large and the outcome is referred as “operator friendly results”.

In the case of iCasino, the players are betting against the house. Given it is statistically/mathematically engineered for the house to win over the long term, the iCasino win margin is typically more stable than sports betting. iCasino win margins are typically in the 4.0-7.0% range, depending on the payout ratios set by the regulator. Typically, the regulator will set the payout ratio at approximately 95.0%, meaning that all wagers payback 95.0% of the amount wagered. There can be some instances of a very good player having a winning streak resulting in the win rate dropping to a very low amount or potentially negative. However, these instances are typically quite rare. If this happens in a land-based casino, the winning streak player will be given free dinners, drinks, etc., to entice the player to stay in the casino and keep playing because the odds are in the favour of the house, so the longer the player plays the more likely the casino/house will win.

Revenue equals net gaming revenue (NGR). NGR equals GGR less offsets (bonuses, promotional allowances and other offsets/incentives incurred to generate GGR). We highlight the traditional sports betting formula in Figure 3.

The more bettors and volume the easier it is to balance a sportsbook and therefore the results become more stable and the sportsbook settles into a more normal range with offsets likely in the 20-40% range. Also, the GGR win rate likely converges toward a normal range of 5-10% with less volatility.

NorthStar doesn’t own its technology, and it relies on many vendors to provide different types of services (see Figure 4). Typically, these technology vendors are paid a percentage of revenue. All, or most, of these costs are captured in NorthStar’s cost of revenue, resulting in a gross margin in the range of approximately 35%. From the gross margin, NorthStar covers its marketing and SG&A expenses. As revenue grows, its marketing and SG&A expenses are expected to grow at significantly more modest rate providing operating leverage so that in time EBITDA becomes positive.

