



The Canadian Market for Online Sports Betting (OSB) – Has Regulatory Change Unlocked ANOTHER Sizeable Market Here in Canada?

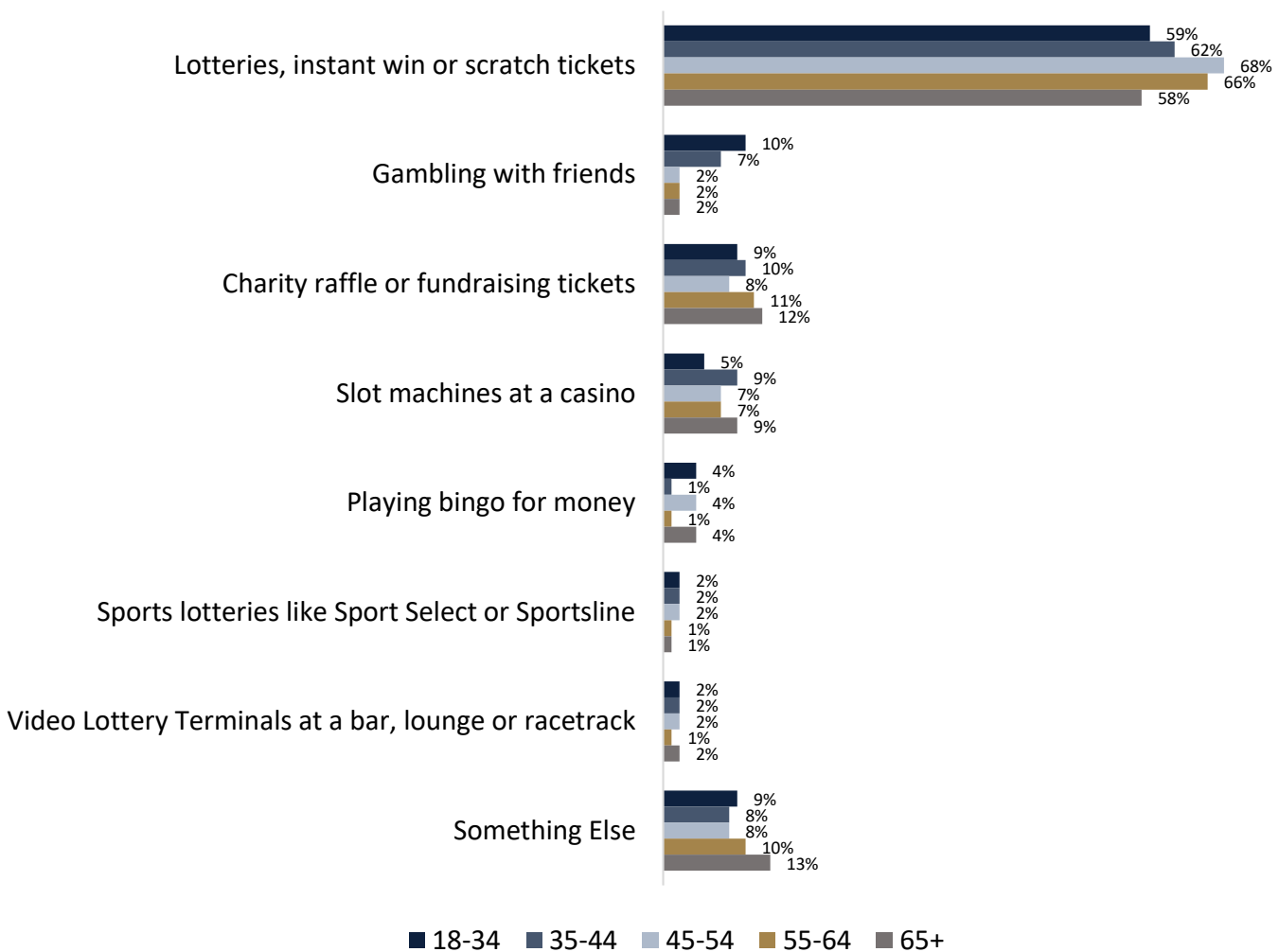
*"He's the man who fixed the World Series back in 1919...I remembered, of course, that the World Series had been fixed in 1919, but if I had thought of it at all I would have thought of it as something that merely happened, the end of an inevitable chain. It never occurred to me that one man could start to play with the faith of fifty million people--with the singlemindedness of a burglar blowing a safe." — F. Scott Fitzgerald, *The Great Gatsby**

- **On August 12, 2021, the Minister of Justice and Attorney General of Canada announced the effective date of Bill C-218 as August 27, 2021, where single-event sports betting will become legal in Canada.** On August 27, 2021, Canadians can legally bet on single-game sporting events ending the country's long-standing parlay requirement for wagers to be spread across multiple games and matches.
- **The legalization of single-event sports betting is another significant regulatory change that could potentially unlock another multi-billion industry.** The Canadian Gaming Association ("CGA") estimates that approximately \$15 billion was bet on sports in Canada in 2020. Of that, only 3% or roughly \$500 million was done legally. Also, according to the CGA, within five years of legalization, Canadian sports betting is expected to grow to over \$28 billion, suggesting a Compounded Annual Growth Rate of 123%.
- **Since Bill C-218's passing, the provinces have decided to compete rather than act as a regulator for the Online Sports Betting ("OSB") industry in Canada. As such, provincial gaming authorities have been changing their systems to allow for single bet wagering in the country.** In Ontario, the most populous province in Canada, the Alcohol and Gaming Commission of Ontario ("AGCO") established a new subsidiary, iGaming Ontario, in July 2021. Overall, iGaming Ontario expects to enter into commercial agreements with multiple operators, allowing the Ontario government to regulate the industry while earning a share of revenues generated by these commercial relationships.
- **The AGCO and iGaming Ontario intend to partner with private sector operators to establish a new market for internet gaming (iGaming) while adhering to the Criminal Code and creating a structure that serves to protect the public interest.** In addition to revenue sharing, there are several key considerations for the province with respect to a potential commercial agreement. These considerations include player registration and location, player participation and the management of game performance data, consumer protection and financial integrity, responsible gambling, and equitable access to gaming.
- **The OSB ecosystem consists of the operators, the aggregators and content providers who all stand to benefit from the legalization of single-event sports wagering in Canada.** The "operators" or "casinos" are the front-end gaming interface for the users, the "aggregators" or "platform providers" offer numerous games to the casinos/brands from one single platform, and the "content providers" or "studios" are software developers that actually create the games used by the players.
- **There are several different players in various industries who may want a "seat at the table" in Canada.** Given the potential size of the market, anyone from OSB entities to media conglomerates, to sports organizations may look to enter Canada at some point in the near future. Names like FanDuel, DraftKings, BetMGM, Rogers Media, Bell Media, Quebecor Media and Maple Leaf Sports & Entertainment all may want a piece of the action and, like Penn National Gaming, could choose to buy an existing player in order to gain immediate exposure to the Canadian sports bettor.

Most of us are familiar with casual wagering on sports but sports gambling has a very long history.

Before you convince yourself that you have NEVER gambled on sports, please note that if you ever recall saying this sentence: “I bet you 10 bucks that the A beats B tonight” or “I bet you 20 bucks that you can’t sink this shot” that it is fair to say that you have wagered on sports. In addition, for those of us who have ever bought a lottery ticket, that activity is also officially considered “gambling”. There is no need for alarm because according to a recent study by the Canadian Partnership for Responsible Gambling, 76% to 79% of adult Canadians participated in some form of gambling.¹ Moreover, gambling has been a popular activity for thousands of years. Historians suggest that sports betting started in ancient Rome where bets were placed on the outcomes of chariot races or gladiator fights. Interestingly, bets could only be “officially” placed in the city of Rome. However, given that there were more than 230 amphitheatres found throughout the entire Roman Empire, from the grand Colosseum in Rome to Uthina in Tunisia, Arles in France, Pula in Croatia and the arena ruins of Chester, England, it is safe to assume that “illegal” betting was also rampant outside of the capital.

Age distribution of Canadians who have participated in gambling activities in the last year as of June 2016, by type



Source: Statista

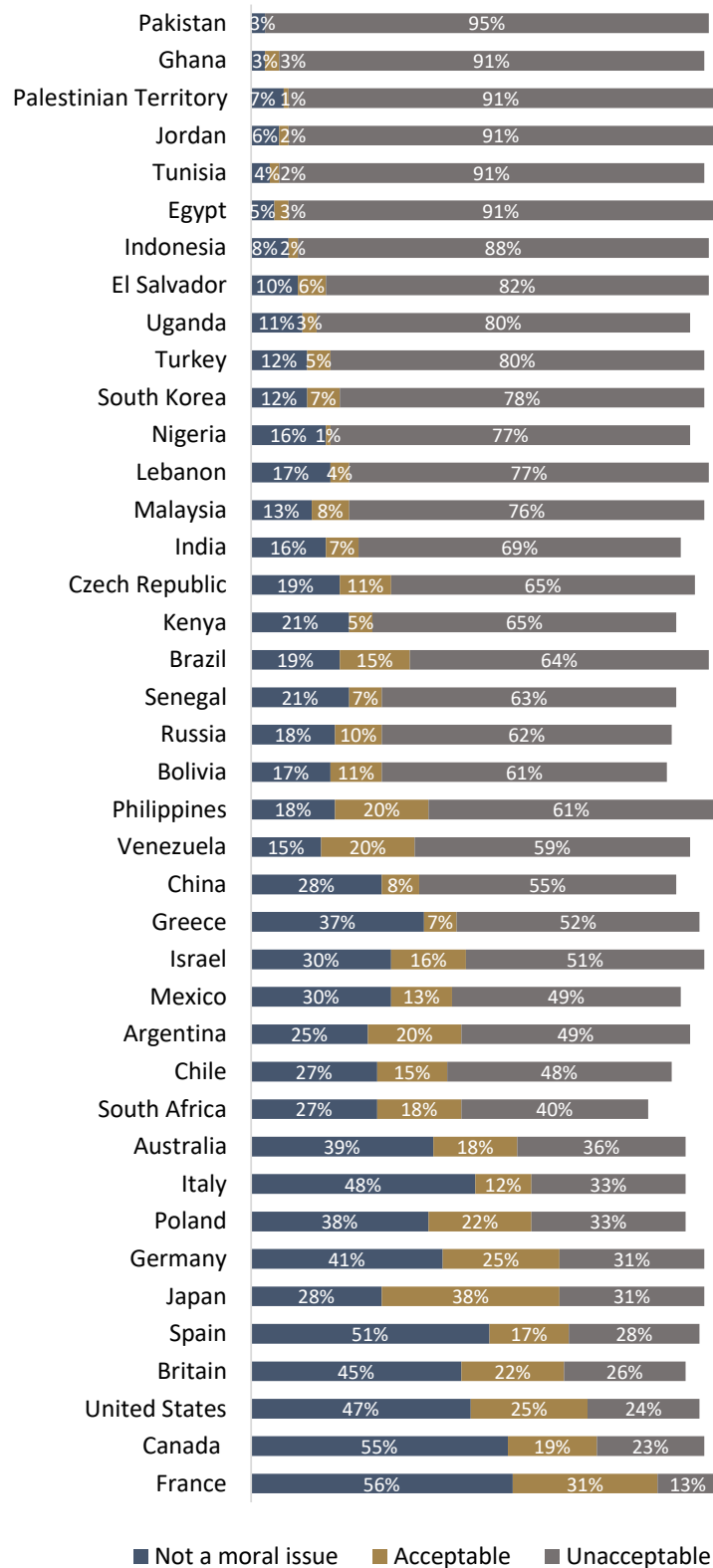
Sports betting as we know it today didn't really emerge until approximately 2,000 years later when betting on horse racing became popular in the early 18th century.

