

An Overview of Internet Gaming (iGaming)

Presentation to the Virginia Joint Subcommittee on Gaming

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In 2021, Americans bet nearly **\$338 billion** with illegal iGaming operators.

-AMERICAN GAMING ASSOCIATION | SIZING THE ILLEGAL AND UNREGULATED GAMING MARKETS IN THE UNITED STATES, NOV. 2022.

*When people think of illegal gambling, they may picture an underground casino with a doorman, a password to get in, and sophisticated high rollers, but the reality is more pernicious. **Illegal and unregulated gambling is available everywhere and to nearly everyone, on mobile devices and computers.***

Discussion Overview

BACKGROUND

- iGaming and its global footprint
- iGaming market framework
- Technology and platform consumer safety

VIRGINIA'S OPPORTUNITY

- Review of
 - Illegal market
 - Success of the U.S. legal market
 - Virginia revenue projections
 - Economic impact on other gaming markets

What is iGaming?

- “Internet Gaming” or “iGaming” describes **online casino games of chance**.
- iGaming can be played from a mobile device, tablet or computer.
- iGaming typically includes the following options:
 - Roulette
 - Craps
 - Poker
 - Blackjack
 - Slots
- When offered in a well-regulated manner, iGaming offers convenience and safety for participants across a jurisdiction.

QUICK STATS

- 8 states have legalized iGaming, translates to access for roughly 14% of the U.S. adult population.
- In 2022, the legal iGaming market generated \$5.4 billion in GGR.

