



WEEK 35

FRIDAY 03 SEP 2021

**THE CROWN IS FALLING:
GAMBLING GIANT
DESCENDS FROM GRACE**

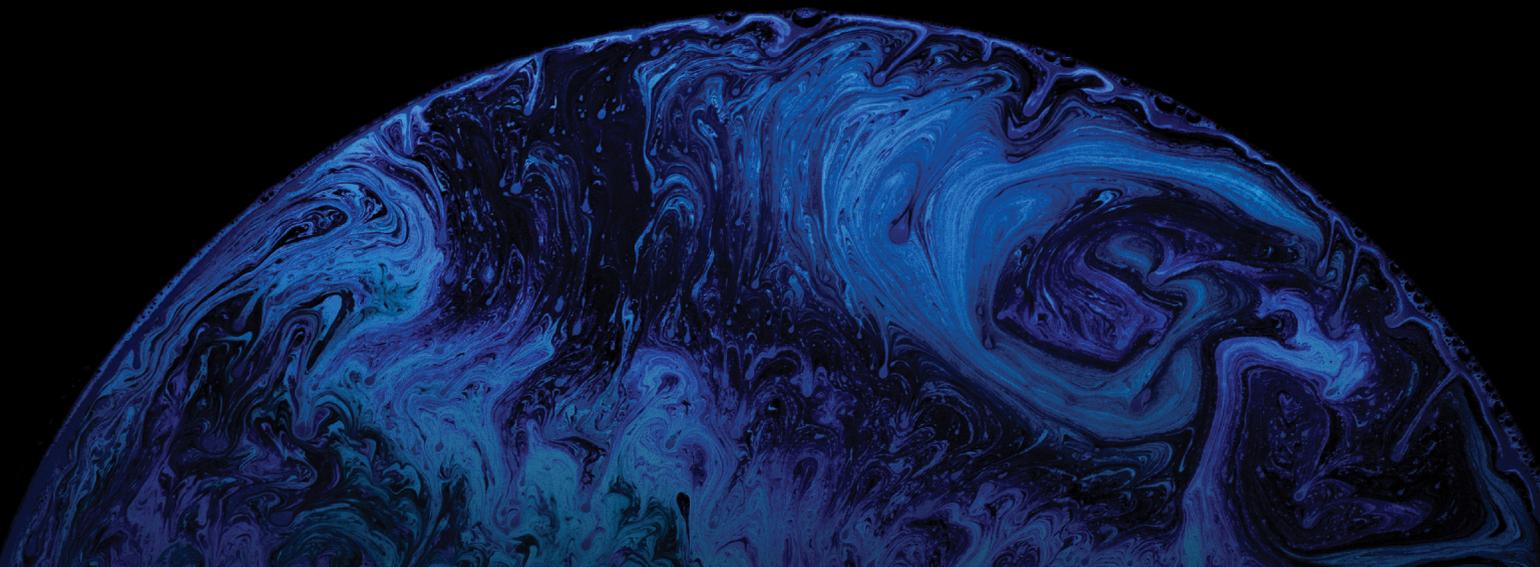
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THIS WEEK

- **On the edge: Cliff Castle Casino Hotel denied Arizona licence**
- **Tough bets: Marcus Boyle to be appointed as new GC Chairman**
 - **A ban on both your houses! Credit cards and whistle-to-whistle prohibited in Ireland**
- **“You’re cancelled”: MGA ceases authorisation of Evobet**

GUEST INTERVIEW:

- **Laszlo Pados, Brand Manager, StarGames - Greentube**

THE CROWN IS FALLING: GAMBLING GIANT DESCENDS FROM GRACE ▼

See also page 3
Exclusive Q&A:
Abios and Kambi a
“very good cultural fit”
for esports growth ▼



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Over the past year, Crown Resorts has undergone multiple regulator inquiries against its casinos, threatening the licence it holds in many states in Australia. The coronavirus pandemic has seen closures across the globe and Crown has especially taken one mighty dip in 2021 net revenue

▶ Crown Resorts has reported statutory revenue of AU\$1.5bn (US\$1.1bn) for the full year ended 30 June 2021, a 31% year-on-year decline. EBITDA declined by 77% to AU\$114.1m. The operator reported a loss of AU\$261.6m.

The losses were brought about by restrictions, and health and safety regulations due to Covid-19, as well as the closure of some of the company's casinos, namely Crown Melbourne and Crown Perth.

