



February 9, 2023

WINNERS, INC.

(OTC – WNRS)

Industry: Gambling

Price Target: \$0.024

WINNERS, INC.

Best Play on Explosive Growth in Sports Gambling Industry

Rob Goldman
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COMPANY SNAPSHOT

Through its subsidiaries, Winners, Inc. is engaged in the business of sports wagering research, data, advice, analysis and predictions. Industry revenue has enjoyed substantial acceleration due to the explosion of sports handicapping arising from the 2018 Supreme Court decision enabling State with the right to approve sports gambling. VegasWinners is a registered sports gambling affiliate that is positioned to drive traffic to gaming operators for commission and is currently registered in nine states. The LongShot Report is a rapidly growing internet/online subscription-based company that provides advice on sports picks for fantasy and sports betting.

KEY STATISTICS

Price as of 2/9/23	\$0.0022
52 Week High – Low	\$0.0212 - \$0.0012
Est. Shares Outstanding	334.5M
Market Capitalization	\$.74M
Average Volume	139,731
Exchange	OTCPK

COMPANY INFORMATION

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INVESTMENT HIGHLIGHTS

Led by the King of Vegas Sports Gambling, WNRS is poised to emerge as a leading player in the fast-growing sports gambling industry. Grandview Research projects the global online gambling market will reach \$127B in 2027.

The US sports gambling market is enjoying unprecedented growth and popularity. Sports gambling promotion is ubiquitous and the American Gaming Association predicts 50 million Americans will bet \$16B on the Super Bowl.

At present, 36 states have approved sports gambling and 3 of the biggest states, CA, FL, and TX, have not yet come online.

The WNRS model leverages its leaders' history in offering detailed sports betting advice, analysis, etc. for a fee. This model is combined with lucrative agreements with major sports books that initially pay referral fees for customers and could evolve into revenue sharing.

A flurry of M&A of WNRS-similar firms has occurred in recent years and WNRS could emerge as a target. With licenses in 9 states, WNRS is poised to build on its database of clients and subscribers which are invaluable assets to prospective M&A acquirers.

We currently project revenue of \$1.2M in 2023, growing to \$4M in 2024 and \$12-15M in 2025, with operating profit beginning in 2024.

Our twelve-month \$0.024 price target reflects 2x our 2024 revenue forecast and is a 26% discount to industry leader DraftKings.

COMPANY OVERVIEW

The View from 30,000 Feet



Given that the Company is on the cusp of launching its first full-scale marketing campaign after successfully testing its proof of concept, we believe that **Winners, Inc. (OTCPK: WNRS)** may offer the greatest upside of the publicly traded companies in the fast-growing, multi-billion-dollar sports betting industry. Success in this segment requires an evangelist with a track record of winning, and profitable sports betting advice, along with a following by amateur and professional gambling participants. In line with this rule of thumb, the Company is led by one of

sports wagering's most highly visible and recognizable authorities and personalities, Wayne Allyn Root. Wayne and his team of handicappers clearly fit this bill, as we outline later in this report.

In addition to leadership, firms must have the proper corporate and business infrastructure, including licensing, technology, content, and affiliate agreements with some of the segment's most important players. WNRS is well-positioned in this regard and is poised to succeed once it launches its broad online marketing campaigns. Moreover, we believe that the Company will generate outsized growth this year, with an exponential revenue growth rate and cash flow positive status in 2024.

Explosive Industry Growth

The sports betting industry is still in its infancy. In 2018, the Supreme Court struck down the federal ban on sports betting giving the go-ahead for states to independently decide if they wish to legalize it. Still, it has taken time for sports gambling to achieve broad state legalization and implementation. Nonetheless, the expected industry growth is explosive. Sports betting television ads, radio ads, tv shows, online websites, and the sprouting of new sports betting gurus have been swift and broad. Major sports leagues even have affiliations in some fashion with some of the industry's largest players. Fans inside State Farm Stadium in Glendale, Ariz., will even be able to place mobile-phone bets during the Super Bowl between the Kansas City Chiefs and the Philadelphia Eagles.

