



## MEMORANDUM

**TO:** Maryland Sports Wagering Application Review Commission

**FROM:** Taft Stettinius & Hollister LLP

**DATE:** November 15, 2021

**RE:** Current State of the Sports Wagering Industry

### I. Introduction

Taft Stettinius & Hollister LLP (“**Taft**”) has been engaged by the Maryland Department of Legislative Services to assist the Maryland Sports Wagering Application Review Commission (“**SWARC**”) in, among other things, its review of the sports wagering market to establish a selection process for the issuance of up to 30 Class B sports wagering facility licenses (the “**Additional Class B Licenses**”) and up to 60 mobile sports wagering licenses (the “**Mobile Licenses**”) as authorized under Chapter 356, Laws of 2021 (the “**Sports Wagering Law**”).

### II. Request for Information

During our recent meetings with members of SWARC, Taft has been asked to provide the following information concerning the U.S. sports wagering market:

- A. *Provide an overview of the U.S. sports wagering market including information as to what other states have done in connection with the issuance of sports wagering licenses within their respective jurisdictions.*
- B. *Provide information comparing the in-person sports wagering market with the mobile sports wagering market. Are these separate markets?*
- C. *Provide information concerning whether the issuance of the sports wagering licenses to any or all of the entities designated in §9-1E-06(a)(1) and (2) of the Sports Wagering Law (i.e., casinos, professional sports teams or their designees, racetracks, off-track betting facilities, etc.) in advance of issuance of any mobile sports wagering licenses will give those designated entities a meaningful advantage in the mobile sports wagering market (assuming the State opens the mobile market to everyone at the same time).*
- D. *Are businesses, whether minority-owned or otherwise, likely to apply for the competitive Class B licenses authorized under the Sports Wagering Law?*

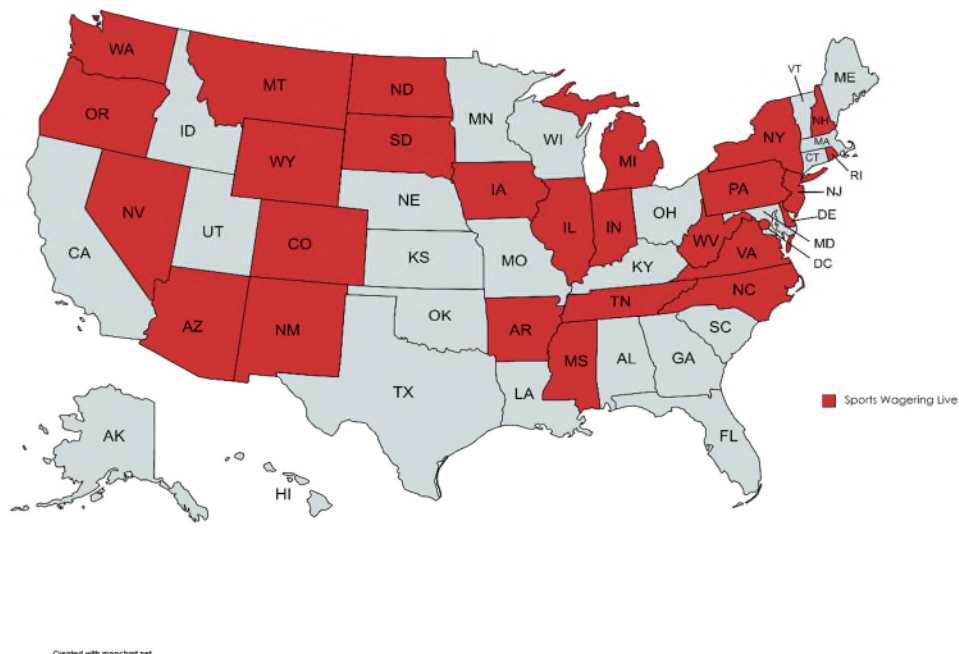
E. How many mobile sports wagering operators currently operate in the U.S.? Are any of these firms majority owned by minorities or women?

### **III. Data Requested**

**A. Provide an overview of the U.S. sports wagering market including information as to what other states have done in connection with the issuance of sports wagering licenses within their respective jurisdictions.**

In May 2018, the U.S. Supreme Court in a 7-2 decision ruled that portions of the Professional and Amateur Sports Protection Act of 1992 (“PAPSA”) were unconstitutional as they commandeered power from the states, and in a 6-3 decision, determined that the whole of PAPSA was unconstitutional. Since PAPSA was overturned, states across the U.S. have passed laws legalizing sports wagering within their borders. As of October 1, 2021, legal sports wagering was “live” in 27 jurisdictions (collectively, the “**Current Live Jurisdictions**”) – 26 states (including AZ, AR, CO, DE, IL, IN, IA, MI, MS, MT, NH, NJ, NM, NY, NV, NC, ND, OR, PA, RI, SD, TN, VA, WV, WA and WY) and the District of Columbia (DC). Additionally, sports wagering has been legalized but is not yet operational in three additional jurisdictions – FL, MD and NE. Finally, within the past few weeks, sports wagering became operational in CT and LA, but given the recent launch of sports wagering in these states, we have not included them in our analysis of the sports wagering market.

**Figure 1 – State of U.S. Sports Wagering (as of October 1, 2021)**



Each Current Live Jurisdiction has taken a slightly different approach to legalizing sports wagering within its borders. The three primary differences among the jurisdictions relate to the following matters:

**1. Tax Rate** - Each state imposes a tax on the sports wagering operator's gross gaming revenue. The tax rates imposed on such revenues vary widely ranging from 6.75% (IA and NV) to 50% - 51% (NH, RI, and DE). NH has a higher tax rate because it selected a *single* private operator, DraftKings, to operate all sports wagering in the state on behalf of the state lottery, and DE and RI have a higher tax rate because they use a system where revenue is divided among the state, the operators, and the casinos. OR does not impose a tax; rather the state's lottery operates sports wagering and profits are returned to the state. Tax rates in most states range between 8% and 20%.

One of the arguments for a lower tax rate is that it will help ensure that legal sports wagering products will be priced competitively with the illegal sports wagering market and, therefore, encourage more gamblers to leave the illegal market.

The Sports Wagering Law imposes a 15% tax rate on sports wagering, which is on the higher end of the range but reasonably competitive. So far, we have not found a clear relationship between tax rates and revenue performance. We assume that Maryland's 15% tax rate will be competitive enough to attract significant interest by several sports wagering operators.

**2. Channels of Wagering Authorized** – U.S. jurisdictions have taken different approaches concerning the channels by which a sports wager may be placed. For example, some states have legalized only in-person or retail sports wagering (meaning, to place a legal sports wager in such jurisdiction, a person must place the wager in-person at a particular retail location, usually a casino, racetrack, or sports facility) (this type of sports wagering is referred to herein as “**in-person wagering**” or “**land-based wagering**”). Other states, however, have chosen to legalize only online or mobile sports wagering (meaning, to place a legal sports wager in such jurisdiction, a person must place the wager using an online site or mobile application) (this type of sports wagering is referred to herein as “**mobile wagering**” or “**online wagering**”). Finally, some states have legalized both channels of sports wagering allowing wagers to be placed in-person at particular locations within the state or by use of an online site or mobile application.

Of the Current Live Jurisdictions, the following states have authorized the following channels for sports wagering:

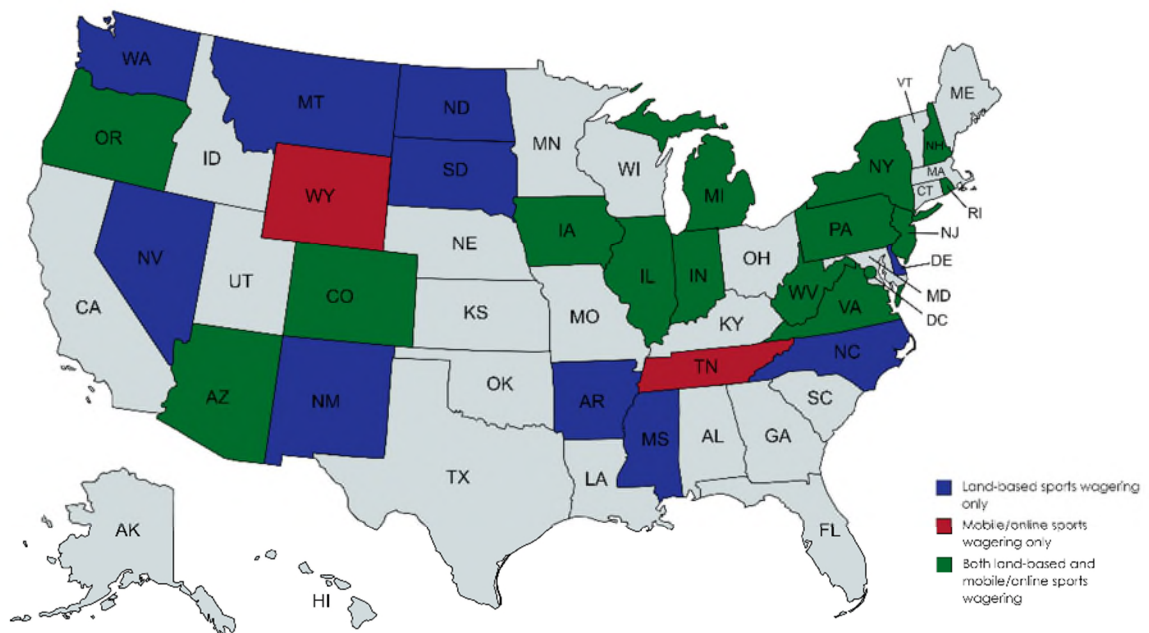
**(a) In-person wagering only:** 10 states (AR, DE, MS, MT, NM, NV (limited mobile wagering is permitted when located on premises), NC, ND, SD and WA);

**(b) Mobile wagering only:** 2 states (TN and WY); and

**(c) Both in-person wagering and mobile wagering:** 15 states (AZ, CO, DC, IL, IN, IA, MI, NH, NJ, NY (but only in-person is currently operational), OR, PA, RI, VA, and WV).<sup>1</sup>

Because the Sports Wagering Law authorizes both in-person wagering and mobile wagering, Maryland will join the latter group of jurisdictions and be within the majority of the Current Live Jurisdictions.