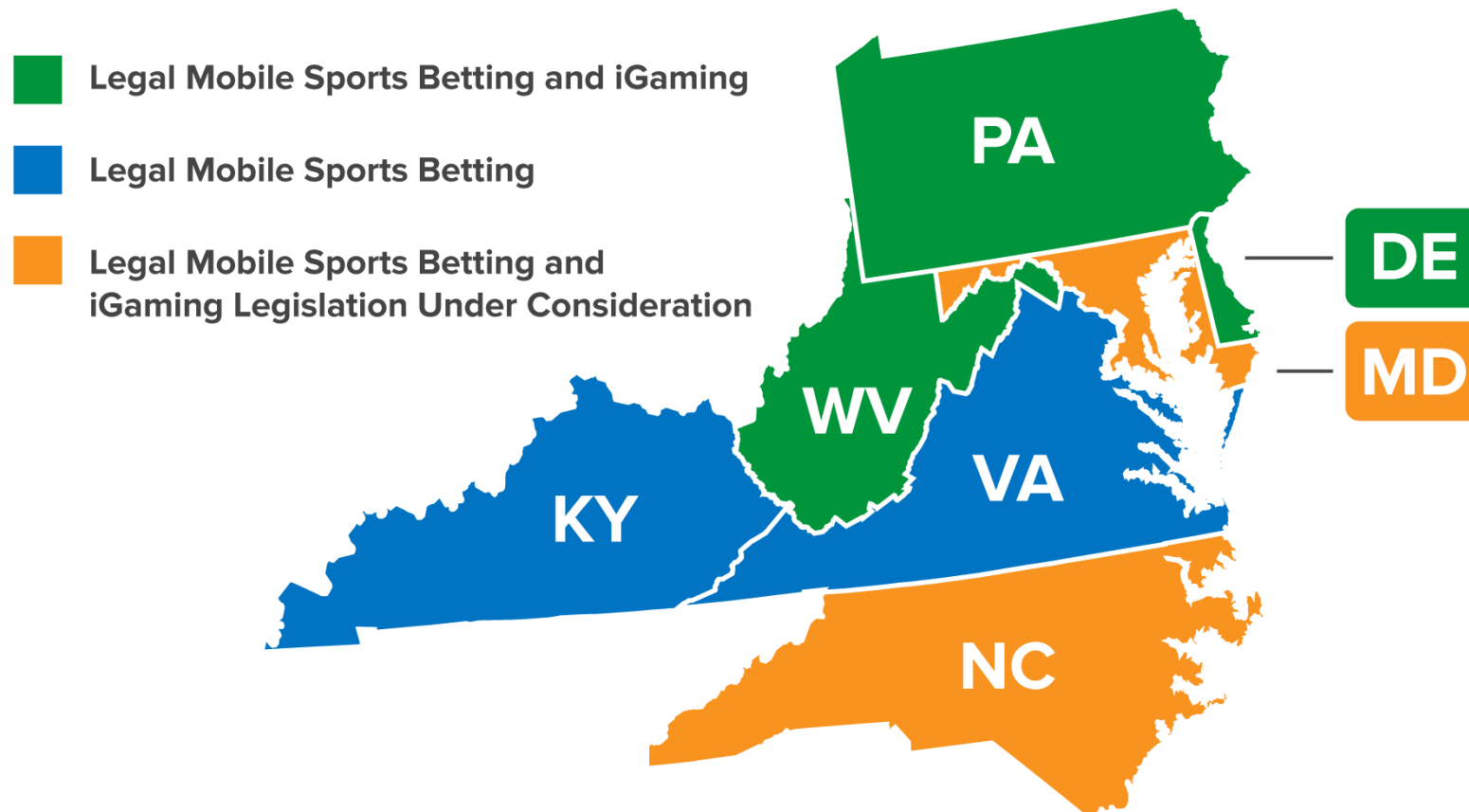
Legal iGaming

State	Launched	Games Permitted
Nevada	02/2013	Poker
Delaware	10/2013	Slot games, table games, Poker
New Jersey	11/2013	Slot games, table games, Poker
Pennsylvania	07/2019	Slot games, table games, Poker
West Virginia	07/2020	Slot games, table games, Poker
Michigan	01/2021	Slot games, table games, Poker
Connecticut	10/2021	Slot games, table games, Poker
Rhode Island	Q1 2024	Slot games, table games, Poker

**In 2024, several states introduced iGaming legislation*

iGaming in the Surrounding Region

Virginia is surrounded by jurisdictions that either have legalized iGaming or are seriously contemplating legalization in the next few years.



iGaming Framework

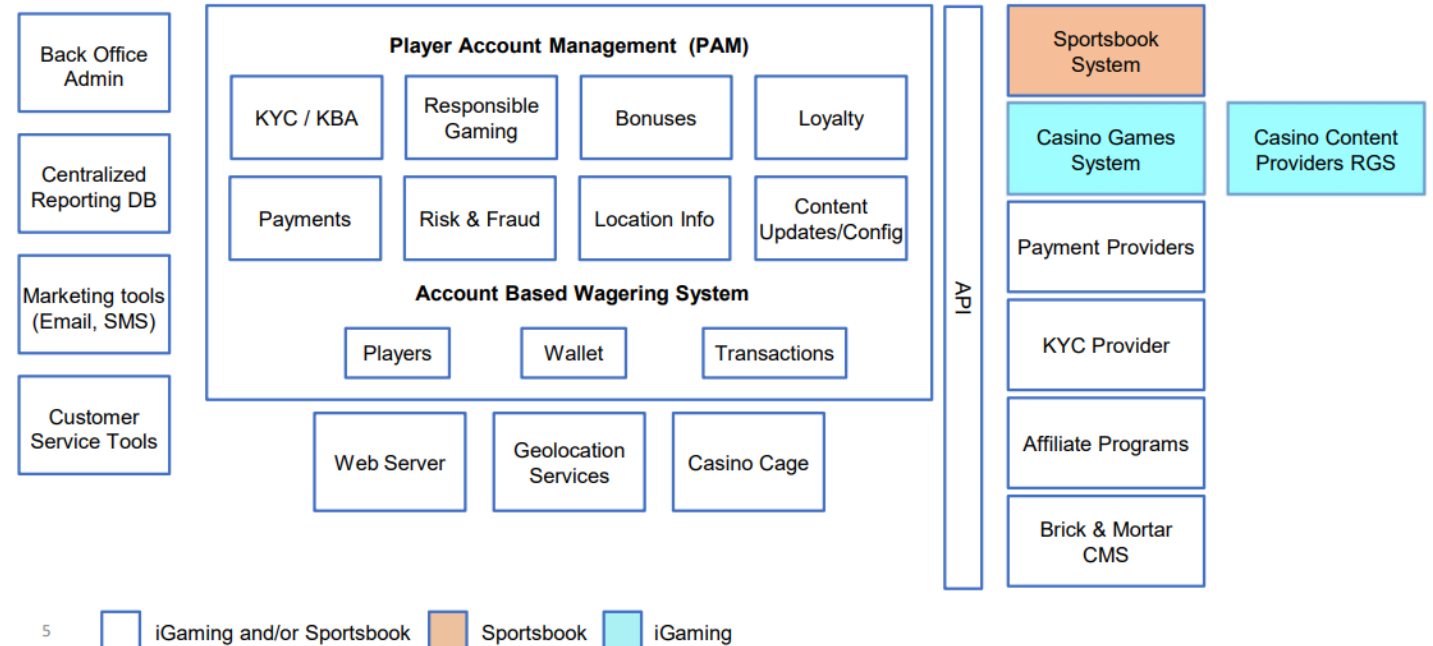
Regulatory framework and technology mirrors mobile sports betting