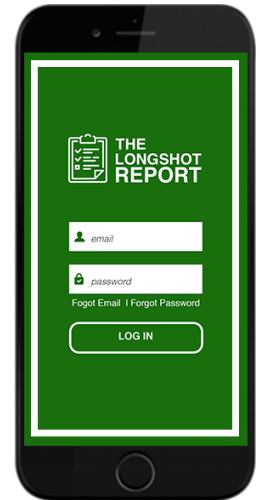
Perhaps it should be no surprise. According to the American Gaming Association, gambling on this weekend's Super Bowl is expected to reach record-breaking levels, with more than 50 million Americans projected to bet \$16 billion on the championship game. Industry projections published by Statista suggest sports betting revenue in the US is forecast to grow from an estimated \$3.6 billion in 2022 to \$10 billion in 2028. While the growth trajectory appears on target, the order of magnitude could be light. According to Grandview Research, the global online gambling market is projected to reach \$127 billion in 2027.

At present, sports betting is legal in 36 states, with an estimated 40 by Fall 2023 and perhaps 45 by the end of 2024. Of the 36, twenty-five currently offer full mobile sports, with one state (Maine) pending. Interestingly, the states of California, Florida, and Texas have not yet legalized sports gambling of any kind. Considering that the

aggregate populations of these states is 91.2 million people, when they come online, a huge jump in industry revenue is expected to occur.

WNRS Revenue Model

The Company operates through its two primary subsidiaries: VegasWinners and The LongShot Report. VegasWinners is a registered sports gambling affiliate that is positioned to generate fee-based sports betting advice from subscribers along with referral commissions and future revenue share for driving traffic to its Online Gaming Partners. VegasWinners is currently registered in nine states, with several pending. Plus, the Company boasts affiliate relationships with some of the largest sportsbooks in the business. The LongShot Report is a rapidly growing internet/online subscription-based company that provides advice on sports picks for fantasy and sports betting, with an emphasis on golf.



On the VegasWinners website, the Company offers complimentary and for pay information, data, analysis, guidance, and professional handicapping advice, leveraging its stable of respected and well-known sports handicappers, led by CEO Wayne Allyn Root. This advice is offered as a daily package to high-end or average players at a variety of price points and monthly, recurring subscription packages.

VegasWinners has entered into affiliate agreements with online gaming companies to earn commissions for referring new users to the Online Gaming Partners. The referral is achieved when a visitor to the VegasWinners website clicks an advertisement of an Online Gaming Partner and creates a new gaming account with that Online Gaming Partner. In conjunction with its entering into the Affiliate Agreements, VegasWinners is currently registered in Indiana, Colorado, New Jersey, West Virginia, Tennessee, Iowa and Pennsylvania and can operate without registration in Wyoming, Missouri, New York, Nevada, Mississippi, Louisiana, and Illinois. The Company has registrations pending in other states as well.

The Company acquired The Longshot Report in the second half of 2022 and is leveraging both its technology platform and underlying subscribers to migrate to VegasWinners for prospective referral to an Online Gaming Partner or additional handicapping services. As of year-end 2022, WNRS had 43,000 subscribers, clients, and prospects in its database.

Looking Ahead

With its infrastructure in place, varied content featuring its stable of “brand name” handicappers, and a highly regarded subscription report, we believe that WNRS is just beginning to leverage the industry growth and its strengths. We believe that senior leadership will replicate its past successes in building a large, national following and convert this following into consistent, recurring revenue from online customers. The Company will raise funds in 2023 to launch an advertising and marketing campaign to quickly grow its top-line. Plus, WNRS may elect to use funds to acquire other revenue-generating content with a stable of subscribers and bettors, and industry leaders, as was the case with the LongShot Report.

Based on organic growth projections alone, we believe that WNRS could achieve \$1.2 million in revenue in 2023 and \$4 million in 2024, with an operating margin of \$320,000. We preliminarily project revenue of \$12-15 million in 2025, with a 10-12% operating margin.

Against this backdrop, we believe that WNRS could trade at a market cap of \$8 million by the end of 2023, or \$0.024 per share, based on the current shares outstanding. The \$8 million figure represents a 2x price/sales multiple on 12-month forward revenue, which is a 26% discount to the industry leader **DraftKings, Inc. (NASDAQ: DKNG)**, which trades at a 2.7x price/sales multiple on 12-month forward revenue.

