



**iGAMING INDUSTRY OVERVIEW
&
NORTHSTAR GAMING PEER ANALYSIS**

April 4, 2024

NORTHSTAR★
GAMING

NORTHSTAR GAMING HOLDINGS INC.

TSXV: BET, OTCQB: NSBBF

www.northstargaming.ca

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NorthStar Gaming Holdings Inc. – Overview

NorthStar Gaming Holdings Inc. (the “Company” or “NorthStar”) (TSXV: BET, OTCQB: NSBBF) is a Canada-based gaming company that offers casinos, sportsbooks and live games. NorthStar operates two brands, namely, *northstarbets.ca* and *northstarbets.com*. The *northstarbets.ca* online casino and sportsbook is accessible to players only in Ontario, while *northstarbets.com* is available all across Canada. On April 12, 2022, NorthStar obtained a license from AGCO (*Alcohol and Gaming Commission of Ontario*) and launched its gaming website *northstarbets.ca*. *northstarbets.ca*’s major offerings include sportsbook with live and pre-live markets, slot/live and casino games. *northstarbets.ca* has a collection of more than 600 casino games, which include slot games, baccarat, roulette, blackjack and other live dealer games. These games are offered both to VIP and casual players. NorthStar also offers a news portal through its online gaming website that provides sports news, insights for betting, scores, statistics and odds. NorthStar Bets is available both on mobile and desktop platforms and provides a proprietary technology stack platform through a business combination with iGaming platform providers like Playtech and Digitalbeat and sports betting and technology services providers like Kambi.

NorthStar’s major revenue stream is through gaming. NorthStar generates gaming revenue from the gain or loss in a betting transaction after the bet is settled. NorthStar is the principal obligor for all sports betting and casino gaming transactions. On May 8, 2023, NorthStar expanded its sports betting and online casino brand outside of Ontario, through the acquisition of Slapshot Media Inc (“Slapshot Media”), a Canada-based iGaming marketing company. Slapshot Media provides specialized services to *spreads.ca*, a Canadian online sportsbook and casino site. On October 10, 2023, NorthStar announced that it would expand its sportsbook and online casino brand all over Canada. The Company has planned to undertake campaigning in social media, national advertising and marketing promotions across several regions of Canada over the launch of *northstarbets.com*.

During the quarter ended September 30, 2023 (Q3 2023), NorthStar generated total revenues of C\$4.7 million, an increase of 132% compared to C\$2.02 million during the same period in 2022. The increase was primarily attributable to gross gaming revenue increase of 120% to \$5.5 million and total wagers increase of 140% to \$138 million during Q3 2023. For the nine months ended September 30, 2023, NorthStar generated total revenues of C\$12.96 million, an increase of 408% compared to C\$2.55 million during the same period in 2022.

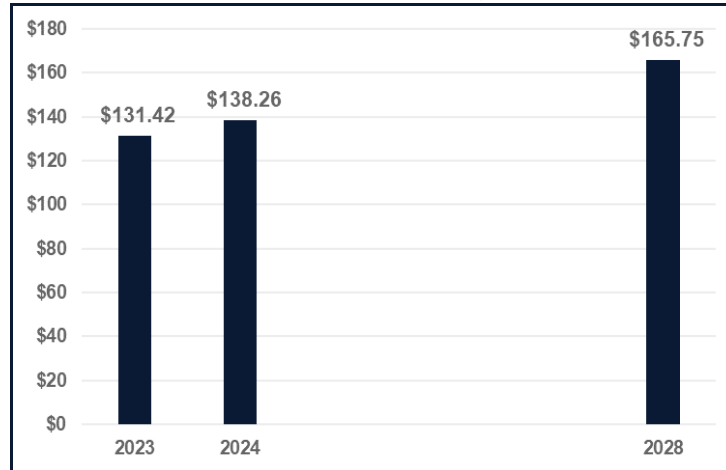
Industry Overview

Overview of the Global Gambling Industry

While gambling has been in existence for a long time, the gambling industry has recently undergone some significant changes as a result of ease of regulation and technological transformation. The launch of a series of innovative and entertaining games has helped increase the popularity of the gambling industry among the current generation. Casinos, sports betting and iGaming (also referred to as “online gambling”) are some of the major segments within the gambling industry. Sports betting covers various sports activities such as football, hockey, baseball, basketball, horse racing and cricket. It is also one of the most famous forms of online gambling globally. According to the *Business Research Company*, the global sports betting market is expected to grow from US\$104.78 billion in 2023 at a CAGR of 6.7% to US\$135.95 billion in 2027. Technological advancements and an increase in the number of sports leagues are forecast to primarily drive growth in the sports betting market.

According to the *Business Research Company* (a London-based market research company), the global casino market was valued at US\$131.42 billion in 2023. Further, the industry is forecast to grow from US\$138.26 billion in 2024 to US\$165.72 billion in 2028 at a CAGR of 4.6%. The legalization of online casinos and innovations in gaming technologies are expected to primarily drive this growth. Exhibit 1 shows the rapidly increasing forecast value of the global casino market.

Exhibit 1: Global casino market is forecast to reach US\$165.75 billion in 2028 (in US\$ billions)

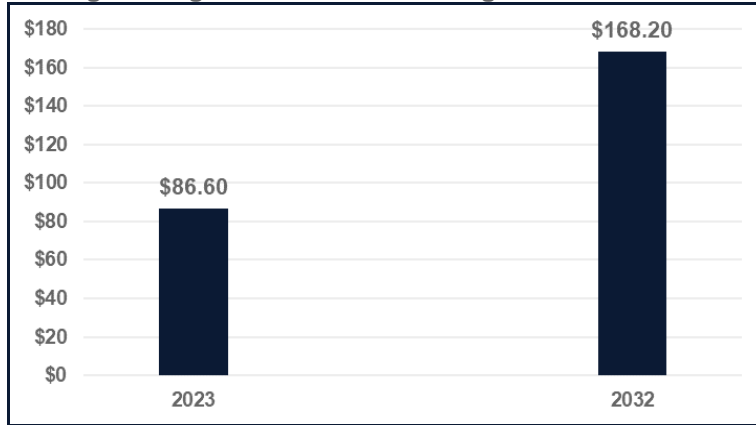


Source: *The Business Research Company*

Overview of the Global iGaming Industry

Growing smartphone adoption and increasing internet penetration have played a major role in the recent changes in the gambling industry. In particular, online gambling (also referred to as “iGaming”) has seen significant changes and user growth. iGaming (or internet gaming) can be defined as online betting on a game or an event, which includes casinos, poker and sports betting. Online gambling has also helped operators create a simple and transparent framework, which is also one of the major factors that has driven user growth. Increasing smartphone adoption has also expanded the opportunities for live games, eSports and sports betting. According to IMARC Group’s (an Indian market research and consulting firm) *Online Gambling Market* report, the global online gambling market was valued at US\$86.6 billion in 2023. Further, IMARC Group estimates the global online gambling market to grow at a 7.4% CAGR from 2024 to 2032 to reach US\$168.2 billion in 2032. Exhibit 2 presents this global online gambling market forecast.