TECHNOLOGY

- Online sportsbook operators will already have most of the tech and staff in place to administer iGaming. Casino games and remote gaming servers plug into existing Player Account management, illustrated on this slide.
- The same platform/app and login can be used for sports betting & iGaming

SAFETY

- Legalized iGaming is among the highest regulated industries in America.
- Compliance with anti-money laundering regulations and financial solvency requirements for all licensees.
- Top of the line geolocation technology, customer age & verification measures, safeguards for responsible gaming



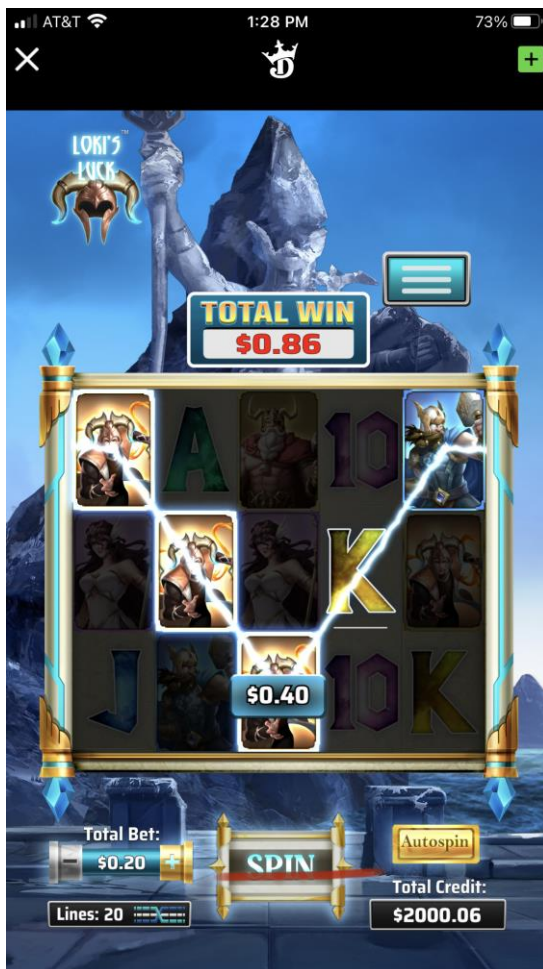
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Consumer Protections in a Regulated iGaming Market

- Regulated iGaming markets implement consumer protection measures to ensure safe and responsible engagement.
- Every transaction takes place through a registered account where customer age (21+), identity, and location is verified.
- Allows users to set parameters on their own activity, including deposit, wagering and time limits.
- Allows operators to implement monitoring and intervention capabilities for responsible gaming concerns. Customers are given tutorials on responsible gaming play.
- 24/7 Problem Gaming hotline and highly-trained staff are available to all participants.
- Operators use the same geolocation technology, customer age, and verification measures applied for sports betting.