It should be noted that a series of M&A transactions of WNRS peers have occurred in recent years that range from \$20-\$100 million and other players in the business have been valued or acquired for hundreds of millions or more. We believe that as the Company builds an invaluable deep database of recreational and professional sports bettors, subscription revenue, and establishes itself as a key driver of referral business to sportsbook partners, it could emerge as an acquisition target as well.

A WINNING BUSINESS MODEL

The Space at a Glance

The sports gambling industry is a business that is taking the country by storm. Last year, the American Gaming Association estimated that 45 million Americans planned to bet on sports this year. However, based on recent figures released by the organization earlier this week, an estimated 50 million people will bet on the Super Bowl this weekend, gambling an estimated \$16 billion. Since the legalization of sports betting occurred, over \$125 billion has been wagered in the US. And major states such as Texas, California and Florida are not online, while New York did not legalize sports gambling until last year.

Clearly, the segment is front and center for even casual sports fans. Sports Illustrated opened its own sportsbook. Fantasy sites such as Draftkings and FanDuel have evolved into de facto national sportsbooks, while major casinos such as MGM have emerged at the top of the class as well. A new breed of sports betting gurus (with little experience or history) has emerged on national television with their own shows, or guests on shows. Radio stations and many websites are exclusively focused on sports betting. The leagues and major media have embraced the business and partnered in many ways with the industry's big players, including enabling advertising during games. A key example is the ability of Super Bowl attendees in Arizona will be able to bet on the Super Bowl inside the stadium in which it is being played.

Prior to the 2018 Supreme Court decision, sports gambling was limited to the State of Nevada's sportsbooks. Today, while in-person betting is approved in 36 states, technology has fostered substantial growth in the transactions by sports bettors. As a result, the overwhelming majority of bets are placed online or via mobile apps. The proof is in the pudding. When states that had previously legalized in-person sports betting allow for online betting, the activity level represents multiples of the in-person volume. In fact, according to InsiderIntelligence.com, it is estimated that 19 million were online sports bettors in 2022, a 31% jump from 2021.

As a result, industry pundits and players foresee the bulk of sports betting to occur from the comfort of one's home, enabling potential wagering 24/7 across virtually any sporting event and featuring traditional betting opportunities, parlays, and a plethora of prop bets. Moreover, with the advent and ubiquity of today's technology capabilities, a good deal of the current growth is driven by youth, which had previously not accounted for a meaningful percentage of sports gambling. Against this backdrop, CollegeGambling.org reported that 75% of all college students gambled on sporting events in 2022. This is a trend that is likely to continue going forward, driven by male bettors.

The WNRS Model

Unlike a number of publicly traded firms that are new in the space, WNRS has gone back to its roots (pun intended) and built a business that is led by one of the faces of the sports betting industry has a decades-long track record. Long considered the King of Vegas Sports Gambling, Wayne has been the star of sports gambling since 1985, attracting millions of bettors over the years with features on television and other media. Not only was Wayne the Network Oddsmaker and NFL Analyst for FNN, the predecessor for CNBC, but Wayne is the only sports gaming expert in the world with a 180-pound granite star on Las Vegas Blvd. in the **"Las Vegas Walk of Stars."** Wayne joins Vegas legends Elvis, Frank Sinatra, Dean Martin, Sammy Davis Jr., Liberace and Wayne Newton. Since Root enjoyed unparalleled success when sports gambling was illegal, it is logical to project that he and WNRS will enjoy outsized growth and success, going forward.

The Company smartly elected to spend a year and half building its infrastructure, and now it is time to generate revenue. WNRS built a world class web site featuring complicated ecommerce functions; approval for merchant accounts and assembled a team of handicappers and sports betting experts. These include Al McMordle, the nation's most honored technical sports handicapping champion, Chip Chirimbes, the Las Vegas Hilton handicapping champion, and others.

