

U.S. ONLINE GAMING REPORT SPRING



Eilers&Krejcik
Gaming





2023 was another record year for the commercial gaming industry overall, with Online Sports Betting and Online Casino each hitting their own record high years as subsets of that overall.

To put that in perspective, the American Gaming Association (AGA) estimates that a record 68 million Americans wagered \$23.1 billion on the Super Bowl this year.

While expansion has slowed, growth is still expected to continue at a more sustainable rate as the online sports betting market matures. EKG's forecast calls for about \$23 billion in sports betting GGR by 2028, with 93% coming from the online channel. In 2023, the U.S. market as a whole generated total GGR of \$11.1 billion, which is expected to grow to \$14.9 billion by the end of 2024 — representing a 34% year over year gain from 2023.

MVB and Eilers & Krejcik Gaming are pleased to partner on this new report edition. Our intent is to provide current, concise and relevant information to operators, potential investors and decision-makers in the online gaming industry.

In this issue, you'll find the latest statistics on U.S. Online Casino and U.S. Online Sports Betting market landscape, as well as some notable industry headlines.

Please let us know your feedback and what you would most like to see us cover in future reports.



Larry F. Mazza
Chief Executive Officer,
MVB Bank



Adam Krejcik
Principal, Head of Sports Betting
& Digital Verticals, EKG

Contact dleary@ekgamingllc.com to learn more about EKG's sector-leading syndicated research offering, in which we highlight and break down the latest industry rumors, as well as comprehensively cover all aspects—policy, market, forecasts, product performance—of the emerging U.S. sports betting and online casino verticals.

Contents

- 3 Quick Takes
- 5 Numbers to Notice
- 7 Top News Stories
- 8 National Overview: Online Sports Betting
- 16 National Overview: Online Casino



MVB Financial Corp. is publicly traded on The Nasdaq Capital Market® under the ticker "MVB." Through its subsidiary, MVB Bank, Inc., and the Bank's subsidiaries, the Company provides financial services to individuals and corporate clients in the Mid-Atlantic region, Fintech clients from coast to coast, and is a strong leader in banking the top gaming companies. For more information, please visit <http://ir.mvbbanking.com>.



Eilers & Krejcik (EKG) is a research and consulting firm focused on servicing the gaming equipment, interactive gaming, and sports betting sectors within the global gaming industry. They serve over 200 companies worldwide across several different industries including casino operators, gaming equipment suppliers, online gaming companies, financial institutions, professional sports leagues, legislators and regulators.

QUICK TAKES

New Jersey's One-Man Band

The New Jersey Division of Gaming Enforcement published OSB GGR numbers, by brand, for the first three months of 2024, with the data confirming our estimates about Fanatics' recent spike. Its PointsBet brand was up to second in market share (23.5%) in March with around \$20mm in GGR.

The data suggests the VIP activity came from DraftKings, which slipped to a 20% GGR share in March, but perhaps most remarkably, multiple channel checks said the swing was driven largely by a single customer, described to us as "the biggest losing player in the regulated market by a mile."

That kind of reliance on one "whale" would bring massive volatility to the monthly numbers (PointsBet NJ GGR was \$28mm in January then \$6mm in February) and also some questions about long-term sustainability.

More Upside in Basketball Betting?

As the latest NBA season draws to a close, it might be wise for U.S. operators to start investing in promoting basketball content from the rest of the world to their customer bases. Data from Europe, as well as anecdotal data from Asia, suggests that basketball is now the second-biggest betting sport in the world behind soccer—and a major reason for that is the sheer volume of betting content it provides.

European and Asian leagues—and even e-battle leagues—provide a wealth of near 24-hour betting opportunities for customers given those leagues' strong pre-game and in-play products. If basketball can, as per our intel, now be competing for the third spot in the UK (where basketball is never seen on mainstream media) due to its breadth of in-play content, then it feels like basketball should have massive potential in the U.S. if operators start focusing on international leagues beyond the NBA.

Should You Offer 100% Stake Cash Out?

The 100% stake cash-out feature—the ability for a customer to cash-out a bet for 100% of their stake as long as the price hasn't moved—is increasingly commonplace in the U.S. despite some associated costs. Operators that have experimented with it told us that pre-game cash-outs more than doubled after offering a 100% cash-out offer, to a mid-single digit percentage of bets where available.

That can artificially push handle up by something like 10%, which results in more federal excise tax (0.25%), more handle tax in Tennessee (1.85%), and slightly inflated handle share metrics. Of course, it also gets customers used to cashing out and builds a trust factor between players and operators that we think more than makes up for the slight increase in costs.

Yahoo Sportsbook on Ice?

Plans to launch a true Yahoo Sportsbook in the U.S. have been put on ice, per channel checks.

Recall, P/E fund Apollo Global bought Yahoo back in 2021 with sports betting a key part of its turnaround plan for the business. Yahoo then bought the U.S. facing social betting operators Wagr in 2023 to help form the bones of the sports betting operation, also meeting with various betting platform providers.

However, those plans have been shelved for now given the ongoing struggles of smaller firms in the U.S. OSB market, with operators like 888, Betway, Unibet, and WynnBET exiting or considering exiting in recent months. The costly launch of ESPN Bet may also have played a role in Apollo's decision, with Penn Interactive posting a \$333mm adjusted EBITDA loss in 4Q23 as it rolled out the product. Yahoo still operates a content-led Yahoo Sportsbook that is essentially an affiliate for BetMGM..



Lessons from Maryland's 2024 Legalization Effort

This year's failed effort to legalize online casino in Maryland has been particularly illuminating from a policy perspective. In short, it's increasingly clear to us that the formula for online casino legalization deployed thus far—an approach that leans heavily on promises of increased tax revenue and consumer protections—will not be sufficient to move bills in most states on a go-forward basis.

To reduce momentum-killing opposition from smaller casino operators and local communities in Maryland and many other states, we suspect online casino legislation will need to more closely emulate benefits written into land-based casino legalization bills. Maryland's SB 3, for example, enacted in 2007, earmarks 5.5% of casino tax revenue for local impact grants, 7% for a purse dedication account (benefiting horse racing operations), 2.5% for racing facility renewal projects, and 1.5% to a small, minority, and women-owned businesses fund.