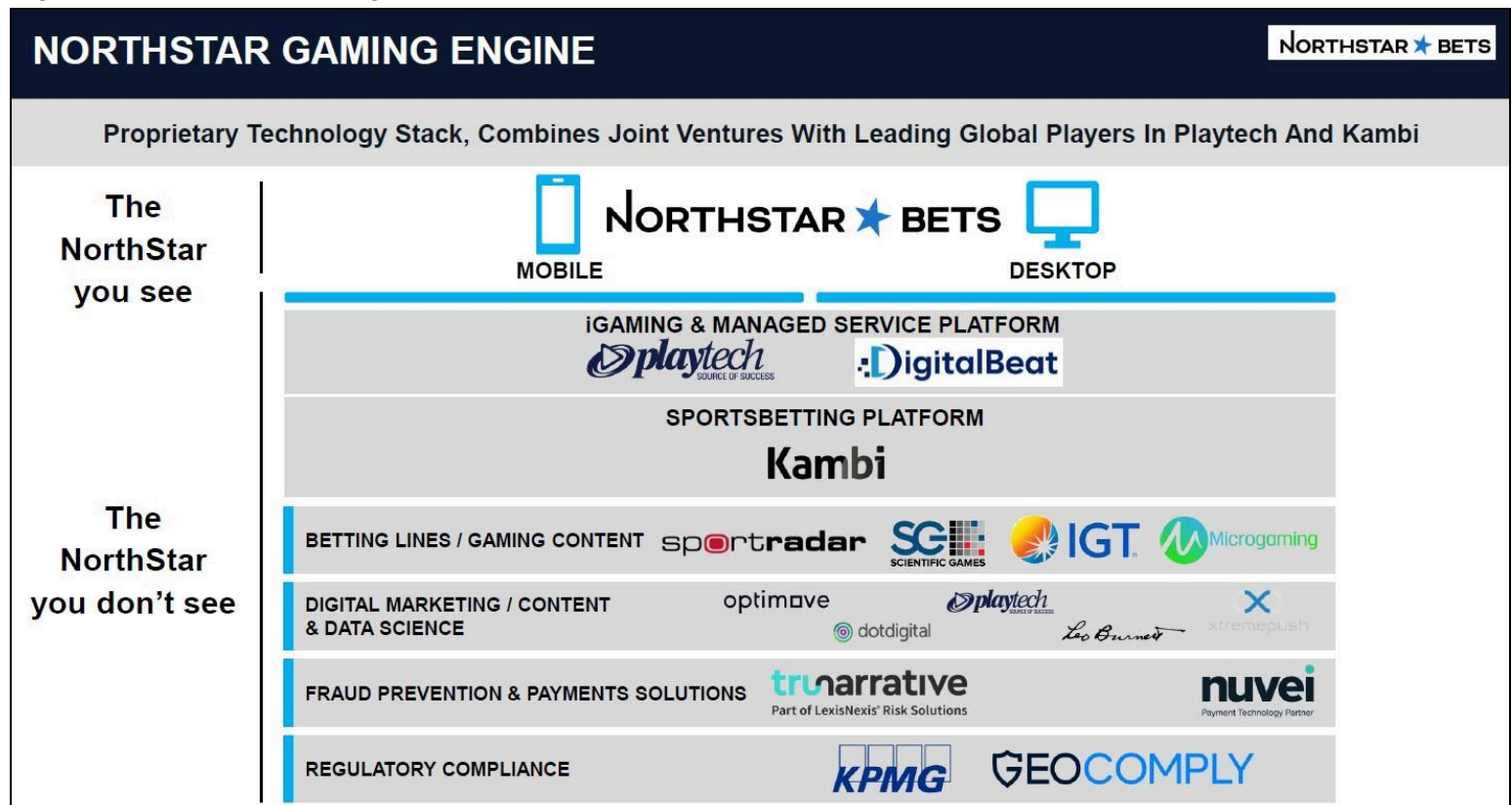


### Figure 3: Sports Betting Revenue Model

Sports Betting Revenue Formula		
a	Stakes (Wagers)	1,000,000
b	Win Margin	5.0%
c=a*b	Gross Gaming Revenue (GGR)	50,000
d	Promotional Allowances and Other Offsets	20%
e=c*(1-d)	Net Gaming Revenue (NGR)	40,000

Source: Cormark Securities Inc.

### Figure 4: NorthStar Gaming Tech Stack



Source: NorthStar Gaming Investor Presentation

## Canadian Gaming Industry Overview:

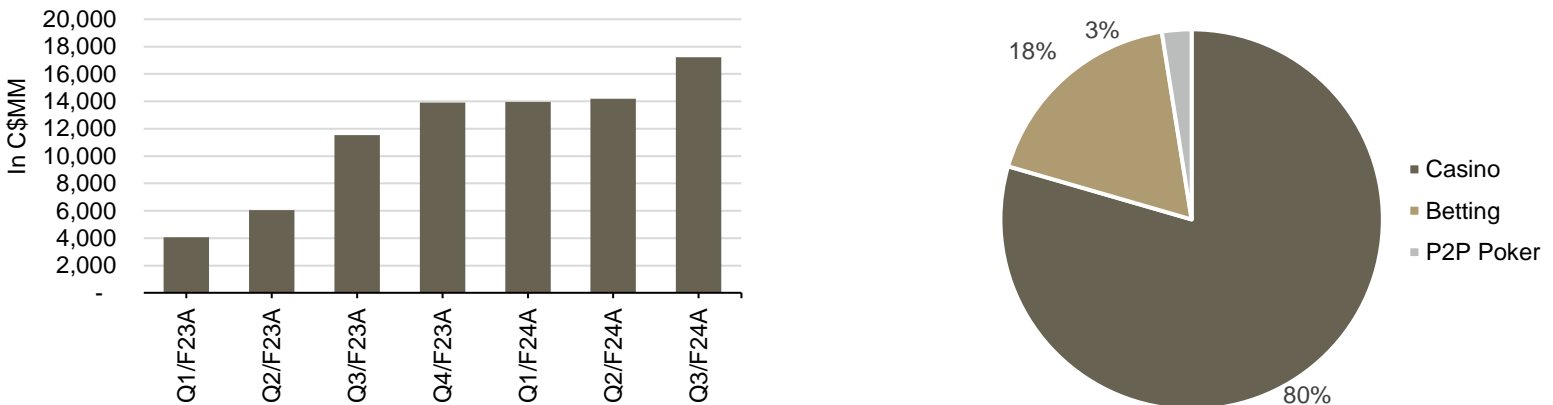
The Canadian Gaming industry has undergone significant regulatory change. The Federal Government passed a bill legalizing single event wagering for sports betting. Following this, Ontario legalized iGaming (betting, casino, poker) for the private sector that is regulated by AGCO. With the exception of Ontario, all the other provinces' legal iGaming activities are solely operated by, or on behalf of, the provincial lotteries. However, grey market iGaming is still being offered across Canada with little, to no, enforcement to shut it down.

