



# **Sports Wagering Statement**

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Union Gaming Analytics

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## Sports wagering statement

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It is important to understand that sports betting, outside of Nevada, is still in its infancy and, as such, there is not a wealth of data from which to extrapolate trends. However, the limited data available suggests that the introduction of sports betting has not had a measurable impact on traditional casino revenues. Rather than cherry-pick data, from which it is easy to make either positive or negative conclusions, we examined a much wider body of data to better smooth out the noise.

Ultimately, the primary question that needs to be addressed is:

*Will the introduction of sports betting at arenas and stadiums cannibalize traditional casino revenue?*

Secondarily, it is important to try and better understand if sports bettors are also significant consumers of traditional casino games like slot machines and table games. Put another way:

*Following the introduction of sports betting, have customers shifted spending away from slot machines and tables games (thus demonstrating there is a correlation between spending on sports vs. traditional casino games)?*

We believe, and as highlighted herein, the answer to both questions is “no.” The data does not support the concept that there is a measurable overlap between sports betting customers and traditional casino customers, nor does the data suggest that sports betting has cannibalized traditional casino revenues. As such, we believe the most likely result of the expansion of sports betting to arenas and stadiums is that there will be no discernable impact on traditional casino revenues at a Chicago casino.

## Executive summary

In the US the Capital One arena is a good comparison available for Chicago with respect to a sports book at an arena or stadium in proximity to a high-quality and large casino. This example represents a relatively quick drive-time of about 16-26 minutes (depending on traffic), which is similar, if not quicker, than the drive times between most of the proposed casino sites and many of the arenas and stadiums in Chicago (and therefore suggest a much lower risk of cannibalization in Chicago). The Capital One Arena sports book is also similar in size and quality to what has been proposed at Wrigley Field. Following the opening of this sports book, revenues at the nearby casino have increased significantly, which suggests that 1) the sports book does not seem to be impacting (cannibalizing) the casino, and 2) the customer profile between sports betting and traditional casino games is likely quite different.

To further explore the preceding two points, we analyzed a variety of states that have implemented sports betting (whether on a mobile or in-person basis, or both) to try and determine if the introduction of sports betting has impacted traditional casino revenues. In other words, are customers diverting dollars (and casino visits) towards sports betting that would have previously been earmarked for casino games? The analysis yielded mixed results, with some states reporting increases in traditional casino revenues and some states reporting decreases. This suggests that there does not appear to be a correlation between the implementation of sports betting and the subsequent financial performance of casinos. Rather, there are numerous other factors likely driving casino revenues up or down, such as the amount of slot machine promotions offered (or not offered) to guests, ongoing COVID-related issues, local economic factors, preferences for other gaming options like VGTs, etc.

Ultimately, sports betting in Illinois is expected to remain on its current trajectory in that more than 96% of sports wagers will be placed via mobile phones and less than 4% in-person (whether at casinos or at sports books at arenas and stadiums). Simply put, customers obviously prefer mobile sports betting to in-person given 1) the convenience factor, 2) significantly more betting options (e.g. in-game bets that simply can't be accomplished at an in-person venue), 3) more betting lines (e.g. one mobile sports operating might be offering a more favorable betting line on a particular event), and 4) more marketing and promotional offers from multiple mobile betting operators. Further, it is important to point out that in terms of in-person sports betting within casinos, only ~2% of casino revenues are derived from in-person sports betting in Illinois (with ~98% of revenues derived from traditional slot machines and table games).

We do not believe the introduction of sports betting throughout the US has had a negative impact on traditional casino revenue for a host of reasons discussed herein, and we do not believe the introduction of sports betting at arenas and stadiums in Chicago will have a measurable impact on traditional casino revenues either. It is important to recognize that sports betting (both mobile and in-person) has already proliferated throughout Illinois, which should significantly mute any impact of expanded in-person sports betting options via arenas and stadiums.

While we do not believe the expansion of sports betting at arenas and stadiums will have a measurable impact on traditional casino revenues at a Chicago casino, we were asked by the City of Chicago to attempt to quantify the impact. With that in mind, we have estimated that the worst-case impact of introducing sports betting at arenas and stadiums in Chicago is likely to impact a Chicago casino's slot machine and table games revenue by no more than \$4.3 million. This suggests a related gaming tax impact of \$843,000 for the City of Chicago.



## The impact of sports betting at arenas/stadiums on casinos

The Capital One Arena in Washington DC, which is a very short drive from the MGM National Harbor casino, represents the best analog to Chicago. To date, there is no clear evidence the introduction of sports betting at Capital One Arena has had any impact on traditional casino revenues at MGM National Harbor. Put another way, traditional casino customers don't appear to be making the switch from casino gambling to sports betting.