While later versions of Maryland's HB 1319, one of this year's online casino bills, added some of these benefits, including establishing a \$10 million displaced employee fund, it was ultimately too little, too late. In our view, the most successful online casino bills will be those drafted with a lot more input from—and deference to—state-specific stakeholders (e.g., local land-based casino operators, prominent unions, chambers of commerce) than we have previously seen.

DraftKings-FanDuel Duopoly Dynamic Intensifies

The race for top spot in the U.S. online casino market is tightening, with FanDuel having captured around 24% GGR share in 1Q24, per our estimates—just 300bps behind market leader DraftKings. That gap is the closest the two brands have been in nearly two years, during which time DraftKings, buoyed by its Golden Nugget Online Gaming acquisition, has become the country's largest online casino operator by GGR share.

More broadly, 1Q24 continued the trend of FanDuel and DraftKings consolidating the U.S. online casino market. Indeed, the duo had 51% combined share—a near best-ever result. And while that news will likely come as welcome news to the companies and their investors, their runaway success is looking increasingly problematic from a TAM-expansion perspective, in our view. In short, we think the duopoly / share consolidation dynamic is likely to give rise to online casino policy that limits or perhaps even prohibits FD-DK involvement in new online casino states.

NUMBERS TO NOTICE



U.S. Online Sports Betting

2.9%

That was Fanatics' OSB market share in states where it was live in March, excluding New Jersey, where its rise to second in market share is uniquely VIP-driven. The 2.92% figure is roughly double where Fanatics Sportsbook sat for the latter half of 2023, hinting at an upward trend, but it still shows the brand has a long way to go before it is truly competitive with the top tier of OSB operators.

Source: State data

3

That was number of apps that processed live SGPs in under four seconds (on average), per EKG's recent SGP product testing report. Those apps were FanDuel, PointsBet, and Fanatics—all three of which also performed well with pre-match SGP processing times, averaging under two seconds per bet. For live bets, PointsBet led the way with just over 2 seconds of processing per SGP, ahead of FanDuel at 3.31s and Fanatics at 3.47s.

Source: [EKG SGP Product Testing Report](#)

(\$ 20k)

That was Sporttrade's GGR for the first three months of the year in New Jersey, though we note the GGR number is less an indicator of Sporttrade's market share, and more an indicator of their market-makers' trading this quarter. How does an "exchange" post negative GGR? GGR is essentially money lost by customers (or won in this case), meaning Sporttrade market-makers, which have been laying some very punchy bets on things like golf matchups—are in the red to start the year.

Source: [NJ DGE data](#)

2%

That was BetMGM's net revenue growth in 1Q24, with a 14% market share in sports betting and iGaming in the markets where it operates, per Entain. The parent company said BetMGM saw online casino strength but that was offset by customer-friendly win margins across sports betting. Regardless, Entain did acknowledge a loss of NGR share in Q1 based on "the strong numbers from a couple of competitors that we've seen so far."

Source: [Entain 1Q24 earnings](#)



U.S. Online Casino

32.5%

That's the potential new tax rate for online casino and sports betting under a bill being considered in New Jersey. Online casino is currently taxed at an effective rate of 17.4%, meaning the proposal would nearly double the rate. Bill S3064 is still very early stage but continues a trend of potential tax hikes for the industry after recent or proposed tax rises in Illinois and Ohio.

Source: [LSR](#)

25.7%

That was FanDuel's online casino GGR share in 4Q23 per parent company Flutter. By January 2024, FanDuel as the single largest individual casino brand in the market, Flutter said, adding: "We believe we have now achieved product parity with our closest competitor. The group said further gains will come from jackpot integrations and multiplayer functionality.

Source: [Flutter 2023 earnings](#)

**<12
months**

Penn aims to have a standalone Hollywood Casino app launched within twelve months, in markets like PA and MI. At present, the company is directing customers, in its land-based properties, to download ESPN Bet to ultimately play slots. "That's a little messy," said Penn CEO Jay Snowden. "Conversion from land-based database to our iCasino offering isn't where it needs to be yet."

Source: [JP Morgan Gaming Forum](#)

17%

That was the spike in Rush Street Interactive's share price following a Bloomberg story that suggested the company was considering a sale. The uptick gave the company a market cap of just under \$1.5bn. Rumors of a sale around RSI are nothing new, though it was more of a surprise to see DraftKings named as a suitor given the apparent redundancies between Golden Nugget and RSI.

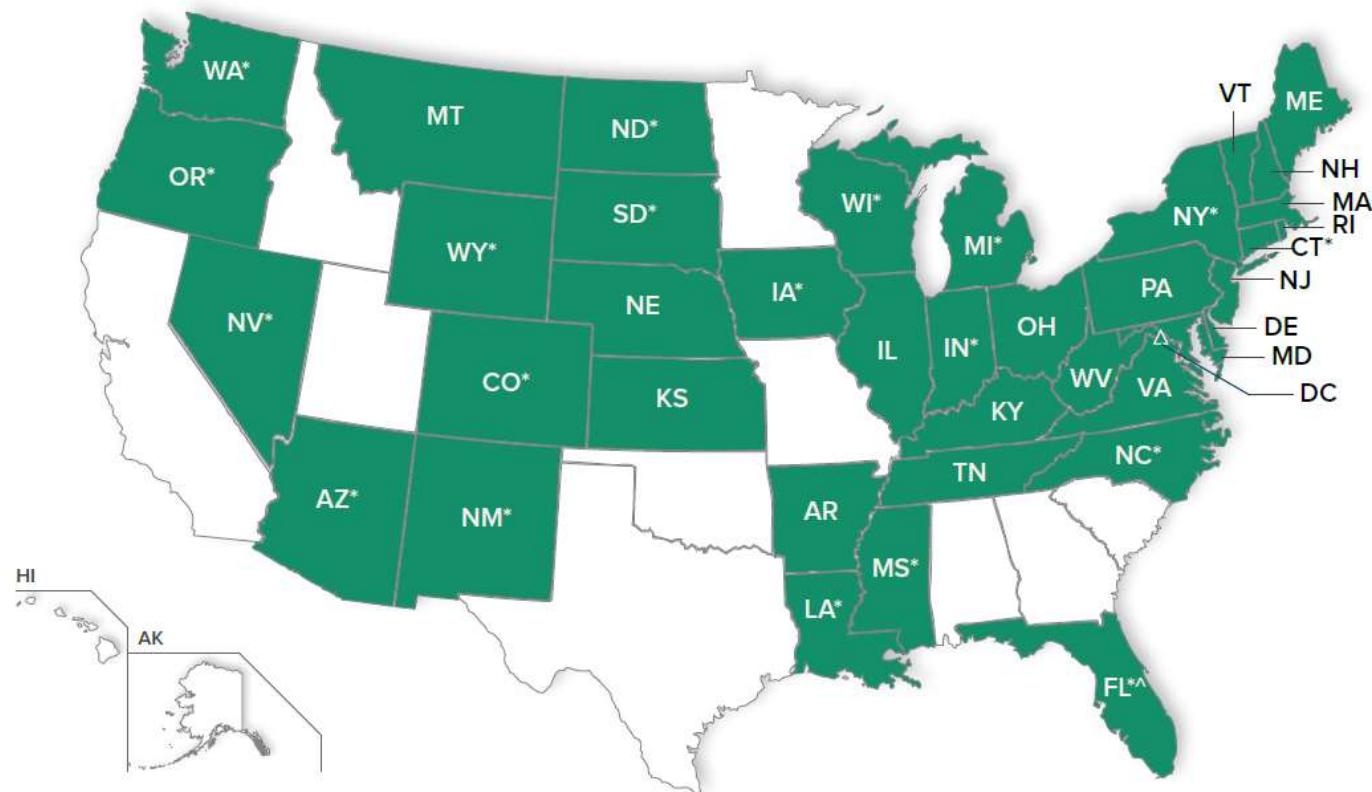
Source: [BBG](#)