By the late 19th century countries like the U.S., Canada and New Zealand started putting laws in place to put a framework around this emerging industry.² While gambling has been around for thousands of years, in the modern era it has been legally kept away for fear of corrupting the competitive nature of sports by money and greed. This makes sense given the big scandals that have rocked the sports world over the last 100 years. The most notable was the "Black Sox" Major League Baseball game-fixing scandal in which eight members of the Chicago White Sox were accused of throwing the 1919 World Series against the Cincinnati Reds in exchange for money from a gambling syndicate led by Arnold Rothstein. This is the same Arnold Rothstein that F. Scott Fitzgerald referred to in his novel *The Great Gatsby*. Another interesting case was Henry Hill and the Boston College point-shaving scandal in 1978. This event was left on the cutting room floor in the critically acclaimed movie *Goodfellas* directed by Martin Scorsese. The Lufthansa heist was the focus in the movie but, in fact, it's the point shaving scandal that got Jimmy Burke (played by Robert DeNiro) and the crew bosses "pinched". The other major scandals include Major League Baseball's all-time hits leader, Pete Rose, being banned for life due to betting on games in 1989. Thirty-two college basketball players from seven schools around the U.S. getting caught up in a mafia-run point shaving scheme in 1951. Other scandals included former NFL MVP Paul Hornung and All-Pro defensive lineman Alex Karras regularly betting up to \$500 on NFL games, NHL All-Star and Stanley Cup Champion Rick Tocchet's involvement in a \$2 million gambling ring where he took bets from the rich and famous, including wife of the "Great One" Janet Gretzky, and of course, NBA referee Tim Donaghy's 2007 admission that he bet on NBA games and fed information to other gamblers after falling into debt. Clearly, gambling and sports have historically not had a very good relationship, but one could argue that it was the "illegality" of sports betting that led to these scandals.

Believe it or not, Canadians enjoy gambling, and the Canadian government has historically been receptive.

Just like another recently legalized industry, Canada is very liberal when it comes to gambling. According to a 2015 study, 55% of Canadians believe that gambling is not a moral issue and this rank second only to France and ahead of the U.S. globally in terms of acceptance.³ Once again, the Canadian government banned all forms of gambling in 1892; however, it did allow wagering on horse races and gambling at summer fair midways. At the time, the Criminal Code defined gambling as an offence against "religion, morals and public convenience."⁴ Even though games of chance like Bingo and Raffles were allowed, it wasn't until 1969 with Bill C-150 that the Canadian Criminal Code was amended to allow provincial and federal governments to use lotteries to support charities and other worthwhile causes such as the Montreal Olympics in 1976.⁵ Over time, the Canadian federal and provincial governments began experimenting with different types of gambling and gaming as a means to generate significant revenue. This led to a further amendment of the Canadian Criminal Code to allow the provinces to license and regulate gambling, thereby allowing for devices like slot machines, lotteries, legal gambling and the first commercial land-based casino in Winnipeg, Manitoba in 1989.

Do you personally believe that gambling is a morally acceptable, unacceptable or it is not a moral issue?



Source: Statista (https://www.sportsbookbonus.ca/wp-content/uploads/statistic_id297264_global-views-towards-gambling-2013-e1471436189640.webp)

According to Casino.org, with a liberal approach to gambling, Canada earns over \$17.3 billion in revenue every year from gambling and ranks #5 globally behind Macau, the U.S., the UK, and Australia.⁶

Where do the world gambling leaders stack up?

	1. Macau	Although gambling is illegal in mainland China, Macau is a gambling haven. 50% of Macau's revenue is made up from gambling alone. In 2018 the city made almost \$38 billion.
	2. USA	The gambling industry in the US is worth \$261 billion and holds 1.8 million jobs. Most of these are in Nevada as gambling is actually banned in most states.
	3. UK	With legislation changes, the UK market is steadily growing. In 2018 the British gambling industry made £14.4 billion and it's estimated that 32% of the population gamble weekly.
	4. Australia	80% of the Australian population gamble. A recent study showed that they bet more than any other country, spending around \$18 billion a year.
	5. Canada	With a liberal approach to gambling, Canada makes CA\$17.3 billion in revenue every year from gambling. The industry grew 4.9% in 2017 and is still growing.

Source: Casino.org (<https://www.casino.org/features/gambling-statistics/>)

Enter the Ontario Lottery Corporation ("OLC") and its evolution into Gaming and the Ontario Lottery and Gaming Corporation ("OLG").

In February 1975, the Ontario provincial government created the OLC and in April of that same year the OLC launched its first lottery game, WINTARIO. WINTARIO game proceeds are dedicated through the Ministry of Culture and Recreation to promote physical fitness, sports, cultural and recreational activities.⁷ Lottery profits in the OLC's first year were \$43 million and through the launches of LOTTARIO, LOTTO 6/49 and other lottery games, OLC profits paid to the province of Ontario topped \$1.0 billion by 1984.⁸ In the decades to come, the government of Ontario would enact the Ontario Casino Corporations Act (1993), establish the Ontario Casino Corporation ("OCC") and, along with the OLC, launch multiple new lottery games including LOTTO MAX and PRO·LINE, thousands of slot machines at popular racetracks, and several commercial casinos throughout the Province of Ontario. In April 2000 the government of Ontario merged the operations of the OLC and OCC to create the OLG.

The 1990's Pro-Line "Sucker's Bet".

Despite the other provincial and federal changes with respect to gambling, sports betting was still illegal in Canada until the early 1990s. In October 1992, the OLC launched PRO·LINE, a new on-line terminal sports lottery from SPORT SELECT, a group of sports betting games offered by Canada's lottery corporations.⁹ Known as Pari Sportif in Quebec, Pro-Line in Ontario and Atlantic Canada and Sports Action in British Columbia, they only allow parlay betting where the bettor is required to combine two or more winning wagers for the whole bet or ticket to be successful. Often called the "sucker's bet," parlays make it more difficult to win a wager. Pro-Line did provide its share of early betting windfalls for several savvy individuals. Pro-Line originally had several glitches including, more notably, stale betting lines since the lines were posted

one week before the games and DID NOT change in line with the sports books. There were also missing time zone adjustments where bettors could bet on events such as the English Premier League soccer games AFTER the games had already taken place. Finally, who can forget the San Jose Sharks upset of the #1 seed and Stanley Cup favourite, Detroit Red Wings, in the 1993 NHL Playoffs? Those who took the underdog Sharks (and there were many) had a significant windfall as the Pro-Line tickets severely mispriced the odds on that series. Apparently, the payout line at an OLG outlet at Yonge Street and Bloor Street in Toronto was so long that it extended several blocks down the street. Even with progressive corrections and changes, players were still able to find loopholes to take advantage of the system. According to a 2005 study by gaming specialist Cameron Scott, *"a 1-point discrepancy between the Vegas betting line and the Proline point spread line was enough to put the odds in Proline players' favour. That was eventually exploited by Ottawa-area brothers Brian and Terry Leblanc, who earned approximately \$650,000 per year playing provincial sports lotteries in Ontario and Quebec from 1996-99."*¹⁰ Now that all of these loopholes have essentially been closed, experienced bettors have noted that this type of parlay betting with stacked odds and low bet limits, is an inferior product that makes it difficult to win when compared to single-sport betting offered by unregulated offshore sportsbooks and online operators.

The Internet changed the game, and the Canadian government chose to turn a blind eye to Online Sports Betting (OSB).

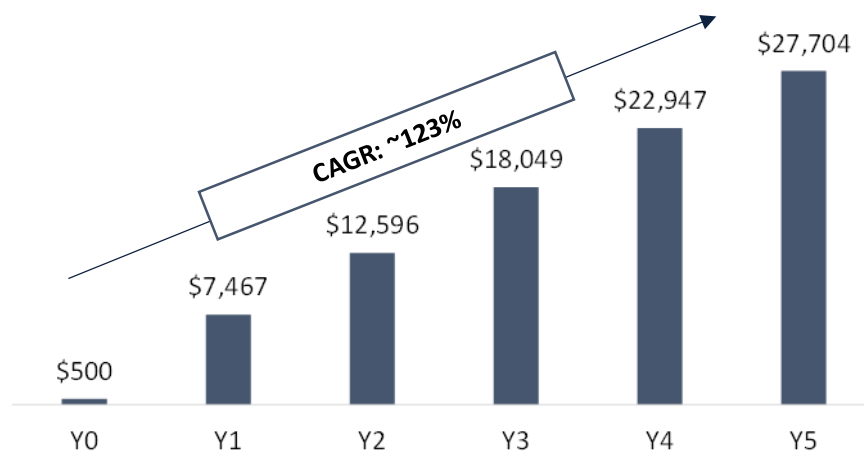
The Canadian Criminal Code prevented anyone in Canada from accepting sports betting wagers; however, the internet has allowed Canadians to place bets with online sportsbooks outside the country. While there are no legal brick-and-mortar sportsbooks in Canada, wagering with online offshore sportsbooks remains perfectly legal. The Canadian government has taken a "hands off" approach when it comes to Online Sports Betting (OSB) and, according to the CBC, no Canadian has ever been prosecuted for using an online sports book.¹¹ This is largely due to the fact that the provinces, who oversee lotteries and brick and mortar casinos within their territories, are responsible for gambling and the rules governing these responsibilities which were written back in the 1960s. The emergence of the internet changed everything with respect to gambling. Almost overnight, hundreds of websites offering casino and sports betting allowed Canadians to gamble offshore far beyond the province's jurisdiction, and the Federal criminal code offers very little guidance when it comes to internet gambling. *"The criminal code was written decades ago, and these provisions with respect to gaming were drafted in the 1960s and haven't really been updated since," says lawyer Chad Finkelstein, a gaming law expert who has advised casino operators. "These provisions were not drafted with anything remotely resembling the internet ever contemplated. So we have outdated, antiquated provisions, which makes it difficult to apply to a modern gaming business."*¹²

The legalization of single-event sports betting is another significant regulatory change that could potentially unlock another multi-billion industry.

Gaming Industry experts note that Canadians spend approximately \$500 million on provincial lottery parlay betting and anywhere from \$4.0 to \$15.0 billion per year with offshore sports books. This is a startling statistic and suggests that millions of dollars of government revenues are flowing out of Canada to countries like Gibraltar (Bet365, Ladbrokes, BETVICTOR, bwin, etc.) and Antigua (sportingbet, 888sport, betway, Defabet). Please note that for those who are unfamiliar with the numbers, UK-based gaming entity Bet365 recorded £2.8 billion in revenues last year. This number was actually down 8% year-over-year as international sporting events were cancelled due to the pandemic. Even more startling is the fact that Bet365 founder and CEO Denise Coates made £468.9 million pounds (US\$648 million) in pay and dividends during fiscal 2020. This is almost a 50% year-over-year increase as Bet365's business has benefited from the growing popularity of online sports betting.¹³ The argument here is that the legalization of single-game sports betting is analogous to the legalization of recreational or adult-use cannabis here in Canada as it will open up another multibillion-dollar industry. Marijuana was historically an illegal substance due to its perceived links to criminal activity and immoral behaviour. Prior to legalization the Liberal Party of Canada stated that *"Canada's current system of marijuana prohibition does not work," in that it "does not prevent young people from using marijuana" and "the proceeds from the illegal drug trade support*

organized crime and greater threats to public safety like human trafficking and hard drugs.”¹⁴ In addition to marginalizing the illegal black market cannabis trade, the Canadian government has reaped significant tax revenues as the industry has shifted from the “grey market” to a legal framework. Similarly, the offshore internet gambling industry has been a reality for over 20 years and the Criminal Code has not prevented Canadians from participating in single-game sports betting. While most of these gambling websites are heavily regulated, some of them are not licensed in any jurisdiction and have been associated with organized crime.¹⁵ Suffice it to say that there are clear parallels between the illegal cannabis market and offshore single-game sports betting. If you apply the same rationale, in addition to millions of dollars of lost government revenues, proceeds from illegal sportsbooks clearly support other forms of criminal activity and market participants who may be unaware need to be protected. In fact, this July the Ford government announced that they are creating a new entity called iGaming Ontario to manage online gaming and single-game sports betting in the province. Clearly the goal here is to pull gamblers in Ontario away from these unregulated and illegal “grey market” websites by establishing a legal framework. That sounds very familiar.