Drive (or transit) times are an important consideration in terms of analyzing revenue potential for a casino or other betting venue. For reference, the drive-time between Capital One Arena and MGM National Harbor is quicker than the drive-time between many of the arenas and stadiums in Chicago relative to the proposed casino sites. This generally shorter drive-time suggests MGM National Harbor should be at a notably higher risk of cannibalization than any of the proposed Chicago casino sites relative to Wrigley Field, for example. We note that other potential Chicago sports betting venues (e.g. United Center) are, indeed, a relatively quick drive to the potential casino sites and we have accounted for this in our estimates herein.

From a timing perspective, a temporary – and very basic – sports book opened at Capital One Arena in August 2020. At the time the Capital One Arena launched sports betting, MGM National Harbor was already in the midst of a COVID-driven downturn and operating at reduced capacity as depicted in the Figure 1 below. The downturn continued until COVID-related capacity restrictions began easing in March 2021.

**Figure 1 – MGM National Harbor gaming revenue performance through October 2021 vs. 2019 baseline**

Month	GGR	% Chg. Vs. 2019	Notes:
Jan-20	\$58.5	4.1%	
Feb-20	\$61.1	13.3%	
Mar-20	\$26.0	-58.6%	
Apr-20	\$0.0	-100.0%	
May-20	\$0.0	-100.0%	
Jun-20	\$8.0	-85.9%	
Jul-20	\$52.3	-13.9%	
Aug-20	\$59.7	-4.3%	Capital One temporary sports book opens
Sep-20	\$57.5	-0.4%	
Oct-20	\$56.6	-5.5%	
Nov-20	\$55.3	2.6%	
Dec-20	\$48.5	-22.5%	National Harbor operating at 25% capacity
Jan-21	\$50.5	-10.2%	
Feb-21	\$50.8	-5.7%	
Mar-21	\$66.5	6.0%	National Harbor 50% capacity
Apr-21	\$62.4	2.5%	
May-21	\$68.4	15.7%	Capital One permanent book opens / National Harbor returns to 100% capacity
Jun-21	\$63.7	12.0%	
Jul-21	\$72.3	19.0%	
Aug-21	\$67.4	8.1%	
Sep-21	\$69.5	20.4%	
Oct-21	\$55.9	-6.7%	

Source: Maryland Lottery and Gaming

Note: All Maryland casinos were closed from March 16, 2020 to June 19, 2020, at which time MGM National Harbor reopened at 50% capacity; MGM National Harbor then operated at 25% capacity from December 16, 2020 until March 12, 2021 when capacity was raised back to 50%; as of May 15, 2021 capacity restrictions were lifted

### **No impact from the permanent sports book similar to the one proposed for Wrigley Field**

At the end of May 2021, the permanent sports book at Capital One Arena opened. As described by its operator "the 18,000-square foot, two-floor sportsbook is filled with wall-to-wall LEDs, D.C. sports memorabilia and even a restaurant with the concept designed by a local Michelin-starred chef." It is a high quality, modern, luxurious sports book similar to what has been proposed for the sports book at Wrigley Field. Importantly, despite the introduction of the Capital One Arena sports book, which has been generating more than \$1 million in sports wagering revenue per month, there has been no discernable impact on MGM National Harbor. In fact, MGM National Harbor has been generating near record levels of traditional casino revenue following the opening of the permanent Capital One Arena sports book with revenues well above 2019 (i.e. pre-COVID) levels as depicted in the Figure 1 above. In fact, traditional casino revenue at MGM National Harbor since the opening of the permanent sports book at Capital One Arena in May 2021 has, on average, increased more than 11%. It is important to note that we are not saying the revenue increase at MGM National Harbor is due to the opening of the permanent sports book at Capital One Arena. Rather, we believe MGM National Harbor is simply following its natural growth trajectory and is unaffected by the introduction of the sports book at Capital One Arena.

In our view, for Capital One Arena to have a negative impact on MGM National Harbor's traditional casino revenue, two concepts must be true: 1) that traditional sports betting customers must also be material slot machine or table games customers, and 2) that drawing these customers to an arena to place a sports bet means a material reduction in trips to a traditional brick-and-mortar casino and the related slot machine or table game revenue does not materialize. Based on the early data depicted in the table above, it does not appear that these dynamics are present in the relationship between Capital One Arena and MGM National Harbor. Casino customers are not deferring trips to the casino in exchange for trips to the luxury sports book.