U.S. Sports Betting

Summary	Core Theme	Link
DE Lottery, BetRivers oppose sports betting license expansion	Competition	Here
A quick update on how ESPN Bet is doing	Strategy	Here
DraftKings faces New York class action over 'risk-free' bets	Regulatory	Here
FanDuel urges customers to help fight IL tax hike	Tax	Here
Jontay Porter scandal exposes the bubble mentality of sports betting industry	Integrity	Here
Michael Rubin talks sports betting, MLB uniforms	Exec Interview	Here
Tribal leaders preach cautious urgency for California gambling going online	CA sports betting	Here

U.S. Online Sports Betting: Market Landscape

● Sports Betting Operational ● Sports Betting Authorized But Not Yet Operational ● Other



* State in which tribal sports betting is operational

^ The most recent decision in a federal lawsuit over the state's tribal compact deemed the regulatory structure legal. Both retail and online betting are currently operational.

State	AZ	AR	CO	CT	DC	DE	FL	IL	IN	IA	KS	KY	LA	ME	MD	MA	MI	MS	MT	NE	NV	NH	NM	NJ	NY	NC	ND	OH	OR	PA	RI	SD	TN	VT	VA	WA	WV	WI	WY
Retail	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Online	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	

23

The number of states in which FanDuel is operating OSB. The brand most recently launched in Washington, D.C., where it's replaced GamBet DC as Intralot's subcontractor.

4%

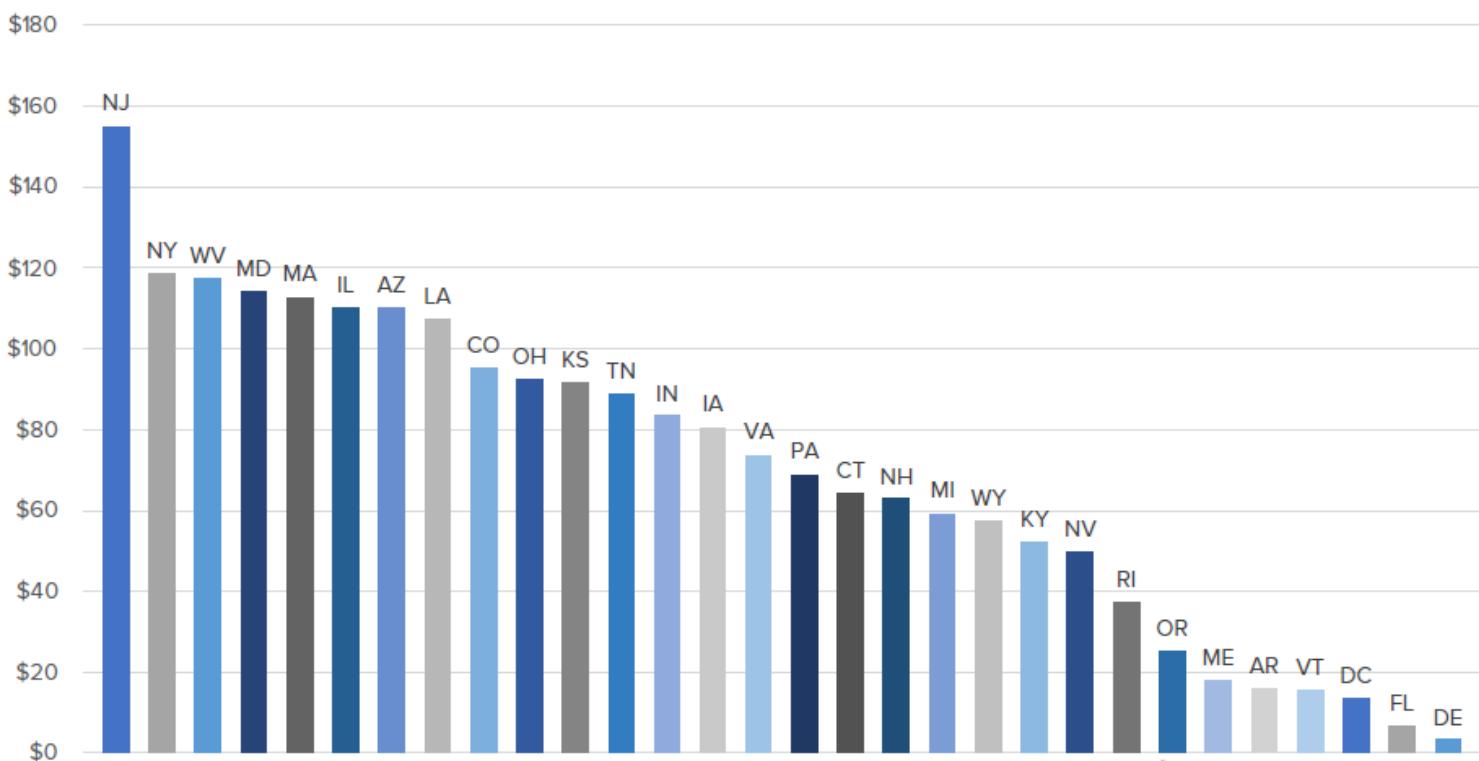
The percentage of the U.S. adult population attributable to Ohio. Bluebet recently signed its first major B2B market access deal with Mid-Ohio Race Course for OSB access to the state.