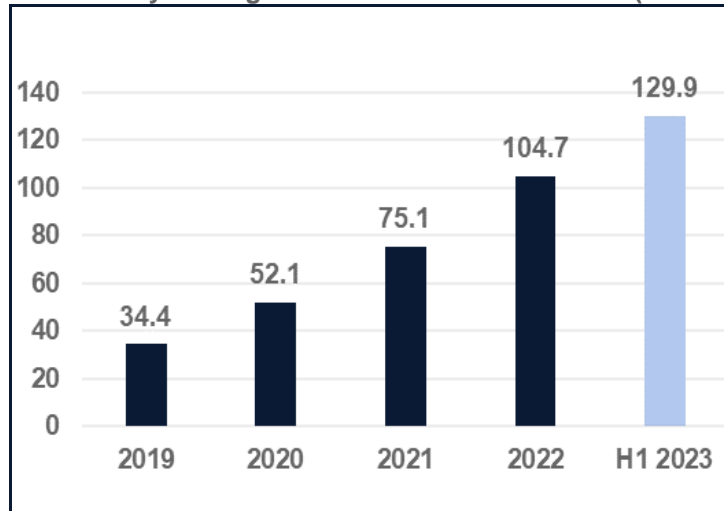
Exhibit 2: Global online gambling market is forecast to grow at a CAGR of 7.4% (in US\$ billions)



Source: IMARC Group – Global Online Gambling Market report

Along with smartphone adoption, growing internet penetration and increasing internet speed are also some of the major drivers of the recent advancements in the iGaming industry. According to Meltwater’s (a US-based online media monitoring company) *Digital 2023 October Global Statshot Report*, internet penetration across the world is estimated to be around 65.7% of the world population. In the meantime, internet penetration in advanced economies like the US, the UK and Canada is almost at fully saturated levels of over 90% of the total population. Technological advancements in the telecommunications industry have also led to consistent increases in monthly global average cellular data traffic over the past few years. As of Q2 2023 (ended June 2023), monthly global average cellular data traffic was estimated to be 133.86 exabytes (billions of GBs), an increase of 33.3% compared to 100.42 exabytes in Q2 2022. Meltwater’s data also indicates that, on average, smartphone users consume 20.4GB of data per month (as of October 2023). Such favorable internet trends have made the gambling industry expand its opportunities in the online segment through iGaming. Exhibit 3 shows the increase in monthly average global cellular data traffic from 2019-2023.

Exhibit 3: Monthly Average Global Cellular Data Traffic (in Exabytes)



Source: Meltwater

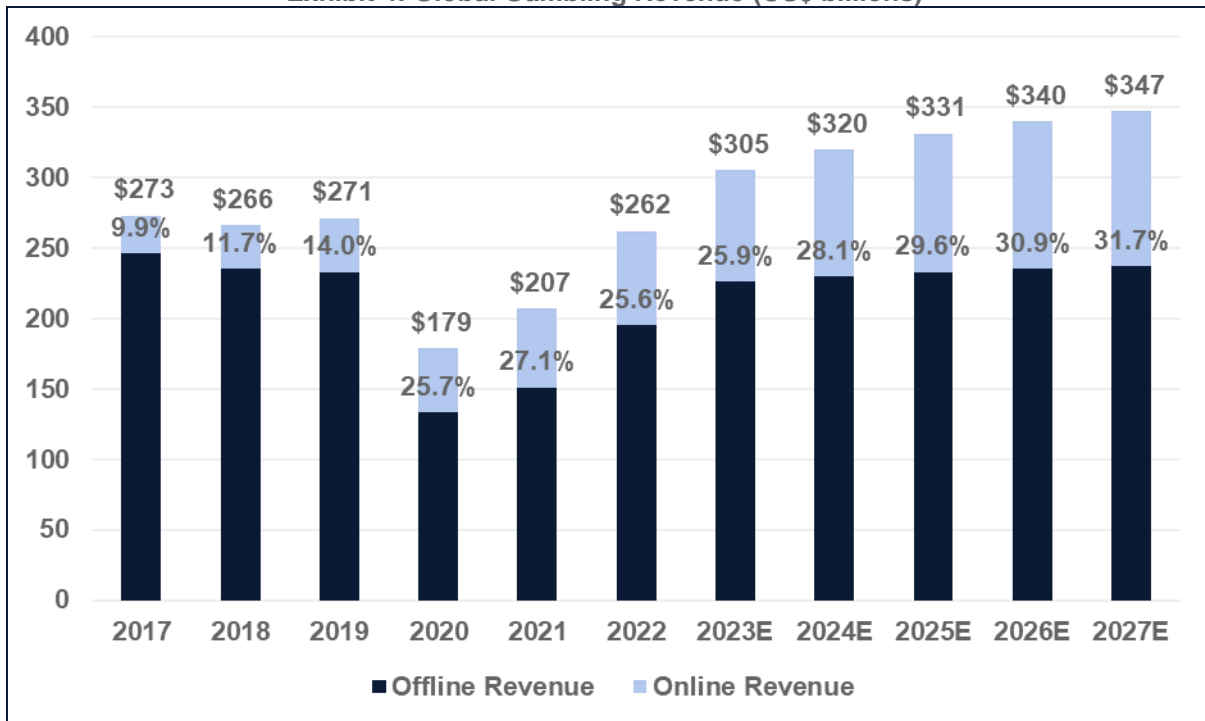
Global iGaming segment revenue share is forecast to be 31.7% by 2027

Since the COVID-19 pandemic, the global iGaming segment has gained a significant share in the global gambling industry. Pandemic-led lockdowns played a major role in the growing user base for iGaming. In addition, the legalization of online gambling and ease of access through the internet enabled gambling operators and other new players in the industry to increase their available online gambling offerings. The iGaming industry also currently does not have any global regulatory board to set standards for the industry. Instead, local jurisdictions regulate the operations and licensing of the industry. Digital transformation is expected to continue to drive the growth in online casino and sports betting products.

Online casinos could settle gains and losses quickly through online transactions and enable accessibility to credit cards, which helps consumers to source funds quickly. Online casinos run on a mobile platform and provide diverse gaming categories, convenient payment options, 24/7 availability and increased user engagement through promotions. Similarly, the sports betting market has also witnessed significant user engagement through iGaming. According to YouGov Sport, a UK-based research organization, people aged 18-34 engage more in online sports betting compared to other age groups. Online sports betting platforms offer live streaming and real-time data analytics that help improve betting experiences. Currently, online sports betting is offered across various sports activities such as football, hockey, baseball, basketball, horse racing and cricket. Some of the types of sports betting include line-in-play, exchange betting, daily fantasy, eSports and fixed old betting.