## National data does not suggest an obvious correlation between sports betting and traditional casino games

When analyzing states that have legalized sports betting (whether mobile or in-person), traditional casino revenues have not registered a clear trend in response to the introduction of sports betting. Should there be a close relationship between sports betting and traditional casino revenues, it would make sense that the introduction of sports betting (primarily in the form of mobile, which accounts for ~91% of total sports wagering nationally) would have a negative impact on traditional casinos as monies allocated to traditional casino would be redirected to mobile sports betting since mobile sports betting can be done at home and therefore a customer would not be inclined to visit a casino. This simply has not been the case. In fact, in states that have introduced sports betting, some have seen traditional casino revenue increase while some have seen declines. There is no clear-cut trend. This suggests that any increases or declines in traditional casino revenues following the introduction of sports betting is being driven by something other than sports betting (e.g. regional economic factors, casino-level marketing and promotional factors, COVID-related trends).

Similarly, there is no clear trend in traditional casino revenues in states that offer in-person sports betting (i.e. mobile sports betting is not allowed). To the extent traditional casino revenues increased following the introduction of in-person only sports betting, it can generally be attributed to other factors, namely that casinos had significantly increased promotional spending on slot machines concurrent with the introduction of sports betting, or that these casinos had recently opened and were still in a ramping-up phase.

While there is no discernable trend when sports betting has been legalized (some states have experienced increases in traditional revenue and others declines, and within these states some casinos have experienced increases while others have experienced declines), the median performance of these states suggests an impact of no more than 60 basis points (depicted as 0.6% in Figure 2 below, with the sports betting states slightly under-performing the corresponding national average growth rate of slot machine and table games revenue).

However, it is important to consider that the introduction of sports betting is just one of several potential drivers of over/under performance at the state level. The reality is that multiple factors, of which sports is just one, have impacted gaming revenues in these states. These factors include differences in economic trends from state-to-state, different levels of casino promotional activities from property-to-property, COVID-related trends including stimulus payments and casino capacity restrictions, other potential regulatory actions (for example the decline in revenue at Illinois casinos is predominantly attributable to growth in VGTs rather the introduction of sports betting), etc.

**Figure 2 – Percent change in casino revenue following the introduction of sports betting**

	<b>Sports Launch</b>	<b>Study Period</b>	<b>Month Ending</b>	<b>Slot/Table GGR Change</b>	<b>Freeplay (promo) Change</b>	<b>National Slot/Table GGR Change</b>
Arkansas	Jul-19	6 months	Dec-19	-2.6%	N/A	2.7%
Delaware	Jun-18	6 months	Nov-18	2.9%	N/A	3.5%
Illinois	Mar-20	6 months	Jul-21	-0.4%	N/A	7.3%
Indiana	Sep-19	6 months	Feb-20	4.6%	18.4%	4.7%
Iowa	Aug-19	6 months	Jan-20	3.5%	0.0%	4.2%
Mississippi	Aug-18	6 months	Jan-19	8.0%	N/A	3.7%
New Jersey	Jun-18	6 months	Jan-19	-6.4%	-10.5%	3.3%
New York	Jul-19	6 months	Dec-19	10.6%	28.0%	2.8%
Pennsylvania	Nov-18	6 months	Dec-19	2.5%	1.9%	2.6%
Rhode Island	Nov-18	6 months	Apr-19	9.4%	N/A	2.4%
West Virginia	Sep-18	6 months	Feb-19	-4.0%	-9.5%	3.7%
<b>Median</b>				<b>2.9%</b>		<b>3.5%</b>
<b>Difference between subject states and national average</b>						<b>0.6%</b>

Source: Various state gaming regulatory agencies

Note: The above analysis looked at the six-month period following the introduction of sports betting relative to the prior year period (or relative to 2019 in the case of IL)