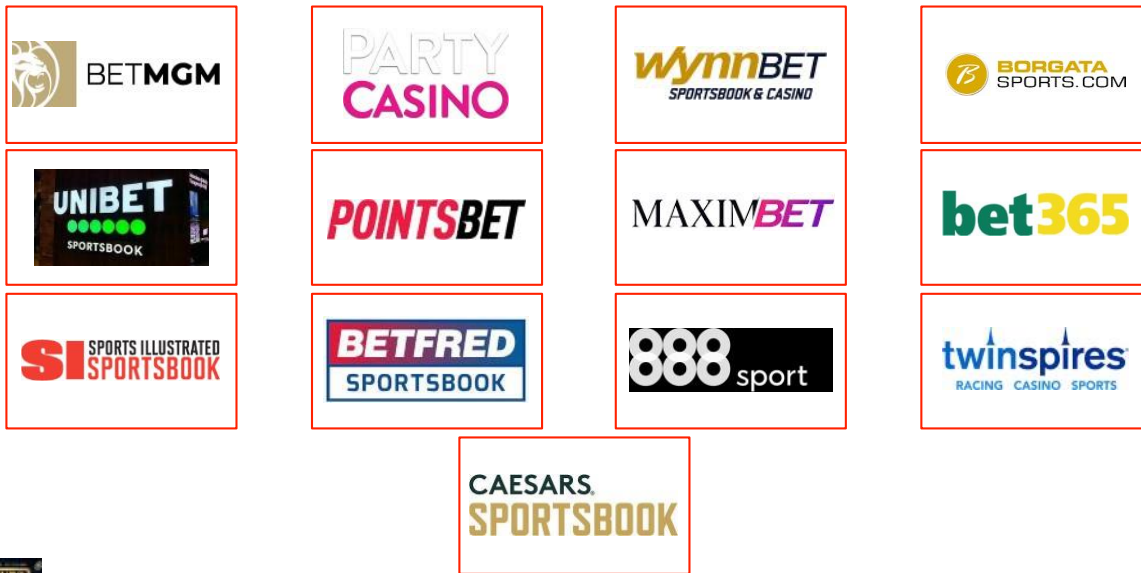
Plus, WNRS attracted and acquired an expert on funnel digital marketing who publishes a popular offering The LongShot Report with an emphasis on golf. Finally, management attracted and retained an expert team for affiliate sportsbook marketing and achieved affiliate CPA licenses approval in various states while signing sportsbook affiliate partners.

Therefore, we believe that WNRS could emerge as one of the more important players in the space. The Company's model is to build its online database and initially provide analysis, research, data, guidance, and handicapping advice to sports bettors. After complimentary and targeted packages, WNRS offers customers a broad range of additional services that appeal to those who enjoy sports and gaming.

In order to succeed as a sports bettor, these players realize that they need to source professional research, articles, analysis, stats, scores, odds, handicapping tools that lead to winning point spread advice. Sports bettors don't have time to do the homework. They merely want to execute the bet. Leveraging Wayne Allyn Root's track record and the record of his team of 12-15 handicappers, bettors pay for the advice needed to succeed. As a next stage revenue driver, WNRS recommends legal licensed sportsbooks from whom they have relationships across US and collect a referral fee from the sportsbooks for sending them clients.

At present, the Company’s VegasWinners subsidiary has these CPA affiliate licenses in nine states, with more in process: Colorado, Illinois, Indiana, Iowa, Nevada, New Jersey, Pennsylvania, Tennessee, and West Virginia.

Current WNRS Sports Betting Partnerships



These licenses allow WNRS to do business in these states and with the sportsbooks as well. The Company has referral agreements with Wynn, Caesars, BetMGM, 888, YouBet, RushStreet, and PointsBet, with additional top tier and mid tier firms slated to come online this year. Over time, the licenses will evolve or migrate to revenue share licenses as well which can lead to substantial revenue per subscriber per annum.

One underlying hidden asset and aspect of the business model is that while WNRS grows its business, the Company will be building a world class database of sports gamblers from casual, recreational gamblers, to high-end players. As a result, WNRS becomes a “lead machine” for public gaming companies and sportsbooks seeking to build their customer base.