Ontario has an unlimited number of licenses granted with no tethering of an online license to a land-based gaming facility. With the release of iGaming Ontario Q3/F24 statistics, there were 49 operators with 72 gaming sites serving the Ontario market. Clearly, Ontario is a very competitive market. All the big iGaming companies are active in the Ontario market. For the first nine months of F2024, the wager was \$45.4 BB and the GGR was \$1.7 BB. We estimate that the Ontario market will generate wager and GGR of \$65.2 BB and \$2.5 BB, respectively, in F2024. Previously, BetMGM forecast that Ontario would be a \$1.6 BB market over the long term (three years). Consequently, the Ontario iGaming market size has surpassed many participant expectations.

The Ontario iGaming wager breakdown for the first nine months of F2024 for casino, betting and poker is 82%, 15% and 3%, respectively. As we can see, iCasino represents the vast majority of the wager even though sports betting captures the news headlines. Typically, betting is seen as a customer acquisition tool to convert the player into iCasino.

We estimate that the Ontario government will generate iGaming tax revenue of approximately \$500 MM in F2024. In our opinion, that is all incremental revenue, given previously the majority of iGaming was being conducted on illegal grey market sites with no revenue going to the government. iGaming Ontario has stated that the channelization rate is 85%+, meaning approximately 85% of iGaming consumers are now playing legalized and taxed sites versus the grey market previously. Given this success we believe other provincial governments are watching Ontario's iGaming market and some are likely to follow Ontario's lead for iGaming. We believe that Alberta and BC are the logical choices to follow Ontario, given the regulatory framework that exists now with private companies operating land-based gaming while the provincial government regulates the gaming industry.

**Figure 5: Ontario Gaming Market – Wager (LTM) And Wager Breakdown (Q3/F24A)**



Source: iGaming Ontario

### Sizing The BC And AB Market Opportunity:

Given six quarters of results now out of the Ontario market, we have attempted to extrapolate the size of the BC and AB iGaming markets, given these provinces are likely to legalize online gaming in the near term. We note that Ontario's adult population (19+) is 12.0 MM and based on recent quarterly results disclosed by iGaming Ontario there are approximately 1.2 MM Active Player Accounts (APA) as of December 31, 2023. We believe that other provinces in Canada are likely to note similar levels of online gambling penetration. The Ontario market generated LTM wagers (as of Dec 31, 2023) of \$48.3 BB for iCasino, \$9.1 BB for sports betting and approximately \$1.9 BB for P2P Poker.

We have estimated average monthly wager per active account to be approximately \$3.4 K for iCasino, \$631 for sports betting and \$130 for P2P poker based on actual results. According to Statistics Canada, the 2022 GDP per capita for Ontario, BC and AB was \$54,927, \$55,381 and \$72,673, respectively. Given the BC GDP per capita was close to Ontario we are using Ontario's average monthly wager per gambler, but for Alberta, we have grossed it up to reflect a higher GDP per capita of 32%. We are assuming 10% of each province's population to be online gamblers. Consequently, we estimate the gambling population to be approximately 0.4 MM and 0.3 MM for BC and AB, respectively. Assuming the aforementioned wagering activity per APA, we estimate the online gaming market in BC to be approximately \$21.3 BB of wager and approximately \$22.4 BB of wager in AB. We believe our estimates to be reasonable, given they are based on actual Ontario data and reflecting differences in GDP per capita.