The global iGaming market share was estimated to be 14% of global gambling revenues in 2019. During the pandemic, iGaming’s share jumped to 25.7% in 2020 and then subsequently grew to 27.1% in 2021, before settling to 25.6% in 2022. iGaming is expected to sustain and grow its share over the coming years. One of the major reasons for such growth is continuing consumer stickiness to online gambling platforms. Further, gaming operators were also able to increase user engagement with their offerings through live streaming and virtual reality. iGaming companies are also in favor of adopting newer technologies like NFTs and AI to attract a wider audience and improve user experience. According to the *E-commerce Database* (“ECDB” is a global database company), global gambling revenue is projected to grow to US\$347 billion from US\$305 billion during the 2023 – 2027 period. In the meantime, the share of global iGaming revenue is expected to increase 580 basis points from 25.9% in 2023 to 31.7% in 2027. In dollar value terms, global iGaming revenue is expected to increase from US\$79 billion in 2023 to US\$110 billion in 2027, representing a CAGR of 8.63% during the forecast period. Exhibit 4 shows historical global gambling revenues in billions, along with the 2024-2027 forecast.

Exhibit 4: Global Gambling Revenue (US\$ billions)



Source: *ECDB*

Increasing Legalization of Sports Betting and iGaming

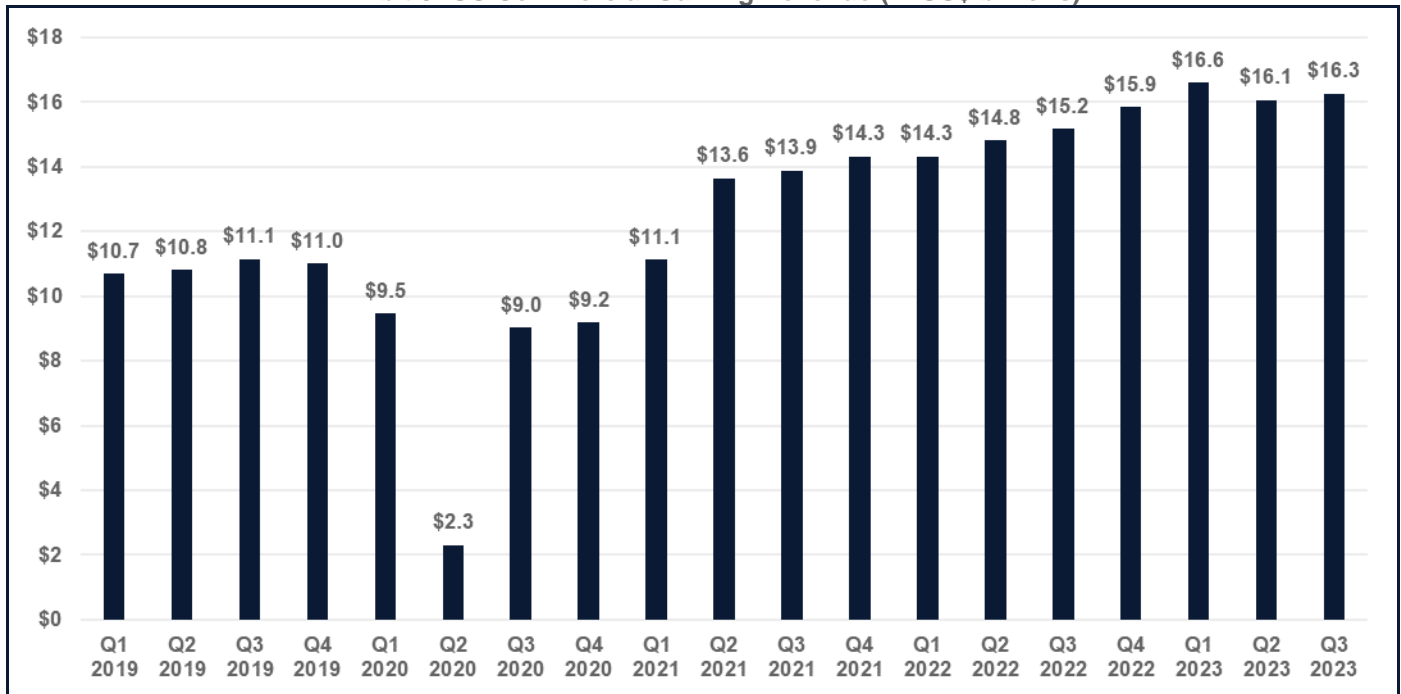
Some of the major markets of the global gambling industry are the US, Canada and Europe. In addition to rapid technological advancements, the growing legalization of online gambling in these countries drives revenue growth. As of Jan. 12, 2024, 38 states in the US including Washington DC and Vermont have legalized sports betting and seven states including Nevada have legalized iGaming. Such legalization creates confidence and ensures consumer protection against anti-money laundering and other risks in engaging in online gambling. According to the American Gaming Association’s (“AGA” is a US-based non-profit organization) *Sizing the illegal and unregulated gaming markets in the US* report, illegal and unregulated gambling costs about US\$44.2 billion in commercial gaming revenue, and state governments lost a total of US\$13.3 billion in tax revenue in 2021. Additional tax revenues and regulation of illegal gambling activities are expected to be some of the key reasons for the growing legalization of sports betting and iGaming.

According to IMARC Group, the Asia-Pacific (APAC) market is also expected to grow at the fastest pace during the 2024-2032 period. Changing gambling regulations and increasing internet penetration are expected to increase the target audience for iGaming in the APAC region. IMARC Group also anticipates Japan, India and the Philippines to be the major markets to experience significant growth in the region.

US commercial gaming revenue increased over 7% y-o-y to US\$16.26 billion in Q3 2023

The American Gaming Association (“AGA” is a US-based non-profit organization) tracks the US commercial gaming industry’s revenue performance from financial reports of each US state. AGA classifies the US commercial gaming revenue (also known as GGR – gross gaming revenue) as land-based gaming, online sports betting and iGaming revenue. Land-based gaming consists of slots, table games and retail sports betting. According to AGA, the US commercial gaming revenue in Q3 2023 was estimated to be US\$16.26 billion, an increase of 7.19% y-o-y from US\$15.17 billion in Q3 2022. This growth was mainly due to the opening of new casino properties in Illinois and South Dakota and the expansion of sports betting markets in states such as Maryland (online expansion), Nebraska (retail only), Massachusetts, Ohio and Kentucky. Exhibit 5 shows the quarterly historical US commercial gaming revenue in billions.