Going forward, we believe that WNRS will execute additional M&A, similar to The LongShot Report transaction. In addition to bringing on an expert in golf, which is more important than ever from a gambling perspective thanks to LIV Golf Tour, WNRS acquired a database of gamblers and an expert in digital marketing. Today, WNRS has 43,000 subscribers, clients and prospects. Thus, we envision future M&A of handicapping service companies for their databases, thereby increasing the underlying value of WNRS and its revenue base, which could lead to an acquisition of the Company itself.

THE WNRS LEADERSHIP TEAM

Wayne Allyn Root, Chief Executive Officer and Director

Mr. Root has spent the past 30+ years building his brand. The media has dubbed Wayne as “The King of Vegas Sports Gambling” and “America’s Oddsmaker.” The Company believes that Mr. Root’s extensive current and continuing media presence will be extremely valuable in building the Company’s brand awareness and attracting customers. It is especially valuable since media appearances require no significant financial outlay by the Company. During the past five years, Mr. Root has served as the Chief Executive Officer of Silver State Radio LLC, a radio broadcast company, and as a host on the USA Radio Network and Newsmax TV. From 2019 to the present, he was a national newspaper columnist with Creators Syndicate and from 2016 to 2020 with the Las Vegas Review Journal.

Over the years Mr. Root has been profiled for his sports betting prowess by CNBC, the Wall Street Journal, Fortune, Success, Worth, the Robb Report, EMMY and many more. Mr. Root began his career as the Network Oddsmaker and NFL analyst for the Financial News Network (now known as CNBC).

Mr. Root has an extensive track record in attracting the exact demographic the Company is seeking. For a decade, beginning in the year 2000, Mr. Root’s national TV football pregame show, “Wayne Allyn Root’s WinningEDGE”, aired on national television networks such as Fox Sports Net, Comcast Sports Net, Superstation WGN, Discovery, and Spike TV attracting tens of thousands of callers seeking his advice.

Before that Mr. Root was the star and rainmaker of the pregame show “ProLine” on USA TV Network for 10 years. At the time, Mr. Root had the most expensive 900 (pay-per-call) numbers in U.S. telemarketing history- \$50 and \$100 per call for his sports advice. Thousands of sports gambling enthusiasts paid for Mr. Root’s advice weekly. Mr. Root is the author of many books including “Betting to Win on Sports,” “The King of Vegas’ Guide to Gambling” and “The Zen of Gambling.”

In recognition of his success in the sports gaming industry, on August 15, 2006, Mr. Root was awarded a granite star on the Las Vegas Walk of Stars- the only sports gambler or handicapper ever honored.

Brian Foy, Chief Marketing Officer

Brian is an experienced entrepreneur, with a proven track record of growing brands using digital and email marketing, content strategies, lead generation funnels and client conversion platforms which led to the launch of The Longshot Report, a battle-tested, disciplined, legendary strategy unlike anything seen before in the sports betting world.

Frank Magliochetti, Director

Mr. Magliochetti became a Director of the Company in August 2020. He obtained a B.S. in Pharmacy from Northeastern University and entered the Masters of Toxicology program where he worked on the effects of Valium and its metabolism while taking Tagamet for the condition of anxiety induced ulcers. Mr. Magliochetti

later received his MBA from The Sawyer School of Business at Suffolk University specializing in corporate finance, completed the Advanced Management Program at Harvard Business School and the General Management Program at Stanford Business School. Mr. Magliochetti is finishing his PhD dissertation defense in Divinity from Northwestern Seminary. From August 2021 to the present, Mr. Magliochetti has been a director and until February 2022 was Chief Executive Officer of Emergent Health Corporation, a company engaged in regenerative medicine.

From December 2019 to the present, he has been the Chairman and Chief Executive Officer of Clickstream Corporation, a company engaged in the development of apps and digital platforms. From June 2019 to the present, Mr. Magliochetti has been Chairman and CEO of Designer Genomics International, Inc., a biotech company. From January 2019 to the present, he has been Chairman of Grace Health Technology Inc., a company offering enterprise solutions for the laboratory. From 2002 to the present, he has been the managing partner of Parcae Capital Corp, which provides advice on financial restructuring and interim management. From 2000 to the present, he has been Chairman of Rehab Medical Holdings, an orthopedic medical device company.

