

MOBILE SPORTS WAGERING

A SNAPSHOT OF VIRGINIA'S LEGALIZED MARKETPLACE

June 17, 2024



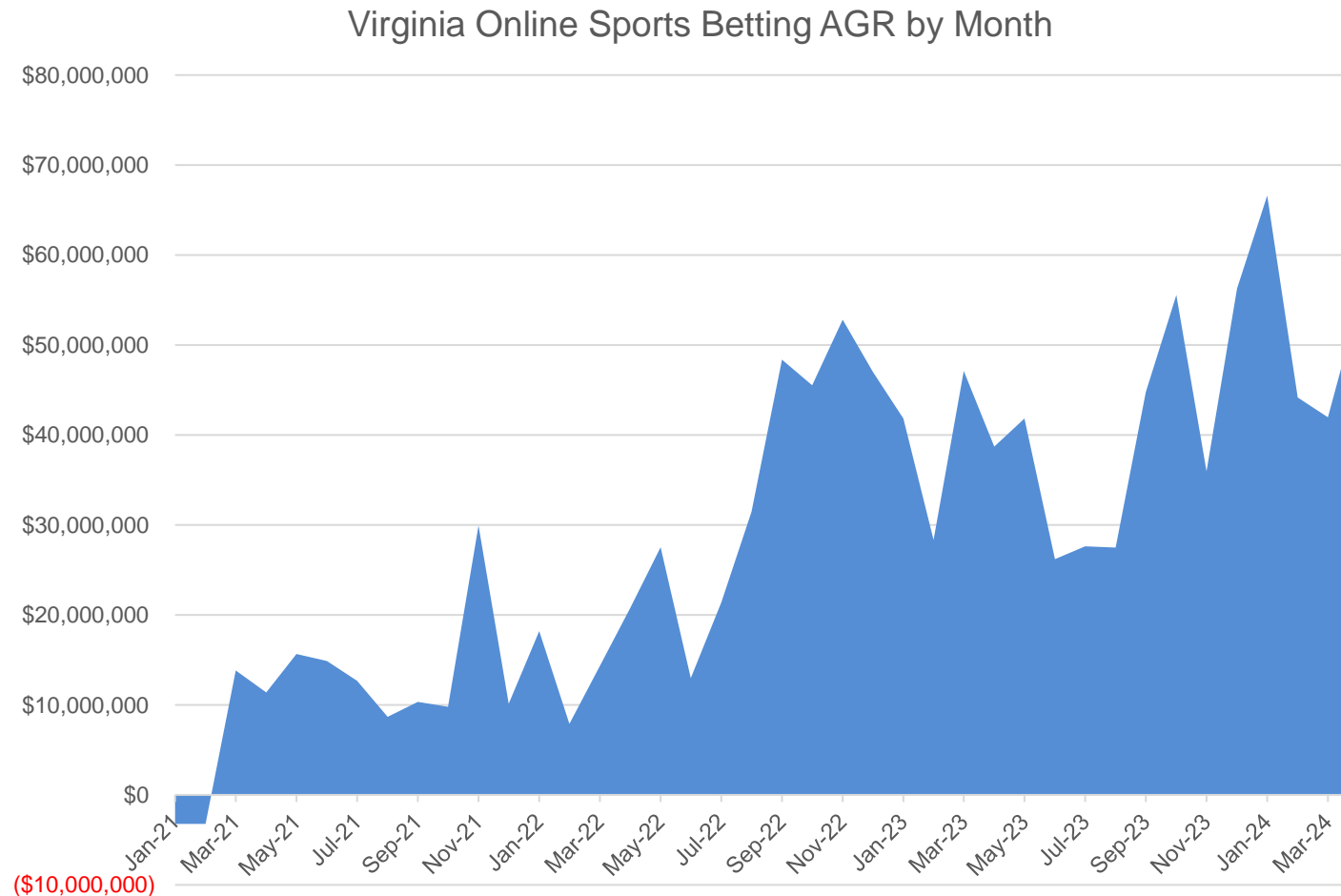
State and Regional Snapshot

Legal Mobile Sports Betting

- There are currently 15 licensed online sportsbooks operating in Virginia.
- This serves to create a healthy, competitive marketplace where consumers have multiple options to engage in the market.