**Figure 6: BC And AB Market Opportunity (000s)**

(MM, except where noted)		Actual (LTM)	Estimates	
		ON	BC	AB
a	Adult population (18+)	12.0	4.3	3.4
b	Active player accounts	1.2	0.4	0.3
c=b/a	Gambling population representation	10%	10%	10%
<b>Casino</b>				
d	Wager	\$48,320	\$17,386	\$18,236
e=d/b	Average monthly wager / gambler	\$3,356	\$3,350	\$4,400
<b>Sports Betting</b>				
f	Wager	\$9,085	\$3,270	\$3,440
g=f/b	Average monthly wager / gambler	\$631	\$630	\$830
<b>Poker</b>				
h	Poker Wager	\$1,873	\$675	\$705
i=h/b	Average monthly wager / gambler	\$130	\$130	\$170
<b>Total</b>				
j=e+g+i	Wager	\$59,278	\$21,330	\$22,381
	Relative to Ontario market		36%	38%

Source: iGaming Ontario, Cormark Securities Inc. Estimates

### Competitive Profile:

We believe the Ontario iGaming market is hyper competitive given that 49 operators with a total of 72 websites were operating as of January 17, 2024. All the big brands are in Ontario such as DraftKings, FanDuel, BetMGM, Bet365 and so on. The market is likely dominated by DraftKings, FanDuel, BetMGM and Bet365, given this is the case in most US states with legal iGaming. This makes it difficult for smaller players to achieve any significant market share. On the other hand, given the size of the Ontario market, smaller players can have a viable and profitable business with a small market share. Figure 7 is a list of the operators.

