

# iGaming M&A Insights

Market Overview

Sector Spotlight

Public Market Performance

M&A Activity

## ESPN Enters the U.S. Sports Betting Market in a Big Way

While a number of new entrants to the online sports betting industry turned heads recently, including acquisitions by Fanatics and Endeavor, perhaps none were as noteworthy as ESPN's recent \$2B deal with PENN Entertainment (NASDAQ: PENN, "PENN").

The allure of sports betting in the U.S. continues to draw adjacent market participants and ESPN, given its dominance in the sports media landscape, is a natural fit. That said, the Disney subsidiary's fully committed entry to the space represents a stark departure from its previous strategy – smaller deals with other operators – and highlights a willingness to bet on the long-term potential of the U.S. market.

While ESPN's entrance has certainly commanded attention, it is worth examining PENN's decision to enter this long-term deal with ESPN. Commentary from Disney CEO, Bob Iger, shines some light on the matter: "And why PENN? Because PENN stepped up in a very aggressive way and made an offer to us that was better than any of the competitive offers – by far." At Clearsight, we take this as an indication that PENN was committed to seeking a new core iGaming strategy through this opportunity. PENN appears to be transitioning away from the relatively unsuccessful combination with Barstool Sports that resulted in only ~5.5% market share, despite a total investment of over \$500M. With limited market share in the online industry, PENN may have desired to make a more significant strategic pass at becoming a relevant player in the U.S. iGaming space, before the industry becomes more solidified. ESPN may have represented the best near-term opportunity to do so.

This deal represents a marked strategy change for both ESPN and PENN. It may turn out to be a masterstroke for both if the combination of ESPN's reach and brand recognition with PENN's operational expertise proves to be a winning formula. However, given the high cost of the agreement and the everchanging landscape of the sports betting industry, there may not be a second chance if the deal turns sour.

### Sector Leadership



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# Sector Spotlight

## Entain Announces Acquisition of Angstrom Sports

### Target

Angstrom Sports

### Acquirer

Entain

### Deal Commentary

- **Entain's acquisition of Angstrom Sports illustrates the need of B2C providers to expand their data and analytics capabilities to improve their efficiency and the customer experience**
- Entain is a leading global provider of online and retail sports betting and online casino products and current 50/50 partner in the BetMGM joint venture with MGM Resorts. This acquisition gives Entain additional capabilities within the data and analytics and predictive modeling space to further develop their sports betting platform in the high-growth U.S. market.
- Entain CEO, Jette Nygaard-Andersen, said, "Their next generation forecasting, pricing and risk management capabilities will unlock significant opportunities across BetMGM's U.S. sports betting offering, particularly in the fast-growing markets of parlay and in-play wagering. This acquisition will provide our customers with an unrivalled sports betting experience underpinned by enhanced in-house data-analytics..."

### Transaction Summary

On July 17<sup>th</sup>, 2023, Entain, a global retail and iGaming company, announced its acquisition of Angstrom Sports, a provider of sports modeling and data analytics. Angstrom Sports provides a variety of predictive modeling services to drive pricing and forecasting analytics with a deep focus on the U.S. sports betting market.

### Transaction Information

Announced Date	17-Jul-2023
Deal Type	Acquisition
<i>Target Information</i>	
Year Founded	2018
Target HQ	London, England
# of Employees	100

## EveryMatrix Announces Acquisition of DeepCI

### Target

DeepCI

### Acquirer

EveryMatrix

### Deal Commentary

- **EveryMatrix's acquisition of DeepCI illustrates the importance of adding new capabilities for B2B providers to provide a comprehensive solution to clients. The recent success of DeepCI also underscores the emphasis affiliate operators are placing on efficiency and operational optimization as the industry continues to grow in a competitive marketplace**
- This acquisition augments EveryMatrix's existing affiliate products (PartnerMatrix) and adds a differentiated, data and analytics product offering to further improve the value proposition offered to customers
- Ebbe Groes, CEO of EveryMatrix, said, "DeepCI's data-driven tools are unique to our industry, their commercial success is similarly remarkable, and their product will bring significant benefits to our customers."

### Transaction Summary

On July 1<sup>st</sup>, 2023, EveryMatrix, a leading provider of iGaming software and solutions, announced its acquisition of DeepCI, a developer of a brand affiliate business intelligence platform. DeepCI leverages affiliate tracking monitoring to offer customers detailed analytics on affiliate exposure and performance to support operational optimization and efficiency.