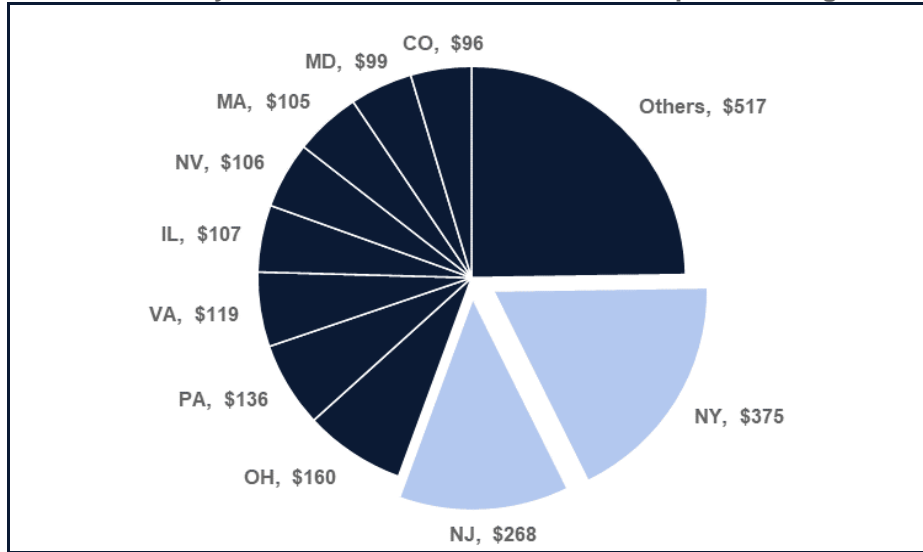
Exhibit 5: US Commercial Gaming Revenue (in US\$ billions)



Source: [American Gaming Association](#)

During the pandemic, the US commercial gaming revenue fell 31.3% y-o-y to US\$29.98 billion in 2020. This decline was primarily due to a 26.7% reduction in total casino operating days due to pandemic-led lockdowns. Some of the game categories such as slot games and table games were adversely impacted. However, iGaming experienced significant revenue growth in 2020. iGaming and sports betting recorded revenue growth of US\$1.55 billion (+198.9% y-o-y) and US\$1.53 billion (+68.9% y-o-y) in 2020. As of Q3 2023 (Sep 2023), the US iGaming and online sports betting revenue was valued at US\$3.61 billion, an increase of 29.9% y-o-y. Further, the combined US iGaming and online sports betting revenue contributed to about 22.2% of total US commercial gaming revenue. Sports wagering revenue increased 19.4% y-o-y to US\$2.23 billion. Excluding new market openings, sports wagering revenue grew 7.2% y-o-y in Q3 2023. Similarly, iGaming revenue increased 22.6% y-o-y to US\$1.52 billion. New York and New Jersey are the largest sports betting markets in the US and contributed to about 30.8% of the US sports betting revenue in Q3 2023. Exhibit 6 shows US sports betting revenue by state in Q3 2023.

Exhibit 6: New York and New Jersey accounted for about 30.8% of US sports betting revenue (in US\$ millions)



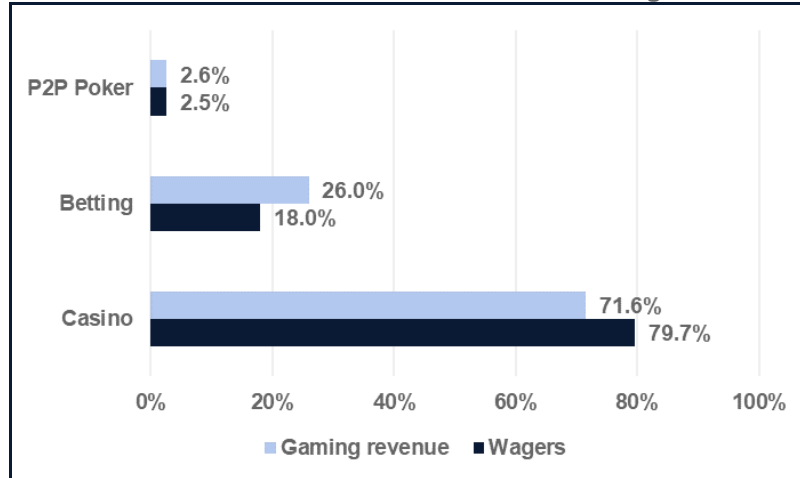
Source: *American Gaming Association*

Casino is the most preferred iGaming in Ontario

Similar to the US, Canada has legalized single-game sports betting for both online and retail in ten provinces and offline gambling in three territories. Canada also allows its provinces to regulate the iGaming industry. Ontario is the first province in Canada to regulate and license the online gambling market. The government of Ontario established iGaming Ontario (iGO) as a subsidiary of the Alcohol Gaming Commission of Ontario (AGCO) in July 2021, to create awareness about responsible gambling and protect consumers from gambling through private gaming operators.

In its first full year post-iGO’s establishment (FY2022-23, Apr 2022 – Mar. 2023), Ontario’s regulated iGaming market consisted of 45 license operators, 76 licensed sites and 1.65 million active player accounts and recorded C\$1.4 billion in gaming revenues. Basketball was the most popular sport to wager online followed by soccer and football. In the online casino category, 48% of total casino wagers were made on slots, while table games with live dealers and computer-based table games accounted for about the remaining 32% and 19% respectively. In Q3 2023 (Dec 2023), the value of total wagers placed in Ontario was estimated to be C\$17.2 billion, which is an increase of 49.2% compared to Q3 2022 (Dec 2022). Further, Ontario’s online gaming revenue jumped 44% y-o-y to C\$658 million in Q3 2023. This online gaming revenue includes rake fees, tournament fees and other fees excluding player winnings from cash wagers and other account operating costs. Exhibit 7 shows the composition of Ontario’s wagers and gaming revenue in Q3 2023.

Exhibit 7: Casino contributed to 71.6% of Ontario’s iGaming revenue in Q3 2023



Source: iGaming Ontario

Recent trends in the iGaming industry

The iGaming industry is one of the fast-paced industries as gamers always look for new trends and experiences. Content, quality and innovation are key to improving gaming experience and increasing player participation. Every year, gaming operators provide numerous updates and launches to differentiate themselves from their competitors. Gaming operators also provide offers and rewards for players to retain their loyalty. Some of the recent trends in the industry are listed below.

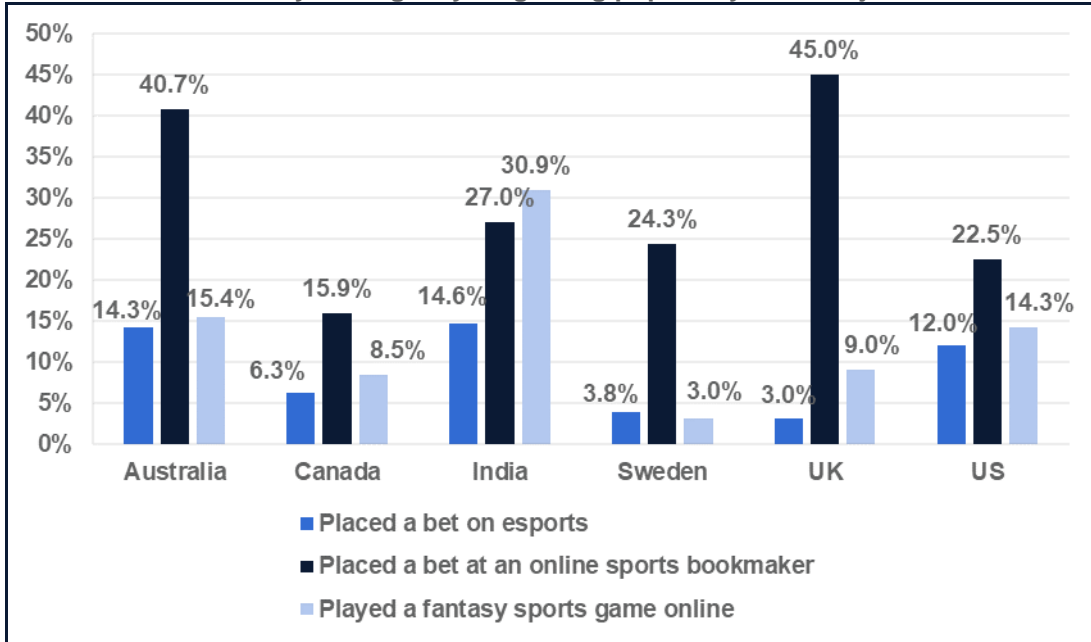
- **Live dealer casinos enhance players’ experience**