The Total Addressable Market (TAM) for Canadian sports betting is expected to grow from \$500M to ~\$28B at a 123% Compounded Annual Growth Rate (CAGR).



Source: Deloitte – “New Stakes in the Game – Bill C-13 and unlocking opportunities through sports betting”

The Canadian Gaming Association (“CGA”) estimates that approximately \$15 billion was bet on sports in Canada in 2020.¹⁶ Of that, only 3% or roughly \$500 million was done legally.¹⁷ Also, according to the CGA, within five years of legalization Canadian sports betting is expected to grow to over \$28 billion suggesting a CAGR of 123%.¹⁸

The economic benefit is far-reaching for many industry stakeholders who stand to benefit from the continued industry growth. Where are they positioned?



Governments are continually looking for new revenue sources and ways to spur economic growth. With only 3% or roughly \$500 million of the \$15 billion in annual bets conducted legally, this unlocks a substantial revenue stream for the federal and provincial governments.



Casinos, lotteries, and gambling organizations need to adapt as changing regulations would remove the legal barriers that have served as a moat for these organizations. Online Sports betting should lead to increased competition in the space. In addition, the COVID-19 pandemic continues to serve as a major catalyst in consumer preference for online and mobile betting. These organizations will need to adjust and configure their product offerings to better align with changing consumer preferences and expectations of bettor groups.



Media organizations & broadcasters are currently battling subscriber and revenue declines. These organizations stand to benefit from sports betting reform. With more and more Canadians “cutting the cord” and a younger generation that prefer streaming services over traditional cable, subscriber counts continue to decline. This trend is expected to continue, which will lead to broadcasters suffering continued declines in local advertising revenues as companies shift more of their marketing efforts to online platforms.

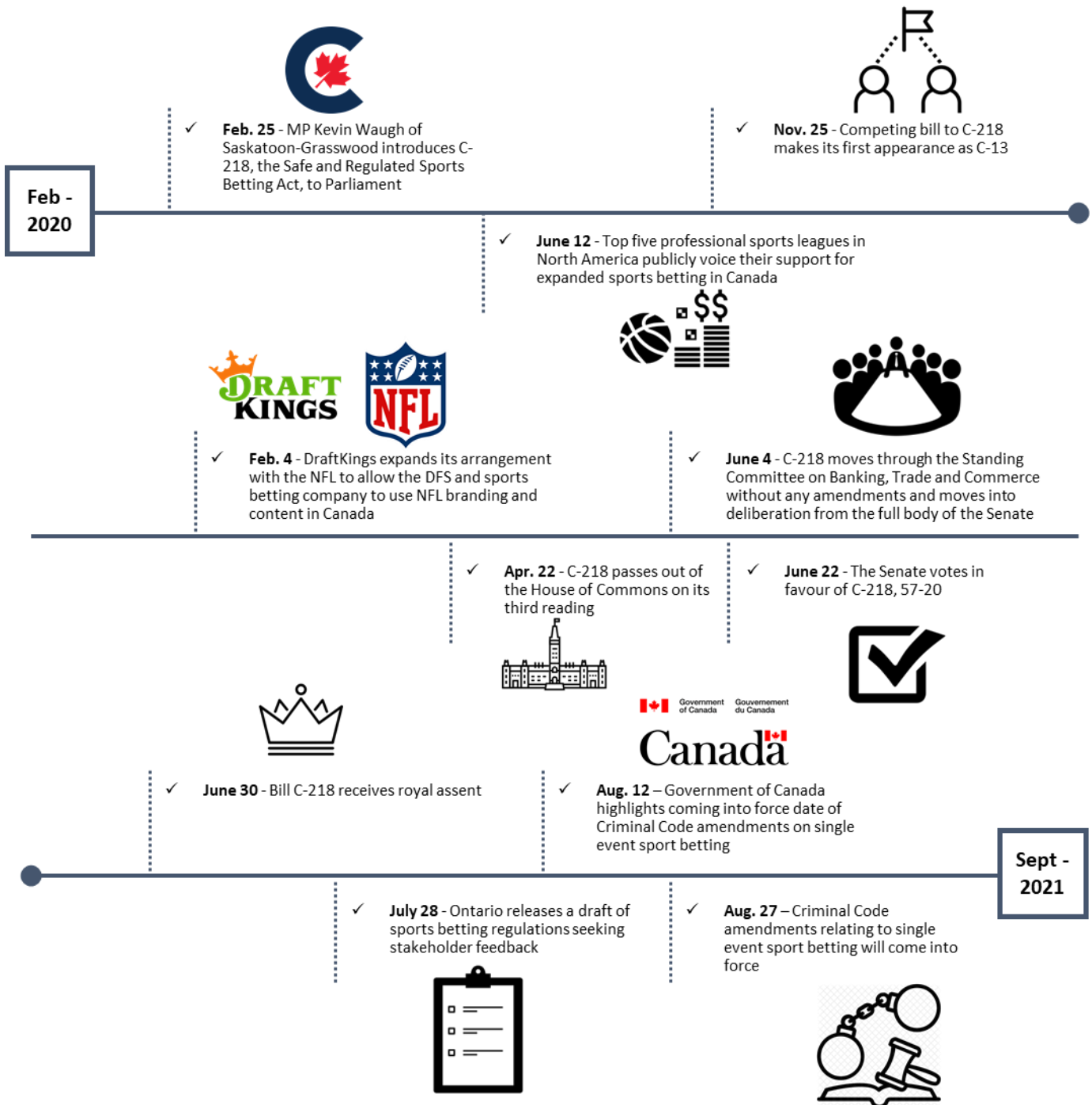


Sports venue operators have seen their revenue models severely disrupted by the COVID -19 pandemic, especially here in Canada with government intervention and restrictions on live events. Those operators who rely heavily on a gate-driven revenue model now need to evaluate how in-venue expectations may change, and how those changing expectations may require enhancements to the venue's physical space.

Source: Deloitte – “New Stakes in the Game – Bill C-13 and unlocking opportunities through sports betting

The Canadian Regulatory Landscape Continues to Evolve.

To help readers navigate the cacophony of regulatory announcements, we here at INFOR Financial have developed a timeline that illustrates the key steps during the regulatory process and where we are today with respects to single-event sports betting.



Source: Legal Sports Report – Canada Sports Betting

Although this story has been years in the making, we start off on February 25, 2020, where MP Kevin Waugh of Saskatoon-Grasswood introduces C-218, the Safe and Regulated Sports Betting Act. The stated goal of the bill was to repeal the single-game wagering ban in Canada's Criminal Code and allow the provincial governments to regulate the industry. *"My bill would legalize single-event sports betting in Canada, allowing the provincial governments to regulate it properly and ensure that it is being managed in a safe and responsible way, as the provincial governments already do with other sorts of gaming"*.¹⁹ As you would expect, the top sports leagues in North America were quick to voice their support for expanded sports betting in Canada. They made their case in a letter sent to Ottawa to argue that legal sports betting in Canada would depress the illegal offshore betting going on in the country, plus it goes without saying, extra revenue for the Canadian government. *"Sports betting gives fans another exciting way to engage with the sports they love. Because a legal and regulated sports betting market in Canada would be beneficial to sports and their fans, we urge prompt action to make this a reality."*²⁰ The biggest opponent of bill C-218 is the Kahnawake Gaming Commission (or "KGC"), a quasi-regulatory body that licenses online gaming operators in Canada²¹. The KGC has issued licenses to several sportsbooks, and they are concerned that provinces that allow legal Canada sports betting sites will not recognize the Commission's authority.

One year later and Bill C-218 passes in the House of Commons.

Fast forward to April 2021 and C-218 passes in the House of Commons. The bill is moved to the Senate for debate and consideration. Not soon after, the Senate voted in favour of C-218, 57-20, and a week later, on June 30, 2021, Bill C-218 received royal assent. This brings us to August 12, 2021, the Minister of Justice and Attorney General of Canada announced the effective date of C-218 as August 27, 2021. On that day, many provincial lotteries, which already offer parlay wagers, will launch expanded products, including single-event sports wagering. Now, on August 27, 2021, Canadians can legally bet on single-game sporting events ending the country's long-standing parlay requirement for wagers to be spread across multiple games and matches.

So, What's Next for Online Sports Betting (OSB) in Canada from a Regulatory Standpoint?

Since Bill C-218's passing, the provinces have decided to compete rather than act as a regulator for the OSB industry in Canada. As such, provincial gaming authorities have been changing their systems to allow for single bet wagering in the country. In Ontario, the most populous province in Canada, the AGCO established a new subsidiary called iGaming Ontario in July 2021. According to a discussion paper published by the province, *"The Government of Ontario is committed to establishing a new online market for internet gaming (iGaming) that is both competitive and protects consumers. A competitive iGaming market in Ontario will foster a collaborative and regulated relationship with private sector operators, while adhering to Criminal Code requirements and creating conditions that protect the public interest. This will also enable Ontario to capture new revenue in the future and generate returns for the province."*²² Given that the majority of internet wagers are placed on unregulated gaming websites with limited security, limited reliable safeguards for users, inadequate age gating and limited responsible gambling resources, iGaming's objectives will be to enhance consumer choice, ensure consumer protection, enable innovation and speed to market and promote legal market growth while capturing revenues for the province.²³ Overall, iGaming Ontario expects to enter into commercial agreements with multiple operators and the organization will work with operators who meet *"high standards of integrity, fairness, player protection and social responsibility with the ultimate goal of allowing players to play with confidence."*²⁴ Moreover, the Ontario government will earn a share of revenues generated by these commercial relationships and plans to reinvest these revenues in priority initiatives that ultimately benefit Ontarians.

iGaming has revealed a step-by-step timeline with estimated dates for their plans for Ontario's iGaming market. The first milestone took place in summer 2021 where iGaming Ontario began engagement with stakeholders. We have included the complete 6-step roadmap starting with that initial engagement and culminating with the ultimate launch of Ontario's competitive iGaming market in December 2021.

iGaming Ontario Engagement *Summer 2021*

During this period, stakeholders will be invited to share their insights and experience with iGaming Ontario as its market oversight model is developed.

Commercial Agreement Available *Summer/Fall 2021*

iGaming Ontario will make a draft commercial agreement available to interested operators.

Registration Opens *Summer/Fall 2021*

Any iGaming operators interested in participating in Ontario's regulated market will need to be registered by the AGCO registration application through the iAGCO online portal

Operators Sign Commercial Agreement *Fall 2021*

Registered iGaming operators who wish to be among the first group to be permitted to operate in Ontario must execute their commercial agreement with iGaming Ontario.

Systems Readiness *Fall 2021*

IT systems supporting the launch of the new iGaming framework are built, configured and tested by the AGCO, iGaming Ontario and operators.

Launch of iGaming market *December 2021*

Registered operators that have entered into an agreement with iGaming Ontario may start offering their products and services to people in Ontario's regulated market.