U.S. Online Sports Betting:

State By State Online GGR-Per-Adult Comparison

In the chart below, we set out online GGR per adult across all operational states. States are ordered from most productive to least. The most productive online market of New Jersey is also the second-most-mature in our comp set (behind Nevada); New Jersey has also benefited significantly from border-crossing New York City area bettors. Note that our Nevada GGR-per-adult value is an estimate that corresponds to exclusively to the Nevada locals market (i.e., excluding tourists); we believe this approach makes the Nevada data more directly comparable to data from other states.

Online GGR Per Adult By State: Trailing 12 Months



Note: T12M totals for states where online sports betting has been operational fewer than 12 months—Massachusetts, Kentucky, Florida, Maine, Delaware, and Vermont—don't correspond congruously to T12M totals from other states.

Online Launch Date By State

NV	NJ	WV	PA	IA	RI	IN	OR	NH	CO	DC	IL	TN	VA	MI	WY
Jun. '10	Aug.'18	Dec.'18	May'19	Aug.'19	Sep.'19	Oct.'19	Oct.'19	Dec.'19	May'20	May'20	Jun.'20	Nov.'20	Jan.'21	Jan.'21	Sep.'21

AZ	CT	NY	LA	AR	KS	MD	OH	MA	KY	FL	ME	DE	VT	NC
Sep.'21	Oct.'21	Jan.'22	Jan.'22	Mar.'22	Sep.'22	Nov.'22	Jan.'23	Mar.'23	Sep.'23	Nov.'23	Nov.'23	Jan. '24	Jan. '24	Mar. '24

U.S. Online Sports Betting: Nationwide Sportsbook Timeline and Tracker

The table below sets out the timelines for retail and online sportsbook launches by state.

State	Retail Launch	Total Retail Sportsbooks	Online Launch	Total Online Sportsbook Brands
Nevada	1949**	189	2010**	15
Delaware	6/5/2018***	3	12/29/2023	1
New Jersey	6/14/2018	12	8/6/2018	19
Mississippi	8/1/2018	26	N/A	N/A
West Virginia	8/30/2018	5	12/27/2018	9
Pennsylvania	11/15/2018	18	5/31/2019	12
Rhode Island	11/26/2018	2	9/5/2019	1
Arkansas	7/1/2019	3	3/5/2022	3
New York	7/16/2019	4	1/8/2022	9
Iowa	8/15/2019	20	8/15/2019	17
Indiana	9/1/2019	15	10/3/2019	13
Oregon	N/A	N/A	10/16/2019	1
New Hampshire	8/12/2020	3	12/30/2019	1
Illinois	3/9/2020	15	6/18/2020	8
Michigan	3/11/2020	3	1/22/2021	14
Montana	3/11/2020	1	N/A	N/A
Colorado	6/17/2020	14	5/1/2020	21
District of Columbia	8/3/2020	6	5/28/2020	1
Tennessee	N/A	N/A	11/1/2020	11
Virginia	7/8/2022	2	1/21/2021	16
Wyoming	N/A	N/A	9/1/2021	4
Arizona	9/9/2021	4	9/9/2021	17
South Dakota	9/9/2021	5	N/A	N/A
Connecticut	10/25/2021	2	10/12/2021	3
Louisiana	10/31/2021	15	1/28/2022	9
Maryland	12/9/2021	13	11/23/2022	12
Kansas	9/1/2022	3	9/1/2022	6
Ohio	1/1/2023	15	1/1/2023	20
Massachusetts	1/31/2023	3	3/10/2023	8
Nebraska*	6/22/2023	2	N/A	N/A
Kentucky	9/7/2023	12	9/28/2023	7
Maine	N/A	N/A	11/3/2023	2
Florida (Tribal)	N/A	N/A	11/7/2023	1
Vermont	N/A	N/A	1/11/2024	3
North Carolina*	N/A	N/A	3/11/2024	8