**A note on Illinois casino performance**

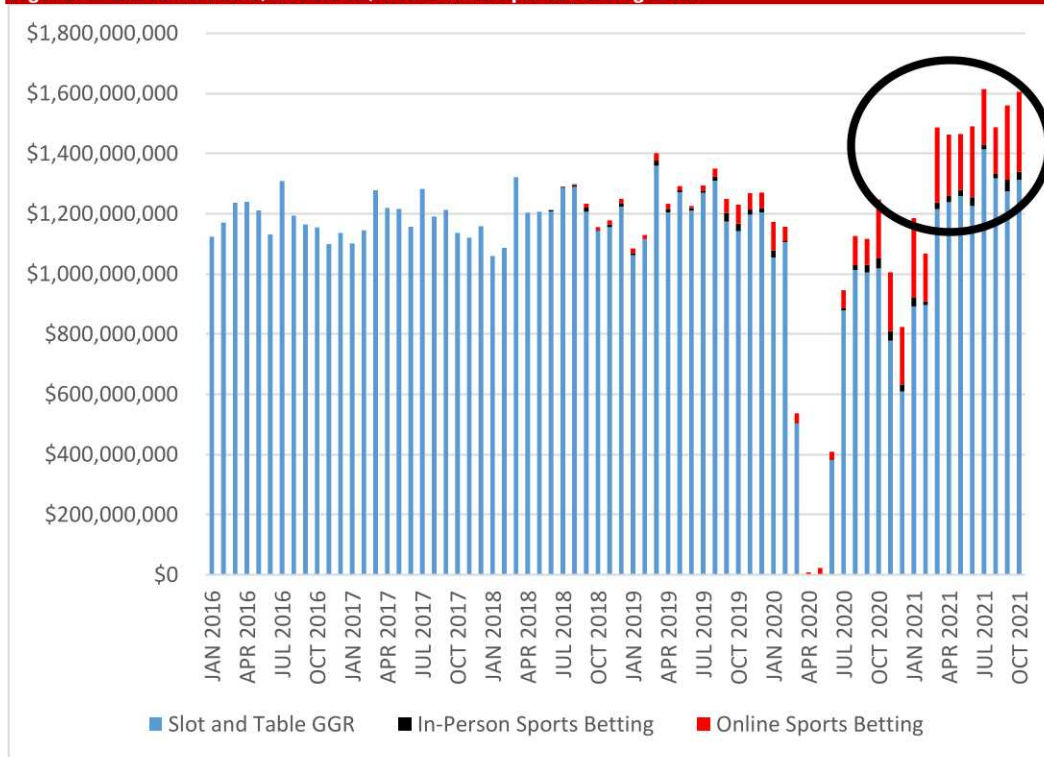
As depicted in the Figure 2 above, Illinois casinos experienced an 0.4% decline in slot machine and table games revenues during a post-Covid environment, in the midst of growing VGT revenues, and following the introduction of sports betting. It is therefore important to provide some context around this decline, which we do not believe was driven by the implementation of sports betting. First, Illinois mobile sports betting launched in March 2020 – just as casinos were mandated to close, which was followed by a period of casinos reopening and then closing again towards the end of 2020. As such, that period was not fit for comparisons relative to the other states in the analysis, which were all pre-COVID. We ultimately chose the earliest available period when Illinois casinos were open for a six-month stretch, namely February 2021 to July 2021. Since Illinois casinos were closed during part of the prior year period in 2020, the growth rate was calculated as compared to relatively strong 2019 timeframe. Second, and more importantly, the modest decline in Illinois casino revenue (-0.4% when comparing 2021 to 2019) is clearly being driven by a shift in customer preference towards VGTs. During the same period that Illinois casino revenue declined 0.4%, VGT revenue increased a staggering 55.8%. With this in mind, following the introduction of sports betting in Illinois, total consumer spending on slot machines and table games (inclusive of both casinos and VGTs) actually *increased 34.3% and clearly suggests that sports betting has not caused consumers to redirect monies or visits away from slot machines or table games. The monies allocated to sports betting and slot machines clearly are coming from two distinct wallets with limited, if any, crossover.*



## Not a zero-sum game – sports have been additive

Among the nine states outside of Nevada (Colorado, Illinois, Indiana, Iowa, Michigan, New Jersey, Pennsylvania, Rhode Island, and West Virginia) that currently have traditional slots and table games, in-person sports betting and online sports betting, we find that the overall pie of revenue continues to grow. In the chart below, we show that sports betting, either mobile or in-person, has been additive to gaming revenue and has not cannibalized traditional casino revenue. Put another way, the customer base for sports betting seems to be quite different than that of traditional casino games like slot machines and table games. Alternatively, to the extent there is customer overlap between sports and traditional casino games, there appear to be two distinct wallets from which funds are allocated to each.