**Figure 7: Ontario Operators**

Operator	Website	Gaming Options
Bet 99	<a href="https://on.bet99.ca/en/home">https://on.bet99.ca/en/home</a>	Casino, Sports Betting
Caesars Sportsbook & Casino	<a href="https://caesarspalaceonline.com/on/">https://caesarspalaceonline.com/on/</a>	Casino, Sports Betting
Apollo Entertainment	<a href="https://captaincooks.casino/en/">https://captaincooks.casino/en/</a> , <a href="https://goldentiger.casino/en/">https://goldentiger.casino/en/</a> , <a href="https://yukongold.casino/en/">https://yukongold.casino/en/</a> , <a href="https://zodiac.casino/en/">https://zodiac.casino/en/</a> , <a href="https://casinoclassic.casino/en/">https://casinoclassic.casino/en/</a> , <a href="https://grandmondial.casino/en/">https://grandmondial.casino/en/</a> , <a href="https://luxury.casino/en/">https://luxury.casino/en/</a>	Casino
Bally's	<a href="https://on.ballybet.ca/">https://on.ballybet.ca/</a>	Casino
BetMGM	<a href="https://casino.on.betmgm.ca/en/games">https://casino.on.betmgm.ca/en/games</a> , <a href="https://sports.on.betmgm.ca/en/sports">https://sports.on.betmgm.ca/en/sports</a> , <a href="https://poker.on.betmgm.ca/en/poker">https://poker.on.betmgm.ca/en/poker</a>	Casino, Poker, Sports Betting
Betty Gaming	<a href="https://betty.ca/games">https://betty.ca/games</a>	Casino
Bunchberry	<a href="https://www.comeon.com/on">https://www.comeon.com/on</a>	Casino
Bet Victor	<a href="https://www.betvictor.com/en-ca">https://www.betvictor.com/en-ca</a>	Casino, Sports Betting
Cadtrees	<a href="https://www.jackpotcity.ca/">https://www.jackpotcity.ca/</a> , <a href="https://www.royalvegas.ca/">https://www.royalvegas.ca/</a> , <a href="https://www.rubyfortune.ca/">https://www.rubyfortune.ca/</a> , <a href="https://www.spincasino.ca/">https://www.spincasino.ca/</a>	Casino
Cadway	<a href="https://betway.ca/">https://betway.ca/</a>	Casino, Sports Betting
DraftKings	<a href="https://casino.draftkings.com/">https://casino.draftkings.com/</a> , <a href="https://sportsbook.draftkings.com/">https://sportsbook.draftkings.com/</a>	Casino, Sports Betting
Delta	<a href="https://www.online.deltabingo.com/">https://www.online.deltabingo.com/</a>	Casino, Bingo
ElectraWorks Maple Limited	<a href="https://sports.on.bwin.ca/en-ca/sports">https://sports.on.bwin.ca/en-ca/sports</a> , <a href="https://www.on.partycasino.ca/en-ca">https://www.on.partycasino.ca/en-ca</a> , <a href="https://www.on.partypoker.ca/">https://www.on.partypoker.ca/</a> , <a href="https://www.on.partysports.ca/en-ca/sports">https://www.on.partysports.ca/en-ca/sports</a> , <a href="https://sports.on.sportsinteraction.com/en-ca/sports">https://sports.on.sportsinteraction.com/en-ca/sports</a>	Casino, Poker, Sports Betting
Ellipse Entertainment	<a href="https://www.highflyercasino.com/web/">https://www.highflyercasino.com/web/</a>	Casino
FanDuel	<a href="https://www.fanduel.com/Canada">https://www.fanduel.com/Canada</a>	Casino, Sports Betting
Fitzdares	<a href="https://www.fitzdares.ca/sportsbook/">https://www.fitzdares.ca/sportsbook/</a>	Casino, Sports Betting
GWN Limited	<a href="https://ot.betsafe.com/">https://ot.betsafe.com/</a>	Casino, Sports Betting
Hillside (International Sports) ENC	<a href="https://www.on.bet365.ca/#/HO/">https://www.on.bet365.ca/#/HO/</a>	Casino, Sports Betting
iPro Gaming Canada Inc.	<a href="https://www.casinodond.com/">https://www.casinodond.com/</a>	Casino
Kaizen Gaming Canada Inc.	<a href="https://www.betano.ca/">https://www.betano.ca/</a>	Casino, Sports Betting
L7 Entertainment Limited	<a href="https://luckydays.ca/">https://luckydays.ca/</a>	Casino
LCKY Entertainment Limited	<a href="https://luckycasino.ca/">https://luckycasino.ca/</a>	Casino
Ligtip Limited	<a href="https://tonybet.ca/">https://tonybet.ca/</a>	Casino, Sports Betting
MGE Digital Canada Inc.	<a href="https://play.playfallsview.com/">https://play.playfallsview.com/</a>	Casino, Sports Betting
Mobile Incorporated Limited	<a href="https://conquestador.com/en-ca">https://conquestador.com/en-ca</a>	Casino
Ngame N.V.	<a href="https://spinaway.ca/">https://spinaway.ca/</a>	Casino
NorthStar Gaming (Ontario) Inc.	<a href="https://www.northstarbets.ca/casino">https://www.northstarbets.ca/casino</a>	Casino, Sports Betting
NSUS Limited	<a href="https://gggpoker.ca/">https://gggpoker.ca/</a>	Casino, Poker
Pala Interactive Canada, Inc.	<a href="https://on.stardustcasino.com/casino">https://on.stardustcasino.com/casino</a>	Casino
Pinny (Ontario) Limited	<a href="https://www.pinnacle.ca/en/">https://www.pinnacle.ca/en/</a>	Casino, Sports Betting
Pointsbet Canada Operations 1 Inc.	<a href="https://on.pointsbet.ca/">https://on.pointsbet.ca/</a>	Casino, Sports Betting
Pret Play Limited	<a href="https://www.casumo.com/on/">https://www.casumo.com/on/</a>	Casino, Sports Betting
Reactive Betting Ltd.	<a href="https://on.neobet.ca/en-ca/Sportbets">https://on.neobet.ca/en-ca/Sportbets</a>	Casino, Sports Betting
Rivalry Ontario Corp.	<a href="https://www.rivalry.com/on">https://www.rivalry.com/on</a>	Casino, Sports Betting
Rootz Ltd	<a href="https://www.caxino.com/en-on/">https://www.caxino.com/en-on/</a> , <a href="https://www.spinz.com/en-on/">https://www.spinz.com/en-on/</a> , <a href="https://www.wheelz.com/en-on/">https://www.wheelz.com/en-on/</a> , <a href="https://www.wildz.com/en-on/">https://www.wildz.com/en-on/</a>	Casino
Rush Street Interactive Canada, ULC	<a href="https://on.betrivers.ca/?page=landing#home">https://on.betrivers.ca/?page=landing#home</a>	Casino, Sports Betting
Score Media and Gaming Inc.	<a href="https://thescore.bet/">https://thescore.bet/</a>	Casino, Sports Betting
Skill On Net Ltd.	<a href="https://www.knightslots.ca/">https://www.knightslots.ca/</a> , <a href="https://www.playojo.ca/">https://www.playojo.ca/</a> , <a href="https://www.slotsmagic.ca/">https://www.slotsmagic.ca/</a> , <a href="https://on.spingenie.ca/">https://on.spingenie.ca/</a>	Casino
SportsX, LLC	<a href="https://www.stxapp.io/">https://www.stxapp.io/</a>	Betting Exchange
The Six Gaming Limited	<a href="https://www.amazonslots.ca/">https://www.amazonslots.ca/</a>	Casino
TigerGen Limited	<a href="https://www.leovegas.com/en-ca/on/">https://www.leovegas.com/en-ca/on/</a> , <a href="https://www.royalpanda.com/en-ca-on">https://www.royalpanda.com/en-ca-on</a>	Casino, Sports Betting
Trillium Ventures Limited	<a href="https://powerplay.com/ontario/sportsbook/">https://powerplay.com/ontario/sportsbook/</a>	Casino, Sports Betting
TSG Interactive Canada Inc.	<a href="https://www.on.pokerstars.ca/casino/">https://www.on.pokerstars.ca/casino/</a> , <a href="https://www.on.pokerstars.ca/">https://www.on.pokerstars.ca/</a> , <a href="https://www.on.pokerstars.ca/sports/">https://www.on.pokerstars.ca/sports/</a>	Casino, Poker, Sports Betting
TWHG Inc.	<a href="https://www.dreamvegas.com/">https://www.dreamvegas.com/</a> , <a href="https://www.firevegas.com/en-ca/">https://www.firevegas.com/en-ca/</a>	Casino
Unibet ON Inc.	<a href="https://on.unibet.ca/">https://on.unibet.ca/</a>	Casino, Sports Betting
VHL Ontario Limited	<a href="https://www.888casino.ca/">https://www.888casino.ca/</a> , <a href="https://www.888poker.ca/">https://www.888poker.ca/</a> , <a href="https://www.888sport.ca/">https://www.888sport.ca/</a>	Casino, Poker, Sports Betting
Videoslots Ltd.	<a href="https://www.mrvegas.ca/">https://www.mrvegas.ca/</a> , <a href="https://www.videoslots.ca/">https://www.videoslots.ca/</a>	Casino
Well Played Media, Unipessoal LDA	<a href="https://casinodays.com/on">https://casinodays.com/on</a>	Casino