Source: iGaming Ontario Roadmap

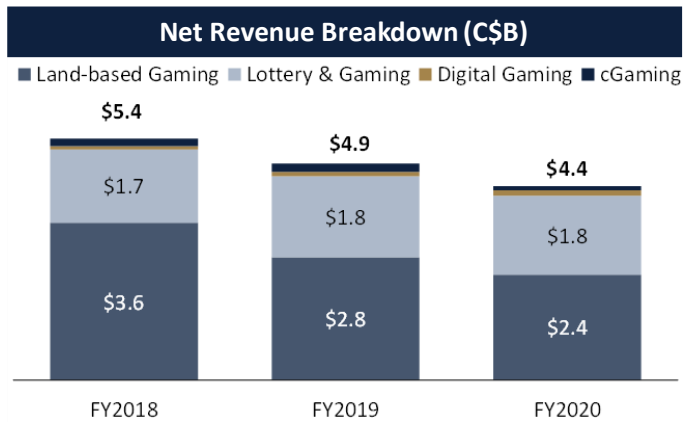
There are Key Considerations for the AGCO and iGaming Ontario for Potential Partnerships.

Once again, the AGCO and iGaming Ontario intend to partner with private sector operators to establish a new market for internet gaming (iGaming) while adhering to the Criminal Code and creating a structure that serves to protect the public interest. More specifically, the AGCO could enter into commercial agreements with private operators where the operators could offer their games directly to consumers while entering a revenue-share with the AGCO based on a percentage of Gross Gaming Revenues (GGR).²⁵ In addition to the nature of the revenue sharing agreement there are several key considerations for a potential commercial agreement with the AGCO. This would include player registration to verify a player's identity, age, and location to ensure that players accessing the site are located in Ontario. Player participation and game performance data would also be essential to track the market as it grows and any operator would need to partner with the AGCO/iGaming Ontario to establish requirements for player data capture, data retention, data use and data sharing safely and reliably. Consumer protection and financial integrity will remain a priority so there is a need for operators to have integrated payment systems established with large, well-respected, multi-national institutions with all Anti-Money Laundering (AML), anti-fraud and other safeguards in place. The province also intends to promote access to responsible gambling features for any new iGaming platform. Any operator who partners with the AGCO would need to build on the province's existing standards for responsible gambling and implement gaming features and policies that promote strong identity and age verification processes, while including restrictions to marketing and game designs that may appeal to minors. Finally, in support of Ontario players with disabilities or accessibility challenges in order to support equitable access to gaming, the province will require operators to adhere to the standards outlined under the Accessibility for Ontarians with Disability Act (AODA), 2005.²⁶

Please note that while the province of Ontario is looking to potentially license with existing OSB players, OLG is the only incumbent legal provider of commercial gaming or "lottery schemes" in Ontario and intends to compete standalone. In addition to its current lottery gaming platform, the OLG will operate its own iGaming website at OLG.ca and will not be under the jurisdiction of the AGCO or iGaming Ontario.

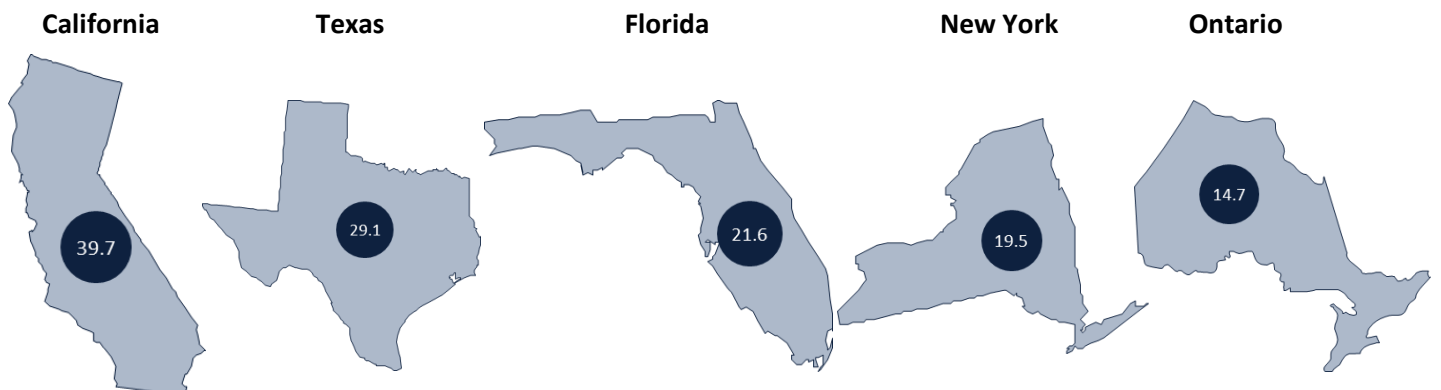
More on the OLG and its Commitment to Providing Single-Event Sports Betting by the End of the Year.

Today the OLG is classified as an Operational Enterprise Agency of the province of Ontario and provides gaming entertainment. The OLG's sole operations include conducting and managing gaming facilities, delivery of electronic gaming products and the sale of Ontario-wide lottery games. Since its inception in 1975, OLG has provided approximately \$55 billion to the province of Ontario through its gaming services. OLG generated \$4.4 billion in revenues last year and these revenues are derived from four distinct businesses: **1) Lottery**: which includes revenues from the sale of lottery games such as Lotto Max, INSTANT and ProLine; **2) Land-based Gaming**: the OLG receives a share of slot and table game revenues earned by casino and resort gaming operators in Ontario; **3) Digital Gaming**: this includes revenue earned from casino-style games and Lotto products via PlayOLG; and **4) Charitable Gaming ("cGaming")**: the OLG derives a share of gaming revenue from cGaming Centres operated by service providers. OLG sport lottery products include ProLine, Pools, Props and Point Spread which are all platforms that focus on parlay sports betting and collectively these products generated about \$300 million in revenue annually.



In early July, President and Chief Executive Officer Duncan Hannay stated that the OLG would launch a major single-event sports betting solution by the start of the NFL season.²⁷ This is key for two reasons. First, the OLG is a government backed entity that intends to compete with companies in the private sector by also offering single-event sports betting. Second, Ontario remains a major market for sports betting as the current population of Ontario is over 14.7 million people which would make it the FIFTH largest U.S. state after California, Texas, Florida, and New York.

Population by Province/State (in Millions)



The Supply Chain.

Before we discuss the OSB players and their positioning here in Canada, it is worth a quick refresher on the entire OSB supply chain ecosystem. This ecosystem consists of the **Operators**, the **Aggregators** and **Content Providers**.

Once again, the “Operators” are the “Casinos” and the front-end facing gaming interface for the users. More well-known operators would include entities like Fan Duel, DraftKings, BetMGM and Penn Gaming. The Casinos are the brand, they are user-facing and earn money by “clipping” a percentage of the winnings of bets wagered on their platforms. The Operators or House will usually take 5-20% of Gross Gaming Revenues (GGR) and please note that the brands do NOT manage the payments or the payment back-end. According to industry source iGamingBusiness.com (iGB), there are over 3,000 iGaming operators globally.²⁸

The “Aggregators” or “Platform Providers” are the back-end of the wagering and are tied into numerous casinos/brands. Game aggregators provide a one-stop software solution that combines thousands of games from various game developers into a single product. According to SlotCatalog, there are currently more than 20,000 games produced by over 400 game studios, so a game aggregator is an easy way to create a game portfolio for gaming websites through a single API integration.²⁹ Aggregators also collect data and can allow the casinos access to valuable analytics.

The “Content Providers” or “Studios” are software developers that create the games. Content providers develop animations, sounds, map works, etc. and when every game is developed it must go through a product certification process with Gaming Labs International (GLI). GLI provides independent testing and inspection of electronic gaming products and ensures that every new game is fair with no embedded “slight of hand” like skimming, etc. Content providers generally sell to game aggregators because it is more efficient than selling to an integrator at every single casino.

The “Hybrids” are entities that do a combination of one or more of the three and either make content, make platforms, or may aggregate content all at the same time. One of the most common hybrids is the Studio/Aggregator hybrid that sells their own games but also aggregate content from other studios. This allows them to sell a larger portfolio of content to other aggregators which can then allow the hybrid to take advantage of a broader customer reach or more established compliance infrastructure. At the other end of the value chain, several traditional operators like Bet365 and Flutter who have acquired their own studios to get a better understanding of the customer’s needs.³⁰

While the lines are becoming increasingly blurred, all three distinct entities make money through the supply chain based on a percentage of Gross Gaming Revenue (GGR). As mentioned above, the Operators usually take the first 20% and, depending on the game, the casino will then split the next 10-20% with the Aggregator. Finally, the Aggregator will take 30-60% of the remaining “cut” and then pay the Content Studio.

Who Will Want a “Seat at the Table” Here in Canada?

We have seen numerous companies show interest in offering single-event sports betting in Canada. **At the top of the list is Toronto-based Score Media and Gaming (SCR-TSX).** Here in Canada, the company is very well-known for its game scores and league information platform, and it is worth noting that Score has a very large user base that is highly engaged, and approximately 50% of these users already bet on sports. The company's sports betting app delivers a mobile sports betting experience that has been proven in other U.S. markets and is ready to capitalize on the Ontario opportunity. theScore offers a combination of sports, media, technology, and gaming, which allows for lower acquisition costs as media users are enticed over to the online betting platform. In the most recent period ended May 31, 2021, theScore app reported 3.7M average monthly active users, approximately 470M average monthly user sessions and about 126 average monthly sessions per user “demonstrating a strong return to pre-COVID user levels”.³¹ theScore also has a strong presence in Ontario and reaches approximately 1.4M users in the province. As the dominant mobile sports news and media app in Canada, theScore also has a first-mover advantage with respect to single-event sports betting in the country. This is evidenced by the August 5th announcement that Penn National Gaming (PENN-NYSE) plans to acquire Score for US\$2.0 billion in cash and stock. Penn National estimates the Score Media buyout will add \$200 million in adjusted EBITDA in the medium-term and \$500 million in the long term. The deal will also provide opportunities to leverage Score’s in-house technology, particularly as it ramps up its Barstool Sports and Barstool Sportsbook & Casino apps.³² The transaction is expected to close in the first quarter of 2022, and with the backing of one of the biggest gaming companies in Penn National, theScore has the firepower and the opportunity to score (pardon the pun) major wins in what they describe as their “home turf.”

According to Business Insider, Flutter Entertainment (FLTR-LN) subsidiary FanDuel boasts the largest market share (40%+) of all the sports betting and internet gambling platforms in the U.S. and believes in scale and geographical diversification.

Formerly Paddy Power/Betfair, Flutter believes that the total addressable market in the U.S. will be worth more than \$20 billion in 2025 and expects online sports betting to be available to 65% of the U.S. adult population that same year. Flutter has benefitted from geographical diversification as last year FanDuel was the first U.S. online operator to reach US\$1.1 billion in gross gaming revenue.³³ FanDuel is the premier destination for sports fans online and redefined Daily Fantasy Sports (DFS) by giving fans the ability to play one-day Fantasy sports for real cash prizes. In-Play betting, including moneyline and spread, is approximately HALF of the FanDuel Sportsbook’s handle. The FanDuel platform features low latency live data and proprietary trading models which are essential for In-Play wagering for sports fans anywhere from the stadium to the living room. FanDuel also offers “The Duel” a daily exclusive content blog for free Fantasy Sports Tips, Fantasy Sports News and expert advice, FanDuel Racing the horse racing platform, as well as UFC Betting and FanDuel Casino where players can legally and securely play online casino games for real money in New Jersey, Pennsylvania and Michigan. FanDuel Group has a presence across 50 states and over 12 million customers. If FanDuel plans to continue its market dominance and believes that they are indeed benefitting from scale and geographical diversification, it’s a good “bet” that they will look to enter the Canadian market.