**Sports betting data for these states are not yet included in this sheet

***Data for Nevada in this sheet goes back to June 2018, when full-fledged sports betting launched outside of Nevada.

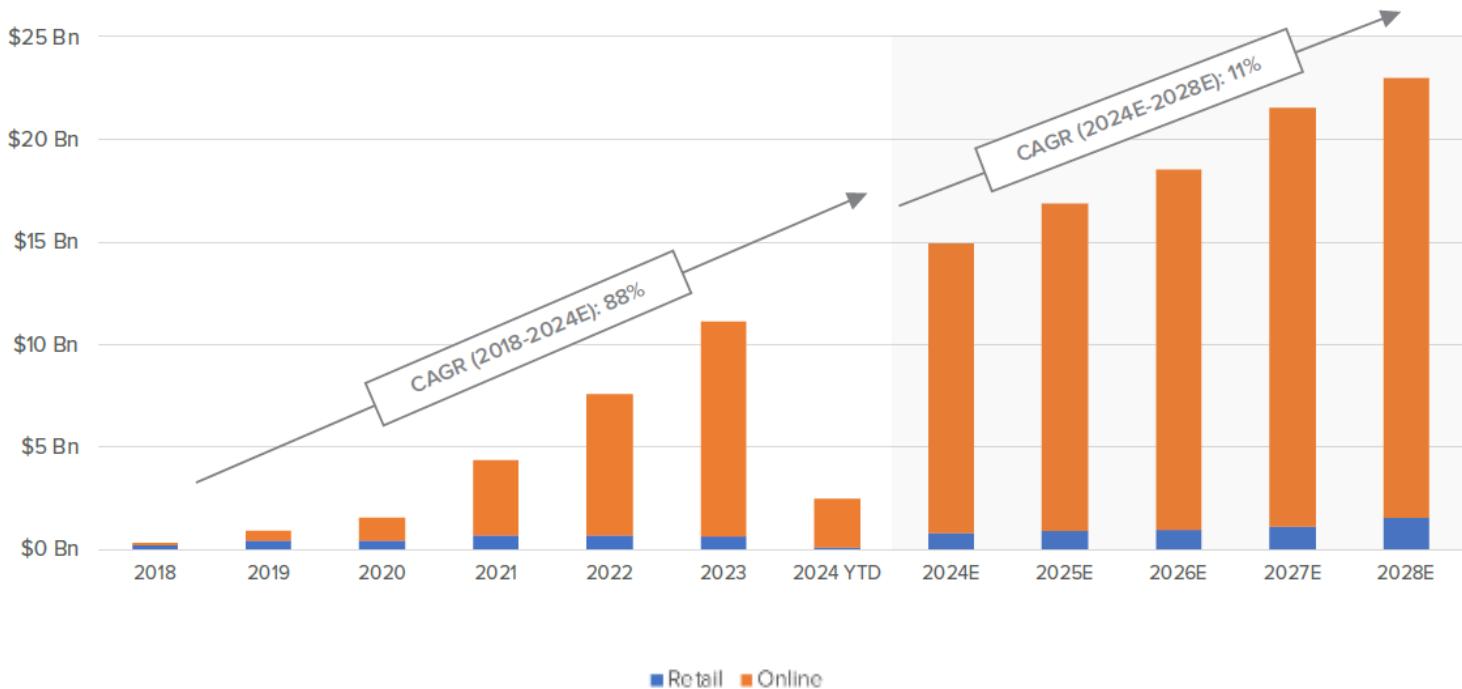
****Full scale sports wagering, including single-game sports betting, went live in Delaware on June 5th, 2018. Limited sports lottery parlay betting at Delaware casinos went live on September 10, 2009

U.S. Online Sports Betting:

Total U.S. Sports Betting GGR By Year

In the chart below, we show total U.S. commercial sports betting GGR between 2018 and 2028E on an annual basis. The chart includes figures from EKG's newly updated forecast—which calls for ~\$23bn in sports betting GGR by 2028, with 93% coming from the online channel. In 2023, the U.S. market as a whole generated total GGR of \$11.1bn, which we expect to grow to \$14.9bn by the end of 2024—representing a 34% y/y gain from 2023.

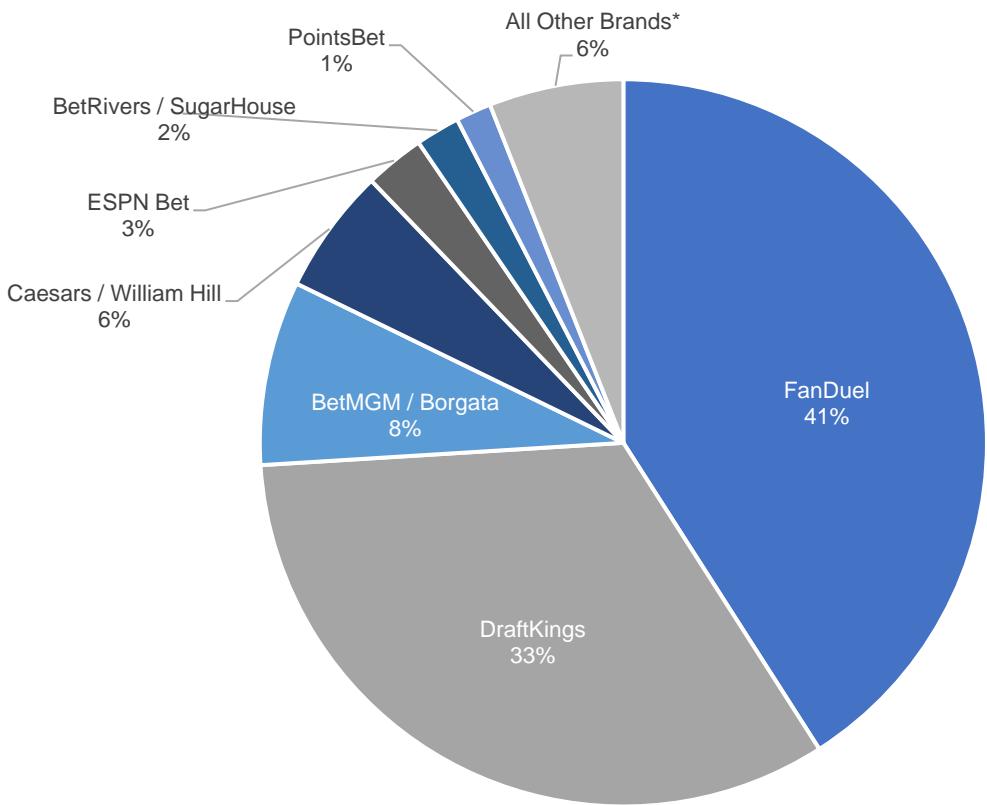
U.S. Sports Betting Gross Gaming Revenue By Distribution Channel: 2018 to 2028E



U.S. Online Sports Betting: All States Estimated GGR by Brand

Notes

In the chart to the right, we show trailing twelve-month gross revenue by brand across all states where online sports betting is operational, including Nevada (12 months to Feb 24). Given the lack of direct visibility into gross revenue by brand in Arizona, Colorado, Louisiana, Nevada, New Jersey, Tennessee, Virginia, West Virginia, and Wyoming, the chart should be treated as a medium-confidence estimate.



* Note: 49 operational "other" brands within the 12-month period to February 2024

U.S. Online Sports Betting: GGR Leaderboard

In the table below, we show the leading brand in each U.S. online sports betting market on a gross revenue basis for the trailing 3-month period to February 2024; totals for markets operational fewer than 3 months are shown on a since-launch basis.

Note: GGR by brand values for Arizona, Colorado, Delaware, Florida, Kentucky, Louisiana, Nevada, Tennessee, Vermont, Virginia, and West Virginia are estimated.