High-quality 4k video streaming and a quality user interface help the iGaming industry revolutionize player experience across the world. One such transformation is live dealer casinos, which have gained immense popularity recently. Live dealer casinos operate with dealers, who interact with the players through the internet. This enhances the player’s experience with a sense of security and enthusiasm in the comfort of their home. Online casinos also help gaming operators broaden their customer base, scale to massive global audience, reduce operational costs and create loyal players. Some of the popular online live casino games are blackjack, roulette, baccarat, bingo, keno and slot machines. Consumers’ engagement in classic casino games such as blackjack, poker, roulette and baccarat are enhanced through live dealers. Players can make live bets even till the last second and chat with other players at their table. Currently, companies such as NorthStar Gaming offer a variety of live dealer casinos and other games such as blackjack, roulette, blackjack, deal or no deal, the money drop, spin a win, trivia live true or false. With the advancements in virtual reality and augmented reality, user engagement becomes more immersive and interactive in casino games.

- **Fantasy sports betting is more popular among people aged 18 – 34 years**

As online sports betting gains more popularity in the world, esports and fantasy sports betting seem to grab the attention of sports enthusiasts. According to YouGov Sports, gamblers aged 18-34 show more interest in online sports betting and fantasy sports gaming compared to 35-54 and 55+ age groups. Higher user engagement in live streaming among GenZ and millennials over other generations is one of the factors that makes fantasy sports betting more popular among 18 – 34-year-old adults. Fantasy sports betting may also be viewed as a game of skill rather than as gambling by regulators. Hence, fantasy sports are gaining popularity and user engagement in jurisdictions that have not legalized online sports betting such as India. According to YouGov Sports, mature online gambling markets such as the UK and Australia and newly regulated markets such as Canada, Sweden and the US exhibit significant user engagement with online sports bookmakers over fantasy betting. However, India, for example, has higher consumer engagement in fantasy sports betting compared to online sports bookmakers/eSports. Exhibit 8 shows the percentage of gamblers who engage in online bets by type and country.

Exhibit 8: Fantasy betting may be gaining popularity in some jurisdictions



Source: *YouGov Sports*

NorthStar Gaming's Peer Analysis

Public Peers:

- **Rush Street Interactive, Inc. (NYSE: RSI) ("Rush Street")** – Rush Street is a sports betting and casino company that operates primarily in the U.S., Latin America and Canada. The company's major revenue streams are from online sports betting and online casinos. Further, Rush Street provides its offerings under various brands including Betrivers, rushbet.co and sugar house. The company's online casino products consist of a variety of games such as roulette, blackjack and slot machines. Rush Street's online sports betting segment offers a sportsbook, where users can place bets on major sporting event outcomes. On August 11, 2022, Rush Street announced a partnership with LaLiga to become its sports wagering partner all across South America. Rush Street also operates eight physical retail sportsbooks in the U.S. For the quarter ended September 30, 2023, Rush Street generated revenues of \$169.9 million, an increase of 15% compared to the same period in 2022. This growth is mainly attributable to higher revenue from both sports betting and online casino segments.
- **888 Holdings plc (LSE: 888.L) ("888 Holdings")** – 888 Holdings is a Gibraltar-based gaming and betting company headquartered in the United Kingdom. 888 Holdings has three major revenue streams namely, gaming (52% of total revenues, casino and poker products), retail (28%, physical gaming machines in more than 1,350 street outlets) and betting (20%, sportsbook). 888 Holdings operates several sports betting and gaming brands that include 888 Holdings William Hill ("William Hill"), 888sport, 888casino, Mr. Green, 888 Holdings Sports Illustrated Sportsbook ("SI Sportsbook"), and 888poker. 888sport and SI Sportsbook brands offer sports betting products. William Hill brand offers retail gaming machines, online sportsbooks and casino games across major markets in the world such as the UK, Italy and Spain. 888casino offers more than 2,500 games comprising live casino, slots and other casino games like roulette and blackjack. For the quarter ended September 30, 2023, 888 Holdings generated revenues of £405 million, a decline of 10% from the same period in 2022. The primary reason for the decline is the weakness in the UK & Ireland Online segment (39% of total revenues) and lower margins from betting wins from sports like UK football.
- **Rivalry Corp. (TSXV: RVLY.V) ("Rivalry")** – Rivalry is a Canada-based media and sports betting company that offers online wagering on esports, traditional sports and casinos. Rivalry operates in more than 20 countries targeting esports primarily for millennial and Generation Z customers. The company has two major revenue streams namely, sportsbook (83% of total revenues, wagering in sports) and gaming (17%, casino products). Rivalry has developed a gaming platform, casino.exe, that offers a variety of casino games including aviator, blackjack, baccarat and roulette. Rivalry's casino game, Rushlane, is an automated racing game that allows users to compete with 24 real players. Rivalry's sportsbook segment offers its own technology platform for sports betting in all major sports including football, basketball, baseball and boxing. On August 23, 2023, Rivalry also launched an esports product featuring 'same game combos', like parlay bets, for games like Counter-strike and League of Legends. This feature allows users to put together several bets in a single sports match for higher payout. During the three months ended September 30, 2023, Rivalry's total revenues grew 22% y-o-y to C\$8.7 million. This growth was primarily due to increased brand equity, higher customer adoption of Rivalry's platforms sportsbook revenue through marketing programs and the launch of third-party casino products. Per the March 21, 2024 Cormark Securities report on NorthStar Gaming and the iGaming industry: "We believe that Rivalry should report NGR as revenue similar to NorthStar. There is a large difference in Rivalry's Gross Gaming Revenue (GGR) and Net Gaming Revenue (NGR). Rivalry trades at LTM EV/NGR of 3.3x compared to NorthStar Gaming that is trading at an EV/NGR of 0.8x." NGR equals GGR less offsets (bonuses, promotional allowances and other offsets/incentives incurred to generate GGR).
- **BetMGM (MGM Resorts, Entain plc) (LSE: ENT) ("BetMGM")** – Entain plc ("Entain") is a UK-based gaming, sports betting and entertainment company. Entain operates 27 gaming and sports brands in 30 markets across the world. MGM Resorts International, a US-based hospitality company that owns casinos, resorts and restaurants entered into a partnership with Entain to create BetMGM. BetMGM is the licensed sports betting partner for MGM resorts in both online and physical casinos. BetMGM offers poker and online casinos along with other brands like Borgata Online, Party Poker and Party Casino. Borgata Online also offers slot jackpots and online sportsbooks in the US. BetMGM's sister brand Party Casino offers online table and slot games like roulette, jackpot slots, and blackjack. BetMGM's party poker offers several online games, tables, and tournaments.