Source: iGaming Ontario



**Long-term Strategy/Outlook:**

NorthStar recently entered other markets outside of Ontario with the launch of northstarbets.com that allows it to serve other Canadian provinces on a grey market basis. The Ontario market is served with northstarbets.ca. NorthStar is licensed by the AGCO to serve Ontario. NorthStar is licensed by The Kahnawake Gaming Commission that allows it to serve other Canadian provinces. Northstarbets.com is owned by the Conseil des Abenakis de Wolinak but managed by NorthStar under a managed services agreement.

The Toronto Star partnership is really geared for the Ontario market, given this is where the Toronto Star readership is located. It's possible that NorthStar could conclude another deal like the Toronto Star partnership in other jurisdictions.

**Valuation:**

Based on 2023A revenue results, NorthStar is trading at an EV/Revenue of 0.8x. NorthStar's 2023A GGR is approximately \$23.0 MM, while its NGR is approximately \$19.0 MM. If we compare it to Rivalry, another Canadian publicly traded company operating in Ontario, its LTM GGR is \$38.6 MM and its LTM revenue (i.e. NGR or gross margin) is \$18.2 MM. It should be noted that Rivalry generates its GGR from other jurisdictions than solely Ontario such as Australia and Latin America. Rivalry reports GGR as revenue and NGR as gross margin. We believe that Rivalry should report NGR as revenue similar to NorthStar. There is a large difference in Rivalry's GGR and NGR. Rivalry trades at LTM EV/NGR of 3.3x compared to NorthStar Gaming that is trading at an EV/NGR of 0.8x.

**Risk Factors:**

The iGaming industry is heavily regulated, and any changes to the current legislation in Ontario or other jurisdictions could materially impact its ability to generate revenues within that particular jurisdiction.

The iGaming industry is highly competitive. Consequently, NorthStar's ability to attract customers could be more challenging than expected or its cost of acquisition could escalate significantly resulting in lower revenue.