**Figure 2 – U.S. Sports Wagering by Channel (as of October 1, 2021)**



**3. Eligible Sports Wagering Operators** - U.S. jurisdictions also have taken different approaches concerning who is permitted to obtain a license to conduct sports wagering. Of the 15 jurisdictions of the Current Live Jurisdictions that have operational both in-person wagering and mobile wagering (such jurisdictions, the “Peer Jurisdictions”), such jurisdictions have taken the following approaches to designating who is eligible to obtain a sports wagering license:

<sup>1</sup> A few weeks ago, two states, CT and LA, launched sports wagering. Both states authorize in-person and mobile wagering.

**(a) Sports Wagering License Holders Designated by Statute (i.e., not issued by a competitive bidding process).** In 7 of the Peer Jurisdictions (CO, IN, IA, MI, NJ, PA and WV), the sports wagering law permits only operators of existing casinos, racetracks, or other existing gambling facilities within the state to obtain a license to conduct sports wagering. Further, once granted a license these existing gambling facilities are permitted to conduct both in-person wagering and mobile wagering. Because these states, tether sports wagering operations to existing gambling facilities, no competitive bidding process was conducted by or on behalf of the state for the issuance of such licenses. Further, of these 7 states, 4 states – IN, IA, NJ and WV - authorize an existing gambling facility to operate *multiple* branded online sites or mobile applications (aka “skins”) (each permits the operation of up to 3 skins per facility). In these instances, the existing gambling facility (and not the state) determines with whom it will partner (if anyone) to operate a particular skin.<sup>2</sup>

**(b) Mobile Wagering Conducted by a Single Operator and In-Person Wagering by Designated Operators.** In four of the Peer Jurisdictions (DC, NH, OR and RI), the jurisdiction’s lottery is authorized to conduct all mobile wagering operations. For example, in each of DC, OR and RI, the lottery, through its own brand, operates the single statewide mobile wagering operation.<sup>3</sup> In NH, the NH lottery conducted a bidding process to select a private operator to operate all mobile and land-based wagering in the state on behalf of the lottery. From this competitive bidding process, NH awarded DraftKings the exclusive right to operate the state’s sole mobile sportsbook, exchanging competition for a larger share of revenue.

Additionally, in NH, OR and RI, in-person sports wagering is permitted only at designated locations within the state. In NH, DraftKings is responsible for establishing at least 4 and up to 10 retail sportsbooks, and in OR and RI, retail sports wagering may be conducted only at casinos located within the state. In DC, on-premises sports wagering (both in-person wagering through betting windows and kiosks and mobile wagering on personal smartphones and other devices) may be conducted by private sports wagering operators at three sports stadiums/arenas and at an unlimited number of local establishments such as bars and/or restaurants. While DC’s local establishment licenses (known under DC law

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<sup>2</sup> In most instances, the existing gambling facility holds a ‘master’ sports wagering license and enters into a contract (or contracts) with a mobile sports wagering operator(s) who will, using one of the available skins, operate its own mobile sports wagering platform in the state and, in return for the privilege of utilizing a skin of the master sports wagering licensee, pay the master sports wagering licensee a fee (most often a revenue-sharing arrangement). For example, in IN, because there are 13 casinos/racetracks and 3 OTB facilities and each is permitted 3 skins, a total of 48 skins are available in the state. This means that it is possible for there to be 48 different mobile sports wagering operators in the state. For instance, Hollywood Casino (located in Lawrenceburg, Indiana) holds the ‘master’ sports wagering license and, currently, two mobile sports wagering operators – Penn Sports Interactive and PointsBet – utilize a skin of Hollywood Casino to conduct their mobile sports wagering operations in IN.

<sup>3</sup> In DC, the lottery operates GameBet DC; in OR, the lottery operates the Score Board; and in RI, the lottery operates Sports Bet Rhode Island.

as “class B licenses”) are similar in nature to the Additional Class B Licenses authorized under the Sports Wagering Law, because the number of licenses that may be issued in DC is not capped (compared to the 30 Additional Class B Licenses authorized in Maryland), the DC local establishment licenses are somewhat, but not entirely, comparable to Maryland’s Additional Class B Licenses. Further, because the Sports Wagering Law contemplates the issuance of up to 60 mobile wagering licenses, in contrast to these four jurisdictions that operate with a single mobile wagering operator, we do not find the sports wagering operations in these four jurisdictions to be particularly analogous to Maryland.

**(c) Competitive Bidding Process Used for Issuance of Licenses.** There are four states that, at least, in part, have conducted (or are conducting) a competitive bidding process for issuance of some available sports wagering licenses. These states include AZ, IL, NY and VA. Given that these jurisdictions have conducted (or are conducting) competitive bidding processes for the issuance of, at least, some of the available sports wagering licenses, we believe they might be of some relevance to Maryland as it moves forward with developing its process for issuance of the sports wagering licenses authorized under the Sports Wagering Law.

(1) *Arizona.* AZ state law authorizes in-person and mobile wagering operated by up to 10 of the state’s Class III gaming tribes (of which there are 16 qualifying tribes) and up to 10 professional sports teams, PGA tour golf courses and racetracks that host NASCAR races. Although AZ law has tethered sports wagering licenses to designated persons (i.e., Class III gaming tribes and professional sports teams, PGA tour courses and racetracks), because there are more designated persons than there are available licenses, the AZ Department of Gaming established bidding procedures and criteria for the issuance of such limited number of licenses.

(2) *Illinois.* In addition to authorizing each of the state’s casinos, racetracks and sports venues to operate in-person and mobile wagering, IL law authorizes the issuance of up to 3 mobile-only sports wagering licenses. Because IL hopes that there will be more than three applicants for these licenses, IL is currently conducting a bidding process for these licenses. Applications for such licenses are being accepted until December 3, 2021. In determining the winning bidders, the IL Gaming Board is to consider, among other things, the following factors: . . . “(3) the extent to which the ownership of the applicant reflects the diversity of the State by including minority persons, women, persons with a disability, and veterans of service in the armed forces of the United States; (4) the good faith affirmative action plan of each applicant to recruit, train and upgrade minority persons, women, persons with a disability, and veterans of service in the armed forces of the United States in all employment classifications; . . .”

(3) *New York*. NY law authorizes its commercial casinos and Class III tribal casinos to conduct in-person wagering at their casino facilities. For mobile wagering, NY law authorizes the state to conduct a bidding process to select at least two “platform providers” and the platform providers must combine to offer at least four mobile sports betting skins. On July 9, 2021, NY issued a Request for Applications from mobile sports wagering platform providers. Per such Request for Applications, in scoring the applications for such licenses, NY will consider an applicant’s “efforts to foster racial, ethnic and gender diversity in Applicant’s workforce and each of the Applicant’s proposed operators’ workforce.”

(4) *Virginia*. In addition to authorizing its five (yet-to-be-opened) casinos to operate in-person and mobile wagering, VA law also authorizes sports teams headquartered in VA and up to 12 sports wagering operators to conduct mobile wagering in the state. In issuing the mobile-only wagering licenses, the VA Lottery is tasked with selecting the online licensees using criteria that includes, among others, the applicants’ “past experience, financial viability, compliance with applicable laws and regulations, and success with sports betting operations in other states” as well as giving “substantial and preferred consideration” to applicants seeking to partner with minority individuals or minority-owned businesses.

Comparing the Sports Wagering Law to the similar laws of the Peer Jurisdictions, we find the Sports Wagering Law to be somewhat “unique” for the following reasons:

- Similar to the laws in many of the Current Live Jurisdictions, the Sports Wagering Law specifically designates existing gambling facilities (e.g., casinos, racetracks, bingo halls, etc.) and sports venues as recipients of in-person wagering licenses. However, in addition to these designated licensees, the Sports Wagering Law authorizes the issuance of up to 30 in-person wagering licenses (i.e., the Additional Class B Licenses) to be issued to retail businesses such as bars, restaurants or other adult entertainment-type businesses.
- Unlike the laws in many of the Current Live Jurisdictions, the Sports Wagering Law bifurcates in-person wagering and mobile wagering into two distinct licenses. Therefore, under the Sports Wagering Law, the holder of an in-person license is eligible to apply for, but is not guaranteed a mobile wagering license. Additionally, the Sports Wagering Law authorizes issuance of up to 60 mobile wagering licenses (i.e., the Mobile Licenses), the most of any Current Live Jurisdiction except for TN and WY, which both legalized only mobile wagering and did not limit the number of licenses that may be issued.
- Unlike the laws of nearly all of the Current Live Jurisdictions, the Sports Wagering Law grants holders of in-person wagering licenses significant “exclusivity zones” – 15 miles for Class A-2 Licenses (defined below) and 1.5 miles for all other Class A Licenses and all Class B Licenses (including the Additional Class B Licenses).

- SWARC, in awarding the Additional Class B Licenses and Mobile Licenses, in addition to other requirements, shall, to the extent permitted by law actively seek to achieve racial, ethnic and gender diversity.

For a brief summary of the tax rates, channels of sports wagering authorized, eligible holders of sports wagering licenses and other information concerning sports wagering authorized in the Current Live Jurisdictions, see **Exhibit A**.

***B. Provide information comparing the in-person sports wagering market with the mobile sports wagering market. Are these separate markets?***

For years sports wagering was only able to be done by going to a brick-and-mortar location (most notably, at a casino in Nevada). However, with the advent of the internet and mobile applications, sports betting online has exploded and significantly surpassed sports wagering at traditional retail locations. While the overall sports wagering market includes both in-person and mobile wagering, there are significant differences between these two market segments.

Notable differences between the two market segments include the following:

**1. Different Betting Experience.** The first notable difference between the two segments is the bettor's wagering experience. Bettors placing wagers by means of an in-person betting window or kiosk versus an online site or mobile application have significantly different betting experiences.

**A. Betting Options; Types of Wagers.** Generally, bettors placing wagers by online/mobile means have access to a wider variety of sports to bet on and of types of wagers that can be placed than those placing wagers at a retail location. Most in-person operators limit wagers to major sports leagues and significant sporting events while mobile wagering operators offer wagering opportunities on nearly every sport imaginable. Additionally, when compared to in-person wagering operators, mobile wagering operators offer a wider variety of types of wagers that can be placed including not only the traditional over/under, spread, money line and total wagers, but also more sophisticated wagers such as multiple team parlays, futures and prop bets.