**Figure 3 – Slot and Table, In-Person, and Online Sports Betting GGR**



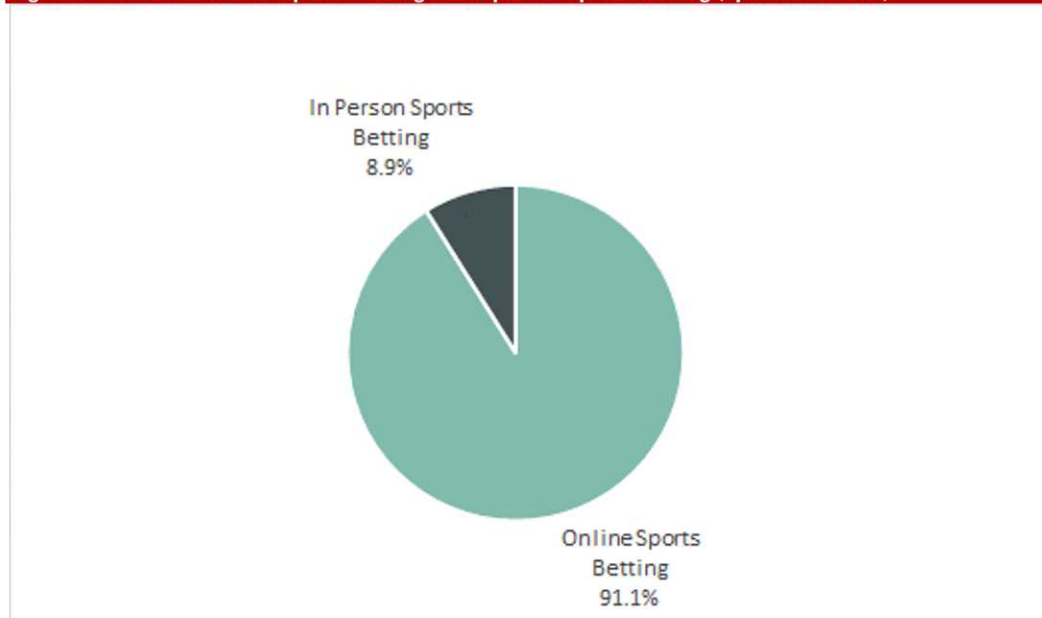
Source: Various state gaming regulatory agencies

## The relationship between mobile sports betting and sports betting at casinos

Not surprisingly, when given a choice, customers overwhelmingly prefer mobile (online) sports betting relative to in-person sports betting at a casino or stadium. The reason is four-fold: 1) the convenience factor, 2) significantly more betting options (e.g. in-game bets that simply can't be accomplished at an in-person venue), 3) more betting lines (e.g. one mobile sports operating might be offering a more favorable betting line on a particular event), and 4) more marketing and promotional offers from multiple mobile betting operators meaning they can receive promotions from several sources they wouldn't necessarily have access to during a solitary casino visit.

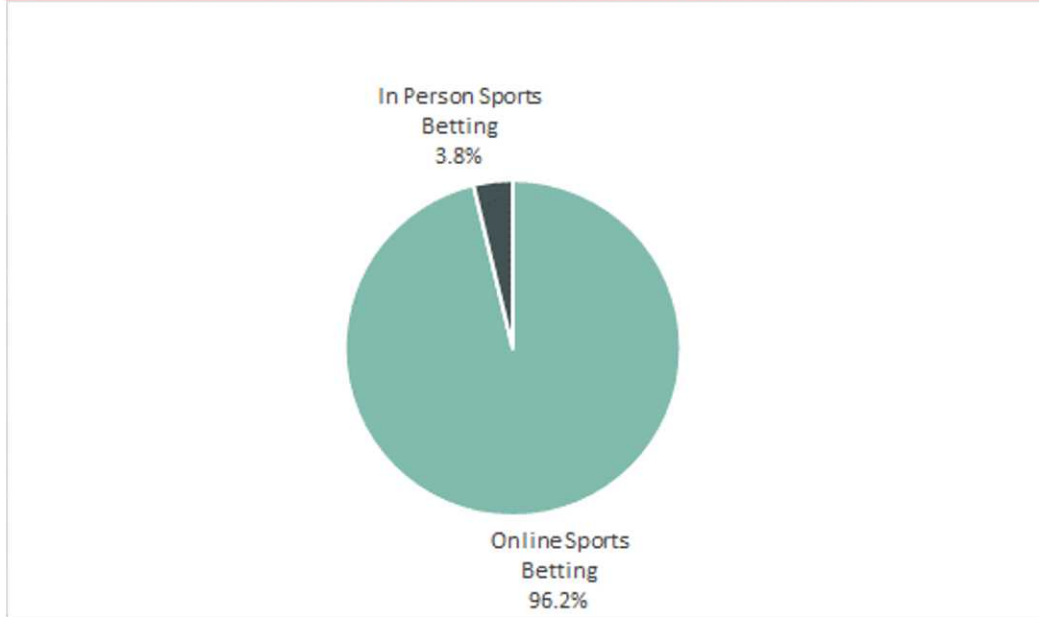
At a national level, when analyzing states that offer both mobile sports betting and in-person sports betting, more than 91% of sports wagers are placed on mobile devices, with less than 9% placed in-person (Figure 4). Illinois is even more extreme, where 96.2% of sports wagers are placed on mobile devices (Figure 5). On a go-forward basis, it is likely the percentage of sports wagers placed online will continue to grow given it is significantly more attractive than in-person wagering for virtually all consumers. We expect this relationship to hold true in Chicago, meaning that sports betting in-person at a casino or arena will essentially be an afterthought as 96%+ of sports wagers will be placed online via a mobile device.