We believe that gambling in general has traditionally been highly discretionary in nature, and any variations in consumers disposable income could materially impact wagering activity resulting in lower revenue for NorthStar. Unfavourable economic conditions, including recessions, rise in unemployment and a substantial increase in price of non-discretionary items could lower consumer's disposable income and could subsequently negatively impact discretionary spending on leisure activities such as online sports betting and gaming in general.

Lastly, we believe that NorthStar is also exposed to cybersecurity risks like data breaches given that the company stores and transmits large volume of customer data, including personally identifiable information. Although we believe the company has security systems in place to prevent unauthorized access, it must continuously deploy capital to stay updated with current trends in cybersecurity. If the company is unable to do so, it may become subject to liability for privacy breaches which may result in reduction of operating revenues.

**Management Team & Board (7.6% Undiluted Ownership):**

**Michael Moskowitz, Chair and CEO (3.83%):** Mr. Moskowitz is the CEO and founding partner of NorthStar. He has over 25 years of experience in leading consumer, communications, gaming, and technology companies. Prior to joining NorthStar Gaming Mr. Moskowitz served as the CEO and Chairman at Panasonic North America where he led the unit's business and growth strategy. Prior to that he spent a decade in various leadership roles at Panasonic Canada. Mr. Moskowitz was also the President & CEO of XM Canada prior to joining Panasonic. He also sits on the Executive Board of Consumer Technology Association (CTA/CES) which represents the largest and most innovative technology companies in North America. Mr. Moskowitz holds an MBA from Dalhousie University.

**Chin Dhushenthen, Interim CFO & VP, Compliance (0.17%):** Mr. Dhushenthen is currently the Interim CFO and VP of Compliance at NorthStar. Prior to joining NorthStar, Mr. Dhushenthen has held various positions spanning finance, compliance, and risk management, across notable organizations. Prior to joining NorthStar, he spent more than a decade at CAPREIT in various leadership positions, with the most recent position being VP, Centre of Excellence. Mr. Dhushenthen is also a CPA and has 25+ years of experience in accounting, finance, and strategy.

**Corey Goodman, Chief Development Officer (2.5%):** Mr. Goodman is currently the Chief Development Office of NorthStar. Prior to joining NorthStar, he has held various senior executive positions encompassing both legal and business development functions for nearly two decades. His most recent role was as the Chief Corporate Development Officer at Torstar Corporation, where he focused on mergers and acquisitions, as well as partnerships within the media, energy, and regulated sectors. Additionally, he also served as General Counsel for three publicly traded companies. Mr. Goodman holds a Bachelor of Arts degree from Western University and a Bachelor of Law (LLB) degree from Osgoode Law School – York University.

**Barry Shafran, Lead Director (0.19%):** Mr. Shafran currently serves the lead of Board of Directors and is a seasoned business leader with prior experience in industries including financial services and online gaming. Mr. Shafran was the Founder, Director and CEO of Chesswood Group Limited, where he spent 20 years growing the business from \$100 MM to \$1 BB in revenues. More recently, Mr. Shafran collaborated closely with CryptoLogic, a leading online gambling company based out of Ireland, to help the founders stabilize operations, service international licensee-customers, and expand CryptoLogic's gaming and cash management analytics. Furthermore, he played a pivotal role in the sale of Don Best, a renowned odds-maker headquartered in Las Vegas. His expertise and contributions have been instrumental in driving growth and innovation within the gaming landscape. Mr. Shafran also holds a CPA and is a graduate of the B.A. Commerce program from the University of Toronto.

**Vic Bertrand, Board of Director (0.9%):** Mr. Bertrand has 35+ years of global business experience spanning across various industries ranging from consumer products to real estate. From 1986 to 2014, he co-led MEGA Brands transformation into a vertically integrated global toy leader with its products reaching 100 countries. MEGA was later acquired by Mattel for US\$450 MM in February 2014. Mr. Bertrand also served as the CEO of Toys "R" Us Canada from 2019 to 2021. He is also currently the President of Stratinn Inc., a real-estate and investment firm based out of Montreal, Quebec.