**B. Line Shopping.** A sports bettor placing a wager by an online/mobile means can readily access multiple online/mobile applications at nearly the same time and, therefore, they have an opportunity to shop for the best lines and odds to maximize winnings or improve their chances of winning. Sports bettors placing wagers at retail locations, however, are only able to place wagers at the odds and lines offered by the in-person wagering operator at the time the bettor makes the in-person bet. Additionally, because odds/lines on a particular sporting event change frequently, while a bettor is standing in line to access a sports betting window or kiosk, the bettor placing a retail sports wager can miss a betting opportunity. For wagers placed by online/mobile means, there is no "virtual queue" for the bettor to get stuck in. As soon as a new line or odd



pops up on the online/mobile application, the bettor can place the bet and take advantage of the new line or odd.

**C. Expenses.** When placing an in-person wager, the bettor spends more time – e.g., time traveling to and from the retail location; time standing in line to access a betting window or kiosk; and time returning to the retail location to cash in a winning wager – and more money – e.g., money for gas, parking and other travel costs – than if the bettor placed the wager by accessing an online/mobile site on the bettor’s laptop, smartphone or other device. Additionally, because of the fierce competition among mobile wagering operators, sports betting sites offer a variety of bonuses and rewards to attract bettors. Often these bonuses include matching the bettor’s first deposit, covering the bettor’s first loss or free play. In contrast, typically, in-person wagering operators do not offer any significant or prolonged bonuses or rewards of a magnitude close to those offered by mobile wagering operators.

**D. Convenience.** Placing a bet by an online/mobile application is significantly more convenient than placing a bet at a retail location. Not only can a bettor place the wager from the convenience of the bettor’s home, office or any other location, but the bettor can place a wager at any time of the day and on any day of the year including holidays.

**E. Deposits and Withdrawals.** A bettor placing a wager by an online/mobile application generally has more deposit options than a bettor placing a wager at a retail location. Most retail locations will accept cash and major credit cards only for placing a wager. Online/mobile sports bets can be placed using debit or credit cards, payment services such as PayPal, wire transfers, electronic checks and so on. A major advantage to a bettor using a retail sportsbook, however, is the prompt payout. At a retail sportsbook the bettor can take a winning ticket to the sportsbook and get paid cash immediately. Although mobile/online operators have sped up their payout times, retail sportsbooks are immediate.

**F. Customer Support.** For a less sophisticated bettor, placing a sports bet on a mobile wagering site can be intimidating because of the lack of customer support. If a bettor has a question concerning betting options, odds, lines or other matters, on a mobile application the bettor is required to read through several pages of FAQs or submit an electronic help inquiry. In contrast, at a brick-and-mortar location, the bettor is likely to have human-to-human contact with someone who can answer his/her questions and provide the needed assistance.

**2. Different Bettors.** Because of the different betting experiences described above, the participants within the two segments are also different. For example, mobile wagering tends to attract a more sophisticated bettor. This bettor is one who desires (a) wagering on a wider variety of sports (and not just major events), (b) placing multiple wagers whether on a single event (i.e. in-game wagering) or on multiple events or sports (e.g., multiple sport parlays) or generally more sophisticated wagers, (c) seeking better odds/lines (i.e., line shopping), and (d) convenience. Additionally, because of the significant convenience of mobile wagering, this bettor tends to wager more frequently. On the other hand, an in-person bettor is more likely to place a bet

simply because the bettor is watching (or attending) a sporting event and enjoys the social aspects of sports wagering as part of his/her general entertainment experience. Typically, this bettor is inclined to participate in sports wagering because he/she is caught up in the environment and overall vibe of the brick-and-mortar facility.

Furthermore, it is generally believed that the retail and mobile wagering segments attract different portions of the population. Specifically, it is generally thought that younger persons gravitate toward the mobile wagering segment as they have grown up naturally using mobile devices and are used to the convenience of doing what they want, when they want. On the other hand, older persons may be intimidated by the apparent complexities of mobile wagering and, therefore, be more comfortable placing wagers at brick-and-mortar facilities.

**3. Different Equipment and Systems.** As further evidence of the segmentation of the sports wagering market is the fact that in-person wagering operations are conducted on equipment and systems that are different than those of mobile wagering operations.

**4. Disparity in Handle and Revenue.** The discrete nature of the two market segments is empirically evidenced by the significant disparity in the amounts wagered (i.e., handle) and gross revenue earned from wagering in each segment. Specifically, in nearly all<sup>4</sup> of the Peer Jurisdictions, the handle and gross revenue of the retail segment consistently range from approximately 5% to 20% of all sports wagering handle and gross revenue in the particular jurisdiction. For example, in NJ, currently the largest sports betting market in the U.S., in calendar year 2020, sports wagering operators generated gross revenue of \$398.5 million, with mobile wagering accounting for 90.3% of such revenue. Additionally, for the first nine months of 2021, NJ sports wagering operators generated gross revenue of \$558 million, with mobile wagering accounting for \$501.4 million or 90% of such revenue.

Likewise, in PA, in calendar year 2020, sports wagering operators generated gross revenue of \$270 million, with mobile wagering accounting for 89.3% of such revenue. Additionally, for the first nine months of 2021, PA sports wagering operators generated gross revenue of \$340.4 million, with mobile wagering accounting for \$301.8 million or 88.7% of such revenue.

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<sup>4</sup> The significant exceptions include: (a) DC, where in-person wagering consistently accounts for approximately 70-80% of all sports wagering; and (b) RI, where in-person wagering consistently accounts for approximately 40-50% of all sports wagering. In these two jurisdictions, however, all mobile sports wagering is conducted by a single operator, the lottery. As a result, there is no competition in the mobile sports wagering market and, therefore, little to no incentive to offer players competitive odds/lines, a wide variety of wagering options, or free play, bonuses or other promotions. Generally, the lottery's product is considered to be inferior to those in the private market. In contrast, in NH, the lottery also is responsible for operating mobile wagering in the state but rather than creating its own product, NH lottery engaged a private operator, DraftKings, to conduct all mobile wagering operations. In the first nine months of 2021, in NH, mobile wagering has, on average, accounted for nearly 80% of all sports wagering gross revenue. Given that we expect several mobile wagering operators in Maryland, we believe these three jurisdictions (DC, RI and NH) are not comparable to what we expect to occur in Maryland.

Similarly, in IL, in calendar year 2020, sports wagering operators generated gross revenue of \$125.4 million, with mobile wagering accounting for 93.8% of such revenue. Additionally, for the first nine months of 2021, IL sports wagering operators generated gross revenue of \$359.4 million, with mobile wagering accounting for \$341.2 million or 95% of such revenue.

For a more detailed summary of mobile sports wagering handle and gross revenue as a percentage of total handle and gross revenue generated in the Peer Jurisdictions in 2020 and for the first nine months of 2021, see **Exhibit B**.

While there is no single piece of data that clearly establishes that in-person wagering is a discrete market from mobile wagering, we believe the above information and, in particular, the consistent significant disparity in handle and revenue between such types of wagering channels supports the belief that they are, in fact, discrete markets.

***C. Provide information concerning whether the issuance of the sports wagering licenses to any or all of the entities designated in §9-1E-06(a)(1) and (2) of the Sports Wagering Law (i.e., casinos, professional sports teams or their designees, racetracks, off-track betting facilities, etc.) in advance of issuance of any mobile sports wagering licenses will give those designated entities a meaningful advantage in the mobile sports wagering market (assuming the State opens the mobile market to everyone at the same time).***

Section 9-1E-06(A)(1) and (2) of the Sports Wagering Law authorizes SWARC to issue the following licenses (each permitting the holder thereof to operate in-person wagering):

- Class A-1 Licenses to Maryland's three largest operating casinos including MGM, Maryland Live! and Horseshoe Casino and three sports stadiums/teams including FedEx Field, M&T Bank Stadium and Oriole Park (collectively, the "**Class A-1 Licenses**");
- Class A-2 Licenses to Maryland's three other operating casinos including Ocean Downs Casino, Hollywood Casino, and Rocky Gap Casino, and one such license to Pimlico Race Course/Laurel Park (collectively, the "**Class A-2 Licenses**" and with the Class A-1 Licenses, the "**Class A Licenses**"); and
- Class B Licenses to the State Fairgrounds, Maryland's four OTB locations including Greenmount Station, The Jockey Bar and Grille, Long Shot's, Riverboat on the Potomac, and two commercial bingo facilities operating at least 200 machines including Bingo World and Rod N Reel (collectively, the "**Designated Class B Licenses**" and with the Additional Class B Licenses, the "**Class B Licenses**"). Collectively, the Class A Licenses and the Designated Class B Licenses are referred to herein as the "**Designated Licenses**" and the holders of such licenses as the "**Designated Licensees**").

As for whether the issuance of these Designated Licenses now, followed by the issuance of the Mobile Licenses at a later date, will grant the Designated Licensees a *substantial* advantage in

the mobile wagering market, we note that, at first blush, it would seem that there must be some advantage to the Designated Licensees because such Licensees will be able to develop a customer database from its in-person wagering operations and have the ability to foster customer loyalty. However, what we have seen in other jurisdictions is that when mobile sports wagering operations commence, particularly, if multiple mobile wagering operators launch at the same time, the sports wagering operators engage in significant customer “promotional wars” in an effort to gain market share. These promotional wars have shown that any prior brand loyalty to an in-person wagering operator (i.e., a Designated Licensee or its sports wagering operator) is eroded as customers chase the various promotions. For example, in IL, mobile sports wagering commenced in June 2020 with BetRivers being the sole operator for June and July 2020. By the end of 2020, there were six mobile sports wagering operators in IL. In the month of December 2020, BetRivers’ market share had dropped from 100% (in June/July 2020) to 28.6% and FanDuel and DraftKings enjoyed market shares of 29.7% and 29.1%, respectively. For the first 9 months of 2021, the IL mobile sports wagering market has been shared as follows: FanDuel at 40%, DraftKings at 27%, BetRivers at 18%, with the remaining three operators sharing the rest of the market. These market share changes are considered to have occurred due to significant customer marketing and promotional efforts.

As for an advantage to the Designated Licensees, we agree that, initially, when the Designated Licensees open their respective in-person wagering facilities, such Licensees will control the sports wagering market in Maryland as they will be the “only game in town.” We believe, however, similar to what we have seen in most of the Current Live Jurisdictions, that when the Mobile Licenses are later issued (and assuming that Mobile Licenses are issued to these same Designated Licensees), the revenues of the Mobile Licensees will quickly surpass those of all in-person wagering licensees and account for 80% to 95% of all sports wagering revenue in Maryland. Therefore, the Designated Licensees will have an initial advantage – as the only wagering operators in the state for a period – but when the Mobile Licensees begin operating, we expect any advantage will be quickly reversed.