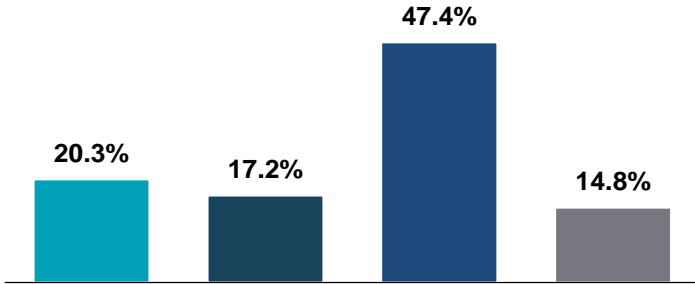
### Transaction Information

Announced Date	01-Jul-2023
Deal Type	Acquisition
<i>Target Information</i>	
Year Founded	2020
Target HQ	London, England
# of Employees	ND

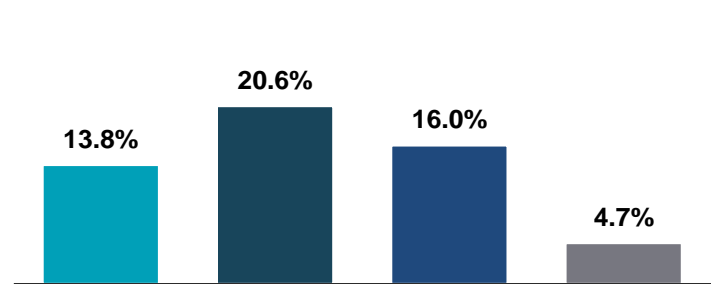
# Public Market Performance

■ B2B iGaming ■ B2C iGaming ■ Traditional Casinos ■ Casino Suppliers

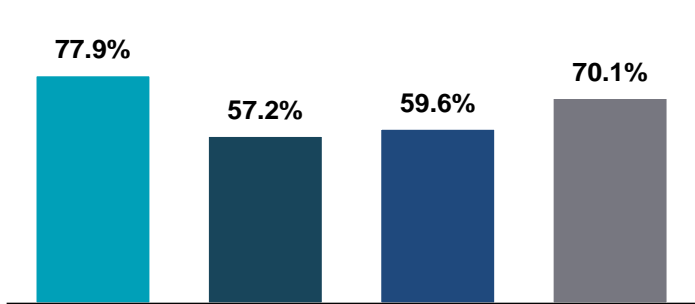
3-Year Historic Revenue Growth



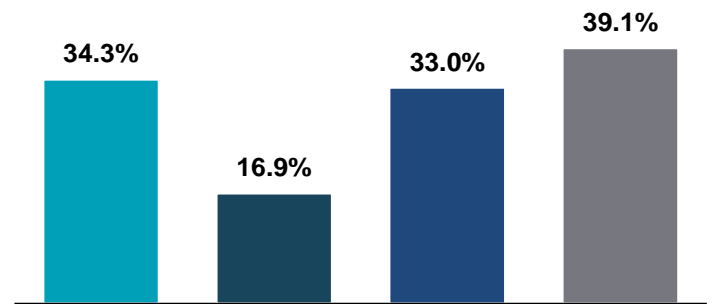
2023E Revenue Growth



2023E Gross Margin

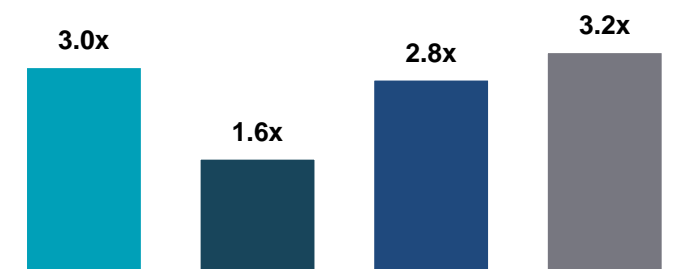


2023E EBITDA Margin

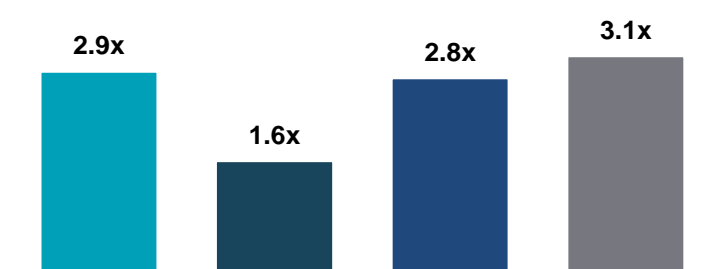


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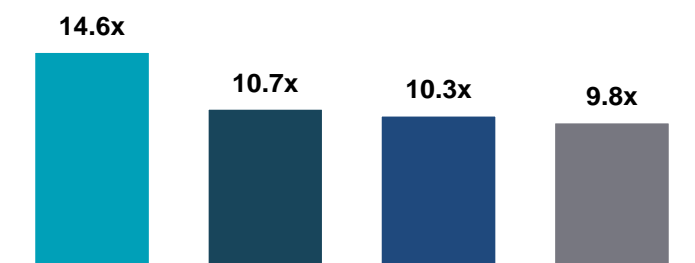
EV / LTM Revenue