Sports Betting AGR Growth



Year	AGR	Growth
2021	\$130,867,158	
2022	\$348,313,222	+166%
2023	\$459,537,080	+32%

- AGR (adjusted gross revenue) is defined as the total amount wagered minus winnings paid out, promotions, federal excise tax, and other allowable deductions
- All information on AGR and tax revenue is taken from Virginia Lottery reports

How Does Virginia's Revenue Per Adult Compare?

State	Revenue Per Adult (21+)
New Jersey	\$183
Illinois	\$122
New York	\$121
Maryland	\$116
Massachusetts	\$107
Indiana	\$103
Louisiana	\$101
Colorado	\$93
Tennessee	\$88
Ohio	\$88
Iowa	\$83
Virginia	\$81
Pennsylvania	\$76
Arizona	\$68
Michigan	\$59
Kansas	\$50
Wyoming	\$45

- Virginia's mobile sports betting market ranks inside the top 12 in revenue per adult (21+) among states with competitive, multi-operator markets
- Virginia has a healthy and developing sports betting market, with room to grow even more.
- Like Virginia, almost every state on this list with a successful market has instituted a reasonable (10-15%) tax rate on sports betting, allowing the market to grow and compete with the illegal market.



Tax Revenue Growth

Year	Tax Revenue
2021	\$20,340,016
2022	\$51,765,686
2023	\$71,849,179
2024 (Jan-Apr)	\$30,736,503
Total	\$174,691,384

- Online sports betting generated nearly \$175 Million in additional tax revenue for Virginia from its launch in January 2021 through April 2024
- This includes nearly \$4.4 Million directed to the Problem Gambling Treatment and Support Fund
- Virginia's Joint Legislative Audit & Review Commission (JLARC) predicted that a "fully developed sports wagering industry in Virginia could generate up to \$55 Million in annual gaming tax revenue for the state." Mobile sports betting in Virginia has already surpassed those expectations, generating nearly \$72 Million in tax revenue in 2023.

Responsible Gaming



- Virginia has an extensive Sports Betting Consumer Protection program detailed at 11VAC5-80, with provisions addressing:

Protections for at-risk or problem bettors	Excluded individuals	Underage betting
Corporate responsible gambling policies	Security of funds and data	Sports bettors' bill of rights
Prohibition on the extension of credit	Advertising	Restrictions on advertising to minors or at schools

- In addition, a coalition of gaming operators that represent 85% of the online gaming industry joined together this year to form the Responsible Online Gaming Association (ROGA), whose mission is to "promote responsible online gaming by supporting independent research, promoting best practices, and driving consumer and industry education and awareness efforts."
- Operators have already committed over \$20 Million to fund ROGA in its effort to meet these goals

"Legalized, regulated online gambling in the U.S. has done a very good job of protecting underage kids from accessing sites...Tech tools in place are sophisticated, robust, and any number or regulators in the U.S check these things regularly."

Keith Whyte, Executive Director of the National Center for Problem Gambling



Regulatory Components

- \$50,000 Application Fee/\$250,000 license fee (\$200,000 renewal fee every 3 years)
- Operator background and suitability checks
- Internal control requirements
- Monthly tax remittance and auditing requirements
- Know-Your-Customer Verification, Geolocation, Anti-Money Laundering requirements
- Responsible Gaming measures that allow users to self-exclude or set parameters on their own activity, including deposit, wagering and time limits
- Integrity monitoring
- Event restrictions and Official League Data requirements
- Customer data protection and record retention requirements
- Cyber insurance requirements
- Marketing requirements and co-branding restrictions



Market Growth Outlook

- Virginia's mobile sports betting market has not yet reached maturity
 - Sports betting, first launched in 2021, continues to grow each year. For instance, revenue from the first four months of 2024 is 33% higher than from the same period in 2023.
- The legal market continues to compete with a pervasive illegal and unregulated market, which operates without paying taxes or investing in safe gaming practices
 - Legal operators' ability to compete with the illegal market is hampered by Virginia's prohibition on wagering on in-state college sports, which helps create an additional market for illegal sites
- Profit margins for mobile operators remain incredibly tight based on the fundamental nature of the business
- The launch of mobile sports betting in North Carolina and the modernization of offerings in DC pose added competition for Virginia to attract customers

Thank you for your
time and attention!