Michael Handelman, Director

Mr. Handelman became a Director of the Company in August 2020 and Chairman of the Board of Directors in September 2020. From November 13, 2020, to November 5, 2021, he served as the Chief Financial Officer of GT Biopharma, Inc. a public biotechnology company. He served as Chief Financial Officer of Clickstream Corporation, a company engaged in the development of apps and digital platforms, from October 2015 to November 2020 and then again from December 1, 2021, to May 23, 2022. He served as Chief Financial Officer of Lion Biotechnologies, Inc., a biotechnology company, from February 2011 until June 2015 and was a member of the Board of Directors of Lion from February 2013 until May 2013. Mr. Handelman served as the Chief Financial Officer and as a financial management consultant of Oxis International, Inc., a public company engaged in the research, development and commercialization of nutraceutical products, from August 2009 until October 2011.

From November 2004 to July 2009, Mr. Handelman served as Chief Financial Officer and Chief Operating Officer of TechnoConcepts, Inc., formerly a public company engaged in designing, developing, manufacturing and marketing wireless communications semiconductors, or microchips. Prior thereto, Mr. Handelman served from October 2002 to October 2004 as Chief Financial Officer of Interglobal Waste Management, Inc., a manufacturing company, and from July 1996 to July 1999 as Vice President and Chief Financial Officer of Janex International, Inc., a children's toy manufacturer. Mr. Handelman was also the Chief Financial Officer from 1993 to 1996 of the Los Angeles Kings, a National Hockey League franchise. Mr. Handelman is a certified public accountant and holds a degree in accounting from the City University of New York.

Hollis Barnhart, Director and General Manager of VWIN

Mr. Barnhart, a member of the UNLV Golf Hall of Fame, has spent his entire business career as an executive in the casino, sports gaming and handicapping industry. For most of those years he was either GM, VP of Marketing, or Sales Manager for Wayne Root's sports advice companies. He serves this same role for VWIN,

overseeing the Company's day-to-day operations, including ensuring that Mr. Root and the other sports handicapper's articles, research, odds, promotions and products are updated to the website on a timely basis.

Mr. Barnhart has a Hotel Management degree from UNLV and studied at the Harvard Business School Executive Continuing Education. He is President of Las Vegas Business Development and has been a resident of Las Vegas since 1954. His management and marketing skills have been instrumental in the development and delivery of cutting-edge gaming concepts and programming.

Andrew Paul, Director and VP of Sales, Marketing & Affiliate Deals of VWIN

Mr. Paul has spent his entire business career in the media industry. He served as Program Director for CBS Radio (now Entercom) and Citadel Broadcasting (now Cumulus) at radio stations across the USA. Today he serves as Executive Producer and Director of Sales for Wayne Root's national media shows. He will join VWIN in this same role- attracting and working with advertising and affiliate partners. From March 2015 to the present, he has served as VP/General Manager of Battle Born Radio Corp, a radio advertising sales company. From January 2016 to the present, has served as VP/General Manager of Silver State Radio LLC, a radio advertising sales company.

Todd Franklin Kobrin, President of VWIN

Mr. Kobrin is a gaming veteran with 20 years' experience in the industry. He is currently the CEO of Oddsium providing a mobile app for gamblers. He has successfully launched iGaming brands (casino, poker & sports-betting) in over 40 countries. He has worked with some of the biggest iGaming brands in the world: 888, Unibet, WSOP to name a few. His expertise is international business development and digital marketing (affiliate management, media buying, SEO & social media).

Andy Scott, Chief Marketing Officer of VWIN

Mr. Scott has over 14 years of marketing and commercial experience, primarily within the competitive sports betting and gaming sector, having managed high-performance teams working for and with some of the largest global operators, including GVC, Penn National, Bet365, Kindred and Tabcorp. In 2021, Mr. Scott founded and since has been a director of TBD Media | Next Play Digital, a digital marketing agency specializing in user acquisition and engagement within the betting and gaming sector. From 2014 to 2020, Mr. Scott was a founder and director of Digital Fuel Marketing, a digital marketing agency primarily working within the sports betting and gaming sector. From 2011 to 2014, Mr. Scott served as Acquisition Manager of Tabcorp, Sydney, Australia, where he was responsible for all customer acquisition to Tabcorp's fixed odds bookmaker Luxbet.