"2021 has been a challenging year for Crown, with intense regulatory scrutiny and unprecedented impacts on business operations from the Covid-19 pandemic," said Jane Halton, Crown's Interim Chairman. "Crown is supportive of the measures taken by State and Federal Governments in response to Covid-19, with our priority being the health and safety of our employees, customers and the community."

Theoretical revenue for Crown Melbourne was AU\$582.5m, with AU\$406.9m earned by main floor gaming. Theoretical VIP program play revenue dropped 98% to AU\$4.4m. Crown Perth reported theoretical revenue of AU\$742.8m, up 21% on the prior comparable period.

Main floor gaming revenue for the venue was AU\$478.3m, while non-gaming revenue was AU\$264.1m. On 28 December, select non-gaming operations at Crown Sydney opened to the public for the first time in a restricted capacity.

"Crown's full year results reflect the severe impact on operations from the Covid-19 pandemic," said Crown's CFO Alan McGregor. "Crown Melbourne's gaming operations were closed for a large part of the financial year and, when open, gaming facilities were subject to ongoing operating restrictions."

"Crown Perth delivered strong performance during the financial year. Crown Sydney delivered an overall operating loss for the financial year given the impact of Covid-19-related restrictions, border closures and the limited scale of operations."

"Crown Sydney delivered an overall operating loss for the financial year given the impact of Covid-19-related restrictions, border closures and the limited scale of operations" – Jane Halton, Crown's Interim Chairman

On the other hand, even though revenue has been considerably lower than normal, Crown Resorts has been forced to ban more than one out of every 10 Australian high rollers; because they either could not explain where their money came from, or had raised other integrity concerns, as reported by the Brisbane Times.

The decision comes as the group aims to salvage its casino licences in Melbourne, Sydney and Perth by cleaning up its operations, following recent revelations of money laundering and criminal infiltration.

A due diligence review of around 1,800 local significant and VIP players resulted in over 250 being banned from Crown casinos. Such ongoing reviews were "far more significant and comprehensive than we've done before," noted Crown CFO McGregor.

Concerning the ongoing royal commissions examining Crown's licences in Victoria and Western Australia, the operator's incoming Chief Executive Steven McCann said it was preparing for a range of possible outcomes.

"We will consider all options to maximise shareholder value in the context of however the regulatory environment plays out," said McCann. "Crown has three of the best integrated resorts in the world. I'm sure there will be people looking with interest at how things play out."

"Crown Resorts has banned more than one out of every 10 Australian high rollers because they either could not explain where their money came from, or had raised other integrity concerns"

The group rejected a takeover bid from private equity company Blackstone in May, before The Star withdrew its merger proposal in July amid uncertainty about the future of Crown's licences.

McCann added that James Packer's private company Consolidated Press Holdings (CPH), which owns 37% of Crown, has declined to meet with management, saying: "We've offered a meeting as we have with all major shareholders. CPH has chosen not to take a meeting at this point in time – that's their decision."

GI Verdict: As Shakespeare once said, 'all's fair in love and war,' and this year as Crown Resorts' net revenue took a hit, the casino has been subjected to the backlash of the Covid-19 pandemic. With new openings set to commence in Sydney last December, the company is still awaiting the outcome of Victoria's royal commission into its Melbourne licence, alongside a further royal commission into its Perth casino. This licence was suspended following the many, many allegations against Crown, deemed as 'unfit' to operate a casino. So, the question on the tips of everyone's tongues rings unanimous: Is the casino's financial detriment solely from the global crisis or is Crown finally losing the battle against its unethical responsible gambling initiatives?

THIS WEEK IN NUMBERS

39%

Growth for 888 Holdings' gross profit in H1 2021 figures



\$350,000

Raised by San Manuel Casino for seven nonprofit organisations in a three-day golf tournament in Orange County



\$129.3m

Gross gaming revenue reported by NagaCorp for H1 2020



121%

Increase in Q2 revenue reported by Scout Gaming Group



\$1.36bn

Generated in July 2021 by Nevada casinos, setting a new winning record



KAMBI GROUP COO Q&A: ABIOS AND KAMBI A “VERY GOOD CULTURAL FIT” FOR ESPORTS GROWTH

► Kambi Group COO Erik Lögdberg talks exclusively to *Gambling Insider* about the supplier's recent acquisition of esports data and odds provider Abios.

Kambi

Has Kambi been planning to expand into the esports market for a long time, or is this a relatively new idea?

It's not new. We've been operating an esports product for probably five years now, gradually growing it, and turnover has also gradually increased. There was a bit of a step change during the pandemic, where you literally had to choose between esports or table tennis as a customer.