- Penn Entertainment, Inc. (NASDAQ: PENN) (“Penn Entertainment”)** – Penn Entertainment is a US-based company that offers casino gaming, sports and entertainment. Penn Entertainment generates 77% of its revenue from gaming. The company’s gaming segment consists of sports betting, media, casino and online gaming brands. Penn Entertainment’s sports betting brands include ESPN Bet and theScore Bet. Penn’s online free casino gaming brand PENN Play Casino offers more than 200 real Vegas Casino games including roulette and blackjack. Apart from its online casino, the company owns physical casinos and racetracks under 12 retail brands across 43 destinations in North America. On August 8, 2023, Penn Entertainment entered into a strategic U.S. Online sports betting alliance with ESPN, Inc. and ESPN Enterprises for a deal valued at US\$1.5 billion and rebranded its sportsbook as ESPN bet. ESPN Bet online sportsbook provides proprietary technology and advanced sportsbook experience in 17 US states, where wagers can place their bets in all major sports including baseball, soccer, golf and tennis. Penn Entertainment also operates a casino and mobile sportsbook brand, theScore, which is available only in Ontario, Canada. During the quarter ended September 30, 2023, Penn Entertainment generated total revenues of US\$1.62 billion, a decline of 6% compared to the same period in 2022.
- DraftKings Inc. (NASDAQ: DKNG) (“DraftKings”)** – DraftKings is a US-based gaming company that offers online sports betting, retail sportsbooks, sports entertainment, online casinos and consumer product offerings primarily in the United States. DraftKings has three major revenue streams namely, online gaming (94% of total revenues) that consists of sportsbook, iGaming and daily fantasy sports, gaming software (2% of total revenues) and other revenues (4% of total revenues) that include media, marketplace and retail sportsbooks. DraftKings’ sportsbook allows users to place bets through wagering money on a particular event at fixed odds. DraftKings’ iGaming product offers an online casino that offers a variety of games including blackjack, baccarat, slot machines and roulette. The daily fantasy sports offering allows users to build virtual teams across 15 sport categories including baseball, basketball, soccer and golf, and compete with each other for prize money. For the quarter ended September 30, 2023, DraftKings generated total revenues of US\$790 million, a significant increase of 57% compared to the same period in 2022. Continued customer usage, new customer acquisition and expansion of sportsbook products to new regions were some of the major factors that drove such growth.
- FanDuel (Flutter Entertainment plc) (LON: FLTR) (“FanDuel”)** – Flutter Entertainment plc (“Flutter”) is an Ireland-based gaming, sports betting and entertainment company that operates in the US, UK & Ireland, Australia and other international markets. Flutter has two major revenue streams namely, sports (62% of total revenues) that includes retail and online sportsbook and daily fantasy sports products, and gaming (38% of total revenue) which consists of online casino games, online poker, and social casino games. Flutter’s major brands in the US (34% of total revenues) include FanDuel, PokerStars, and TVG. FanDuel’s offerings are available across 50 states in the U.S. and Ontario, Canada. FanDuel’s online Sportsbook platform allows customers to place single and proposition bets across all major sports including boxing, F1 racing, NASCAR and soccer, and is the official sportsbook for the major sporting events like National Football League (NFL), NBA League (National Basketball Association). FanDuel Casino offers online casino games that include Blackjack, slots, live dealer play options and roulette in five US states. Some of the other product offerings of FanDuel include FanDuel TV which offers an on-demand streaming application for fantasy, betting, and sports and racing content. During the three months ended September 30, 2023, Flutter generated total revenues of €2.03 billion, an increase of 8% compared to the corresponding period in 2022.
- Caesars Entertainment, Inc. (NASDAQ: CZR) (“Caesars”)** – Caesars is a US-based hotel and casino company. Caesars owns 51 properties in the 16 states of the US and generates 55% of its total revenues from casino operations. Caesars’ casino operations offer 52,800 slot machines, sports betting for both online and retail sportsbooks, iGaming, 2,800 table games and other games like Keno. Caesar’s online casino games include table games, live dealer, video poker and slots. Caesar sportsbook allows users to place bets in more than 15 major sports and provides coverage of both live and pre-match markets, comprehensive odds, same-game parlays and player propositions. Caesar’s sportsbook also has partnerships with major global sporting events like NFL and NBA and provides odds for CBS Sports and ESPN. Apart from sportsbook, Caesar also has a race book application that provides a wagering platform for users covering 300 racetracks across the globe. On August 17, 2023, Caesar launched its wagering application for horse racing application in the state of New York. For the quarter ended September 30, 2023, Caesars generated total revenues of US\$2.99 billion, an increase of 4% compared to the same period in 2022.

- UniBet (Kindred Group plc) (STO: KIND-SDB) (“UniBet”)** - Kindred Group plc (“Kindred Group”) is a Malta-based gambling and casino company. Kindred operates nine casino and sports betting brands primarily in Western Europe, Nordics, Central, Eastern and Southern Europe and other regions. Kindred has four major revenue streams namely, sports betting (41% of total revenues), casino & games (54% of total revenues), poker (3% of total revenues) and other games (2% of total revenues). Kindred’s major gambling product UniBet offers sports betting, casino, bingo and other games in over 100 countries. Unibet’s live stream offering allows users to watch major sporting events and place their bets simultaneously. On February 7, 2023, UniBet became an official partner of National Hockey League in Sweden, through this the company intends to grow its ice hockey betting offerings. During the quarter ended September 30, 2023, Kindred generated total revenues of GBP283.9 million, an increase of 2% compared to the corresponding period in 2022.
- PointsBet Holdings Limited (ASX: PBH) (“PointsBet”)** - PointsBet is an Australian company that offers cloud-based platform for wagering in sports and racing. PointsBet has three major revenue streams namely, sports betting (90% of total revenue) that include Fixed Odds sports and Fixed Odds race, iGaming (7% of total revenues) and other (3% of total revenues) that include ADW racing and business-to-business revenues. PointsBet allows users to place bets on major sporting and racing events like NBA, NASCAR and NFL in the US. On May 4, 2023, PointsBet launched its horse racing betting product in 25 US states. PointsBet also offers online casino games like roulette, baccarat and blackjack and online poker.
- TonyBet (Betsson AB) (STO: BETS-B) (“TonyBet”)** – Betsson AB (“Betsson”) is a Sweden-based company that operates 20 different gaming brands. Betsson has three major revenue streams namely, casino (66% of total revenues) that includes slots, live casino and other casino games, sportsbook (32% of total revenues) which includes sports betting for major sports events and other (2% of total revenues) that include poker. On September 8, 2016, Betsson acquired TonyBet, a Lithuania-based sportsbook company that offers sports betting on all major sports including basketball, football and tennis. TonyBet’s products also include live gaming that allows users to place bets on sporting events, casino and poker. On 5 September 2023, Betsson AB received the license to offer online casino products in the Serbian market. Through this license, Betsson intends to expand its product presence in Central and Eastern Europe and Central Asia (CEECA). During the quarter ended September 30, 2023, Betsson generated total revenues of €237.6 million, an increase of 19% compared to the same period in 2022. This growth is mainly due to strong growth in casino games, an increase of 27% to €172.1 million.