**Figure 4 – National mobile sports betting vs. in-person sports betting (split of revenue)**



*Source: Various state gaming regulatory agencies*

**Figure 5 – Illinois mobile sports betting vs. in-person sports betting (split of revenue)**

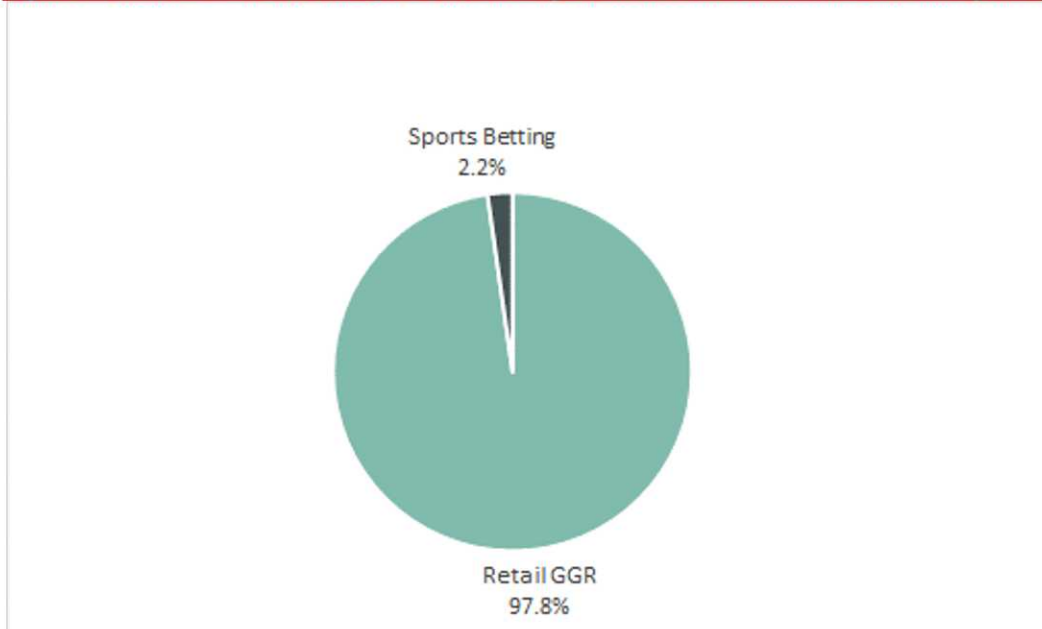


*Source: Illinois Gaming Board*

## The relationship between sports, slot machines, and table games within traditional casinos

We also analyzed the relationship between sports betting revenue, slot machine revenue, and table games revenue within casinos. Noted above, in-person sports betting is generally an afterthought relative to mobile sports betting. This is also true of in-person sports betting relative to traditional casino games. At the national level in states that offer in-person sports betting at casinos, sports betting typically constitutes just 2.2% of total casino revenues (Figure 6). In Illinois, the mix essentially matches the national average at just 2.1% of total casino revenue. Clearly, in-person sports betting at casinos is not a meaningful driver of revenue, nor does it appear to be a material driver of casino visitation.

**Figure 6 – National casino revenue split: sports betting and traditional slot machines and table games**



*Source: Various state gaming regulatory agencies*



## What does this mean for Chicago?

Ultimately, there is no reason to expect Chicago to somehow deviate from the trends already established throughout the US and throughout Illinois. Chicago residents will likely place more than 96% of sports bets via mobile devices, and sports betting is unlikely to account for more than 2% of a Chicago casino's revenue. We see no clear evidence that the introduction of sports betting at arenas and stadiums will have a direct and negative impact on traditional revenues at nearby casinos. Similarly, there is no clear evidence today that the introduction of sports betting in any form has hurt (or helped) traditional casino revenues.