I think what was encouraging, though, was that when sports returned, the interest for esports had increased a lot, and it stayed quite high, so I guess that made us even more interested in esports. The thinking was that this will continue to grow and will be one of the bigger sports potentially long term, if you do it right.

When we first met with Abios earlier this year we saw directly that this was a fantastic opportunity for us – in a more niche area – to be able to deliver something really good. Esports betting is much more immature than other sports as the structure in the value chain or in the data is not there like the way you have it for football or tennis, for instance. So we saw that with the right technology and the right people, you can do so much more here. The idea is that we come with sports betting and trading expertise, they come with real expertise about esports; and if we put that together, we believe we can build a much better product for esports and sports betting, to further increase the interest in it as a betting product.

You mentioned that esports is an immature market, but is there a timeframe for when you see this market really coming to the fore?

From a product perspective, I think there will be a big change once someone

really cracks how to do in-play with it. That goes all the way to the type of data that is delivered, but closer to our operation, it comes down to what type of algorithms and operation is set up around it to deliver really good in-play experience; both on the trading side and on the UX side, so that the end user has all the relevant information presented to them that motivates placing a bet. It will be gradual. I think in one year from now, the esports product will be significantly better and go on from there.

Can you see either Europe or the US standing out in terms of potential? Is one currently leading the way?

I think Europe is ahead for a simple reason, and that is regulation; and of course in general sports betting is ahead in maturity. But when the US first opened, esports was not allowed. Now, state by state it's starting to open up. So I think the biggest growth area will probably be in the US, but again the product and the industry is immature in Europe as well, so there's certainly potential there too.

Can you ever see esports betting overtaking traditional sports betting?

No, I don't think so. At least not in the next 10 years. After that, it's anyone's guess.

GI Verdict: There is obviously much excitement around the deal, which looks to have been in the making for some time, particularly given Kambi's aims to move into the world of esports.

Both companies look set to benefit greatly from the deal, but Lögdberg's ultimate view on esports betting falling short of traditional sports is certainly a wise one; given how much variety and popularity the latter enjoys on a daily basis.



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10%

Rise in international revenue for Melco's H1 2021

47%

Decrease month-on-month in Macau's August gross gaming revenue



45%

Of women believe online gambling should be banned, compared to 39% of men, according to YouGov data

MGA CANCELS AUTHORISATION OF EVOBET LICENCE

The Malta Gaming Authority (MGA) has made the decision to cancel the authorisation awarded to Evobet, which means it will lose its licence. The sanction was imposed after Evobet was said to have breached article nine of Malta's 'Gaming Compliance and Enforcement Regulations.'

Under the MGA licence, the company is required to obey Malta's business laws. Evobet was seen to have failed to comply with 'one-or-more applicable obligations' in article nine, thus the cancellation of Evobet's licence has been effective since 16 July 2021.

A further point was made whereby Evobet had 'failed to pay in a timely manner all amounts due to the Authority.' This brought the enforcement of article 10, by which the regulator can 'cancel the authorisation of a business' deemed to have breached its article nine compliance obligations.

Evobet is no longer permitted to carry out any gaming operations, accept new customer deposits, accept new members, or register any additional players. The MGA

has since instructed Evobet 'to provide all registered players with access to their player accounts, to refund all funds standing to the credit of players in line with the applicable law, and to settle all outstanding fees that are due to the Authority immediately.'

Elsewhere in Malta, recent reports have shown the results of another iGaming industry company potentially linked to the claim of illegal proceeds, with further concerns raised on the legitimacy of the Maltese Gaming Authority itself.

GI Verdict: Earlier this year the Dutch Gaming Authority, Kansspelautoriteit (KSA), imposed a fine of €500,000 (\$591,000) on Maltese-based company N1 Interactive Limited. The Maltese iGaming industry has seen several controversial subjects for some time, alongside links to alleged financial crime.

With the laws set in place by the MGA, and a firm position cemented with Evobet, 2021 to 2022 is proving to be a time of firm placed regulations. But will the MGA truly follow through with its tough stance?

THE WEEK IN QUOTES

"We know how important vaccines are to continuing gaming's strong recovery. Vaccinations are also one more tool to help us safely welcome the industry back to Las Vegas for another fantastic show."

Meredith Pallante, VP, Global Events at the American Gaming Association, on updated Covid-19 related regulations for the G2E trade show

"I look forward to working together to advance the mutual interests of Malta and Esports Technologies for many years to come."