FINANCIALS SNAPSHOT

Background

The financial markets were poor in 2022 and as a result, management elected to defer its fundraising efforts and focus on building its infrastructure, including obtaining multiple state licenses and execute M&A, which featured the acquisition of The LongShot Report. While this decision had a negative impact on financials and the Company's share price, we believe it was the best decision for WNRS. The industry remains in its early innings of growth and implementation. Plus, weaker competitors and peers that do not have access to capital will likely falter. Conversely, we believe that WNRS has A-rated leadership team and once the marketing campaign commences, subscriber growth, customer growth, and top-line-growth is poised to be meaningful.

Forecasts: Exponential Revenue

Going forward, initial revenue is expected to be derived by subscriptions or fees related to content, data, analysis, etc. produced by Wayne Allyn Root and his team of handicappers, in the form of daily picks and specific packages. In addition, subscription revenue is projected to be derived from The LongShot Report which has a history of a few hundred thousand in annual revenue for its service. Perhaps the biggest future component will be derived from WNRS' Online Gaming Partners in the form of CPA (Commissions per Account Opened by clicking on link on VegasWinners site) and down the road a share of customer losses from betting with the partners. Clearly, the Company is poised to enjoy exponential revenue growth as it adds new customers and generates advertising revenue as well. Moreover, as the industry grows with more states coming online, and WNRS obtains more licenses, the Company stands to greatly benefit. This is certainly the case as its Online Gaming partner relationships evolve from account opening commissions to revenue share. Finally, we deem it likely that management engages in a rollup of other service providers in niche categories, such as was accomplished with The LongShot Report, a golf-focused betting information service.

Our current forecast for 2023 includes revenue of \$1.2 million, which reflects a full year of The LongShot Report, and the commencement of the marketing campaign during 2Q. For 2024, we project \$4 million in revenue and on a preliminary basis, \$12-15 million for 2025 and a 10-12% operating margin, reflecting the migration of CPA revenue to recurring revenue share from its partners. There is some variability in these forecasts at this time and in general, we believe these are conservative given the exponential nature of top-line growth in this model. We note that we believe clarity will begin to occur around the end of 3Q23 or the beginning of 4Q23---coinciding with the start of the NFL and CFB seasons. Much of the early variability on the revenue side relates to the average revenue per package, and popularity of specific WNRS handicappers, along with the magnitude of the new subscriber adds to VegasWinners and The LongShot Report. At this time, we believe a \$50 per year revenue figure per customer is a good baseline as an introductory/amateur package and \$100 per month for high-end bettors.

Separately, it is difficult to forecast the timing and degree of VegasWinners visitor conversion rate resulting in referrals, and the variance in the CPA deals associated with each partner. These figures likely run from \$200-400 CPA (commission per account) opened and a much higher, future annual revenue share figure of customer losses once the customer begins business with the partner.

Again, these forecasts reflect organic growth only- with no M&A- which would likely have a very positive impact on WNRS financials.

A major big picture positive relative to our forecasts is the fact that this model is akin to a recurring revenue or subscription model, with a likely low customer acquisition cost of \$9-12. The Company has proven the concept with paying customers on the VegasWinners website and with over 18,000 on The LongShot Report platform, along with tens of thousands of opt-in emails. Moreover, top-line upside exists due to the future launch of an affiliate marketing program which can be a solid source of business that is paid a percentage based on traffic directed or commissions. Given the core of this business and revenue model, expect to update forecasts later in the year when recurring revenue events will enable us to generate firm future revenue per subscriber figures.

In general, WNRS runs a fairly tight ship from the operating expense perspective. That will change when material online advertising and marketing will begin. Cost of goods would likely be in the form of fees to handicappers or affiliates. WNRS handicappers are paid up to 40% commissions on their picks/guidance/data/packages and affiliate marketers could be anywhere from 20-50%, depending upon the structure. Therefore, while 2023 would result in an operating loss for the Company, we believe an 8% operating margin for 2024, at this time, is in the cards.