By way of example –

- In NJ, in-person wagering commenced on June 15, 2018 and mobile wagering on August 6, 2018.<sup>5</sup> By December 2018 (approximately 4 full months after the launch of mobile

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<sup>5</sup> The first in-person wager was placed at Monmouth Park Sports Book, operated by William Hill. Two months later, the first mobile sports wager was placed with DraftKings, a sports book operator operating a skin of Atlantic City Resorts Casino. For 2019 (a) nearly 84% of all sports wagers were placed by mobile means, and (b) the casinos having the largest market share of the mobile wagering market were New Meadowlands Racetrack (through FanDuel and PointsBet) at 49.1%, followed by Atlantic City Resorts Casino (through DraftKings, ResortsCasino and FOX Bet) at 32.6%, followed by Monmouth Park (through William Hill, SugarHouse Casino and theScore Bet), the first sportsbook to accept in-person sports wagers, at 7.5%, with all other casinos have a smaller share of the market. For 2020, again, New Meadowlands Racetrack had the largest market share of the online wagering market at 51.1%, followed by Resorts Casino at 28%, but Borgata Casino (through BetMGM and BorgataSports) surpassed Monmouth Park for the third spot at 7.2%, and Monmouth Park followed in fourth place with 5.6%.

wagering), the percentage of gross revenues earned from in-person wagering declined from 100% to 30% (with mobile wagering accounting for 70% of all gross revenues in December 2018). This trend has continued in the first nine months of 2021, with in-person wagering accounting for as little as 7%, to as much as 13.7%, of total monthly gross sports wagering revenues in NJ.

- In PA, in-person wagering commenced on November 15, 2018 and mobile wagering on May 31, 2019.<sup>6</sup> By October 2019 (approximately full 4 months after the launch of mobile wagering), the percentage of gross revenues earned from in-person wagering declined from 100% to 24.3% (with mobile wagering accounting for 75.7% of all gross revenues in October 2019). This trend has continued in the first nine months of 2021, with in-person wagering accounting for as little as 8.2%, to as much as 15%, of total monthly gross sports wagering revenues in PA.
- In IN, in-person wagering commenced on August 30, 2019 and mobile wagering on October 3, 2019. By February 2020 (approximately 4 full months after the launch of mobile wagering), the percentage of gross revenues earned from in-person wagering declined from 100% to 16% (with mobile wagering accounting for 84% of all gross revenues in February 2020). This trend has continued in the first nine months of 2021, with in-person wagering accounting for as little as 12.9%, to as much as 23.2%, of total monthly gross sports wagering revenues in IN.
- In IL, in-person wagering commenced on March 9, 2020 and mobile wagering on June 18, 2020. Due to the Covid-19 pandemic, however, all IL casinos shut down in mid-March 2020 and remained closed for approximately four months and, therefore, no in-person wagering could be conducted. As such, we have ignored 2020 statistics as they are likely skewed. For the first nine months of 2021, however, in-person wagering has accounted for as little as 1.8%, to as much as 6.3%, of total monthly gross sports wagering revenues in IL.
- In MI, in-person wagering commenced on March 11, 2020 and mobile wagering on January 22, 2021. Due to the Covid-19 pandemic, however, all MI casinos shut down in mid-March 2020 and remained closed for over four months with casinos re-opening in August 2020. Because of this shut down, we have ignored 2020 statistics. For the first

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<sup>6</sup> The first in-person wager was placed at Hollywood Casino, operated by William Hill. Six months later, the first mobile sports wager was placed through SugarHouse PA Online Sportsbook. For 2019 (a) over 70% of all sports wagers were placed by mobile means, and (b) the casinos having the largest market share of the mobile wagering market were Valley Forge Casino (through FanDuel) at 48.9%, followed by SugarHouse (through BetRivers), followed by Rivers Casino (through BetRivers) at 12.8%, with all other casinos have a smaller share of the market. In the fall of 2020, Hollywood Casino launched mobile sports wagering through Barstool. For 2020, Valley Forge Casino (through FanDuel) had the largest market share of the online wagering market at 41.2%, followed by The Meadows (through DraftKings) at 19.9%, with Hollywood Casino (through Barstool), the first sportsbook to accept in-person sports wagers, at 9.7%.

nine months of 2021, however, in-person wagering has accounted for as little as 5.8%, to as much as 23.4%, of total monthly gross sports wagering revenues in MI.

- In CO, mobile wagering launched over a month before in-person wagering with mobile wagering commencing on May 1, 2020 and in-person on June 18, 2020. For the first nine months of 2021, in-person wagering has accounted for as little as 1%, to as much as 2.1%, of total monthly gross sports wagering revenues in CO.

So, although initially there is an obvious advantage as the Designated Licensees are the sole sports wagering operators in the state, as mobile wagering is introduced in Maryland, the evidence suggests that any advantage will be quickly overcome and will likely settle in the same range for handle and revenues that nearly all of the Peer Jurisdictions are experiencing with mobile wagering accounting for 80% to 90% of all wagering. This is the case even in those instances when mobile wagering began some period after in-person wagering.

Further, it is important to understand that there are two mobile sports wagering operators who currently dominate the U.S. mobile wagering market – FanDuel and DraftKings. Looking at the significant mobile wagering markets in the U.S. (including IL, IN, IA, MI, NH, NJ, PA, TN, VA and WV), collectively, in 2020, these two operators had over 67% of the total online market share, and this market share has remained consistent in the first three quarters of 2021. Additionally, there are eight (8) multi-jurisdictional mobile wagering operators – FanDuel, DraftKings, FOX Bet, BetMGM, BetRivers, William Hill, PointsBet and Barstool – that collectively have nearly 95% of total online market share of these jurisdictions.

These mobile wagering operators dominate the market because they have (i) large databases of customers they acquired when they operated daily fantasy sports sites, (ii) a national presence with significant brand name recognition as they operate in several U.S. jurisdictions, and (iii) most importantly, significant resources allowing them to spend large amounts on marketing to acquire customers by offering significant customer bonuses, promotions and rewards. As an example, in September 2021, PA experienced record sports betting handle. PA is the only state that shows exactly how much sports wagering operators gave out in “promotional credit” (i.e., free bets or bonuses); the PA numbers reveal that sports wagering operators took in \$13.1 million in mobile sports wagering revenue. However, they gave out \$12.1 million in promotional credit or 92% of mobile wagering revenue. As such, taxable revenue in PA for the month was \$1.1 million.<sup>7</sup> Therefore, again, we believe that any advantage obtained by a Designated Licensee by it being permitted to be the first in the state to operate in-person wagering will be quickly eliminated when (and if) Mobile Licenses are later issued to all or any of the major, nationally-known mobile sports wagering operators.

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<sup>7</sup> See [Are US Sportsbook Revenues Being Inflated By Free Bets, Bonuses? \(legalsportsreport.com\)](https://legalsportsreport.com).

***D. Are businesses, whether minority-owned or otherwise, likely to apply for the competitive Class B licenses authorized under the Sports Wagering Law?***

We believe that there may be *some* businesses that will apply for the competitive Class B Licenses (referred to herein as the Additional Class B Licenses). However, we do not believe that these Additional Class B Licenses will be as valuable as likely was initially contemplated and, therefore, we believe that there may not be applicants for all 30 licenses. The reasons for our assertion are as follows:

**1. Class B Licensees Unlikely to Have Requisite Expertise.** Per the Sports Wagering Law, an Additional Class B License permits the holder thereof to conduct in-person sports wagering. Applicants for such licenses are not specifically designated by the Sports Wagering Law and, therefore, the Additional Class B Licenses are available to any person who wants to conduct sports wagering at a retail location within the state, subject to certain limitations for “exclusivity zones” (discussed below). Presumably, persons interested in obtaining the Additional Class B Licenses would be those involved in the entertainment and hospitality industry, wherein the addition of in-person sports wagering would provide an ancillary entertainment option and additional revenue to the person’s core business. We believe the most likely candidates for such Additional Class B Licenses would be bars, restaurants, or other businesses focused on providing entertainment to adults such as bowling alleys, sporting or golf clubs, or possibly, theme parks. These types of businesses, however, are unlikely to have the expertise or experience necessary to operate a sportsbook themselves. Rather, we expect that they will need to contract with an experienced sportsbook operator who will conduct sports wagering operations on behalf of the Additional Class B Licensee including operating a betting window and/or kiosks within the retail location on behalf of the Additional Class B Licensee.

While these types of arrangements are not uncommon in the industry, they are most often utilized by *mobile* sports wagering operators as means for advertising its *mobile* sports wagering operations (i.e., a mechanism to drive traffic to its mobile wagering site). For example, mobile sports wagering operator, BetMGM, has entered into a marketing arrangement with the restaurant franchise, Buffalo Wild Wings.<sup>8</sup> Per BetMGM’s chief revenue officer, the idea behind the arrangement is “merging the digital world with the physical world.” Under the arrangement, in Buffalo Wild Wings restaurants operating in six Peer Jurisdictions, BetMGM airs betting content such as live game odds and betting advice on television screens located within the restaurants and, utilizing geofence technology to target people who are physically located inside the restaurant, BetMGM offers “Blazin’ Bets” – betting content and products not available to other customers. BetMGM, however, does not operate a physical betting window or provide betting kiosks within the Buffalo Wild Wing restaurants. Rather, any wagering takes place on a patron’s own smartphone, tablet or other device through the BetMGM mobile application.

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<sup>8</sup> See [Buffalo Wild Wings & BetMGM Launch Exclusive Partnership](#) and [BetMGM offering special sport bets at Buffalo Wild Wings - ABC News \(go.com\)](#)

Another example is The Cordish Companies' Sports & Social sports bars. Cordish is building large, upscale sports bars in top entertainment and sport districts in the U.S. including Nashville, Detroit, Atlanta, St. Louis, Arlington, TX, Pittsburgh, Philadelphia, and Baltimore. At the Sports & Social located in Nashville, Cordish has collaborated with DraftKings, a mobile sports wagering operator that operates in TN. Through the partnership, DraftKings seeks to offer "engaging, interactive and fan-first destinations to skin-in-the-game customers."<sup>9</sup> At the Nashville Sports & Social, DraftKings will not operate a physical betting window or provide betting kiosks within the bar; rather, any wagering that takes place will be done by the patrons on their own smartphones, tablets or other devices through the DraftKings mobile application.