DraftKings (DKNG-NDAQ), the Daily Fantasy Sports (“DFS”) and sports betting giant is also potentially looking to enter the Canadian market. With approximately 30% market share, DraftKings is the second largest sports betting entity in the United States. DKNG is a diverse player that offers both B2C product offerings with Daily Fantasy Sports, Sportsbook and iGaming; however, they also supply B2B sports betting and iGaming services for various gaming operators and government-run lotteries. The Daily Fantasy Sports segment is a peer-to-peer platform where users compete against one another for prizes. The Sportsbook division includes sports betting, where the user places a bet on an event at some fixed odds determined by the company. Lastly, iGaming is an online casino that supports a suite of games you would see in your typical land-based casinos, such as blackjack, roulette, and slot machines. DKNG continues to diversify and expand their reach with the recent announcement that they have joined the Non-Fungible Token (“NFT”) marketplace through an agreement with NFL Quarterback Tom Brady’s “Autograph” platform. Autograph has exclusive deals with an all-star roster of athletes including Tiger Woods, Wayne Gretzky, Derek Jeter, Naomi Osaka, and Tony Hawk and is partnered with

entertainment company Lionsgate as well as DraftKings.³⁴ The platform will exist as an NFT marketplace, in parallel with DraftKings' sports betting & fantasy offering, with users able to buy and sell NFTs with funds in their existing accounts.

BetMGM (Private) is the exclusive sports betting partner to MGM Resorts. BetMGM serves both online and in MGM' Resort's physical casinos. BetMGM is a leader in online casino gaming and poker. Its unique collaboration between MGM Resorts and Entain, one of the world's largest sports betting and gaming groups operating in the online and retail sector, gives BetMGM both the technical experience and market expertise to provide Canadian consumers with a truly unique fan experience. BetMGM operates 3 poker sites, 3 casino sites, and 2 sports sites with more online brands than any other gaming operator in the U.S. They partner with sports, entertainment, and technology companies with exclusive right to promote some of the biggest and most popular brands in the business such as the NBA, MLB and NHL. According to most reports, at approximately 22% market share BetMGM is number three in the U.S. after FanDuel and DraftKings, and long-term the company expects to earn a 20-25% share of the U.S. sports betting market.³⁵

Bragg Gaming Group Inc. (BRAG-TSX) is a B2B gaming technology and content provider that offers a turnkey solution for retail, online and mobile gaming. Bragg's proprietary iGaming platform includes an advanced casino content aggregator, a sportsbook, a lottery application and has helped the Company become one of the fastest growing online B2B turnkey gaming solution providers. Bragg's revenues and EBITDA continue to accelerate as the company has demonstrated over 60% quarterly year over year revenue growth while adjusted EBITDA has grown over 230% year over year. Bragg has also tripled its customer base in the past two years while they haven't lost a customer in over five years. As an aggregator, Bragg is tied into several Casino/Brands on the "back end" and most of their revenues are generated on a revenue share basis as a percentage of Gross Gaming Revenue (GGR) from operators using their platform. The "crown jewel" in the Bragg product portfolio appears to be its OryxHUB content aggregation, product integration and player engagement platform. This database and analytics engine provides good analytics on all user activity including what games are popular, total winnings and overall player engagement. Bragg only operates in regulated and/or licensed markets and, as such, has essentially been a European entity. In the early days Bragg was never vertically integrated with content providers, so as they grew the business over time, a significant portion of European revenues go to those game developers. With more states like New Jersey, Michigan and Pennsylvania "opening up", the U.S. online gaming market continues to be a sizeable market that is growing very quickly. As Bragg continues to mature as a company, its goal is to be more vertically integrated in the U.S. which would allow them to double their margins from 15% to approximately 30%. Bragg's last 2 acquisitions, Spin Games and Wildstreak, demonstrate the company's plan to evolve into a more vertically integrated player in the U.S. market. Spin Games is not necessarily a content provider, but they are an aggregator with an operational footprint in the U.S. market. Please note that if an entity wants to operate as an aggregator in any U.S. state, they need a license and in certain states like New Jersey and Pennsylvania it could take anywhere from twelve months to two years to obtain a license. The Spin acquisition saved time to market, gave them an operating footprint, and was already integrated with U.S. operators like DraftKings, MGM and Hard Rock. Wildstreak is a pure-play content studio. In Europe, the most successful content providers had a history of building games for land-based casinos and Wildstreak now gives Bragg that history. Bragg already has a license in B.C. and is interested in a presence in Ontario and Australia. With approximately \$30 million of cash on the Balance Sheet, the company is on the hunt for smart, accretive acquisitions in other jurisdictions.

FansUnite Entertainment Inc. (FANS-CSE) is a Canadian Sports, Gaming, and Entertainment company focusing on technology related to regulated and legal online sports betting, esports betting, casino, and fantasy sports. FansUnite has a B2B (Business-to-Business) esports betting and sportsbook platform in Chameleon and a B2B casino-style RNG game developer in Askott Games. The Company also has two B2C (Business-to-Consumer) platforms in McBookie, a leading provider of betting services with a license to operate in the U.K., and VAMOSGG, an Esports Betting, Esports Daily Fantasy and Esports Casino brand focused in LATAM. FansUnite's mission is to be a leader in the gaming industry by providing their

partners and players the industry's most versatile and vertically integrated platforms with an emphasis on the next generation of bettors. FansUnite platforms have had \$350M of betting volume since inception and over 300,000 registered members. On August 5th, 2021, FansUnite subsidiaries Askott Gaming and E.G.G. were granted licenses from the UK Gambling Commission. More specifically, FansUnite now has a remote gambling software license and a remote betting license which allows the company to supply its B2B wagering platforms to UK sportsbooks and casino operators and deliver its B2C betting solutions to the UK marketplace. The UK is one of the world's largest online betting markets given that from 2019 to 2020, the UK gambling industry, which comprises 30.2 million registered adult bettors, generated a gross gambling yield of £14.26 billion.³⁶ FansUnite already holds both B2B and B2C gaming licenses in Malta, a partnership in the U.S. and are looking to secure a license in Canada once Ontario opens up. Moreover, on July 15th, 2021, FANS closed a \$25 million public offering resulting in a total cash balance of \$37 million which puts FansUnite in the best financial position in the company's history.

Playmaker Capital Inc. (PMKR-TSXV) is a digital sports media company that sits at the nexus of sports, media, gambling, and technology with a focus on the "fan experience". Playmaker is creating a world class customer acquisition ecosystem by aggregating an audience of sports fans across multiple channels, creating outsized fan value and loyalty for sports betting companies, advertisers, teams, and sports leagues around the world. Playmaker is not a startup but a "rollup" looking to gather a group of profitable companies focused on the fan experience under one umbrella. The OSB ecosystem needs fans and every day a new fan comes of age and will go from buying ugly mugs, t-shirts and hats to betting on their favourite teams. Playmaker is not the gold mine but rather the picks and shovels that supply the gold mine. In terms of sports betting, advertisers, teams and sports leagues, **Playmakers' picks and shovels are the rabid and loyal fans that they deliver at scale into this ecosystem.** Playmaker's brands include **Futbol Sites** and **Yardbarker**. Founded in 2008, Futbol Sites is offered in 3 languages and captures millions of U.S. and Latin American football/soccer fans around the globe. Futbol Sites has over 65 million unique monthly fans, over 165 million monthly sessions and over 1.4 billion monthly ad impressions. Overall, Football/Soccer continues to be the biggest sport to bet on globally and major international Soccer tournaments are more frequent than ever. While 2021 was a bit of an anomaly, this year we had the 2020 Copa America, Euro 2020, the Gold Cup and the 2020 Olympics. With the 2022 World Cup in Qatar just around the corner, and World Cup 2026 hosted by the U.S., Canada and Mexico, the fan base should continue to grow at a significant rate heading into that event. It is also worth noting that with the success of the National Women's teams in both the U.S. and Canada (congratulations on the Olympic gold medal!), the women's game is also expanding. Founded in 2006, Yardbarker is a premier North American focused entertainment and media destination focused on the NFL, NBA, MLB, NHL, NCAA and MLS. Yardbarker has over 4 million unique monthly fans, over 9 million monthly sessions, over 360,000 daily newsletter subscribers and a click through rate of over 25%. While Futbol sites and Yardbarker are essentially opposite in terms of their fan base, there are synergies between the two platforms, and they can syndicate amongst each other. Combined, Playmaker has over US\$14.4 million in trailing twelve-month revenues, US\$6.0 million in trailing twelve month adjusted EBITDA, over 70 million unique monthly users, over 170 million monthly sessions and over 70% trailing twelve-month pro forma organic revenue growth. Playmaker currently has \$13 million in cash on the balance sheet and is looking to add value by acquiring additional platforms that provide strategic benefits to their ecosystem, are financially accretive with proven and aligned management teams and are profitable under the Playmaker umbrella. Playmaker CEO Jordan Gnat has been in the gambling space for 18 years with senior roles at FoxBet and the Stars group and he is joined by a very experienced management team and Board of Directors with proven track records in technology, media and sports at a number of large entities including Bell Media, AT&T, the NFL, Entertainment One and theScore.

Please Note That There is Also a “Crypto” Alternative...

SportX (Private) is a truly distributed Crypto Sports Betting Exchange that lets players trade their favourite sports and make bets “peer-to-peer” directly with no market maker or “Bookie”. SportX is a front-end application built on top of the SX prediction market protocol and is truly one of the “killer dApps” on the blockchain. The SX Protocol is one of the most popular DeFi protocols as the smart contracts have processed over \$50M in volume across 600,000+ transactions. The SX Network community treasury has over \$30M in funds currently and is continuing to grow from protocol fees and vesting SX tokens. In addition to SX tokens, SportX supports betting in DAI, USDC or Ether (ETH). Unlike a “Dealer Market”, where one intermediary sets the market and a ‘bookie’ typically offers a line with a 5-10% spread on both sides, SportX is an exchange where users compete to offer odds directly against each other. The SportX ecosystem is more akin to a traditional stock market where buyers and sellers of shares can meet on the stock exchange to complete a transaction at a specific price. Here, buyers and sellers of a bet can meet on the exchange at a specific line and complete a bet with no single market maker setting the parameters while the exchange takes a small fee. On the SportX platform individuals can also be completely anonymous when entering bets and there is no default risk given that “at risk” crypto is locked up in a smart contract between both parties. Like other OSB platforms the SportX platform offers expert picks in all major sports including the NFL, NBA, MLB, NHL, European soccer, MLS, tennis, MMA, Cricket and Esports. It also offers free tournament play, direct competitions for cash prizes, and community message boards. However, unlike other OSB platforms, SportX is unique as it offers token staking, daily crypto rewards, and the ability to purchase tokens from any crypto wallet. As part of a fully distributed peer-to-peer ecosystem, SportX could be the future of online sports betting.