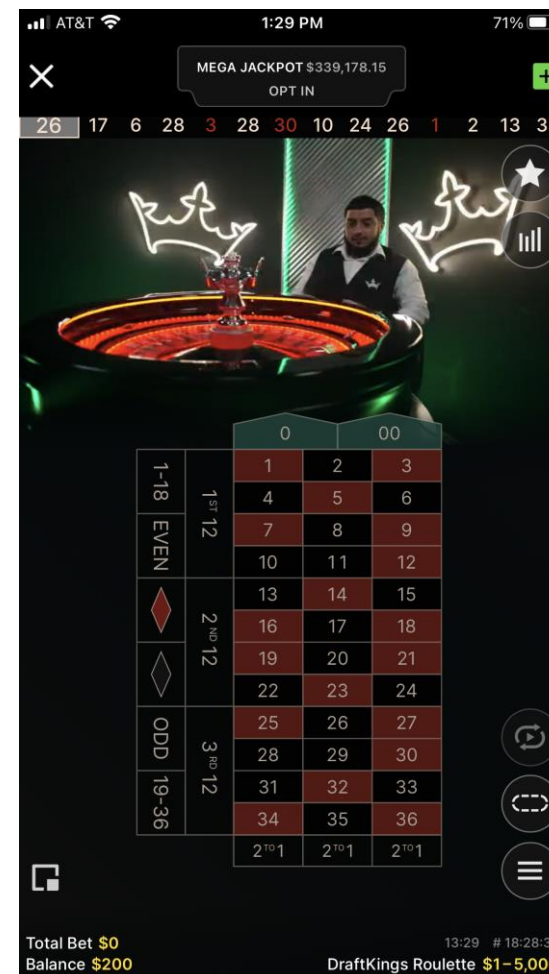
Sample iGaming Interface



Five-Reel Slot Game



Blackjack Table Game

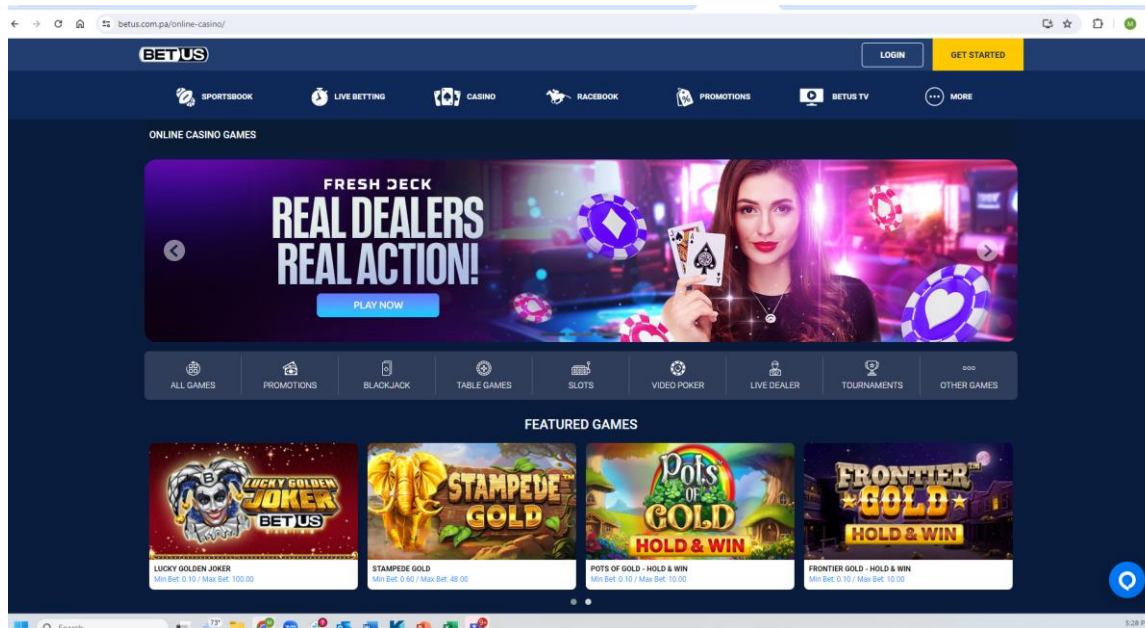


Live Dealer Roulette

U.S. Footprint: Illegal vs. legal market

Illegal Market Estimate

- There is an incredibly robust and sophisticated illegal online gaming and social casino market across the United States and here in Virginia.
- The American Gaming Association's 2022 study estimates **Virginia's illegal iGaming market equates to \$350 million per year in GGR.**
- *Add comment on MI and CT AG actions (NY and DE have already taken these measures) Double check list of states.*