Valuation

We believe that WNRS could trade at a market cap of \$8 million by the end of 2023, or \$0.024 per share, based on the current shares outstanding. The \$8 million figure represents a 2x price/sales multiple on 12-month forward revenue, which is a 26% discount to the industry leader DraftKings, Inc. which trades at a 2.7x price/sales multiple on 12-month forward revenue. While this type of return would be an exponential one for shareholders, management is likely seeking an exit via a purchase by a larger player, perhaps one that is publicly traded.

Given that WNRS management has relationships at the highest levels with the big players, if the Company is successful in building and operating a business with a large number of customers and revenue-run rates, it is possible WNRS could be acquired in the next few years at a premium valuation to our 2023 price target. Considering that M&A deals have ranged from \$20 million to \$100 million in recent years, a future WNRS sale price could prove to be meaningful. Previous company sales include VegasInsider.com for \$20M in 2019 and VSIN, Brent Musberger's company for \$100M in 2021. It should be noted that these firms, and others, were Root's primary historical peers performing the same business model, thereby affirming our future sale thesis. In fact, one firm, Don Best was reportedly valued at \$750 million. Given these transaction values, WNRS' future underlying value could prove to be substantial as management replicates its past successes prior to the 2018 Supreme Court decision.

RISK FACTORS

In our view, the Company's biggest risks are related to the timing and order of magnitude of key factors. These issues could impact the success of the Company's growth and financials. For starters, the timing and magnitude of the success of future online advertising and marketing campaigns is a core initiative. This approach is tried and true for online subscription and related businesses and is also used by WNRS peers. Therefore, as a secondary risk, we believe it could be a challenge to design and execute a campaign that consistently differentiates the WNRS offering from WNRS competitors.

We note that a small but prevalent risk is that younger sports bettors may not be as familiar with the brand name handicappers in the WNRS family, or most handicappers in general, as they focus on apps and AI technology and may be familiar with new, youthful, inexperienced media types that have migrated from secondary media roles to that of "handicapper". Over time, we believe that the strong history of success in the space will prevail for WNRS. Moreover, the Company's leaders have long-standing relationships with key players, thus enabling the firm to execute a number of profitable referral and similar agreements. Customer churn rates, average revenue per package, conversion rates of visitors to referral customers, revenue per referral, etc. are other core "timing and magnitude" variables. Other competitive risks include potential lower pricing, more effective sales/marketing, greater efficacy by peers.

The aforementioned risks could come from larger competitors, existing firms, or new entrants. Still, these future concerns are consistent with firms of WNRS's size and standing. Moreover, we believe that WNRS's seasoned management team is prepared to overcome these hurdles and generate significant top-line growth and consistent social media management implementations.

Volatility and liquidity are typical concerns for microcap stocks that trade on the over the counter (OTC) stock market. As mentioned above, management plan is to raise money to fund corporate expansion and potential M&A. An overriding financial benefit as a public company and strong, highly regarded leadership, is the favorable access to and the availability of capital to fund product launches, consistent marketing campaigns and other initiatives. Since the proceeds of any future funding would be used in large part to advance major business development and sales, we believe that any dilutive effect from such a funding could be offset by related increases in market value.

CONCLUSION

Led by the King of Vegas Sports Gambling, Wayne Allyn Root, WNRS is poised to emerge as a leading player in the fast-growing sports gambling industry. Grandview Research projects the global online gambling market will reach \$127B in 2027. The US sports gambling market is enjoying unprecedented growth and popularity. Sports gambling promotion is ubiquitous and the American Gaming Association predicts 50 million Americans will bet \$16B on the Super Bowl.

At present, 36 states have approved sports gambling and 3 of the biggest states, CA, FL, and TX, have not yet come online. Thus, growth and utilization are just beginning.

The WNRS model leverages its leaders' history in offering detailed sports betting advice, analysis, etc. for a fee. This model is combined with lucrative agreements with major sports books that initially pay referral fees for customers and could evolve into revenue sharing.

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We currently project revenue of \$1.2M in 2023, growing to \$4M in 2024 and \$12-15M in 2025, with operating profit beginning in 2024. Our twelve-month \$0.024 price target reflects 2x our 2024 revenue forecast and is a 26% discount to industry leader DraftKings.

SENIOR ANALYST: ROBERT GOLDMAN

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 25 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

ANALYST CERTIFICATION

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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