**Chris McGinnis, Board of Director (0%):** Mr. McGinnis is currently the CFO of Playtech PLC and also serves as a Director of NorthStar Gaming. He has over two decades of experience across finance, accounting, investor relations, corporate strategy, M&A and equity research. Prior to being appointed as the CFO of Playtech, he was the Director of Investor Relations from 2017 to 2022. Prior to joining Playtech, Mr. McGinnis was the Head of Corporate Strategy at a leading software company, Temenos. He also spent a number of years in the financial services sector, working as a Staff Accountant at Deloitte as well as in Equity Research at UBS Securities, BofA Merrill Lynch and Stifel Nicolaus from 2000-2010. Mr. McGinnis also holds a CPA and CFA designation and is a graduate of the B.Com. program at Queen's University.

Figure 8: Online Gaming Comparables

Company	Refinitiv Symbol	Year End	Quote Curr.	Stock Price	Shrs O/S (MM)	Market Cap (MM)	Revenue		EBITDA		EPS		EV/Rev.		EV/EBITDA		P/E		FCF Yield	
							Yr1E (MM)	Yr2E (MM)	Yr1E (MM)	Yr2E (MM)	Yr1E	Yr2E	Yr1E	Yr2E	Yr1E	Yr2E	Yr1E	Yr2E		
<b>Online Sportsbook/Casino Operators</b>																				
Entain PLC	ENT.L	Dec-24	GBp	£7.73	639	£4,937	£4,962	£5,203	£1,026	£1,107	£0.40	£0.61	1.8x	1.7x	8.4x	7.7x	19.1x	12.6x	7.3%	9.0%
Esports Ent. Group	GMBL.O	Dec-24	USD	\$0.85	1	\$1	\$9	\$10	\$(8)	\$(2)	\$(25.19)	\$(7.02)	2.0x	1.8x	N/M	N/M	N/M	N/M	N/M	N/M
Flutter Ent. PLC	FLTRF.L	May-24	GBp	£168.25	177	£29,802	£9,496	£10,630	£1,538	£1,977	£3.96	£5.02	3.7x	3.3x	22.6x	17.5x	42.5x	33.5x	2.1%	3.5%
Kambi Group PLC	KAMBI.ST	Dec-24	SEK	96.35	31	3,006	175	181	79	78	0.49	0.51	1.3x	1.3x	4.2x	4.1x	17.5x	16.7x	N/A	N/A
Penn National Gam.	PENN.O	Dec-24	USD	\$17.83	152	\$2,667	\$6,858	\$7,252	\$1,440	\$1,831	\$(0.59)	\$1.13	1.3x	1.2x	6.2x	4.8x	N/M	15.5x	3.2%	13.8%
Pointsbet Holdings	PBH.AX	Dec-24	AUD	\$0.82	317	\$260	\$242	\$277	\$(11)	\$13	\$(0.10)	\$(0.01)	0.8x	0.7x	N/M	4.0x	N/M	N/M	N/M	N/M
Skillz Inc	SKLZ.K	May-24	USD	\$6.33	19	\$118	\$133	\$142	\$(38)	\$(26)	\$(4.41)	\$(4.06)	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M
Average													1.8x	1.7x	10.3x	7.6x	26.4x	19.6x	4.2%	8.8%
Overall Median													1.5x	1.5x	7.3x	4.8x	19.1x	16.1x	3.2%	9.0%
Rivalry Corp.**	RVLY.V	Dec-23	CAD	\$0.95	65	\$63	\$36	\$69	\$(22)	\$(4)	\$(0.39)	\$(0.03)	3.0x	1.6x	N/M	N/M	N/M	N/M	N/M	N/M
NorthStar Gaming Inc.*	BET.V	Dec-23	CAD	\$0.07	193	\$14	\$20	N/A	\$(14)	N/A	\$(0.13)	N/A	0.8x	N/A	N/M	N/A	N/M	N/A	N/M	N/M

\* Yr1E EBITDA for BET is based on LTM as of Q3/23, given the company only pre-released its Q4 revenue in Jan 2024

\*\* RVLY EV/Rev is calculated based on EV/Gross Margin, given its GM is representative of industry standard NGR. Consensus Yr1E and Yr2E GM is based on Q3/23 9-month conversion rate of 55%

Source: Refinitiv Estimates

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