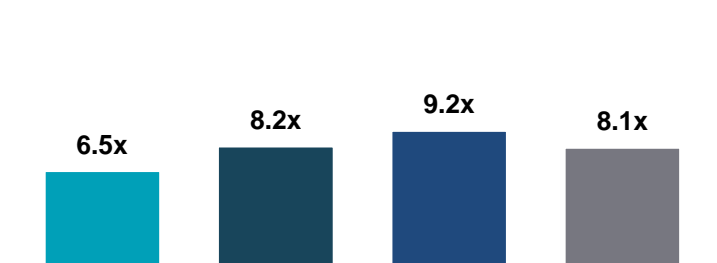
EV / 2023E Revenue



EV / LTM EBITDA



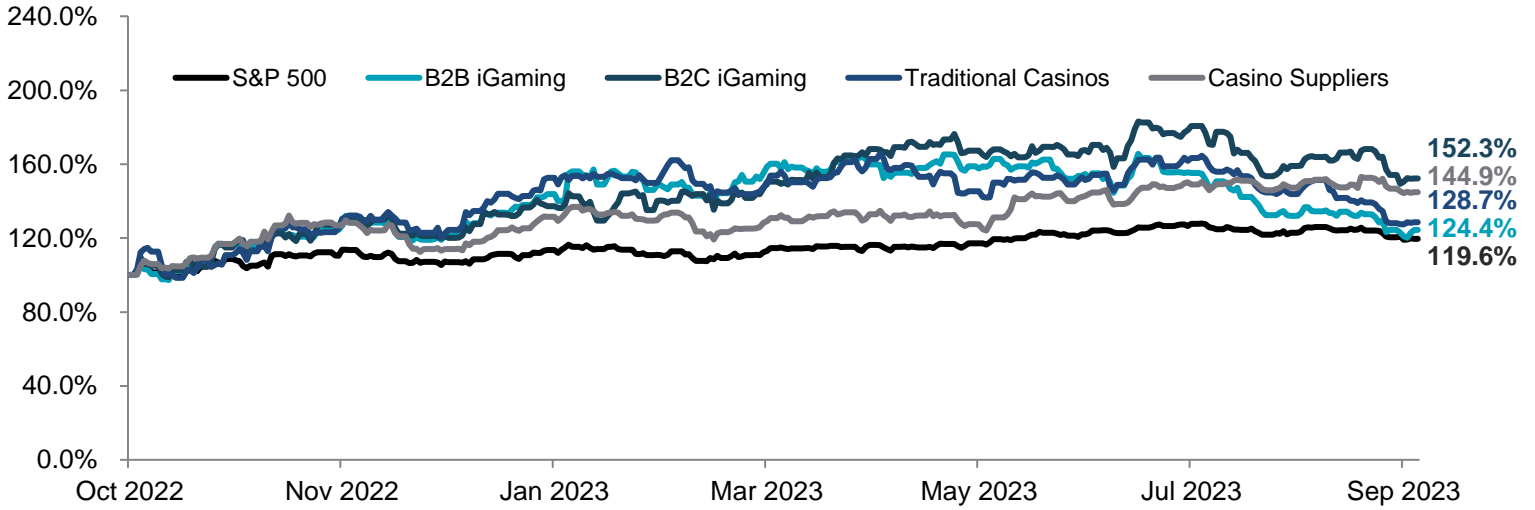
EV / 2023E EBITDA



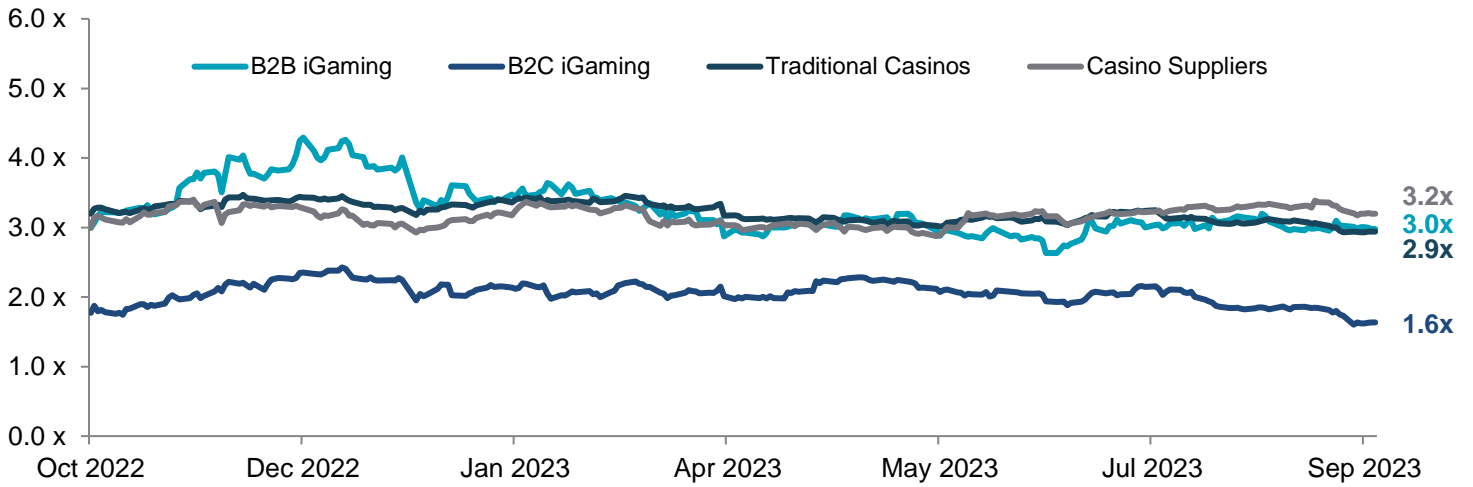