### Sports betting estimate for Chicago

Under the assumption that the average adult will ultimately spend \$85 per year on sports betting, this suggests annual sports betting GGR potential for Illinois of \$762.3 million. However, to-date Illinois residents have only conducted 3.8% of sports betting in person (with 96.2% via mobile phones). This suggests a very modest in-person sports betting GGR potential of just \$29 million for the whole of Illinois.

<b>Figure 7 – Sports betting potential revenue in IL and Chicago based on prevailing trends</b>	
Illinois population (millions)	12.8
Estimated population 21+	70%
Total addressable population base	9.0
Estimated sports spend per adult per year	\$85
Estimated sports revenue potentially annually (\$ millions)	\$762.3
Percentage of sports betting conducted in-person in IL	3.8%
<b>Total Illinois in-person annual sports GGR potential</b>	<b>\$29.0</b>

*Source: Union Gaming, Illinois Gaming Board*

With respect to a casino with the City of Chicago, we have assumed that it will generate sports betting GGR that is in line with the other ten IL casinos when looking at sports betting GGR as a percentage of total casino GGR, or just 2.1%. Based on the average total casino GGR of the Chicago casino bidders of \$717.2 million, sports betting GGR is therefore likely to approximate just \$15.1 million (which makes cannibalization of \$13.3 million of sports GGR highly unlikely as per the Convergence report). We have then inflated the \$15.1 million to \$20 to \$25 million to account for the addition of up to five sports books at arenas and stadiums. Based on our estimate for in-persons sports betting GGR in Chicago of \$20 to \$25 million, this equates to \$400,000 to \$500,000 in incremental taxes to the city at a 2% tax rate.

However, and as detailed in the above section entitled "National data does not suggest an obvious correlation between sports betting and traditional casino games," states that legalized sports betting experienced a 60 basis point lower rate of growth in slot and table revenue when compared to the national average for a period of time after the implementation of sports betting. We believe there are many factors (e.g. regional economic trends, variations in slot machine promotional activity, traditional casinos under pressure from growth in VGTs, ongoing COVID-related issues, etc.) that contributed to this performance delta beyond the implementation of sports betting. However, even if all of it was attributed to the introduction of sports betting and an impact of similar magnitude also occurred in Chicago (which is unlikely given that sports betting *already exists* in Illinois in both mobile and in-person form), the result would be approximately \$4.3 million dollars in "lost" slot machine and table games revenue that never materializes as customers divert trips and spending elsewhere (based on the average casino revenue estimates of the bidders \$717.2 million in the likely case scenarios  $\times 0.5\% = \$4.3$  million). This suggests a related gaming tax impact of \$843,000 for the City of Chicago at the most likely highest marginal tax rate (23.2% on slots revenue of \$2.80 million and 12.9% on table revenue of \$1.51 million for a blended rate of 19.6%) based on expected slot machine and table games revenue.

**Figure 8 – Sports betting potential revenue in IL and Chicago based on prevailing trends**

Average GGR estimates amongst bidders (Likely Scenario) - \$ millions	\$717.2
Decline in slot and table GGR compared to national average following sports implementation	0.6%
Potential GGR loss - \$ millions	\$4.30
Estimated slot mix (65%) - \$ millions	\$2.80
Estimated table mix (35%) - \$ millions	\$1.51
Marginal tax rate slots	23.2%
Marginal tax rate table games	12.9%
<b>Blended marginal tax rate</b>	<b>19.6%</b>
Tax impact	\$843,000

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Source: Union Gaming

## Putting the proposed Chicago sports tax in perspective

The following figure highlights sports betting taxes, by jurisdiction, for both in-person and mobile. Note that the three highest rates at 50% to 51% are represented by monopoly, or near-monopoly, jurisdictions. With respect to competitive marketplaces, Chicago, at 19%, would be the third-highest taxed domestic sports betting market.

**Figure 9 – Sports wagering tax rates, by jurisdiction**

State	Online	Retail	Online Tax Rate	In Person Tax Rate	
New Hampshire	Y	Y	51%	51%	<sup>1</sup>
Rhode Island	Y	Y	51%	51%	<sup>2</sup>
Delaware		Y		50%	<sup>2</sup>
Pennsylvania	Y	Y	36%	36%	
Tennessee	Y		20%		<sup>3</sup>
Chicago	Y	Y	19%	19%	
Illinois	Y	Y	15%	15%	
Virginia	Y		15%		
Arkansas		Y		13%	
Mississippi		Y		12%	
Colorado	Y	Y	10%	10%	
New York		Y		10%	
Washington DC	Y	Y	10%	10%	
West Virginia	Y	Y	10%	10%	
Oregon					
Indiana	Y	Y	9.5%	9.5%	
South Dakota		Y		9%	
New Jersey	Y	Y	13%	8.5%	
Michigan	Y	Y	8.4%	8.4%	
Iowa	Y	Y	6.75%	6.75%	