Market	Top Brand	Est. Trailing 3-Month Online GGR	GGR Share
Arizona	FanDuel	\$79.5mm	44%
Arkansas	BetSaracen	\$6.6mm	53%
Colorado	FanDuel	\$48.8mm	41%
Connecticut	FanDuel	\$31.1mm	53%
Delaware	BetRivers*	\$2.4mm	100%
District of Columbia	GambetDC*	\$1.9mm	100%
Florida	Hard Rock*	\$119.7mm	100%
Illinois	FanDuel	\$137.3mm	43%
Indiana	FanDuel	\$57.8mm	41%
Iowa	DraftKings	\$23.8mm	41%
Kansas	DraftKings	\$26.9mm	44%
Kentucky	FanDuel	\$36.7mm	41%
Louisiana	FanDuel	\$65.8mm	50%
Maine	DraftKings	\$12.9mm	90%
Maryland	FanDuel	\$100.7mm	56%
Massachusetts	DraftKings	\$99.1mm	53%
Michigan	FanDuel	\$66.9mm	48%
Nevada	Caesars / William Hill	\$44.4mm	55%
New Hampshire	DraftKings*	\$21.5mm	100%
New Jersey	FanDuel	\$155.4mm	46%
New York	FanDuel	\$266.2mm	50%
Ohio	FanDuel	\$118.5mm	45%
Oregon	DraftKings*	\$27.0mm	100%
Pennsylvania	FanDuel	\$125.8mm	54%
Rhode Island	Sportsbook Rhode Island*	\$9.7mm	100%
Tennessee	FanDuel	\$66.7mm	46%
Vermont	DraftKings	\$3.3mm	49%
Virginia	FanDuel	\$89.7mm	48%
West Virginia	FanDuel	\$6.2mm	42%
Wyoming	DraftKings	\$3.8mm	58%
Total US	FanDuel	\$1.56bn	42%

* Only available online sports betting brand in the state

U.S. Online Sports Betting: Distribution Channel Trends

The chart below highlights the outsized role that the online distribution channel is playing in the U.S. sports betting market. Since the post-PASPA era began in June 2018, the online channel, driven by growth in existing online markets and the steady introduction of new online markets, has grown to account for over 90% of handle and GGR on a nationwide basis.

U.S. Online Sports Betting Handle And GGR As A Percentage Of Total U.S. Handle and GGR



94.4%

Percentage of U.S. sports betting handle generated by the online channel in T12M

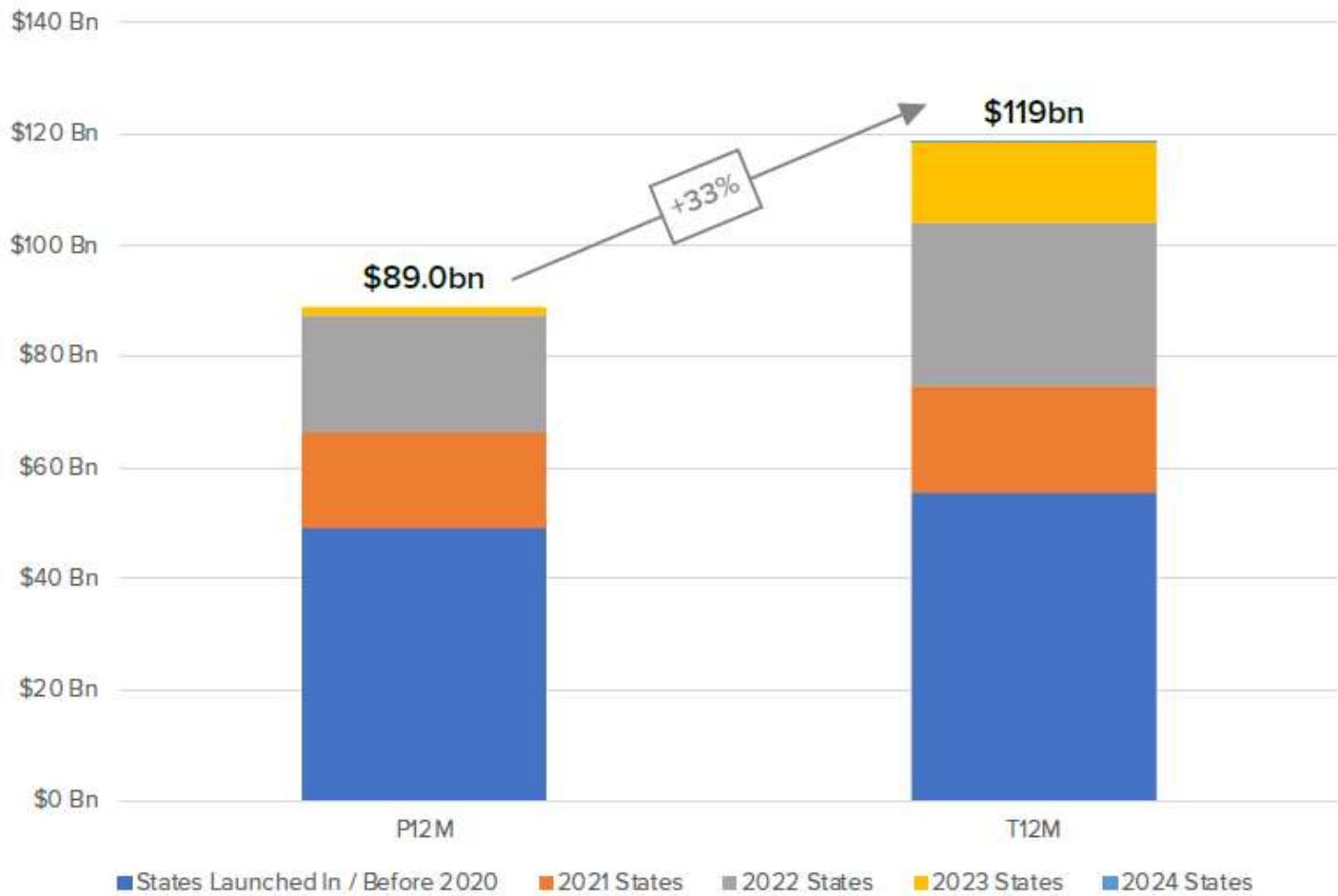
94.4%

Percentage of U.S. sports betting GGR generated by the online channel in T12M

U.S. Online Sports Betting: Year Over Year Growth

The chart below shows OSB handle grouped into state cohorts. Overall OSB handle in the T12M was \$119bn, up 33% y/y. While all state cohorts saw y/y growth, we note the 2022 cohort is the fastest-growing, with its size (\$29.4bn in T12M) already exceeding that of the more mature 2021 cohort.