In both of these cases, these bar/restaurant – sports operator arrangements are being done to increase brand recognition of the mobile sports wagering operator in an effort to direct traffic to the operator's mobile wagering site. Patrons at the restaurants are granted exclusive perks, free bets and odds boosts when accessing the apps within the respective sports bars. Further, unlike the wagering expected to be conducted by an Additional Class B Licensee, any on-premises wagering in these instances is conducted through the sports operator's mobile application on a patron's personal smartphone, tablet or other device. As such, the costs to the bar/restaurant are significantly reduced.

Additionally, it is important to note that these types of bar/restaurant – sports operator arrangements typically involve very large, upscale and well-located bars/restaurants (e.g., Sports & Social Detroit is located at entry of Comerica Park). Given that the Sports Wagering Law provides "exclusivity zones"<sup>10</sup> for Class A Licensees and Class B Licensees that, for example, would prohibit an Additional Class B Licensee locating within a 1.5-mile radius of Maryland's major sports venues, many otherwise prime locations will be prohibited, making it more difficult for an Additional Class B Licensee to find a sports wagering operator interested in partnering with it.

**2. Limited Revenue Potential for Class B Licensees.** In U.S. jurisdictions that permit in-person and mobile wagering, a significant majority of wagering is conducted through mobile wagering. As noted above, mobile sports wagering accounts for 80% to 95% of all sports wagering revenues in the respective jurisdiction (see **Exhibit B** hereof). Further, the sports wagering business is a relatively low-margin business compared to other forms of gaming. Most wagers received are paid out in the form of winnings. Per the National Conference of State Legislatures March 2021 report entitled, "*Early Bets Are In: Is Sports Betting Paying Off?*,"<sup>11</sup> the average hold for sportsbooks is 7.2%. "Hold" in sports wagering refers to the percentage of money that sportsbooks keep for every dollar wagered. Out of the hold, the sports wagering operator must

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<sup>9</sup> See [DraftKings, Sports & Social Partner To Launch Bar In Nashville \(playtenn.com\)](https://playtenn.com)

<sup>10</sup> The Sports Wagering Law precludes the retail locations of the Additional Class B Licenses from being located within a 15-mile radius of three of Maryland's casinos – Hollywood Casino, Ocean Downs Casino and Rocky Gap – or within a 1.5-mile radius of any other Class A Licensee (i.e., Maryland's three other casinos, three sports venues, and racetrack) or any other Class B Licensee.

<sup>11</sup> See [NCSLMarch2021FiscalBrief\\_Sports\\_Betting.pdf](#)



pay taxes and other operating expenses. Therefore, the overall earnings to an in-person wagering licensee is relatively small.

By way of example, for the month of September 2021,<sup>12</sup> in the entire state of NJ, among all in-person wagering operators, sports wagering gross revenues totaled \$82.4 million, of which \$11.3 million was generated from in-person wagering (or 13.7%). If Maryland in-person wagering operators were able to obtain this level of revenue, this revenue would be split among 47 in-person wagering operators assuming all 17 Designated Licensees and 30 Additional Class B Licensees are operating in the state, resulting in \$240,000 in gross revenue per such licensee, before the payment of taxes and other expenses. The profit margin on gross revenues for sports wagering typically ranges from 3% to 7%. Applying this profit margin to the Maryland licensees would result in profits to these licensees of \$7,200 to \$16,800 for such month (exclusive of amortization of costs to become operational such as facility construction costs, costs relating to security, surveillance and software, licensing fees, reserves and other costs which can vary from hundreds of thousands of dollars to as much as a million to a million and a half dollars).

**3. Significant Startup Costs.** The sports wagering industry, like all gambling businesses, is highly regulated. All Additional Class B Licensees will be subject to background investigations and suitability determinations similar to owners of other gambling businesses (e.g., casinos) operating in Maryland. These licensing requirements extend not only to the Additional Class B Licensee but also its owners, officers, directors and key persons. The licensing process can be time consuming for Additional Class B Licensees and their owners, officers, directors and key persons as the license applications require disclosure and compilation of a significant amount of background data. Additionally, such process can be costly because it may require the assistance of attorneys and/or accountants and these costs are in addition to the licensing fees (described below).

In addition, each Additional Class B Licensee must comply with the requirements of the Sports Gaming Law and the regulations promulgated thereunder relating to the operation of its business generally and the conduct of its sports wagering operations specifically. For example, all sports wagering operations must be conducted in a secure location, subject to tight surveillance and in compliance with internal control policies and safeguards with respect to handling cash. Compliance with these requirements will be expensive for these small businesses. Below is a summary of some of the expected expenses:

- A. License Application Fees
  - i. Class B-1 – \$250,000
  - ii. Class B-2 – \$50,000

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<sup>12</sup> We selected September 2021 because it is the most lucrative month in 2021 (thus far) for NJ sports wagering in 2021 that is likely not impacted by COVID-19 restrictions. (The most lucrative month was January 2021, where gross revenues were \$82.6 million (\$0.2 million more than September 2021)).

- iii. Also, if the licensee engages a sports wagering facility operator, that operator must obtain a sports wagering facility operator license which has an application fee of \$25,000
- B. Background investigation costs
  - i. Background investigations of the licensee and its principals, officers, directors and owners.
- C. Licensing costs for licensee's employees
  - i. Each principal employee - \$5,287
  - ii. Each wagering employee - \$437
  - iii. Each non-wagering employee - \$187
- D. Performance bond costs
  - i. Class B-1 – \$750,000 bond
  - ii. Class B-2 – \$150,000 bond
- E. Surveillance equipment and technology
  - i. Costs to install adequate surveillance technology and equipment necessary to adequately monitor sports wagering conducted at the licensee's facility including technology to assist the licensee in identifying patrons who are prohibited from wagering (e.g., persons who are underage, intoxicated or on any mandatory or voluntary exclusion lists).
- F. Recordkeeping infrastructure and accounting controls
  - i. Costs to establish and implement appropriate books, records and accounting infrastructure and controls to enable the license to comply with recordkeeping requirements and be equipped to produce required financial reports
  - ii. Costs to obtain annual audited financial statements
- G. Security costs
  - i. Costs for increased security at the licensee's premises
- H. Additional office space
  - i. Costs to provide onsite office space for Commission use
- I. Cash reserve
  - i. Minimum cash reserve of \$500,000

For the typical bar, restaurant or other entertainment facility, even those that are quite successful, these costs, at best, are daunting and likely for most, prohibitive. (As previously discussed, it is believed that some of these venues may enter into agreements with experienced sports betting operators wherein the operators may agree to absorb some or all of the above costs. In such event, however, the operator will likely require a higher percentage of revenue sharing with such venue to offset the costs paid by the sports betting operator.)

For the reasons listed above, we believe that there will be a limited market, if any, for the Additional Class B Licensees.

To support this conclusion, one need only to look to the current experiences in DC. Sports wagering became legal in DC in May 2019. Similar to Maryland, DC has authorized an unlimited

number of class B licenses (a “**DC Class B License**”) issuable to bars, restaurants and other entertainment venues located in DC, which licenses permit the holder thereof to operate in-person and on-site mobile sports wagering. As of October 7, 2021, DC Lottery had only received three applications for a DC Class B License. Of these applications, thus far, only one DC Class B License has been issued.<sup>13</sup> Of the other two applications, one application was withdrawn and one application is currently under review. The sole issued DC Class B License was issued to Grand Central, LLC, the owner of a bar/restaurant, Grand Central.

Grand Central is located in the Adams Morgan neighborhood of DC, occupies three floors, and has estimated capacity for approximately 300 people. Grand Central partnered with Elys Game Technology to offer sports wagering at its establishment. Sports wagering commenced at Grand Central on October 4, 2021. Currently, wagering is conducted via two betting kiosks and a ticketing window and on-premises mobile wagering is expected next year. In interviews given by Brian Vasile, owner of Grand Central, Mr. Vasile commented about the licensing process saying, “It took a lot of people a lot of work, a lot of people hours, compliance issues, document acquisition, financial acquisition, time and patience.” Additionally, per media reports,<sup>14</sup> the process was expensive; the license application cost alone was \$100,000, while security upgrades, renovations, and infrastructure added tens of thousands of dollars to the price of launch. Additionally, Grand Central hired 20 new employees to run its betting operations. Grand Central hopes to increase its food and beverage revenue by as much as 10% because of patrons being able to place bets. Additionally, it hopes to make some profit on the sports wagering side of the business.

The experience in DC supports the conclusion that in-person sports wagering at bars, restaurants and entertainment facilities may not be an alluring prospect.

***E. How many mobile sports wagering operators currently operate in the U.S.? Are any of these firms majority owned by minorities or women?***

Based on our research, we have identified 43 mobile sports wagering operators currently operating in the Current Live Jurisdictions. Of these operators, 15 operate in only a single state and most of these are not likely to become multi-jurisdictional operators. As noted above in Section III. C. of this memorandum (above), nationally, there are 8 mobile sports wagering operators that have nearly 95% of total online market share in the U.S. As an aside, it is important to note that there is currently significant consolidation occurring within the sports wagering industry. For instance, on October 21, 2021, Penn National Gaming acquired theScore Bet; and on April 22, 2021, Caesars Entertainment acquired William Hill PLC. Most investment bankers have advised that they expect further consolidation to occur in the industry.

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<sup>13</sup> See [OLG-Sports-Wagering-License-Application-Status-Report-as-of10.7.21.pdf \(dclotterysportsbetting.com\)](#)

<sup>14</sup> See [Washington, D.C. Gets First Independent Sportsbook in Bar \(vegasslotsonline.com\)](#)

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Of the 43 mobile sports wagering operators, two operators, Hard Rock International (owned by The Seminole Tribe of Florida) and Wind Creek (owned by the Poarch Band of Creek Indians) are majority-owned by Native American Indian Tribes, and one operator, Bet365, a British online gaming company, is majority-owned by a woman. Additionally, Tennessee Action 24/7 and Wagr, Inc. (both operating only in TN) were co-founded by a woman, but there is no publicly available information of which we are aware that discloses the current ownership of these entities and, therefore, we do not know if either entity is majority-owned by women.