Table 1: NorthStar Gaming's Public Peers with Highlights on Brands, Offerings, Partners and Financial Metrics (as of April 3, 2024)

Company	Tickers	Brand Name	Product / Types of game offerings	Operating Countries	Partners	Enterprise Value (US\$M)	Market Cap (US\$M)	Sales (TTM) (US\$M)	EV/Sales
Flutter	NYSE: FLUT LON: FLTR	FanDuel	<ul style="list-style-type: none"> Sportsbook Race book Online casino TV Broadcasting products 	<ul style="list-style-type: none"> USA UK & Ireland Australia Other countries 	<ul style="list-style-type: none"> NBA MLB 	\$38,860	\$34,750	\$11,790	3.30x
DRAFT KINGS	NASDAQ: DKNG	Draft Kings	<ul style="list-style-type: none"> Sportsbook Daily Fantasy Sports iGaming DraftKings Marketplace Retail Sportsbook Gaming software services 	<ul style="list-style-type: none"> USA 	<ul style="list-style-type: none"> NFL NBA NY Yankees CFL EFL 	\$21,340	\$21,260	\$3,670	5.81x
CAESARS ENTERTAINMENT	NASDAQ: CZR	<ul style="list-style-type: none"> Caesars Palace Silver Legacy Harrah's Circus Tribe Reno Horseshoe Tropicana. 	<ul style="list-style-type: none"> Casino operations Hotel operations Sportsbook Racebook 	<ul style="list-style-type: none"> USA 	<ul style="list-style-type: none"> Keeneland and Red Mile Gaming and Racing NFL Chicago White Sox Cleveland Cavaliers 	\$33,440	\$9,370	\$11,530	2.90x
Entain	OTC-Pink: GMVHF LSE: ENT	BetMGM	<ul style="list-style-type: none"> Sports betting Online and physical casinos Online poker 	<ul style="list-style-type: none"> United Kingdom Australia Italy Other countries 	<ul style="list-style-type: none"> NBA NHL MLS New York Jets WNBA 	\$10,360	\$6,100	\$4,770	2.17x
PENN ENTERTAINMENT	NASDAQ: PENN	<ul style="list-style-type: none"> PENN Play Casino ESPN Bet theScore 	<ul style="list-style-type: none"> Media Casinos Racetracks Online gaming Sports betting 	<ul style="list-style-type: none"> USA 	<ul style="list-style-type: none"> NHL 	\$13,200	\$2,730	\$6,360	2.08x
kindred	STO: KIND-SDB	<ul style="list-style-type: none"> UniBet 32Red CasinoHuone 	<ul style="list-style-type: none"> Sports betting Casino games Poker 	<ul style="list-style-type: none"> Western Europe Nordics Central, Eastern and Southern Europe (CES) Other countries 	<ul style="list-style-type: none"> NHL 	\$2,530	\$2,500	\$1,210	2.09x
betsson	STO: BETS-B	TonyBet	<ul style="list-style-type: none"> Sportsbook Casino Poker 	<ul style="list-style-type: none"> Europe Asia Other countries 	<ul style="list-style-type: none"> CPL 	\$1,510	\$1,610	\$948	1.59x
RUSH STREET INTERACTIVE	NYSE: RSI	<ul style="list-style-type: none"> BetRivers Play Sugarhouse RushBet 	<ul style="list-style-type: none"> Online Sportsbook Retail sportsbook Online casino 	<ul style="list-style-type: none"> USA Colombia Mexico Canada (Ontario) 	<ul style="list-style-type: none"> LaLiga 	\$357	\$524	\$691	0.52x
888 HOLDINGS	OTC-Pink: EIHF LSE: 888.L	<ul style="list-style-type: none"> William Hill 888sport 888casino Mr. Green SI Sportsbook 888poker 	<ul style="list-style-type: none"> Online sportsbook Retail gaming machines Online casino Poker 	<ul style="list-style-type: none"> UK Italy Spain Other countries 	<ul style="list-style-type: none"> NFL NBL 	\$2,370	\$489	\$1,710	1.39x
POINTSBET	OTCQX: PBTHF ASX: PBH	PointsBet	<ul style="list-style-type: none"> Sportsbook Race book Online casino Online poker 	<ul style="list-style-type: none"> Australia United States Canada Ireland. 	<ul style="list-style-type: none"> NHL 	\$127	\$164	\$226	0.56x
RIVALRY	OTCQX: RVLCF TSXV: RVLV.V	Rivalry Corp	<ul style="list-style-type: none"> Traditional sports Esports Casino 	<ul style="list-style-type: none"> Canada Australia Other countries 	<ul style="list-style-type: none"> Tribo 	\$45	\$47	\$39	1.16x
Average						\$11,285	\$7,231	\$3,904	2.14x
NORTHSTAR GAMING	OTCQB: NSBBF TSXV: BET	<ul style="list-style-type: none"> Northstarbets.ca Northstarbets.com 	<ul style="list-style-type: none"> Casino Sportsbook Live games 	<ul style="list-style-type: none"> Canada 	<ul style="list-style-type: none"> Playtech Genius Sports Slapshot Media Kahnawake Gaming Commission AGCO DigitalBeat 	\$14.99	\$15.42	\$16.16	0.93x

Source: Yahoo! Finance

Note: For comparability, we have presented the TTM Revenues of NorthStar and its peers in USD terms using the following conversion rates: (1.27 GBP/USD and 1.08 EUR/USD as on April 3, 2024)

 Acronyms: **NFL** - National Football League, **NBA** - National Basketball Association, **MLS** - Major League Soccer, **WNBA** - Women's National Basketball Association, **NHL** - National Hockey League, **CFL** - Canadian Football League, **EFL** - English Football League, **MLB** - Major League Baseball, **CPL** - Canadian Premier League, **AGCO** - Alcohol and Gaming Commission of Ontario