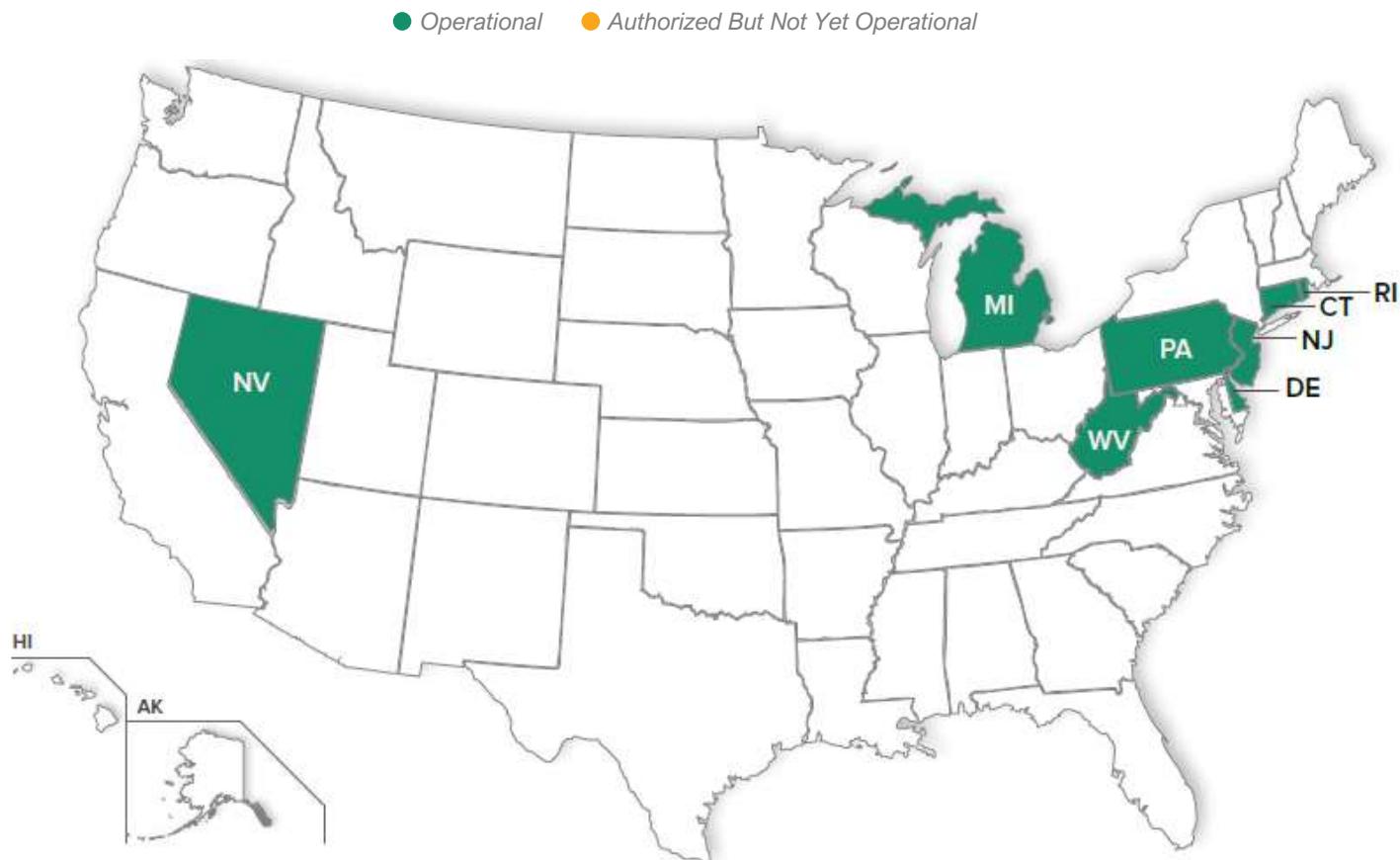
U.S. OSB GGR: 12 Months To Feb-23 (P12M) vs 12 Months to Feb-24 (T12M)



T12M GGR + Y/Y Growth Rates

Total		In / Before 2020 States		2021 States		2022 States		2023 States		2024 States	
\$119bn	33%	\$55.5bn	13%	\$19.0bn	11%	\$29.4bn	40%	\$14.6bn	N/A	\$63.4mm	N/A

U.S. Online Casino: Market Landscape



State	CT	DE	MI	NV	NJ	PA	RI	WV
Casino	●	●	●		●	●	●	●
Poker	●	●	●	●	●	●	●	●

13%

The percentage of the U.S. adult population with access to legal online casino and/or poker products.

34%

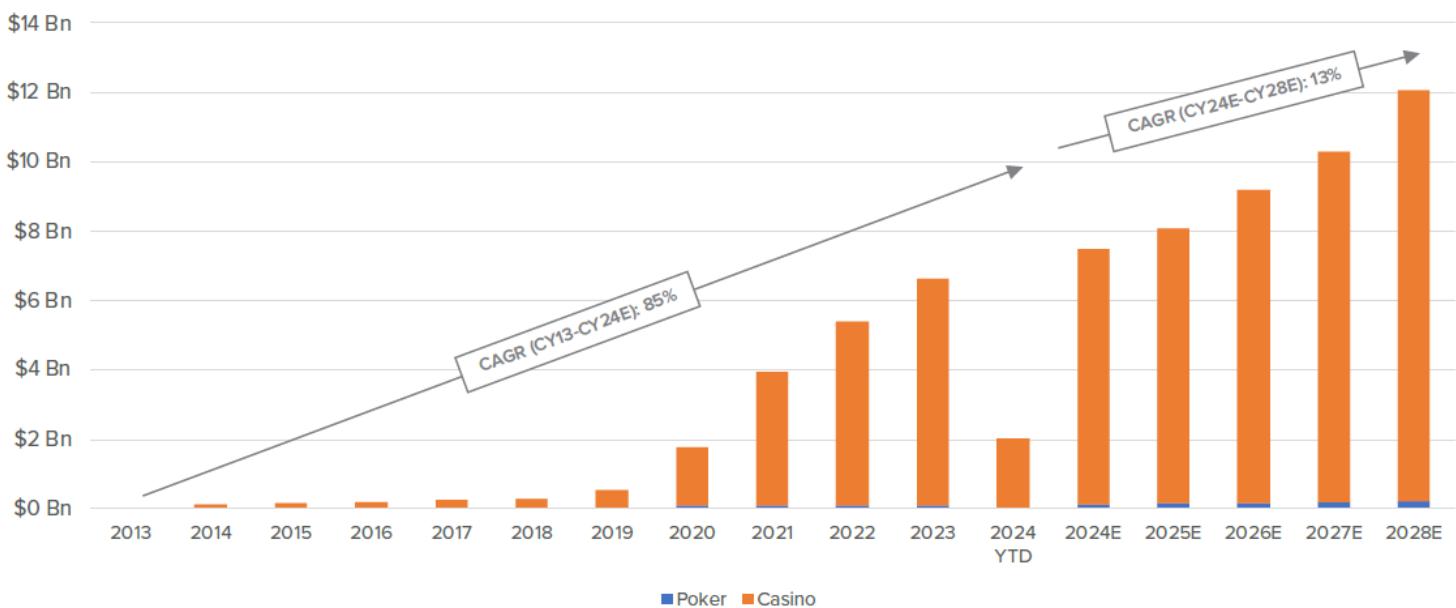
The percentage of total March 2024 U.S. online casino GGR (excluding poker) that was attributable to Pennsylvania.