Source: Various state gaming regulatory agencies

Note: 1) DraftKings monopoly, 2) the state lottery is the regulator and has a monopoly, 3) Tennessee is the only sports betting state that does not also have casino gaming



## Appendix (Additional Notes)

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### Analysis Time Frame

We normally would prefer a longer-duration of study beyond six months to determine trends, but that isn't practical here because sports betting is generally too recent and/or COVID closures/restrictions make any comparisons less valid.

### Third Party Analysis

The following is a summary of notes as it relates to analysis completed by parties representing Chicago casino interests:

#### Appendix B (Convergence Strategy Group)

"However, the change in gaming expenditure would not be limited to the sports betting kiosks in the casino. The decline in patronage would also have a notable impact on the casino gaming floor, as fewer patrons would mean less play on slots and tables. We estimate that for each dollar lost for regional gamer from the regional base and the hotel base there would be \$4 lost in slot and table game play, and \$6 in lost slot and table play for tourists, as the sports betting venues built as large-scale gaming and entertainment venues will be a significant diversion."

We don't agree with how Convergence is arriving at multipliers of \$4 and \$6 in slots/tables GGR for locals and tourists, respectively, for every dollar of in-person sports GGR. It implies that sports betting is a material driver of casino visits and that while there a sports bettor (or, for example, his spouse) is dropping significantly more dollars on slots/tables. We have not heard casino operators talking about such high levels of crossover, let alone a crossover where the sports bettor prefers spending significantly more money on slots/tables than on sports. It appears the Convergence analysis is predicated on these multipliers. We are not saying there is zero crossover between sports and slots/tables, but the 1:4 and 1:6 GGR ratios do not appear to have any meaningful support outside of certain cherry-picked data.

#### Slight differences in data sets

We understand there are some differences in the baseline analysis between consultants, even when looking at the same states.

For example, Convergence outlines a few case studies, with Iowa as a specific example. The Convergence data for Iowa outlines the slot and table games GGR increase for the six-month period from September 2019 to February 2020. Slot and Table revenues were up \$43.7 million on a nominal basis for that period. However, January and February 2019 were particularly bad months in Iowa that year, hampered by bad weather that depressed casino revenue during that period, and February 2020 benefitted from an extra day. Our review of monthly data from Iowa indicates sports betting net receipts of \$10.3 million from September 2019 to February 2020, as compared to Convergence's estimate of \$12.0 million. It is possible adjustments were made by the gaming commission that would explain this small variance. Sports betting revenue in that period of \$10.3 million was 1.4% of total gaming revenue of \$742.0 million.

The Union Gaming analysis reviews fifteen Iowa properties from that period that started sports betting in Aug/Sep. We excluded the Wild Rose properties in Iowa because they began sports betting in October, which pushed the six-month look into March 2020 and Covid-related closures. Casino Queen-Marquette did not start sports betting until September 2021. The slightly different data sets (all of Iowa vs relevant properties and a slightly different time frame) explain the variance. Applying 100% of the growth in the market to the introduction of sports betting excludes the numerous other economic and environmental factors that contribute to gaming spend.

A similar case exists in Indiana, where bad weather negatively impacted Indiana revenues in early 2019, thus creating a larger positive impact in the following year. As another example, Union



Gaming reviewed ten properties in Indiana that started sports betting, but excluded \$13.2 million in table games revenue from two racetracks that were not authorized for table games the prior period. For the September 2019 to February 2020 period, in-person sports betting was \$25.5 million out of total GGR of \$1.13 billion (2.2%).

In Mississippi, Convergence focuses on the Gulf Coast market because of competitive issues in the Northern part of the state. The case study for Mississippi changes methodology from prior examples and looks at the period leading up to the introduction of sports betting and the period post sports betting. To remain consistent with methodology, we use the six-month period from the introduction of sports betting and compare it to the same period in the prior year. We also review both the Central and Coastal regions in Mississippi. For the Coastal region, sports betting revenue represented 1.7% of total GGR, and in the Central region sports betting was 1.9% of total GGR.

While these differences in approach do not lend themselves to line-item reconciliations amongst various analyst reports, these are sample points of variance.

## Statement of Limiting Conditions

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