Recent M&A Activities

- **Flutter Entertainment acquires Maxbet (September 2023)** – Flutter Entertainment plc (“Flutter”) is an Ireland-based company that owns several online sports betting and gaming brands in the US, the UK and Ireland, Australia and other countries. Maxbet Entertainment Group plc (“Maxbet”) is a Serbia-based gaming and sports betting company. On September 27, 2023, Flutter announced the acquisition of Maxbet. According to the transaction terms, Flutter would acquire an initial stake of 51% in Maxbet for a total cash consideration of €141 million and the remaining 49% stake by 2029. Flutter expects to close this acquisition in Q1 2024. Through this acquisition, Flutter would gain access to the growing Serbian market and advance its expansion strategy across the Balkans region.
- **Fanatics Betting & Gaming’s acquisition of PointsBet (August 2023)** – Fanatics Betting & Gaming (“Fanatics”) is a US-based subsidiary of Fanatics Holdings Inc. and operates a sports betting and online casino platform. PointsBet Holdings Limited (“PointsBet”) is an Australia-based online sports betting company. On June 30, 2023, Fanatics entered into a definitive agreement with PointsBet for acquiring its US businesses with presence across eight US states for a total consideration of US\$225 million. PointsBet’s US businesses include iCasino, Banach technology, sports wagering platform and licenses for usage of proprietary technologies. On August 31, 2023, Fanatics completed the acquisition of PointsBet’s US assets. Through this acquisition Fanatics intends to integrate PointsBet’s Banach technology risk management platform and training models along with its sportsbook application.
- **Entain CEE to acquire STS Holdings S.A. for €750 million (August 2023)** – Entain CEE (“Entain”) is a UK-based sports betting, entertainment and gaming company. STS Holding S.A. (“STS”) is a Poland-based sports betting company. On June 13, 2023, Entain announced to fully acquire STS. According to the transaction terms, Entain would acquire STS at an offer price of PLN24.80 per share (*PLN refers to Polish zloty*) which represents a total equity value of about £750 million and an enterprise value of about £690 million. The offer price represents a 35% premium to the 6-month volume weighted average price of Entain’s share price on June 12, 2023. On August 21, 2023, Entain completed the acquisition of STS. Through the acquisition, Entain has gained access to a fast-growing sports betting market in Poland and expects to achieve cost synergies of more than £10 million.
- **Aristocrat Leisure Limited announces acquisition of NeoGames S.A. (May 2023)** – Aristocrat Leisure Limited (“Aristocrat”) is an Australia-based company that manufactures electronic gaming machines, casino management systems and mobile games. NeoGames S.A. (“NeoGames”) is an Israel-based company that provides iLottery services and solutions. On May 14, 2023, Aristocrat entered into an agreement to acquire NeoGames through an all-cash transaction. According to the terms of the transaction, Aristocrat would acquire all outstanding shares of NeoGames at US\$29.50 per share which represents a total enterprise value of about US\$1.2 billion. The transaction price represents a 104% premium to the 3-month volume weighted average price of NeoGames’ share price at market close on May 12, 2023. The acquisition is expected to be completed in the first half of fiscal year 2024. Through this acquisition, Aristocrat expects to have several new opportunities for revenue growth internationally in the RMG (Real Money Gaming) industry and combine Aristocrat’s gaming content with NeoGames platforms and technology.
- **888 Holdings plc’s acquisition of William Hill International (July 2022)** – 888 Holdings plc (“888 Holdings”) is a UK-based company, incorporated in Gibraltar that provides online gaming solutions. William Hill International (“William Hill”) is a UK-based company that offers online betting and gambling games. On September 9, 2021, 888 Holdings entered into a definitive agreement with Caesars Entertainment, a US-based casino company to acquire the non-US businesses of William Hill for an enterprise value of £1.95 billion. On July 1, 2022, 888 Holdings completed the acquisition of William Hill. Through this acquisition, 888 Holdings expects to grow its scale of operations and revenue and expand its product mix.

- **IGT acquires iSoftBet (July 2022)** – International Game Technology PLC (“IGT”) is a UK-based gaming company that offers lottery management services, electronic gaming machines and sports betting. iSoftBet is a Malta-based company that develops mobile casino and online gaming products. On April 11, 2022, IGT entered into an agreement to acquire iSoftbet for a total cash consideration of approximately €160 million. The acquisition was completed on July 5, 2022. Through the acquisition, IGT increased its PlayDigital content library to about 225 proprietary games and provides an exclusive gaming aggregation platform for distribution of third-party games.
- **Entain plc’s acquisition of Deis Ltd. (“Avid Gaming”) (February 2022)** – Entain plc (“Entain”) is an UK-based gaming and sports betting company. Avid International Ltd (“Avid”) is a Jersey-based company that operates Sports Interaction, a Canadian-based online sports betting brand. On February 7, 2022, Entain acquired a 100% equity stake in Avid from Middlebrook Investments Limited for a total consideration of C\$300 million. Through the acquisition of Sports Interaction’s gaming and online betting services and products, Entain expects to enhance its Canadian business.
- **Flutter Entertainment’s acquisition of Tombola (January 2022)** – On November 18, 2021, Flutter Entertainment announced the acquisition of Tombola Limited (“Tombola”). Tombola is a UK-based company that operates online bingo games. On January 11, 2022, Flutter acquired Tombola for a cash consideration of £402 million. Through the acquisition, Flutter expects to diversify its product portfolio and expand its reach in the UK online gaming market.

Table 2: Recent Merger & Acquisition Activities in gambling and sports betting industries

<u>M&A Activity</u>	<u>Transaction Value (in millions)</u>	<u>Date/Anticipated Date</u>	<u>Transaction Summary</u>
Flutter Entertainment acquires Maxbet	€ 141	September 27, 2023	According to the transaction terms, Flutter would acquire an initial stake of 51% in Maxbet. Through this acquisition, Flutter would gain access to the growing Serbian market and advance its expansion strategy across the Balkans region.
Fanatics Betting & Gaming's acquisition of PointsBet	\$225	August 31, 2023	On June 30, 2023, Fanatics entered into a definitive agreement to acquire PointsBet's US businesses. Through this acquisition Fanatics intends to integrate PointBet's Banach Technology risk management platform and training models along with its Sportsbook application.
Entain CEE to acquire STS Holdings S.A.	£750	August 21, 2023	On June 13, 2023, Entain announced to fully acquire STS at an offer price of PLN24.80 per share. Through the acquisition, Entain has gained access to a fast-growing sports betting market in Poland and expects to achieve cost synergies of more than £10 million.
Aristocrat Leisure Limited announces acquisition of NeoGames S.A.	\$1,200	H1 2024	On May 14, 2023, Aristocrat entered into an agreement to acquire NeoGames through an all-cash transaction at US\$29.50 per share. Through this acquisition, Aristocrat will have several new opportunities for revenue growth internationally in the RMG (Real Money Gaming) industry and combine Aristocrat's gaming content along with NeoGames platforms and technology.
888 Holdings plc's acquisition of William Hill International	£1,950	July 1, 2022	On September 9, 2021, 888 Holdings entered into an agreement with Caesars Entertainment to acquire the non-US businesses of William Hill. Through this acquisition, 888 Holdings expects to grow its scale of operations and revenue and expand its product mix.
IGT acquires iSoftBet	€160	July 5, 2022	On April 11, 2022, IGT entered into an agreement to acquire iSoftbet through an all-cash transaction. Through the acquisition, IGT increased its PlayDigital content library to about 225 proprietary games and provide exclusive gaming aggregation platform for distribution of third-party games.
Entain plc's acquisition of Deis Ltd.	\$300	February 7, 2022	On February 7, 2022, Entain acquired 100% equity stake in Avid from Middlebrook Investments Limited. Through the acquisition of Sports Interaction's gaming and online betting services and products, Entain expects to enhance its Canadian business.
Flutter Entertainment's acquisition of Tombola	£402	January 11, 2022	Through the acquisition, Flutter expects to diversify its product portfolio and expand its reach in the UK online gaming market.

Source: Company filings & websites

Sources

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