U.S. Online Casino:

Total U.S. Online Casino And Poker GGR By Year

In the chart below, we show total U.S. online casino and poker GGR between 2013 and 2028E on an annual basis. The chart includes figures from EKG's recently published forecasts—which call for \$12.1bn in online casino & poker GGR by 2028, with 98% coming from online casino. In 2023, the U.S. online casino and poker market generated total GGR of \$6.6bn, which we expect to grow to \$7.5bn by the end 2024—representing a 13% y/y gain vs. 2023.

U.S. Online Casino And Poker GGR: 2013 To 2028 EST



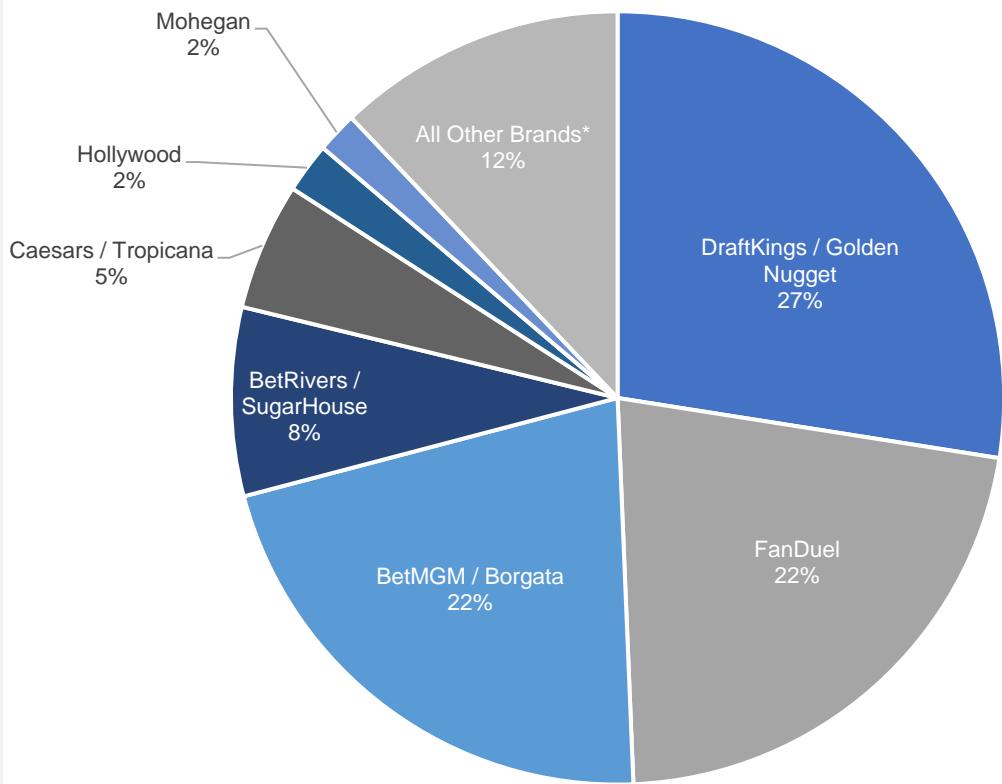
State	DE	NJ	PA	WV	MI	CT	RI
Launch Year	2013	2013	2019	2020	2021	2021	2024
P12M Share of Total GGR	0.2%	30.1%	32.5%	2.2%	29.4%	5.5%	0.0%
T12M Share of Total GGR	0.4%	28.7%	33.2%	2.5%	28.8%	6.3%	0.0%
Y/Y Growth	78%	-18%	27%	40%	-21%	43%	N/A

U.S. Online Casino:

Estimated Market Share By Brand

Notes

In the chart to the right, we show trailing twelve-month gross revenue by brand in the Connecticut, Delaware, Michigan, New Jersey, Pennsylvania, and West Virginia online casino markets (12 months to March 24). The chart reflects casino revenue only; poker revenue is not included. Given the lack of direct visibility into gross revenue by brand in Connecticut, New Jersey, Pennsylvania, and West Virginia, the chart should be treated as a medium-confidence estimate.



Brand	States Where Operational	Est. Trailing 12-Month GGR	Est. GGR Share
DraftKings / Golden Nugget	CT, MI, NJ, PA, WV	\$1,911,243,975	27.5%
FanDuel	CT, MI, NJ, PA, WV	\$1,519,627,749	21.9%
BetMGM / Borgata	MI, NJ, PA, WV	\$1,498,792,529	21.6%
BetRivers / SugarHouse	DE, MI, NJ, PA, WV	\$548,252,859	7.9%
Caesars / Tropicana	MI, NJ, PA, WV	\$369,977,015	5.3%
Hollywood	MI, NJ, PA, WV	\$145,408,492	2.1%
Mohegan	CT, NJ	\$118,673,770	1.7%
Others*	Various	\$840,700,027	12.1%
All Other Brands*	Various	\$840,700,027	12.1%

* Note: 26 operational "other" brands within the 12-month period to March 2024

mvbbanking.com