Source: Capital IQ, market data as of 30-Sep-2023

# Public Market Performance

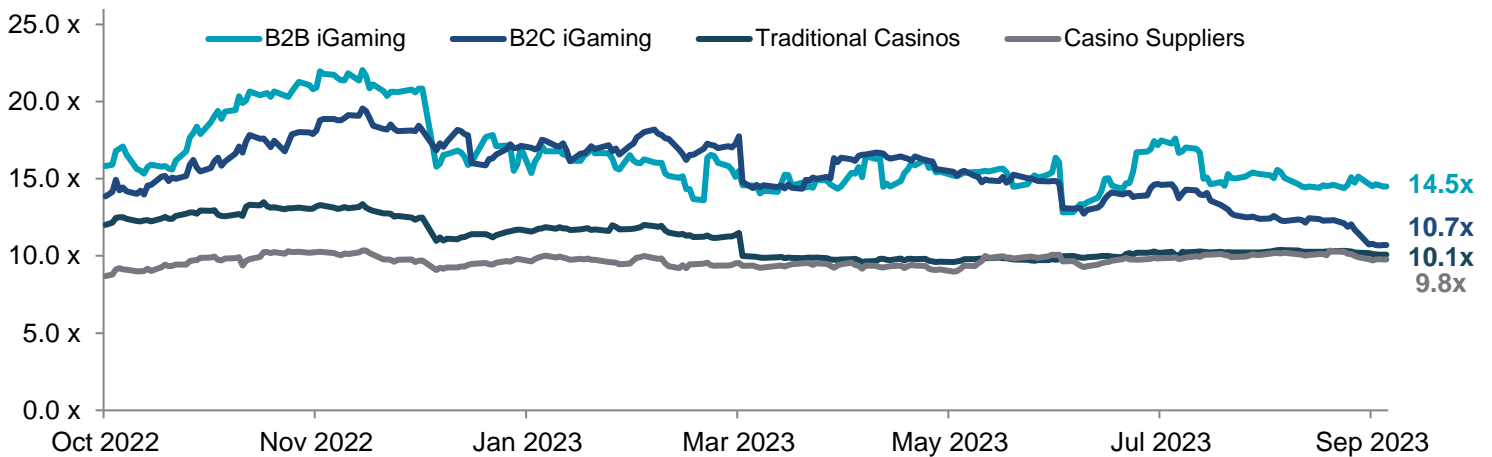
## iGaming Market Indices Performance – 1 Year