Attached as **Exhibit C** is a list (current as of October 1, 2021) of the 43 mobile wagering operators, the states in which they currently operate and known ownership or leadership by minorities or women.

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**Exhibit A – Summary of Key Terms of Laws Authorizing Sports Wagering in the U.S.**

| <u>CURRENT AS OF</u><br><u>10/1/2021</u> | <u>Launch Date</u>                          | <u>Regulator</u>             | <u>License holders</u>  | <u>Channels</u>  | <u>Skins</u>                                      | <u>Effective Tax Rate (%) (excludes federal excise tax)</u> | <u>Upfront Operator License Fee</u> | <u>Official League Data Mandate</u> | <u>Integrity Provisions</u>  | <u>Notes</u>  |
|--|---|------------------------------|---|--|---|---|-------------------------------------|-------------------------------------|--|---|
| <b>BOTH LAND-BASED AND ONLINE</b>        |   |                              |   |  |   |   |                                     |                                     |  |   |
| <b>1 AZ</b>                              | 9/9/2021                                    | Arizona Dept. of Gaming      | Tribes, Sports Teams, and Racetracks: limited to 10 tribes; 10 sports franchises (20 total)   | Land-based and online  | 2 ea/40 total                                     | 8 GGR (land); 10 GGR (mobile)                               | \$750K                              | Yes                                 | Must share real-time betting data with leagues   |   |
| <b>2 CO</b>                              | 5/1/2020 (Online); 6/18/2020 (Land based)   | CO Gaming Control Commission | Casinos (total 33)  | Land-based and online  | 1 ea/33 total                                     | 10 GGR  | \$2K                                | No                                  | No prop bets on college sports; leagues may request wagering restrictions  | <b>25 mobile:</b> (1) BetRivers; (2) BetMGM; (3) FanDuel; (4) DraftKings; (5) Monarch Casino Blackhawk; (6) FoxBet; (7) Smarkets; (8) Circa Sports; (9) BetWildwood (ISI); (10) Elite Sportsbooks; (11) theScore Bet; (12) Betfred; (13) MaximBet (Carousel Group); (14) William Hill; (15) Superbook; (16) PointsBet; (17) WynnBet; (18) Play Up; (19) Play Maverick Sports; (20) Digital Gaming Corporation (Betway); (21) TwinSpires; (22) Bally Bet; (23) Barstool (Penn Interactive); (24) SI Sportsbook (888); (25) Tipico Colorado |
| <b>3 DC</b>                              | 8/3/2020 (Land based); 5/28/2020 (Online)   | DC Chief Financial Officer   | Lottery (exclusive right to operate all mobile wagering and all retail through lottery retailers), but private sports betting operators may contract with sports arenas (a "Class A" license - 4 total) and bars and restaurants (a "Class B" license unlimited number) to offer on-site wagering | Land-based @ lottery retailer)and online (lottery); Land-based and on-premises mobile (sports arenas/bars and restaurants) | N/A - all by lottery @ GameBet DC (intra)lot      | 10 GGR (land); 20 GGR (online)                              | \$500K sports arena; \$100K others  | No                                  | No wagering on DC colleges   | Retail revenue ~ 70%; 30% online. Because all online is run by GameBet DC. Also, as for 4 sports arenas below are the known partnerships: (1) Capital One Arena (NBA DC Wizards and NHL DC Capitals) - William Hill; (2) Nationals Park (MLB DC Nationals - BetMGM); (3) Audi Field (MLS - DC United) - FanDuel; no known partnership with St. Elizabeth's East Entertainment and Sports Arena (WNBA Washington Mystics)  |
| <b>4 IL</b>                              | 3/9/2020 (Land based); 6/18/2020 (Online)   | IL Gaming Board; IL Lottery  | Casinos (16), racetracks (4), sports arenas (up 7; mobile limited to on-site), online operators (up to 3), IL Lottery (pilot program for retailers to have parlay kiosks)   | Land-based and online  | 1 ea/23 total (casinos, tracks, online operators) | 15 GGR (except Cook County)/17 GGR (Cook County)            | \$10M-20M (mobile only operator)    | Yes                                 | No wagering on IL colleges   | Lottery program never came to fruition; sunsets 2023  |
| <b>5 IN</b>                              | 8/30/2019 (Land based); 10/03/2019 (Online) | IN Gaming Commission         | Casinos (11), racinos (2), OTBs (3) (total 16)  | Land-based and online  | 3 ea /48 total                                    | 9.5 GGR   | \$100K                              | No                                  | College wagering limited to NCAA Div. I; In-play college prop bets prohibited; Comm. can disapprove of the source of data used | <b>15 Mobile (currently):</b> (1) Crown IN Gaming (DraftKings); (2) the Score Bet; (3) BetMGM; (4) Digital Gaming Corp (Betway); (5) Betfair Interactive (FanDuel); (6) American Wagering (Caesars fka William Hill); (7) BetRivers; (8) Indiana Sports Gaming LLC (BetIndiana); (9) Penn Sports Interactive (Barstool sports); (10) PointsBet; (11) Unibet; (12) Churchill Downs Interactive (BetAmerica); (13) Smarkets (SBK); (14) WSI (WynnBet); (15) Bally's Interactive (BallyBet)  |

| <u>CURRENT AS OF</u><br><u>10/1/2021</u> | <u>Launch Date</u>                          | <u>Regulator</u>                                 | <u>License holders</u>   | <u>Channels</u>   | <u>Skins</u>   | <u>Effective Tax Rate (%) (excludes federal excise tax)</u> | <u>Upfront Operator License Fee</u> | <u>Official League Data Mandate</u> | <u>Integrity Provisions</u>  | <u>Notes</u>  |
|--|---|--|--|---|--|---|-------------------------------------|-------------------------------------|--|---|
| 6 IA                                     | 8/15/2019 (land based and online)           | IA Racing and Gaming Commission                  | Casinos and racetracks (total of 19; but no limit on casino licenses)  | Land-based and online   | 3 ea/57 total  | 6.75 GGR  | \$75K                               | No                                  | No prop bets on IA college athletes  |   |
| 7 MI                                     | 3/11/2020 (Land based); 1/22/2021 (Online)  | MI Gaming Control Board                          | Casinos (3), tribal casinos (12)   | Land-based and online   | 1 ea/15 total  | 8.4 GGR   | \$100K                              | Yes                                 | Leagues may request restrictions   |   |
| 8 NH                                     | 8/12/2020 (land-based); 12/30/2019 (online) | NH Lottery Commission                            | NH Lottery up to 5 mobile licenses (but Lottery selected DraftKings to be the sole mobile and retail operator); lottery retailers will offer parlay products (intra lot)                     | Land-based (@ 4 to 10 retail establishments selected by DraftKings; retail may be standalone or co-located with adult centered retail environment) and online | Law authorizes up to 5 mobile operators with each to get one skin (1 ea/5 total); but lottery selected only one operator, DraftKings | 50-51 GGR   | Competitive Bid                     | Yes                                 | Must publicly disclose data sources; may participate in monitoring services and share betting data                                     | ALL ONLINE WAGERING CONDUCTED BY LOTTERY THROUGH DRAFTKINGS.  |
| 9 NJ                                     | 6/15/2018 (land-based); 8/6/2018 (online)   | NJ Division of Gaming Enforcement                | Casinos (9 but no limit on number), racetracks (5) (total 14)  | Land-based and online   | 3 ea/42 total  | 9.75 GGR (land-based); 14.25 GGR (online)                   | \$100K                              | No                                  | Operators must provide details of sports bodies' policies regarding event integrity and partner with "integrity monitoring providers." | 19 online: (1) WynnBet; (2) 888sport; (3) BetMGM; (4) golden nugget; (5) FanDuel; (6) PointsBet; (7) Will Hill; (8) theScore Bet; (9) Tipico Sports; (10) BetAmerica (Churchill Downs); (11) Hard Rock Casino; (12) Unibet; (13) Bet365 (UK); (14) Bet Rivers (play sugarhouse); (15) Borgata Online; (16) Caesars Casino; (17) Draft Kings; (18) Resorts Casino; (19) FoxBet |
| 10 NY                                    | 7/16/2019 (land based); TBD (online)        | NY Gaming Commission                             | Select casinos (4) and tribal casinos may conduct land-based wagering; online operators (State to select 2 "platform providers" to offer at least 4 mobile skins; not yet selected by State) | Land-based (by casinos only) and online (by online operator only)   | 2 platform providers to be selected and, together, they must offer at least 4 mobile gaming skins.                                   | 10 GGR (land-based); TBD (online)                           | \$25M (online)                      | No                                  | A sports governing body may request the commission to exclude wagering on certain events   | CURRENTLY ONLY LAND-BASED GAMING IS OFFERED AT THE CASINOS; NO ONLINE WAGERING.   |
| 11 OR                                    | 8/27/2019 (tribal); 10/16/2019 (lottery)    | Tribal Gaming Commissions and Lottery Commission | Tribal Casinos or Lottery  | Land-based (tribal casino); online (by lottery only @ Oregon Lottery "Score Board")   | N/A  | N/A - run by State Lottery                                  | N/A                                 | No                                  | N/A  | ALL ONLINE WAGERING CONDUCTED BY LOTTERY  |
| 12 PA                                    | 11/15/2018 (Land based); 5/31/2019 (Online) | PA Gaming Control Board                          | Casinos (13)   | Land-based and online   | 1 ea/13 total  | 36 GGR  | \$10M                               | No                                  | Operators must partner with a "third-party integrity monitor" unless able to perform function in-house                                 |   |
| 13 RI                                    | 11/26/2018 (Land based); 9/4/2019 (Online)  | RI Lottery Commission                            | RI lottery via @ 2 casinos   | Land-based and online   | N/A - all by lottery @ Sports Bet Rhode Island   | 51 GGR  | N/A                                 | No                                  | N/A  | ALL ONLINE WAGERING CONDUCTED BY LOTTERY - SPORTS BET RHODE ISLAND  |

| <u>CURRENT AS OF 10/1/2021</u> | <u>Launch Date</u> | <u>Regulator</u> | <u>License holders</u>  | <u>Channels</u>                          | <u>Skins</u>  | <u>Effective Tax Rate (%) (excludes federal excise tax)</u> | <u>Upfront Operator License Fee</u> | <u>Official League Data Mandate</u> | <u>Integrity Provisions</u>   | <u>Notes</u>  |
|--------------------------------|--------------------|------------------|---|--|---------------|---|-------------------------------------|-------------------------------------|---|---|
| 14 VA                          | 1/21/2021          | VA Lottery Board | Casinos (5), online operators (up to 12), major league sports franchise headquartered in VA (2) (total 19). | Land-based (@ 5 casinos only) and online | 1 ea/19 total | 15 GGR  | \$250K                              | Yes                                 | Leagues may request wagering restrictions; no wagering on VA colleges | Currently, only online operation; Initially received 25 applications for 12 slots. 10 <b>operate now</b> ; (1) FanDuel; (2) BetMGM; (3) Rivers Casino Portsmouth; (4) Caesars Virginia; (5) Wynn; (6) Unibet; (7) DraftKings; (8) Penn Sports Interactive; (9) Bally's and (10) Golden Nugget Online. |

|       |   |                       |                                       |                       |               |        |        |    |  |  |
|-------|---|-----------------------|---------------------------------------|-----------------------|---------------|--------|--------|----|--|--|
| 15 WV | 9/1/2018 (Land based @ casino and racetracks); 8/26/2019 (Online) | WV Lottery Commission | Casinos (1) and racetrack casinos (4) | Land-based and online | 3 ea/15 total | 10 GGR | \$100K | No | Operators must establish integrity monitoring system and provide Lottery with remote access. |  |
|-------|---|-----------------------|---------------------------------------|-----------------------|---------------|--------|--------|----|--|--|