About BetUS Sportsbook & Casino

BetUS is one of the pioneers in the legal online sports betting industry and is licensed in Mwali, Comoros Union. We provide a safe and secure place for sports wagering to more than 1 Million Clients. BetUS started in 1994 and has been in operation for more than 30 years. Our Mission is to provide recreational sports bettors with an unparalleled experience in which to indulge their passion for sports and sports wagering.

We have successfully elevated ourselves above the competition by maintaining the following original principles of our brand since 1994:

- Deliver the most up to date odds and analysis
 - Deliver the most up to the minute wagering opportunities for our clients
 - Provide the most complete, rapid response customer service for our clients
 - Provide fast, accurate, and complete content to our clients on issues and angles that matter to them
 - Whether it is current events, breaking news, politics, Hollywood gossip, sports, stock predictions, weather, you name it – BetUS will have the analysis, the odds, and opportunity to wager more accurately, faster, and more complete than anyone else
- Operated in fully licensed areas, BetUS is proud to boast customers from all over the world. Whether it's sports, casino gaming or headline news props, betting enthusiasts choose BetUS.com.pa first.

Where

BetUS is run by Milvus Ltd and licensed and regulated by the Government of Mwali (Moheli), Comoros Union

Run and licensed in Mwali, Comoros Union

U.S. Footprint: Illegal vs. legal market (*cont'd*)

Legal Market Figures

- In 2023, the five states offering both online sports betting and iGaming generated:
 - \$301 million** in sports betting tax revenue
 - \$1.2 billion** iGaming tax revenue
- MI, PA and NJ (The Big Three) each generated over **\$1.7 billion** in GGR from iGaming in 2023.

Michigan Snapshot:

Michigan launched legal iGaming in 2021. In its first year iGaming generated nearly \$1 billion in Gross Gaming Revenue (GGR). The market's incredibly rapid growth suggests that illegal markets were previously alive and very strong in Michigan. Less scientific evidence is the dozens of illegal websites that pop up from a simple google search.

Virginia's iGaming Opportunity



The Potential Economic Impact of Legalizing iGaming on Casino Revenues in Five States

New York, Illinois, Louisiana, Maryland, and Virginia

Mickey A. Ferri, Ph.D.

Laura O'Laughlin, M.Sc.

March 18, 2024

- iGaming is an opportunity for Virginia to modernize its gaming options to help land-based casinos keep pace with newly legalized VLT machines and potential legalization of skill game machines.
- Virginia could generate an **additional \$5.3 Billion in new taxable revenue for Virginia over a five-year period from iGaming.**
- Over that same period, growth rates of **land-based casino gaming revenue is projected to grow 8.4% more alongside a market with iGaming, from \$1.5 billion to \$1.6 billion.**
- Job Growth. iGaming states have outperformed non-iGaming states in land-based gaming jobs, anywhere from **0.6% to 5.4% per year.**

Virginia's iGaming Opportunity (*cont'd*)



E&K Study released February 2024 provides a detailed economic analysis of land-based casino revenues since the legalization of online casinos by analyzed data from casinos, regulators, and state governments over a 16-year period to assess the impact of iGaming introduction on land-based casino revenues.

KEY FINDINGS

- Online casinos (iGaming) have a positive impact on land-based casino revenue (Gross Gaming Revenue, GGR)
- Online casinos (iGaming) attract different consumers compared to land-based casinos
- Predict the typical state would **boost casino revenue by 1.7%** annually after the introduction of iGaming. *Note: Analysis Group projects a **1.9% increase**.*

iGaming Benefits Retail Casino Verticals

The majority consensus from recent studies conclude that iGaming expands the overall gaming market and increases the growth rates of overall gaming revenues because iGaming is a complimentary, distinct gaming vertical to land-based casino gaming.