## LTM EV / Revenue Multiple Trend – 1 Year



## LTM EV / EBITDA Multiple Trend – 1 Year



Source: Capital IQ, market data as of 30-Sep-2023

# Public Market Performance

## B2B iGaming Index

B2B iGaming Index	Closing Price	% of 52 Week High	Equity Market Cap (\$ in M)	Enterprise Value (\$ in M)	EV / Revenue Multiples		EV / EBITDA Multiples		LTM EBITDA Margin	3 Year CAGR 2020A-23E	2023E Revenue Growth %
	30-Sep-23				2022A	2023E	2022A	2023E			
	Bragg Gaming	\$4.86	84.6%	\$110	\$105	1.2x	1.0x	22.9x	6.1x	5.3%	21.6%
Evolution Gaming	101.53	75.3	21,692	21,449	13.8	11.1	21.0	15.8	66.3	41.3	24.4
Gaming Innovation Group	2.61	92.8	336	408	3.6	3.0	25.8	6.5	20.5	20.3	17.5
Jumbo Interactive	10.00	95.0	630	598	7.7	6.8	19.2	13.7	43.3	15.2	13.8
Kambi Group	14.90	70.9	452	404	2.3	2.1	9.7	6.0	22.7	11.1	11.2
Playtech	5.52	70.6	1,676	1,942	1.1	1.1	6.0	4.3	20.0	11.0	5.4
Sportradar	10.01	64.3	2,975	2,811	3.6	2.9	13.1	16.3	27.2	24.7	23.2
<b>High</b>		<b>95.0%</b>	<b>\$21,692</b>	<b>\$21,449</b>	<b>13.8x</b>	<b>11.1x</b>	<b>25.8x</b>	<b>16.3x</b>	<b>66.3%</b>	<b>41.3%</b>	<b>24.4%</b>
<b>Median</b>		<b>75.3</b>	<b>630</b>	<b>598</b>	<b>3.6</b>	<b>2.9</b>	<b>19.2</b>	<b>6.5</b>	<b>22.7</b>	<b>20.3</b>	<b>13.8</b>
<b>Mean</b>		<b>79.1</b>	<b>3,982</b>	<b>3,960</b>	<b>4.8</b>	<b>4.0</b>	<b>16.8</b>	<b>9.8</b>	<b>29.3</b>	<b>20.7</b>	<b>15.4</b>
<b>Low</b>		<b>64.3</b>	<b>110</b>	<b>105</b>	<b>1.1</b>	<b>1.0</b>	<b>6.0</b>	<b>4.3</b>	<b>5.3</b>	<b>11.0</b>	<b>5.4</b>