Esports Technologies CEO Aaron Speech on his discussion with Malta Prime Minister, Robert Abela, about the company's plans to set up its European headquarters

CREDIT CARD AND WHISTLE-TO-WHISTLE BANS INTRODUCED IN IRELAND

Bookmakers in Ireland have agreed to an industry-wide ban on credit cards and a pre-watershed whistle-to-whistle advertising ban for live sport.

The bans are part of an updated Code of Practice for safer gambling, introduced by the Irish Bookmakers' Association (IBA), which outlines a comprehensive set of industry commitments in terms of player protection measures.

IBA members such as Flutter Entertainment, BoyleSports and Entain will adopt the latest version of the Code.

The credit card ban will be in place both online and in shops, with the change already in place for some bookmakers, while others will introduce the necessary technology changes as soon as it is possible to do so, and no later than the end of the year.

The advertising ban, meanwhile, will be before 9pm, and will run from five minutes before the live sporting event until five minutes after, but will not include horse racing or greyhound racing.

IBA Chairperson Sharon Byrne has welcomed the changes, but noted that more can be done to help prevent problem gambling.

"We recognise that there is a need for the industry to continue to develop the highest of standards for safer gambling," said Byrne. "We believe in particular that the credit card ban and the 'whistle-to-whistle' advertising restrictions are significant steps on that path.

Byrne added that the introduction of a regulator is key to any progress in the country, saying: "The IBA has long called for the establishment of a regulator in Ireland and we welcome the Government's commitment to legislating for that in the coming period.

"This Code is not the answer to problem gambling and we believe there is more that can be done within the forum provided by a regulator. However, we believe that these measures continue the journey the industry has been on in recent years, to ensure standards are increased for all."

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"This group of operators will help the League to engage fans in responsible and innovative ways this season, as the sports betting landscape continues to evolve."

Nana-Yaw Asamoah, Vice President of Business Development for the NFL, on the announcement of Fox Bet, BetMGM, PointsBet and WynnBet as the Approved Sportsbook Operators for the 2021 NFL season

"We're optimistic that we'll be able to facilitate exciting new strategies for player retention, including focused campaigns to reach and engage our players digitally, and further enable us to achieve our sales goals."

Kentucky Lottery President and CEO Mary Harville, on the partnership with Scientific Games to deliver CRM to Kentucky Lottery

MARCUS BOYLE EXPECTED TO BECOME NEW GAMBLING COMMISSION CHAIRMAN

Marcus Boyle has reportedly been chosen as the new Chairman of the Gambling Commission.

The 55-year-old is said to be taking over the role from Bill Moyes, whose term as Chairman of the gambling watchdog comes to an end this year.

Boyle is a former board member at accountancy firm Deloitte, is Chairman of the British American Drama Academy, and is a trustee of the Serpentine Gallery.

The Department for Digital, Culture, Media & Sport is understood to have selected Boyle, who will be "a more neutral appointment" to the Commission. An official announcement regarding the appointment is expected to be made at some point soon.

The regulator has in recent times come under intense scrutiny over its failure to tackle problem gambling, and is currently providing input into the ongoing Government review of the Gambling Act.

It is understood that Boyle's previous role as Chief Strategy Officer at Deloitte helped his application for the role, with his reported recruitment at the Gambling Commission viewed as "an appointment which would likely be seen as a positive for the betting industry," according to the Racing Post.

The Racing Post also noted that "other candidates for his place included some from organisations which highlight potential harms associated with the industry and campaigned against them."

GI Verdict: Whoever takes over as Gambling Commission Chairman, or long-term Chief Executive, has a tough job on their hands. As we've previously stated, criticism comes at the GC from all angles – campaigners who believe it is too soft on the industry, coupled with industry critics who feel it is a vote-winning bureaucratic entity that is anti-gambling. Best of luck to Boyle and co.



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Crown Resorts

9.29 AUD



0%

Kambi

231.20 SEK



2%

Elys Game Technology

5.93 USD



44%

Scientific Games

72.00 USD



1%

Evolution

1,500.20 SEK



3%

POINTSBET “DISAPPOINTED” TO MISS OUT ON ARIZONA SPORTS BETTING LICENCE

PointsBet said it is “disappointed” at the decision of the Arizona Department of Gaming (ADG) to deny Cliff Castle Casino Hotel, a Subordinate Economic Organisation of the Yavapai-Apache Nation, a sports betting licence.

Consisting of five tribal communities, the Yavapai-Apache Nation is located in Arizona’s Verde Valley.

“While disappointed that Cliff Castle was not awarded a licence, PointsBet continues to assess market access opportunities in Arizona,” a statement from the company read.