Analysis Group 2024 Study of iGaming*:

The six iGaming states generally had stagnant or declining gaming revenues prior to legalizing iGaming, so the net effect of iGaming shows that total gaming revenues **far exceeded** the projected revenue that would have occurred based on the pre-iGaming growth rates of Land-based revenues alone. Across the six iGaming States, total combined revenue from Land-based casinos and iGaming has exceeded projected revenue in the most recent year of data from Land-based casinos without iGaming by 75.1%.

Market Attributes:

- iGaming creates a new way to engage with consumers, and attracts new consumers who average roughly ten years younger than your typical land-based casino customer.
- iGaming can capture as taxable revenue some of the existing market for offshore or illegal gaming, which is estimated to be very large in the U.S.
- iGaming can expand the gaming market because consumers are interested in engaging with established brands who are often already offering them other types of legalized betting opportunities, such as sports betting.
- Casinos use iGaming both as a new revenue stream and as a marketing tool for attracting players to their casinos.

* Analysis Group, "The Potential Economic Impact of Legalizing iGaming on Casino Revenues in Five States," February 2024.

Analysis Group Case Studies: New Jersey & Pennsylvania

The addition of new gaming markets **has helped existing brick and mortar casinos**. Take NJ and PA, for example:

- **New Jersey.** Between 2006 and 2016, New Jersey's gaming market experienced consistent declines. With the introduction of iGaming in 2013², New Jersey saw growth across all gaming market verticals. The total change in land-based casino GGR growth post-iGaming introduction is +1.28%.*
- **Pennsylvania.** Gaming revenues in Pennsylvania were stagnant before the introduction of iGaming as part of an omnibus gaming bill. Following the bill's passage in 2017, gaming has grown successfully across all verticals. In 2022, PA's Gaming Control Board reported the following levels of growth over the past 12 months:
 - VGT revenue increased by nearly 6%
 - iGaming revenue increased by 22%
 - Retail slot machines increased by 5%
 - Retail table games revenue increased by 7%
 - **Overall gaming revenue increase: 10%**

Analysis Group Consumer Insights Survey

To substantiate the economic data, AG surveyed over 2,000 individuals to examine the profiles and habits of gaming consumers, who are defined as residents of either an iGaming State (New Jersey, Delaware, Pennsylvania, West Virginia, Michigan, and Connecticut) or a Projection State (New York, Illinois, Louisiana, Maryland, and Virginia) who are current or prospective users of Land-based casinos, iGaming, VGTs, and/or offshore casinos.

Topline: The respondents message support the conclusion drawn that iGaming is complimentary and additive to land-based casino gaming.

Key Point: For most consumers, land-based gaming and iGaming serve two distinct purposes.

- 91% of casino consumers indicated that they also typically participate in an activity other than gambling when they visit a casino (eating, drinking, seeing a show, etc...)
- Survey respondents emphasized that casinos serve as a social experience that cannot be replaced by iGaming.
- One respondent from New Jersey, which currently offers iGaming, explained how when iGaming “I might throw like \$50 into my account. I like to do little nickel and dime bets...as opposed to Atlantic City because when I go to a casino, I’m making a day of it, you know?”

Key Point: iGaming can provide unique ways to engage new and existing customers.

- iGaming can serve as a way to get people who wouldn’t otherwise go to a casino interested in casino-style games.
- iGaming consumers tend to be younger than people who frequent traditional brick-and-mortar casinos.
- 39.1% of iGaming consumers in the survey who do not currently also participate in land-based gaming indicated a willingness to do so.
- iGaming can help keep more gaming revenue in Virginia
- 43.1% of Virginia casino customers travel out of state for a typical casino visit
- Of that group, 53.6% said they would consider also engaging iGaming if it were available in Virginia, helping make up for some of the dollars they spend in other jurisdictions.

THANK YOU