## B2C iGaming Index

B2C iGaming Index	Closing Price	% of 52 Week High	Equity Market Cap (\$ in M)	Enterprise Value (\$ in M)	EV / Revenue Multiples		EV / EBITDA Multiples		LTM EBITDA Margin	3 Year CAGR 2020A-23E	2023E Revenue Growth %
	30-Sep-23				2022A	2023E	2022A	2023E			
	Betsson	\$11.03	91.3%	\$1,511	\$1,372	1.7x	1.4x	9.2x	5.1x	20.7%	9.1%
DraftKings	29.44	85.4	13,659	13,866	6.2	3.9	N/M	N/M	(31.7)	78.8	56.8
Entain	11.38	58.4	7,271	10,845	2.1	1.9	11.3	8.7	16.6	6.2	12.6
Flutter Entertainment	163.40	79.6	28,726	33,988	3.7	2.9	40.3	16.7	11.5	25.3	27.8
Kindred Group	9.17	72.9	1,971	1,952	1.5	1.3	18.4	7.6	12.5	(0.1)	19.5
Rush Street Interactive	4.62	84.3	319	312	0.5	0.5	N/M	N/M	(10.0)	34.2	13.6
<b>High</b>		<b>91.3%</b>	<b>\$28,726</b>	<b>\$33,988</b>	<b>6.2x</b>	<b>3.9x</b>	<b>40.3x</b>	<b>16.7x</b>	<b>20.7%</b>	<b>78.8%</b>	<b>56.8%</b>
<b>Median</b>		<b>81.9</b>	<b>4,621</b>	<b>6,398</b>	<b>1.9</b>	<b>1.6</b>	<b>14.8</b>	<b>8.2</b>	<b>12.0</b>	<b>17.2</b>	<b>20.6</b>
<b>Mean</b>		<b>78.6</b>	<b>8,910</b>	<b>10,389</b>	<b>2.6</b>	<b>2.0</b>	<b>19.8</b>	<b>9.6</b>	<b>3.3</b>	<b>25.6</b>	<b>25.3</b>
<b>Low</b>		<b>58.4</b>	<b>319</b>	<b>312</b>	<b>0.5</b>	<b>0.5</b>	<b>9.2</b>	<b>5.1</b>	<b>(31.7)</b>	<b>(0.1)</b>	<b>12.6</b>

## Traditional Casinos Index

Traditional Casinos Index	Closing Price	% of 52 Week High	Equity Market Cap (\$ in M)	Enterprise Value (\$ in M)	EV / Revenue Multiples		EV / EBITDA Multiples		LTM EBITDA Margin	3 Year CAGR 2020A-23E	2023E Revenue Growth %
	30-Sep-23				2022A	2023E	2022A	2023E			
	Bally's	\$13.11	51.1%	\$598	\$5,280	2.3x	2.1x	10.1x	9.5x	21.8%	88.9%
Boyd Gaming	60.83	83.3	6,084	9,599	2.7	2.6	7.5	7.5	35.4	19.2	3.8
Caesars Entertainment	46.35	76.9	9,979	35,073	3.2	3.0	11.4	8.8	32.6	47.3	7.2
Las Vegas Sands	45.84	69.9	35,040	44,021	10.7	4.3	174.0	11.1	24.6	51.8	150.4
MGM Resorts	36.76	71.6	12,899	41,522	3.2	2.6	23.5	9.0	13.4	47.5	20.6
Wynn Resorts	92.41	78.4	10,451	61,111	NM	9.7	NM	30.7	20.6	44.2	67.1
<b>High</b>		<b>83.3%</b>	<b>\$35,040</b>	<b>\$61,111</b>	<b>10.7x</b>	<b>9.7x</b>	<b>174.0x</b>	<b>30.7x</b>	<b>35.4%</b>	<b>88.9%</b>	<b>150.4%</b>
<b>Median</b>		<b>74.2</b>	<b>10,215</b>	<b>38,297</b>	<b>3.2</b>	<b>2.8</b>	<b>11.4</b>	<b>9.2</b>	<b>23.2</b>	<b>47.4</b>	<b>16.0</b>
<b>Mean</b>		<b>71.9</b>	<b>12,508</b>	<b>32,768</b>	<b>4.4</b>	<b>4.1</b>	<b>45.3</b>	<b>12.8</b>	<b>24.7</b>	<b>49.8</b>	<b>43.4</b>
<b>Low</b>		<b>51.1</b>	<b>598</b>	<b>5,280</b>	<b>2.3</b>	<b>2.1</b>	<b>7.5</b>	<b>7.5</b>	<b>13.4</b>	<b>19.2</b>	<b>3.8</b>