**COMING SOON - BOTH LAND-BASED AND ONLINE**

|       |                                |            |  |   |                               |           |  |    |                            |  |
|-------|--------------------------------|------------|--|---|-------------------------------|-----------|--|----|----------------------------|--|
| 16 CT | TBD - expected in October 2021 | CT Lottery | Tribes (Mohegan and Mashantucket Pequot) and Lottery | Land-based (@ 15 casinos and by lottery) and online | 1 ea/3 (2 tribes and Lottery) | 13.75 GGR | N/A (for tribe or lottery but if engage online sports wagering operator fee is \$250K; if lotto contracts with retail, then \$20K fee) | no | No wagering on CT colleges |  |
|-------|--------------------------------|------------|--|---|-------------------------------|-----------|--|----|----------------------------|--|

|       |                           |                         |                        |                       |               |                                |        |    |     |  |
|-------|---------------------------|-------------------------|------------------------|-----------------------|---------------|--------------------------------|--------|----|-----|--|
| 17 LA | TBD (not yet operational) | LA Gaming Control board | Casinos and Racetracks | Land-based and online | 2 ea/40 total | 10 GGR (land); 15 GGR (online) | \$500K | No | N/A |  |
|-------|---------------------------|-------------------------|------------------------|-----------------------|---------------|--------------------------------|--------|----|-----|--|

**LAND-BASED ONLY**

|       |          |                      |         |            |     |                                  |     |    |  |  |
|-------|----------|----------------------|---------|------------|-----|----------------------------------|-----|----|--|--|
| 18 AR | 7/1/2019 | AR Racing Commission | Casinos | Land-based | N/A | 13 up to \$150M GGR; then 20 GGR | N/A | No |  |  |
|-------|----------|----------------------|---------|------------|-----|----------------------------------|-----|----|--|--|

|       |                          |            |   |            |     |         |     |    |  |                                    |
|-------|--------------------------|------------|---|------------|-----|---------|-----|----|--|------------------------------------|
| 19 DE | 6/5/2018 (full wagering) | DE Lottery | DE Lottery via casinos and retail outlets | Land-based | N/A | 50 GGR* | N/A | No |  | ALL WAGERING CONDUCTED BY LOTTERY. |
|-------|--------------------------|------------|---|------------|-----|---------|-----|----|--|------------------------------------|

|       |          |                      |         |            |     |           |     |    |   |  |
|-------|----------|----------------------|---------|------------|-----|-----------|-----|----|---|--|
| 20 MS | 8/1/2018 | MS Gaming Commission | Casinos | Land-based | N/A | 11-12 GGR | N/A | No | Sports governing body may notify the commission that it desires to restrict, limit or exclude wagering on its sporting events |  |
|-------|----------|----------------------|---------|------------|-----|-----------|-----|----|---|--|

|       |          |                       |                                 |                                  |     |     |     |    |     |  |
|-------|----------|-----------------------|---------------------------------|----------------------------------|-----|-----|-----|----|-----|--|
| 21 MT | 3/9/2020 | MT Lottery Commission | MT Lottery via bars and taverns | Land-based and on premise mobile | N/A | N/A | N/A | No | N/A |  |
|-------|----------|-----------------------|---------------------------------|----------------------------------|-----|-----|-----|----|-----|--|

|       |                                    |   |                            |            |     |     |     |    |     |  |
|-------|------------------------------------|---|----------------------------|------------|-----|-----|-----|----|-----|--|
| 22 NM | 10/16/2018 (Tribal); TBD (Lottery) | Tribal Gaming Commissions; NM Lottery Authority | Tribal casinos; NM Lottery | Land-based | N/A | N/A | N/A | No | N/A |  |
|-------|------------------------------------|---|----------------------------|------------|-----|-----|-----|----|-----|--|

|       |                |   |   |                                  |     |          |     |    |  |  |
|-------|----------------|---|---|----------------------------------|-----|----------|-----|----|--|--|
| 23 NV | 1949 pre-PAPSA | NV Gaming Control Board and Gaming Commission | Casinos, operators of mobile wagering systems | Land-based and on premise mobile | N/A | 6.75 GGR | N/A | No | Operators may not accept wagers on an event where the NGCB finds that a sports governing body is not ensuring the integrity of the event |  |
|-------|----------------|---|---|----------------------------------|-----|----------|-----|----|--|--|

|       |  |                          |                |            |     |     |     |    |     |  |
|-------|--|--------------------------|----------------|------------|-----|-----|-----|----|-----|--|
| 24 NC |  | Tribal Gaming Commission | tribal casinos | Land-based | N/A | N/A | N/A | No | N/A |  |
|-------|--|--------------------------|----------------|------------|-----|-----|-----|----|-----|--|

|       |                        |                          |                |            |     |     |     |    |     |  |
|-------|------------------------|--------------------------|----------------|------------|-----|-----|-----|----|-----|--|
| 25 ND | 3/18/2021<br>6/23/2021 | Tribal Gaming Commission | tribal casinos | Land-based | N/A | N/A | N/A | No | N/A |  |
|-------|------------------------|--------------------------|----------------|------------|-----|-----|-----|----|-----|--|



| <u>CURRENT AS OF</u><br><u>10/1/2021</u> | <u>Launch Date</u> | <u>Regulator</u>     | <u>License holders</u>   | <u>Channels</u> | <u>Skins</u>                               | <u>Effective Tax Rate (%)</u><br><u>(excludes federal excise tax)</u> | <u>Upfront Operator License Fee</u> | <u>Official League Data Mandate</u> | <u>Integrity Provisions</u>   | <u>Notes</u>   |
|--|--------------------|----------------------|--|-----------------|--|---|-------------------------------------|-------------------------------------|---|--|
| 26 SD                                    | 9/9/2021           | SD Gaming Commission | casinos  | Land-based      | N/A  | 9 GGR   | \$2K                                | No                                  | No prop bets on collegiate events or wagering on SD colleges                    |  |
| 27 WA                                    | 9/9/2021           | WA Gaming Commission | Tribes   | Land-based      | N/A  | N/A   | N/A                                 | No                                  | No wagering on WA colleges  |  |
| <b>ONLINE ONLY</b>                       |                    |                      |  |                 |  |   |                                     |                                     |   |  |
| 28 TN                                    | 11/1/2020          | TN Lottery Board     | Open licensing   | Online          | Unlimited                                  | 20 GGR  | \$750K                              | Yes                                 | Must share real-time betting data with leagues; No prop bets on college events. | <b>9 licensees:</b> (1) American Wagering (Caesars sportsbook); (2) Betfair Interactive (FanDuel); (3) BetMGM; (4) Crown TN Gaming, LLC (DraftKings); (5) Penn sports Interactive (Barstool Sportsbook); (6) Tennessee Action 24/7 LLC; (7) Wagr Inc. (new startup); (8) Churchill Downs Interactive (TwinSpires); and (9) WSI US (WynnBet). |
| 29 WY                                    | 9/1/2021           | WY Gaming Commission | "qualified gaming entities" - entities that offer online wagering in at least three U.S. jurisdictions can apply | Online          | At least 5 to be issued; Unlimited maximum | 10 GGR  | \$100K                              | No                                  | Cryptocurrency permitted to fund accounts.                                      |  |

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**Exhibit B – Mobile Sports Wagering Handle and Gross Revenue as a Percentage of Total Handle and Gross Revenue (2020 & 2021)**

**Mobile Sports Wagering Handle and Gross Revenue as a Percentage of Total Handle and Gross Revenue (2020 and 2021)  
Peer Jurisdictions (excluding AZ and NY because mobile wagering not yet operational)**