“The ADG has not provided any further information as to why Cliff Castle was not selected.”

The PointsBet Holdings share price fell as a result, sitting at AU\$10.13 (US\$7.40), 2.22% lower than its previous close. The group’s share price has dropped 11% since the start of 2021, and is currently 12% lower than it was this time last year.

Online sports betting was legalised

by Arizona Gov. Doug Ducey in April 2021, allowing for up to 20 sports betting licences; 10 for tribes and 10 for professional sports teams, as noted by PointsBet.

The ADG last week released its list of approved event wagering operators ahead of the state’s sports betting launch on 9 September. Tribal licensees include Fort Mojave Indian Tribe (SuperBook Sports), Quechan Tribe (Unibet Arizona), and Tonto Apache Tribe (Churchill Downs), while sports team licensees include Arizona Cardinals (BetMGM), Arizona Diamondbacks (William Hill), and Phoenix Suns (FanDuel).

Meanwhile, operator DraftKings has announced its daily fantasy sports product is to go live in the state of Arizona on Saturday 28 August.

Pending regulatory approval, the Copper State would become the 44th to offer DraftKings Daily Fantasy Sports.

GI HUDDLE

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REVENUE REPORTS: NEVADA – JULY

July was sizzling hot for Las Vegas, with record gaming revenue and a jump in visitation.

Nevada gaming revenue rose 32.68% to a record \$1.360bn vs. the same month in 2019, and revenue on the Strip jumped 46.21% to \$793.667m.

That also came in the first full month of operations for Genting Malaysia's Resorts World Las Vegas.

The growth on the Strip benefited from higher baccarat hold this year, as its revenue more than doubled 2019 levels.

The Strip grew 35% excluding baccarat. Strong domestic play was evidenced by slot revenue rising 38.72% on 36% higher handle.

The higher revenue came as visitors increased their spending, with spending per visit rising 63% compared to 2019.

REGION	JULY REVENUE (BN)	% CHANGE VS 2019
Nevada	\$1.360	+32.68
Clark County	\$1.163	+34.96

REGION	JULY REVENUE (M)	% CHANGE VS 2019
Las Vegas Strip	\$ 793.667	+46.21
Downtown LV	\$ 71.152	+35.48
North LV	\$ 25.916	- 3.97
Laughlin	\$ 42.831	- 2.15
Boulder Strip	\$ 70.038	- 14.32
Mesquite	\$ 14.179	+40.90
Balance of County	\$144.816	+39.93
Las Vegas Locals Market	\$ 240.771	+13.45
Washoe County	\$ 100.041	+28.09
Reno	\$ 72.422	+26.26
Sparks	\$ 15.666	+34.77
North Lake Tahoe	\$ 3.382	- 7.21
Balance of County	\$ 8.571	+56.60
South Lake Tahoe	\$ 32.249	- 7.85
Elko County	\$ 34.213	+31.22
Wendover	\$ 23.383	+35.11
Balance of County	\$ 10.831	+23.53
Carson Valley Area	\$ 12.169	+22.64
Other Areas	\$ 18.605	+29.07

GUEST INTERVIEW



LASZLO PADOS,
*BRAND MANAGER
OF STARGAMES
– GREENTUBE*

Pados discusses the German market in-depth with Gambling Insider

What makes Germany an important market for Greentube?

There are several factors that make Germany so valuable for Greentube. First of all, our games and content are highly popular among land-based players, which in turn makes it an important market for online. Additionally, the sheer size of the country's 83 million population, as well as its advancement in mobile and internet technology, and the public interest in gambling, makes it a top three market in Europe. In addition, studies have shown that the regulations, despite their challenges, will allow the market to rebound and further increase in size over the next five years.

Greentube acquired the brand StarGames in 2018, which has been well-known in online gambling for more than 10 years now. In general, players associate StarGames

with the Novomatic classic Book of Ra, as it was first available on StarGames back in the day, setting the groundwork for its success. Since then, the brand has become very well known among online gamblers due to its longevity and tradition. Stability and reliability are also ingredients that can help create instant recognition and trust among players.

All in all, the mixture of the market's size and its potential for growth, in conjunction with our popular content and strong brand, make it a very important region for us.

"I personally hope the lawmakers will, in the near future, re-evaluate some of the articles in the Interstate Treaty on Gambling. Until then, we will continue our discussions with authorities and industry participants to create further understanding"

How do you assess your performance in the regulated market at this early stage?

So far, we are happy with what we achieved since our project started 18 months ago within challenging market conditions. We launched our brand StarGames.de on 1 July, together with

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