## Casino Suppliers Index

Casino Suppliers Index	Closing Price	% of 52 Week High	Equity Market Cap (\$ in M)	Enterprise Value (\$ in M)	EV / Revenue Multiples		EV / EBITDA Multiples		LTM EBITDA Margin	3 Year CAGR 2020A-23E	2023E Revenue Growth %
	30-Sep-23				2022A	2023E	2022A	2023E			
	Aristocrat Leisure	\$26.36	94.8%	\$17,096	\$17,001	4.4x	4.2x	14.5x	12.8x	29.8%	8.1%
Everi	13.22	66.6	1,163	2,001	2.6	2.4	5.7	5.2	43.4	29.4	6.2
International Game Technology	30.32	89.2	6,073	12,149	2.9	2.9	8.7	7.0	33.8	10.8	0.4
Light & Wonder	71.33	90.2	6,489	9,764	3.9	3.4	12.7	9.2	31.9	18.7	13.2
<b>High</b>		<b>94.8%</b>	<b>\$17,096</b>	<b>\$17,001</b>	<b>4.4x</b>	<b>4.2x</b>	<b>14.5x</b>	<b>12.8x</b>	<b>43.4%</b>	<b>29.4%</b>	<b>13.2%</b>
<b>Median</b>		<b>89.7</b>	<b>6,281</b>	<b>10,956</b>	<b>3.4</b>	<b>3.1</b>	<b>10.7</b>	<b>8.1</b>	<b>32.9</b>	<b>14.8</b>	<b>4.7</b>
<b>Mean</b>		<b>85.2</b>	<b>7,705</b>	<b>10,229</b>	<b>3.4</b>	<b>3.2</b>	<b>10.4</b>	<b>8.6</b>	<b>34.7</b>	<b>16.8</b>	<b>5.8</b>
<b>Low</b>		<b>66.6</b>	<b>1,163</b>	<b>2,001</b>	<b>2.6</b>	<b>2.4</b>	<b>5.7</b>	<b>5.2</b>	<b>29.8</b>	<b>8.1</b>	<b>0.4</b>

Source: Capital IQ, market data as of 30-Sep-2023

# Featured Transactions

Date	Target	Buyer/Investor	Enterprise Value	Summary
27-Sep-23	<b>MaxBet</b>	<b>Flutter Entertainment</b>	\$292M	<ul style="list-style-type: none"> <li>MaxBet is a Serbian omnichannel sports betting and gambling operator</li> </ul>
18-Sep-23	<b>Tipsbladet</b>	<b>Better Collective</b>	\$7M	<ul style="list-style-type: none"> <li>Tipsbladet is a Danish digital football content platform</li> </ul>
04-Aug-23	<b>UK &amp; Australian Brands (Catena Media)</b>	<b>Moneta Communications</b>	\$7M	<ul style="list-style-type: none"> <li>Divestiture of Catena Media's UK &amp; Australian online sports betting brands. Catena Media is an affiliate marketing firm focused on the iGaming industry</li> </ul>
01-Aug-23	<b>BetLion</b>	<b>888Africa</b>	ND	<ul style="list-style-type: none"> <li>BetLion is a Kenya-based B2C iGaming operator with licenses in Kenya, Zambia, and the Democratic Republic of the Congo</li> </ul>
27-Jul-23	<b>Premier Lotteries Ireland</b>	<b>La Francaise des Jeux</b>	\$385M	<ul style="list-style-type: none"> <li>Premier Lotteries Ireland is the operator of the Irish state lottery</li> </ul>
24-Jul-23	<b>Playstar</b>	<b>Glitnor Group</b>	ND	<ul style="list-style-type: none"> <li>Playstar is a New Jersey-headquartered operator of an online gaming platform</li> </ul>
14-Jul-23	<b>FunFair's Multiplayer Games Portfolio</b>	<b>Raw iGaming</b>	ND	<ul style="list-style-type: none"> <li>Divestiture of FunFair's catalogue of multiplayer, arcade games products</li> </ul>
12-Jul-23	<b>Three Europe-Facing Assets (XL Media)</b>	<b>Beach Services</b>	\$4M	<ul style="list-style-type: none"> <li>Divestiture of three of XL Media's European-focused casino assets. XL Media is an affiliate marketing firm focused on the iGaming industry</li> </ul>
12-Jul-23	<b>Emwys</b>	<b>B90 Holdings</b>	\$4M	<ul style="list-style-type: none"> <li>Emwys is a provider of pay-per-click marketing services to the iGaming industry</li> </ul>
03-Jul-23	<b>Playmaker HQ</b>	<b>Better Collective</b>	\$54M	<ul style="list-style-type: none"> <li>Playmaker HQ is a sports media company focused on the U.S. market</li> </ul>

# About ClearSight

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