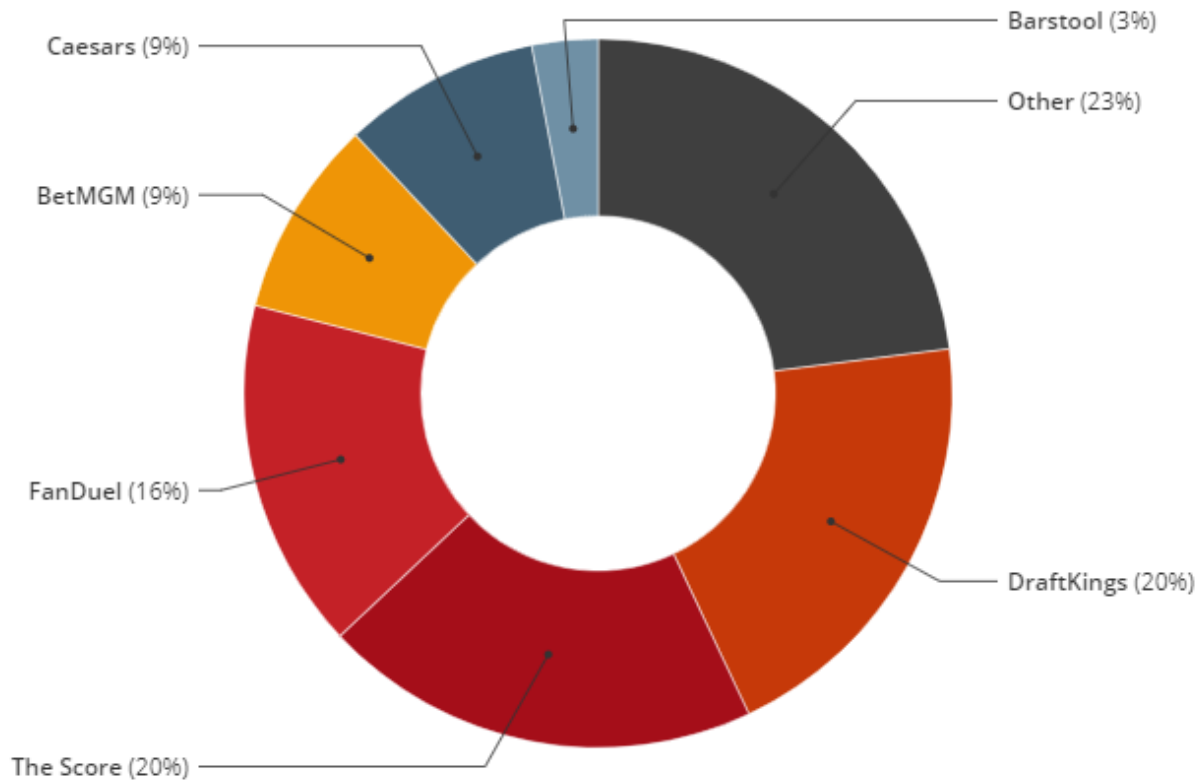


Source: Louise Elizabeth, “SportX Review 2021: Crypto Sports Betting Exchange”, Every Bit Helps, June 17, 2021.

<https://everybithelps.co.uk/sportx-betting-review/>

Who are the biggest players in sports gambling?

This chart shows how Canada's sports gambling market is expected to be carved up within 5 years



CBC NEWS

Chart: Pete Evans/CBC • Source: Bloomberg

Source: Canada legalizes single-game sports betting, opening up billion-dollar market, CBC.³⁷

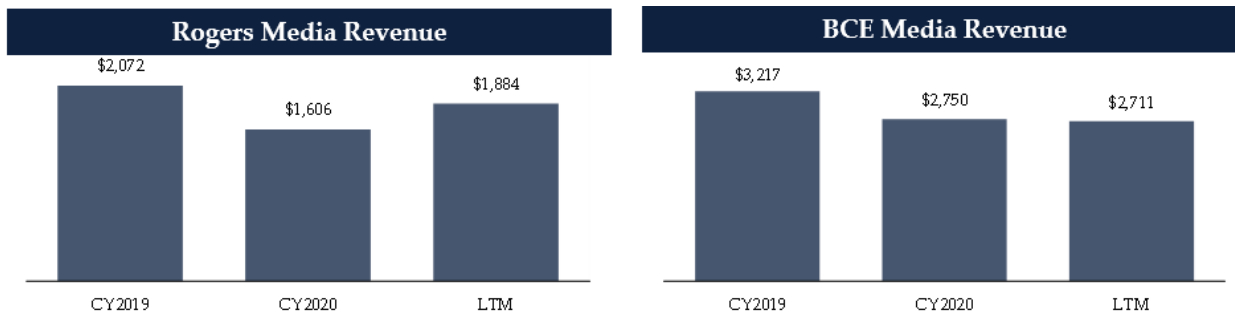
The Large Media players in Canada would likely NOT let an Opportunity like this “slip through their fingers”.

While other Canadian cable and media conglomerates like **TELUS Corp (T-TSX)** have focused on their healthcare and agriculture businesses to diversify their income streams, **Rogers Communications (RCI/B-TSX)**, and its recently rebranded Rogers Sports & Media division, has been keenly focused on the sports vertical to augment their cable and wireless businesses. Therefore, sports betting is a natural fit. Rogers Sports & Media has owned Sportsnet since 2001 and already broadcasts National Hockey League (NHL) games Canada-wide. Rogers also owns the only Canadian team in Major League Baseball (MLB), the Toronto Blue Jays, and back in September 2000, the media conglomerate bought an 80% stake in the “Jays” for C\$165 million valuing the franchise at approximately C\$200 million. However, according to the latest Forbes valuation, the team is now worth US\$1.675 billion and ranked 15th in MLB in terms of value.³⁸ Rogers is only one of two corporate owners in MLB and, along with the Atlanta Braves, would likely see OSB as another way to further monetize a very valuable franchise.

Quebecor Inc. (QBR/B-TSX) could also be an interesting player in the Canadian marketplace. Based in Montréal, the diversified media and telecommunications company serves Québec and can capitalize on the changing regulatory landscape through its Sports and Entertainment segment. This vertical includes the operation and management of the Videotron Centre in Québec City that shows production, sporting and cultural events management, and the operation of two Quebec Major Junior Hockey League (QMJHL) teams. Quebecor could look to utilize their “homefield advantage” by leveraging their presence in Canada's third-largest market by population to craft a significant legal OSB market with a partner in that

province. Another large Canadian cable and telecom provider **BCE Inc. (BCE-T)**, whose subsidiary Bell Media owns 70% of TSN, could also look to get "in on the action" for single-event wagering in Canada. Bell Media reaches approximately 29 million viewers weekly and perhaps THE biggest single sports betting event in the world, Super Bowl LV played on February 7, 2021, brought almost 9 million viewers to TSN.³⁹ BCE has an excellent opportunity for a Joint-Venture (JV) partnership with an experienced sportsbook operator which would almost immediately create a market leader in the Canadian sports media and betting industry.

Once again, Rogers and Bell agree on the importance of the Canadian sports and entertainment landscape as evidenced by their joint-ownership of **Maple Leaf Sports & Entertainment Ltd. ("MLSE")**. Both Rogers and Bell each have an equal stake of 37.5% in MLSE, the owner of the Toronto Maple Leafs, the Toronto Raptors, Toronto FC, the Toronto Argonauts, the Toronto Marlies, Raptors905, TFCII, Raptors Uprising Gaming Club (eSports), the Scotiabank Arena and BMO Field. Headquartered in Toronto, MLSE would be a valuable one-stop-shop partner from a Canadian sports marketing and fan engagement standpoint. Unlike a direct deal with one of the Canadian media giants, a partnership with MLSE gives an operator DIRECT exposure to the Toronto franchises that participate in the NHL, NBA, MLS, CFL, AHL, NBA G-League and the NBA 2K League in eSports. This direct exposure could be leveraged to promote Online Sports Betting, Daily Fantasy Offerings and fan engagement. We already are beginning to see such offerings south of the border. Surprisingly, owner Jim Irsay and the Indianapolis Colts of the National Football League (NFL) recently introduced a ticket package that features a \$100 betting credit on FanDuel's sportsbook. The Colts FanDuel Fan Pass includes tickets to four regular-season games and the \$100 betting credit, which is broken up into four \$25 increments and distributed to sportsbook accounts in the week leading up to the individual games.⁴⁰ For those who do not know the history, the NFL is a league that claimed that any type of betting (legal or illegal) threatened the integrity of the game is now providing incentives for fans to bet on their games. This could be the biggest "180" we've seen in professional sports. More importantly, MLSE has the ability to do something similar with FOUR professional teams in four different leagues. We are still in the "early innings," but Rogers, Bell and MLSE are all well positioned to capitalize on this "game changing" opportunity.



MLSE Brands



Appendix – Company Overviews

Anthem Sports & Entertainment (Private) builds media brands that can live on multiple platforms and reach a global community. Founded by Leonard Asper Anthem owns various media outlets primarily dedicated to sports programming.

- Founded in 2010, Anthem Sports & Entertainment (“Anthem”) is an owner and operator of several global media platforms based in Toronto, Ontario with ~60 employees
- Notable media assets include:
 - **AXS TV:** an entertainment channel focused on lifestyle & entertainment and reaches 50M+ North Americans
 - **Fight Network & Impact Wrestling:** collectively reaches 130M+ viewers in multiple countries
 - **GameTV & Game+:** an esports, fantasy sports and sports betting content producer with ~2M subscribers
- Majority controlled by Founder, Leonard Asper (Sygnus Corporation)
- Key partners include iHeartMedia, GSN Gaming and OVW Wrestling
- Opportunity to leverage highly sought-after media assets such as Game+ and IMPACT Wrestling; can also help expand the overall U.S. content library



Brands

axs tv

INVICTA
FIGHTING CHAMPIONSHIPS

FIGHT
NETWORK

IMPACT!
WRESTLING

game tv



BET99 Sportsbook (Private) is a Canadian-focused online gambling website and mobile application. BET99 offers sports betting and casino services by utilizing Dench eGaming Solutions technology and platform. The company aims to deliver customers a premium betting solution with multiple products offering, including Sports Betting, In-Play Betting, Casino and Live Dealer Casino. BET99 is committing to establish itself as the preeminent local brand in the province of Quebec.

- Founded in 2019, BET99 has ~50 employees.
- BET99 exclusively focuses on Canadians with 113,000 sports betting events per month, and 1,920 slot/live and jackpot casino games offered in both French and English.
- Since launch in August 2020, the Company has onboarded 33,000 registered users, resulting in \$218 million in handle, \$19 million in deposits and \$8 million in gross gaming revenue (as of June 2021).
- BET99 is owned by BOQ Consulting, a company based in Switzerland.
- The company has a licence issued by Kahnawake Gaming Commission, the governing body of the Mohawk Territory of Kahnawake in Quebec, as well as a full Malta Gaming License.
- The company's key partners include Georges St-Pierre (professional mixed martial artist), sports clubs including the Montreal Alouettes, CF Montreal, Ottawa Senators, Calgary Flames, Winnipeg Jets and Vancouver Whitecaps as well as Bell Media & Quebecor Media.
- Bet99 can further enhance sports betting and iGaming offerings while leveraging its existing users and brands.

BET99

Brands

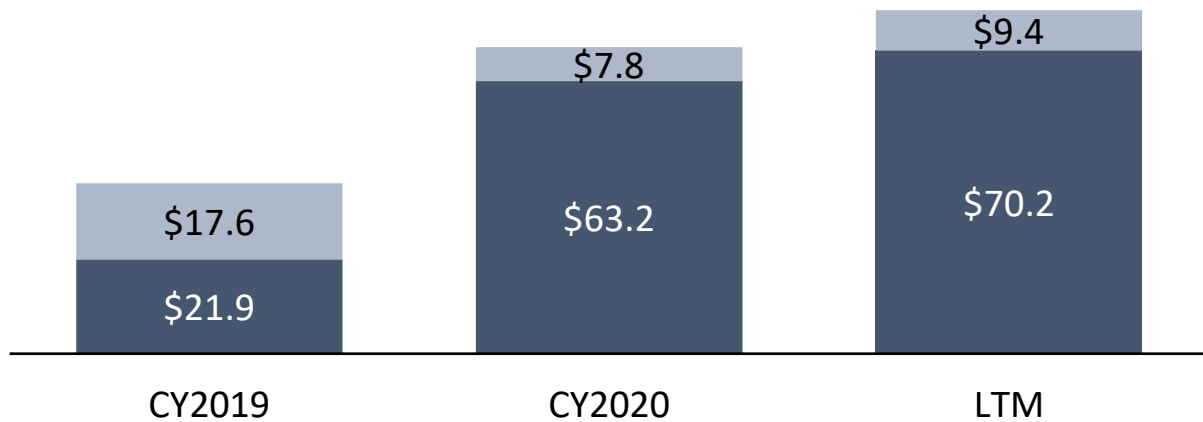


Bragg Gaming Group (BRAG, \$270M Mkt Cap) is a B2B gaming technology and content provider that offers a turnkey solution for retail, online and mobile gaming.