| Peer<br>Jurisdiction* | 2020                      |                              |                                   |                                     |  |  | First 9 Months of 2021                            |   |                                   |   |  |  |
|-----------------------|---------------------------|------------------------------|-----------------------------------|-------------------------------------|--|--|---|---|-----------------------------------|---|--|--|
|                       | Handle                    |                              |                                   | Gross Revenue                       |  |  | Handle  |   |                                   | Gross Revenue   |  |  |
|                       | 2020 Total<br>Handle (\$) | 2020 Handle<br>- Online (\$) | Online                            | 2020 Total<br>Gross<br>Revenue (\$) | 2020 Gross<br>Revenue -<br>Online (\$) | Online Gross<br>Revenue as %<br>of Total<br>Gross<br>Revenue | First 9<br>Months of<br>2021 Total<br>Handle (\$) | First 9<br>months of<br>2021<br>Handle -<br>Online (\$) | Online                            | First 9<br>months of<br>2021 Total<br>Gross<br>Revenue (\$) | First 9<br>months of<br>2021 Gross<br>Revenue -<br>Online (\$) | Online Gross<br>Revenue as %<br>of Total<br>Gross<br>Revenue |
|                       |                           |                              | Handle as %<br>of Total<br>Handle |                                     |  | Handle as %<br>of Total<br>Handle                            |   |   | Handle as %<br>of Total<br>Handle |   |  |  |
| <b>NJ</b>             | 6,006.7                   | 5,530.3                      | 92.1%                             | 398.5                               | 360.0                                  | 90.3%  | 7,145.0   | 6,515.6   | 91.2%                             | 558.0   | 501.4  | 89.9%  |
| <b>WV (est.)</b>      | 400.7                     | 270.6                        | 67.5%                             | 27.3                                | 15.6                                   | 57.2%  | 337.0   | 241.7   | 71.7%                             | 32.8  | 20.4   | 62.2%  |
| <b>PA</b>             | 3,580.9                   | 3,278.8                      | 91.6%                             | 269.9                               | 241.0                                  | 89.3%  | 4,263.9   | 3,910.7   | 91.7%                             | 340.4   | 301.8  | 88.7%  |
| <b>RI</b>             | 221.9                     | 101.9                        | 45.9%                             | 24.1                                | 10.3                                   | 42.9%  | 286.6   | 150.2   | 52.4%                             | 27.3  | 14.3   | 52.3%  |
| <b>IA</b>             | 575.2                     | 405.2                        | 70.4%                             | 41.6                                | 27.2                                   | 65.4%  | 1,206.8   | 1,045.5   | 86.6%                             | 74.2  | 55.0   | 74.1%  |
| <b>IN</b>             | 1,769.3                   | 1,474.3                      | 83.3%                             | 136.4                               | 104.2                                  | 76.4%  | 2,441.6   | 2,162.6   | 88.6%                             | 207.5   | 171.7  | 82.8%  |
| <b>OR**</b>           | 218.2                     | 218.2                        | 100.0%                            | 20.1                                | 20.1                                   | 100.0%   | 227.5   | 227.5   | 100.0%                            | 20.3  | 20.3   | 100.0%   |
| <b>NH</b>             | 292.6                     | 264.2                        | 90.3%                             | 23.6                                | 21.4                                   | 90.3%  | 436.1   | 349.0   | 80.0%                             | 29.0  | 22.3   | 77.0%  |
| <b>IL</b>             | 1,870.6                   | 1,788.2                      | 95.6%                             | 125.4                               | 117.6                                  | 93.8%  | 4,600.4   | 4,413.9   | 95.9%                             | 359.4   | 341.2  | 94.9%  |
| <b>MI</b>             | 130.8                     | -                            | n/a                               | 18.3                                | -                                      | n/a  | 2,453.2   | 2,233.5   | 91.0%                             | 197.8   | 179.0  | 90.5%  |
| <b>CO</b>             | 1,185.8                   | 1,166.7                      | 98.4%                             | 75.8                                | 73.1                                   | 96.3%  | 2,419.2   | 2,378.4   | 98.3%                             | 159.9   | 159.6  | 99.8%  |
| <b>DC</b>             | 80.5                      | 18.7                         | 23.3%                             | 13.5                                | 3.5                                    | 25.6%  | 136.3   | 29.9  | 21.9%                             | 19.5  | 5.3  | 27.0%  |
| <b>VA</b>             | n/a                       | n/a                          | n/a                               | n/a                                 | n/a                                    | n/a  | 1,965.3   | 1,965.3   | 100.0%                            | 175.9   | 175.9  | 100.0%   |

(USD - \$ in millions)

\* The five jurisdictions that are highlighted above represent those jurisdictions having the largest sports wagering handle in 2020.

\*\* Excludes sportsbook operations at tribal casinos.

Source: Vixio Gambling Compliance

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**Exhibit C – List of Mobile Sports Wagering Operators (currently operating in U.S.)**

| Company Name                        | Top Individual Ownership  | States Operating In   |
|-------------------------------------|---|---|
| 888sport                            | Itai Pazner (0.22%), Jon Mendelsohn (0.02%), Mark Summerfield (0.01%)   | CO, IA, IN, NJ  |
| Bally Bet (Bally's Corporation)     | Noel Hayden (9.76%), Sinclair Broadcast Group (2.38%), William M.F. Asher (0.94%)   | CO, IA; AZ, IL, IN, LA, NJ, NV, PA and VA planned                               |
| Bet MGM                             | Partnership between MGM Resorts International and Entain Holdings; William Hornbuckle (CEO of MGM), <b>Jette Nygaard-Andersen</b> (CEO of Entain) | AZ, CO, D.C., IN, IA, MI, MS, NV, NJ, PA, SD, TN, VA, WV, WY; OH and PR planned |
| Bet365                              | <b>Denise Coates (50.1%)</b> , John Coates, Peter Coates  | NJ  |
| BetAmerica                          | Owned by Churchill Downs Incorporated   | NJ  |
| Betfred                             | Fred Done, Peter Done   | CO, IA, PA; NV planned  |
| BetIndiana                          | Frank Ignatius (Founder)  | IN  |
| Betly                               | Jeremy Jacobs (Co-CEO), Louis Jacobs (Co-CEO) of Delaware North   | WV  |
| BetRivers                           | Harry You (9.71%) (Rush Street Interactive)   | AZ, CO, IL., IN, IA, LA, MI, NJ, VA, WV   |
| BettHouse                           | Nitin Jain (Founder), Steve Berman (CEO)  | IA  |
| Betway                              | Owned by Super Group  | CO, IN, NJ, PA  |
| BlueBet Sportsbook                  | Michael Sullivan (CEO), Bill Richmond (Founder)   | AZ  |
| Borgata (MGM Resorts International) | IAC/InterActiveCorp (12.25%), Infinity World Cayman (4.34%), <b>Pansy Ho (2.18%)</b>  | NJ, PA  |

| Company Name                                   | Top Individual Ownership  | States Operating In                            |
|--|---|--|
| Caesars Entertainment                          | Recreational Enterprises (4.03%), Brookfield Property Partners (0.63%), Gary Carano (0.10%) | AZ, CO, IA, IL, IN, MI, NJ, PA, TN, VA, WV     |
| Circa Sports                                   | Derek Stevens, Greg Stevens   | CO, IA, NV                                     |
| DraftKings                                     | Shalom Meckenzie (4.73%), The Walt Disney Co (4.61%) John Salter (2.82%),                   | AZ, CO, IA, IL, IN, MI, NJ, PA, TN, VA, WV, WY |
| Elite Sportsbook (Elite Casino Resorts)        | Kehl Family   | CO, IA   |
| FanDuel (Flutter Entertainment)                | Fastball Holdings (2.97%), David Power (1.98%) <b>Divyesh Gadhia (0.03%)</b>                | AZ, CO, IA, IL, IN, MI, NJ, PA, TN, VA, WV     |
| FoxBet (Flutter Entertainment)                 | Acquired by Flutter Entertainment   | CO, MI, NJ, PA                                 |
| Fubo Sportsbook                                | Alexander Bafer (1.97%), David Gandler (1.7%), Alberto Horihuela (0.76%) (fuboTV)           | IA; AZ, IN, NJ and PA upon approval            |
| Golden Nugget Online Gaming                    | DraftKings reached a purchase agreement with Golden Nugget Online Gaming in August 2021     | NJ, MI, VA, WA; IL and PA planned              |
| Hard Rock International                        | <b>The Seminole Tribe of Florida</b>  | NJ   |
| MaximBet (Carousel Group)                      | Sardar Biglari (Owner of Maxim)   | CO; IA, IN and NJ upon approval                |
| Monarch Casino & Resorts Inc.                  | John Farahi (15.40%), Ben Farahi (8.37%), Bob Farahi (6.17%), <b>Yvette Landau (0.07%)</b>  | CO   |
| Parx   | Greenwood Gaming and Entertainment  | PA   |
| Penn Sports Interactive (Penn National Gaming) | Peter Carlino (0.50%), Jay Snowden (0.34%), David Handler (0.10%)                           | AZ, CO, IL, IN, MI, NJ, PA, TN, VA             |

| Company Name                                     | Top Individual Ownership  | States Operating In                       |
|--|---|---|
| Play Maverick Sports (Maverick Gaming)           | Eric Persson, Justin Beltram  | CO, WA                                    |
| PlayUp (PlayUp Ltd)                              | Daniel Simic  | CO, NJ                                    |
| PointsBet  | Penn National Gaming (6.27%), Brett William Fisher Paton (5.89%), Nicholas James Fahey (2.38%)              | CO, IA, IL, IN, MI, NJ, WV                |
| Q Sportsbook                                     | Partnership between Australian sportsbook and Dubuque Racing Association                                    | IA  |
| Rushmore Gaming                                  | Founding Team: Mike Miller, Gary King, Jared Miller, Ryan Karst   | None                                      |
| SI Sportsbook                                    | Sports Illustrated partnered with 888   | CO; IA, IN and NJ planned                 |
| Smarmets   | Jason Trost (Founder and CEO)   | CO; IN planned                            |
| Superbook  | Led by Jay Kornegay   | CO, NJ                                    |
| Tennessee Action 24/7                            | <b>Tina Hodges</b> (Founder and CEO); ownership not publicly available                                      | TN  |
| theScore Bet (Score Media and Gaming)            | John Levy (14.72%), Benjamin Levy (1.17%), William Thomson (0.04%) (being acquired by Penn National Gaming) | CO, IA, IN, NJ                            |
| Tipico   | CVC Capital Partners  | CO, NJ; IA and IN planned                 |
| TwinSpires Sports (Churchill Downs Incorporated) | Daniel Harrington (1.63%), Richard Duchossois (1.60%), William Carstanjen (1.41%)                           | CO, IN, MI, MS, PA, TN; AZ and NJ planned |
| Unibet (Kindred)                                 | Anders Strom (Kindred Group) (3.00%)  | AZ, IA, IN, NJ, PA, VA                    |

| Company Name   | Top Individual Ownership  | States Operating In                  |
|----------------|---|--------------------------------------|
| Wagr Inc.      | <b>Eliana Eskinazi</b> (Co-Founder and CPO); ownership not publicly available                 | TN upon approval; VA planned         |
| William Hill   | Acquired by Caesars in April 2021, European assets subsequently sold to 888 in September 2021 | CO, D.C., IA, IL, IN, MI, NJ, VA, WV |
| Wind Creek     | <b>Poarch Band of Creek Indians</b> , Powered by Betfred                                      | PA                                   |
| WynnBet (Wynn) | <b>Elaine Wynn (8.25%)</b> , Matthew Maddox (0.39%), Craig Billings (0.08%)                   | AZ, CO, IN, MI, NJ, TN, VA           |

*Chart as of October 1, 2021*

*Sources: Reuters, Company websites, News sources, FactSet.*