- Bragg Gaming Group Inc. (“Bragg”) is an innovative B2B online gaming technology and content provider, leveraging its industry-leading technology:
 - **Games and content:** advanced casino content aggregator, sportsbook, lottery, marketing, and operational services.
 - **iGaming and turnkey projects:** proprietary omni-channel retail, online and mobile iGaming platform
- Content aggregator combines casino, slots, live dealer, lottery, virtual sports and instant-win game content from top content providers.
- Content partners include some of the most reputable companies including Evolution, NetEnt, Golden Hero and Gamomat.
- Primary operations are provided through its wholly owned subsidiaries in Malta, Slovenia, and Cyprus.
- Compliant in Malta, Schleswig-Holstein Germany, Romania, Croatia, Czech Republic, Serbia, Colombia, Sweden, and Denmark allowing operators to access over 13,000 world-class games.
- The company is focused on expanding into the U.S., Canada, UK and LATAM.

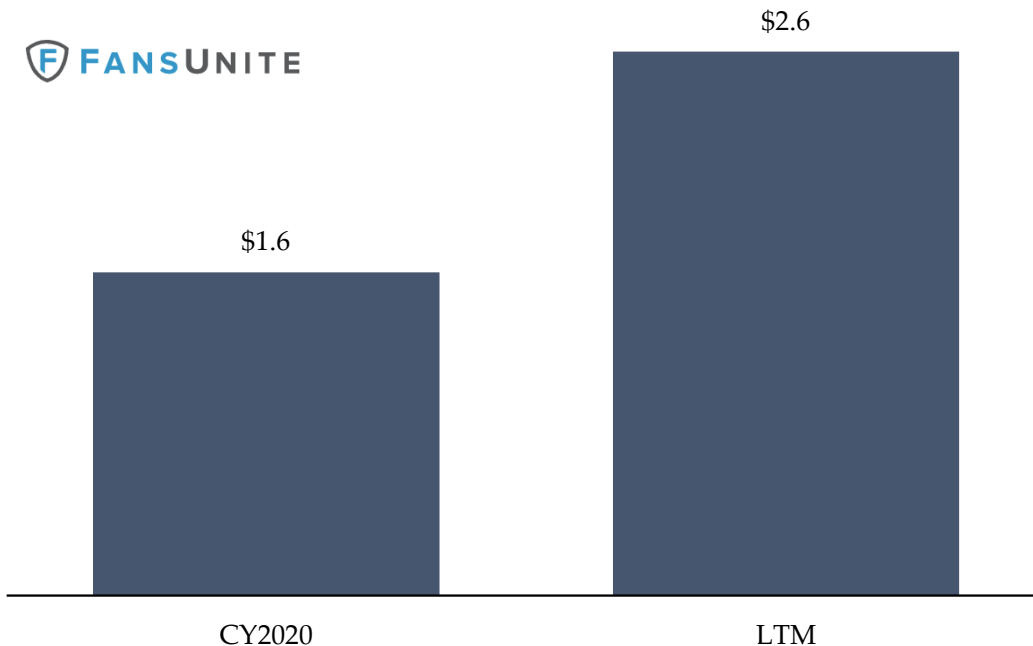


■ Games and Content Revenue ■ iGaming and Turnkey Revenue



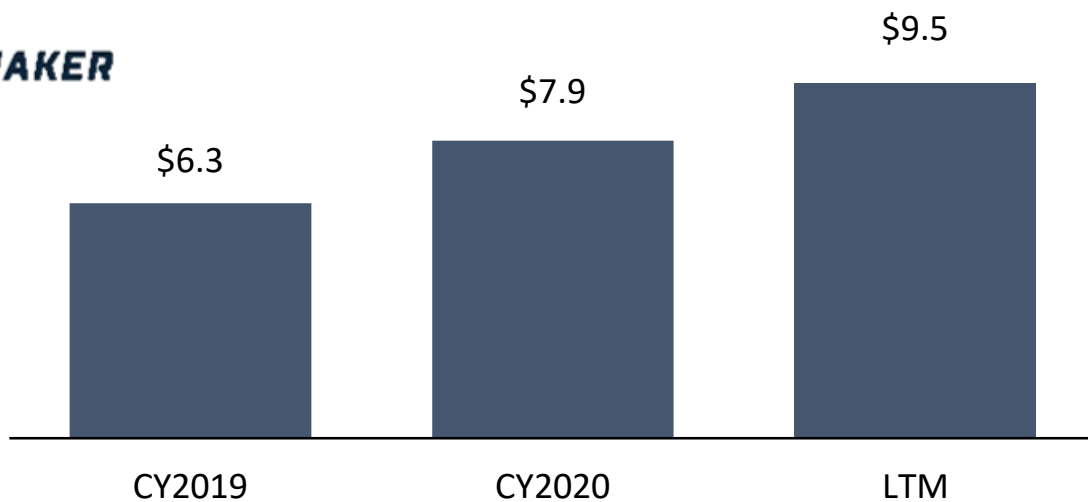
FansUnite Entertainment (FANS, \$180M Mkt Cap) is a Canadian Sports, Gaming, and Entertainment company focusing on technology related to regulated and legal online sports betting, esports betting, casino, and fantasy sports.

- FansUnite Entertainment Inc. (“FansUnite”) is a sports and entertainment company, focusing on technology related to regulated and lawful online sports betting, esports betting, casino, and fantasy
- The company offers four main products:
 - **Chameleon:** a complete B2B white label iGaming solution for esports, traditional sports, and casinos that includes turnkey and API solutions
 - **McBookie:** a leading provider of sports betting services, with a focus on Scottish markets under a license to operate granted by the U.K. Gambling Commission
 - **Vamos GG:** an esports-first sportsbook and casino site created on the Chameleon platform to service the fastest growing esports betting market globally, Brazil
 - **Askott Games:** casino game platform with multiple titles released and many more in development
- FansUnite platforms have had \$350M of betting volume since inception and 300,000+ registered members
- On July 15, 2021, FansUnite closed an ~\$25M public offering; the proceeds from the raise will be put towards future acquisitions, developing games under the Askott Games brand, expanding the Company’s U.S. footprint, and launching new brands



Playmaker Capital (PMKR, \$110M Mkt Cap) is a digital sports media company that sits at the nexus of sports, media, gambling, and technology with a focus on the “fan experience”.

- Playmaker Capital, Inc. (“Playmaker”) is a digital sports media company creating a customer acquisition ecosystem for an audience of sports fans across several channels
- The company acquires digital sports media platforms and monetizes them through advertising, merchandising, subscription services and partnerships with sports betting operators
 - Clients include FanDuel, BetMGM, DraftKings, Poker Stars, Bet365, Betway, Visa, Mastercard, GM, Ford and many more
- Playmaker reaches +66M unique users per month
- Acquired Futbol Sites Network earlier this year, which is one of the world’s fastest growing digital sports media groups – mainly targeting the Latin American population
 - Futbol’s assets include BolaVIP, Futbol CentroAmerica, and Redgol – all esports and entertainment platforms
 - Generates ~95% of revenue from advertising
- Growth will include organic growth from Futbol and acquisitions

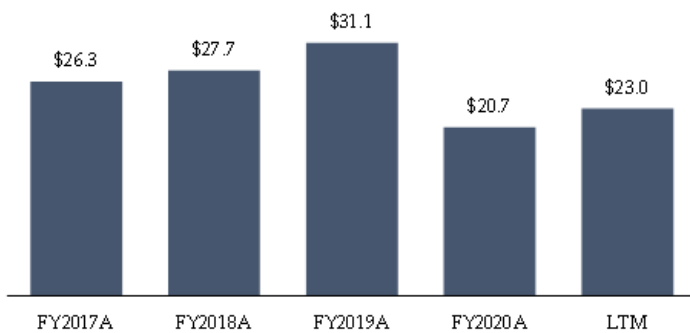


Score Media and Gaming Inc. (SCR, \$2.3B Mkt Cap) has a very well-known game scores and league information platform however, theScore has a very large user base that is highly engaged, and approximately 50% of these users already bet on sports.

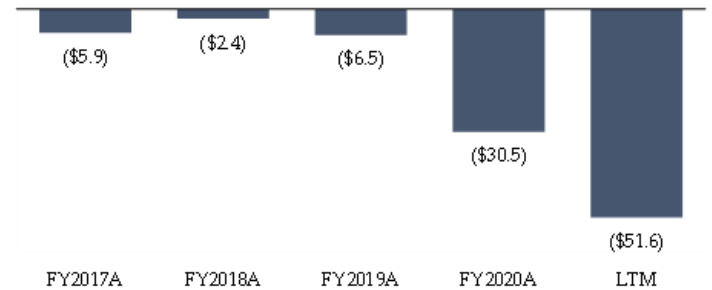
- Score Media and Gaming Inc. (“theScore”) is one of North America’s largest providers of digital media and sports betting products and operates primarily under 2 leading brands:
 - theScore Media:** one of the most popular media apps in North America, delivering fans highly personalized live scores, news, stats, and betting information from their favorite teams, leagues, and players; >99% of revenue was derived from media
 - theScore Bet:** delivers an immersive and holistic mobile sports betting experience, currently available to place wagers in New Jersey, Colorado, Indiana and Iowa
- The revenue models for theScore app and theScore esports are advertising-based; online sports betting revenue is a function of the amount of stakes and win margin
- In the most recent period ended, theScore app reported 3.7M average monthly active users, ~470M average monthly user sessions and ~126 average monthly sessions per user
- theScore has a strong presence in Ontario and reaches ~1.4M users in the province
 - Ontario is expected to be one of the largest regulated sports betting markets in North America by population
 - theScore estimates iGaming and sports betting in Ontario alone could generate between ~US\$1.7B to ~US\$2.1B in annual gross gaming revenue
- Once again, on August 5th Penn National Gaming (PENN-NYSE) announced that they plan to acquire Score Media and Gaming for US\$2.0 billion in cash and stock. Penn National estimates the Score Media buyout will add \$200 million in adjusted EBITDA in the medium-term and \$500 million in the long term. The deal will also provide opportunities to leverage Score’s in-house technology, particularly as it ramps up its Barstool Sports and Barstool Sportsbook & Casino apps.⁴⁰



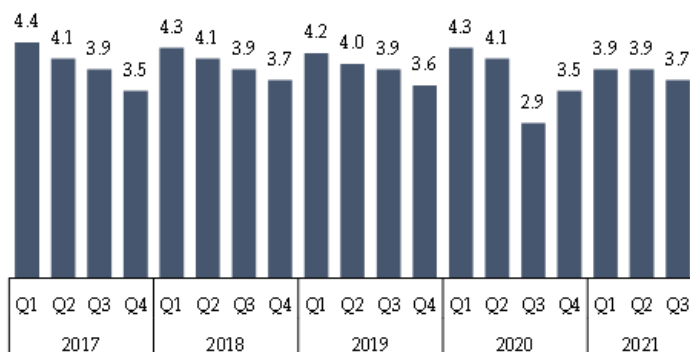
Revenue (C\$MM)



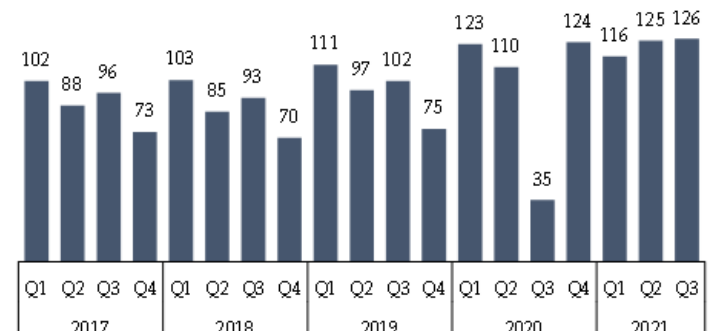
EBITDA (C\$MM)



Monthly Average Users (Millions)



Average Monthly Sessions Per User





200 Bay Street, Suite 2350
Toronto, Ontario
Canada
M5J 2J2

Neil Selfe, Managing Principal

(416) 646-2610

nselfe@inforfg.com

Kenrick Sylvestre, Principal

(416) 583-1949

ksylvestre@inforfg.com

Pras Kayilasanathan, Principal

(647) 284-5220

pkayilasanathan@inforfg.com

Michael Malanda, Analyst

(647) 202-0505

mmalanda@inforfg.com

FOOTNOTES

1. KFL&A Public Health: Prevalence of Gambling Disorders. <https://www.kflaph.ca/en/research-and-reports/gambling-and-gaming-disorders.aspx>
2. Michael Stevens, "7 Historical Facts About Sports Gambling". Gambling Sites.org, February 10, 2021. <https://www.gamblingsites.org/blog/7-historical-facts-about-sports-gambling/>
3. "The History of Sports Betting in Canada". SportsbookBonus.ca. <https://www.sportsbookbonus.ca/history-of-sports-betting-in-canada/>
4. Lipton, Q.C, Michael, D, Weber, Kevin J. "Modernizing the Canadian Criminal Code to Allow for Single Game Sports Betting." Dickenson-Wright September 2018. <https://www.dickinson-wright.com/news-alerts/modernizing-canadian-criminal-code-sports-betting>
5. Wikipedia. https://en.wikipedia.org/wiki/Criminal_Law_Amendment_Act,_1968%E2%80%931969
6. "Global Gambling Industry in Recent Years." Casino.org. <https://www.casino.org/features/gambling-statistics/>
7. "Our History, 1975-1989". OLG.ca <https://about.olg.ca/who-we-are/about-us/1989-1975/>
8. Ibid.
9. "Our History, 1990-1999". OLG.ca. <https://about.olg.ca/who-we-are/about-us/1999-1990/>
10. "The History of Sports Betting in Canada". SportsbookBonus.ca. <https://www.sportsbookbonus.ca/history-of-sports-betting-in-canada/>
11. "Online sports gambling thrives in Canada's legal 'grey zone'". CBC, May 2, 2016. <https://www.cbc.ca/sports/sports-gambling-canada-1.3559733>
12. Ibid.
13. "Bet365 boss earns £469m in a single year." BBC, April 1, 2021. <https://www.bbc.com/news/business-56594988>
14. <https://www.dickinson-wright.com/news-alerts/modernizing-canadian-criminal-code-sports-betting>
15. Ibid.
16. "New Stakes in the Game – Bill C-13 and unlocking opportunities through sports betting." Deloitte <https://www2.deloitte.com/content/dam/Deloitte/ca/Documents/consumer-business/ca-sports-betting-pov-en-aoda.pdf>
17. Ryan Butler, "Canada Single-Game Sports Betting Bill Passes Parliament". ActionNetwork.com, June 22, 2021. <https://www.actionnetwork.com/legal-online-sports-betting/canada-single-game-sports-betting-bill-passes-parliament>.
18. "Canada Sports Betting – Legality, Launch Dates, And FAQ", SportsHandle.com. <https://sportshandle.com/canada/>
19. Kevin Waugh, "Bill C-218 (The Safe and Regulated Sports Betting Act)". <https://kevinwaugh.ca/in-ottawa/c-218/>
20. "JOINT STATEMENT FROM THE COMMISSIONERS OF THE NATIONAL BASKETBALL ASSOCIATION, NATIONAL HOCKEY LEAGUE, MAJOR LEAGUE BASEBALL, MAJOR LEAGUE SOCCER AND CANADIAN FOOTBALL LEAGUE", June 8, 2020. <http://canadiangaming.ca/wp-content/uploads/Leagues-Joint-Statement.pdf>
21. "Canada Sports Betting – Legality, Launch Dates, And FAQ", SportsHandle.com. <https://sportshandle.com/canada/>
22. "Discussion paper: A model for internet gaming in Ontario", Ontario.ca <https://www.ontario.ca/page/discussion-paper-model-internet-gaming-ontario>
23. Ibid.
24. iGaming Ontario. <https://igamingontario.ca/en>
25. "Discussion paper: A model for internet gaming in Ontario", Ontario.ca <https://www.ontario.ca/page/discussion-paper-model-internet-gaming-ontario>
26. Ibid.
27. Steve McAllister, "OLG set to launch single-event wagering option in time for start of NFL season, CEO says", Toronto Star, July 8, 2021. <https://www.thestar.com/sports/2021/07/08/olg-set-to-launch-single-event-wagering-option-in-time-for-start-of-nfl-season-ceo-says.html>
28. "Time to focus, diversify or refocus your product strategy?" iGamingBusiness.com, January 25, 2021. <https://igamingbusiness.com/time-to-focus-diversify-or-refocus-your-product-strategy/>
29. "Why a Game Aggregator is a Great Choice for Casino Operators", Softswiss.com <https://www.softswiss.com/knowledge-base/game-aggregator-great-choice-casino-operators/>
30. "Time to focus, diversify or refocus your product strategy?" iGamingBusiness.com, January 25, 2021. <https://igamingbusiness.com/time-to-focus-diversify-or-refocus-your-product-strategy/>
31. "theScore Reports F2021 Q3 Financial Results", Score Media and Gaming, April 31, 2021. <https://ir.scoremediaandgaming.com/news/news-details/2021/theScore-Reports-F2021-Q3-Financial-Results/default.aspx>
32. "Penn National Gaming to Acquire Score Media and Gaming, Creating North America's Leading Digital Sports Content, Gaming and Technology Company", BusinessWire, August 5th, 2021. <https://www.businesswire.com/news/home/20210805005389/en/Penn-National-Gaming-to-Acquire-Score-Media-and-Gaming-Creating-North-America%E2%80%99s-Leading-Digital-Sports-Content-Gaming-and-Technology-Company>

33. Clark Shultz, "FanDuel Nabs 40% online Sports Betting Market Share in the U.S.", Seeking Alpha, March 2, 2021. <https://seekingalpha.com/news/3668442-fanduel-nabs-40-online-sports-betting-market-share-in-us>
34. Todd Spangler, "Lionsgate, DraftKings Ink Deals With Tom Brady's Autograph NFT Platform to Launch Digital Collectibles", Variety, July 21, 2021. <https://variety.com/2021/digital/news/lionsgate-tom-brady-autograph-nft-draftkings-1235024498/>
35. BetMGM Investor Day April 21, 2021 Presentation.
36. "FansUnite Granted UK Gambling Licenses for B2C and B2B Businesses", FansUnite, August 5, 2021. <https://www.fansunite.com/static/4f31d9e62bf10406bc7c0f51d71bdaf8/aug-5-uk-licenses.pdf>
37. Pete Evans, "Canada legalizes single-game sports betting, opening up billion-dollar market." CBC, August 12, 2021. <https://www.cbc.ca/news/business/canada-sports-betting-1.6138865>
38. Mike Ozanian, "Baseball's Most Valuable Teams 2021: New York Yankees On Top At \$5.25 Billion." Forbes, March 26, 2021. <https://www.forbes.com/sites/mikeozanian/2021/03/26/baseballs-most-valuable-teams-new-york-yankees-on-top-at-525-billion/?sh=509dd0b3d5ef>
39. TSN.ca Staff, "Super Bowl LV becomes third-biggest on record, with 8.8 million viewers on CTV, TSN, and RDS." February 8th, 2021. <https://www.tsn.ca/super-bowl-lv-becomes-third-biggest-on-record-with-8-8-million-viewers-on-ctv-tsn-and-rds-1.1590012#:~:text=Super%20Bowl%20LV%20becomes%20third,%2C%20and%20RDS%20%2D%20TSN.ca>
40. Jake Garza, "Colts Ticket Packages Now Come With \$100 In FanDuel Site Credit." Play Indiana, July 29, 2021. <https://www.playindiana.com/colts-fanduel-fan-pass-tickets/>

PLEASE CONSIDER AS SALES COMMENTARY ONLY – NOT OFFICIAL RESEARCH

Thank you for your interest.

DISCLOSURES

Appendix: Important Disclosures While this product is drawn from sources believed to be reliable, the accuracy and completeness of the information contained herein is not guaranteed. Any recommendation is not a solicitation to purchase or sell any security and it does not consider the individual investment objectives, financial situation, suitability or risk tolerance of any person or corporation. Accordingly, investors should obtain advice based on their own specific circumstances before making any investment decision. INFOR Financial Inc is a Member – Canadian Investor Protection Fund (CIPF) and the Investment Industry Regulatory Organization of Canada (IIROC).

For Institutional Client Use Only. Sales commentary not research.

Not to be distributed into the United States.

This communication, including any attachment(s), is confidential and has been prepared by the institutional sales and trading desks at INFOR Financial Inc., a Canadian broker-dealer. The contents of this communication are based on issuer-specific analysis and news, market events and general institutional desk discussion. The author(s) of this communication is not a research analyst, nor should it be construed as a research report. The commentary and any attachments and opinions expressed herein, are solely those of the individual author(s), except where the author expressly states them to be the opinions of INFOR Financial Inc. or any affiliate.

The author(s) of this communication does not have actual, implied or apparent authority to act on behalf of any issuer discussed. The author(s) may provide short-term trading views or ideas on issuers, securities, currencies, or other financial instruments but investors should not expect continuing analysis, views or discussion relating to any referenced issuers and/or securities. INFOR Financial Inc. and the author(s) do not undertake, and specifically disclaim, any obligation to update or revise any views, whether as a result of new information, future developments or otherwise. None of the author(s), INFOR Financial Inc., its affiliated companies or any other person accepts any liability whatsoever for any direct or consequential loss arising from or relating to any use of the information contained in this note.

INFOR Financial Inc., its affiliates and their respective employees may engage in trading strategies or hold positions in the issuers, securities, currencies, or other financial instruments discussed in this communication and may abandon such trading strategies or unwind such positions at any time without notice. The information contained in this commentary has been compiled from sources believed to be reliable, but no representation or warranty, express or implied, is made by INFOR Financial Inc., its affiliated companies, the author(s) or any other person as to its fairness, accuracy, completeness or correctness.

This does not constitute an offer or solicitation in any jurisdiction in which such an offer or solicitation is not authorized, or to any person to whom it is unlawful to make such an offer or solicitation. This material is prepared for general advice and circulation to institutional investor clients and does not have regard to the investment objectives, financial situation or particular needs of any person. Clients should obtain advice based on their own individual circumstances before making an investment decision. Dissemination, re-distribution, copying or other use of this message or the market commentary contained herein by any recipient is unauthorized. If you received this email in error, please advise the sender (by return email or otherwise) immediately and please delete this message and any attachments from your system.