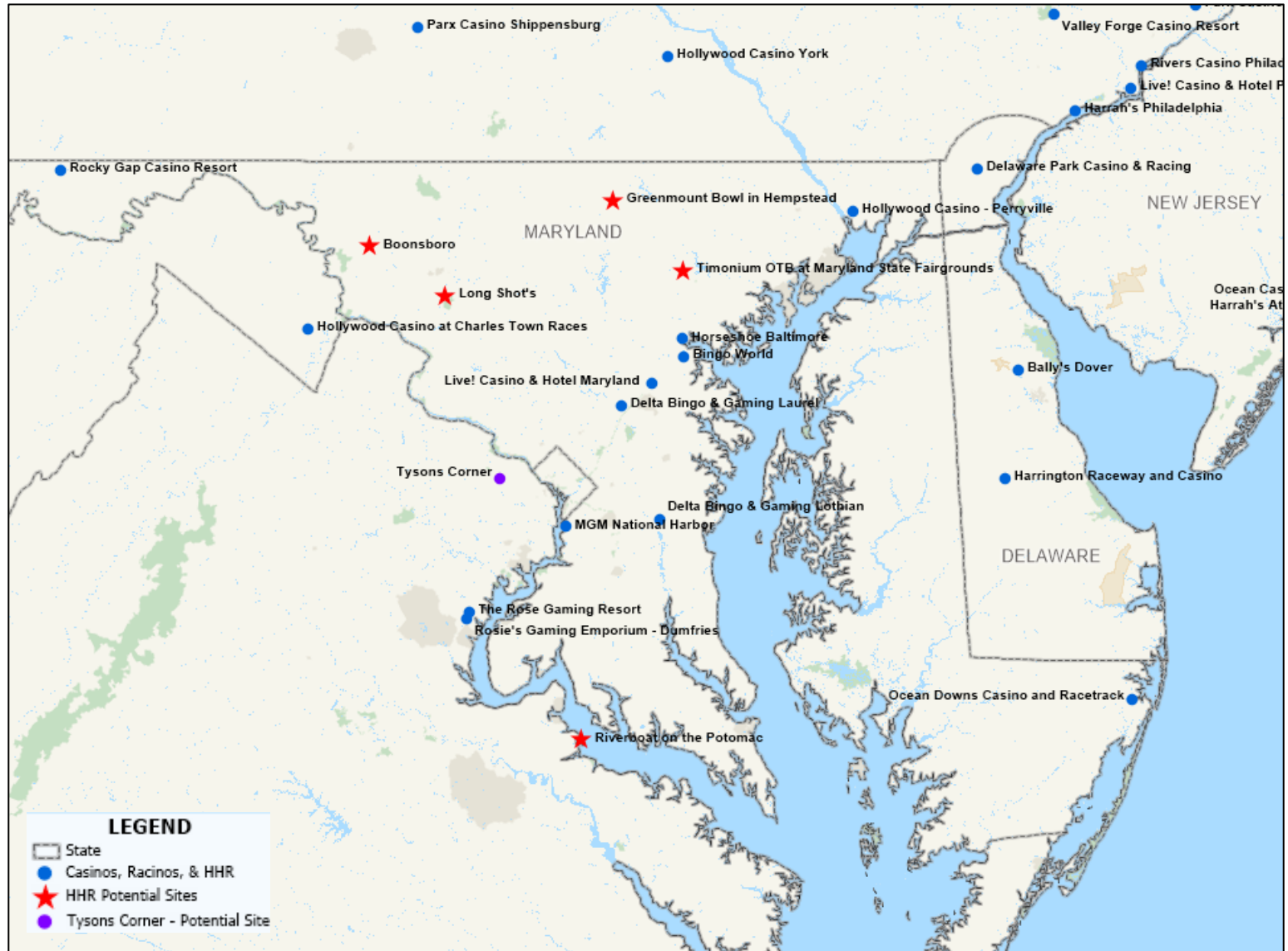


# Maryland - Historical Horse Racing

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March 2025

# Maryland – Assumed OTB Locations



# Maryland OTB Trends

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- The table below illustrates recent trends in simulcast handle across the 5 Maryland OTB locations referenced below.
- We highlight the downward trend since 2021.
- We also understand that simulcast handle at Long Shot's is down approximately 40% in 2024 compared to 2023.
- Long Shot's anticipates the recent handle trends at MD OTB locations to continue and are now at a level severe enough to call into question the long-term viability of the MD OTBs.
- Based on our independent analysis, GGHM estimates that adding up to 500 historical horse racing (HHR) machines at each OTB location would significantly benefit these small OTB business owners and would also generate significant direct and indirect economic benefits to the state and each local community.

Year	Long Shots	Boonsboro	Greenmount	Riverboat	Timonium	Total
2021	\$6,972,078	\$2,035,918	\$2,156,340	\$2,098,370	\$15,071,052	\$28,333,758
2022	\$6,077,553	\$1,714,564	\$2,251,642	\$1,468,820	\$11,879,516	\$23,392,095
2023	\$5,275,329	\$1,317,422	\$2,396,343	\$1,542,397	\$12,530,839	\$23,062,330

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Sources: GGHM Analysis, Maryland Racing Commission Annual Reports 2021 - 2023

# HHR Revenue Estimates

- The below chart is based on the projected impact of 500 HHR machines at the 5 Maryland OTB locations referenced on the prior slide.
- We estimate HHR net revenue will be generated from the recapture of Maryland gamers currently visiting out of state casinos and market growth.
- Potential annual tax revenues based on a range of precedent effective tax rates in other states where HHR machines are currently operating.

500 Units per Site Scenario	Units	Revenue (in millions)
Total HHR Net Revenue	2,500	<b>\$151M</b>
MD Gamer Recapture from Out of State Casinos:		\$28M
Out of State Gamer Capture:		\$34M
New MD Revenue/Demand Created:		\$35M

Tax Rate	Tax Revenue (in millions)
20%	\$30M
25%	\$38M
30%	\$45M

# Virginia HHR & Casino Market

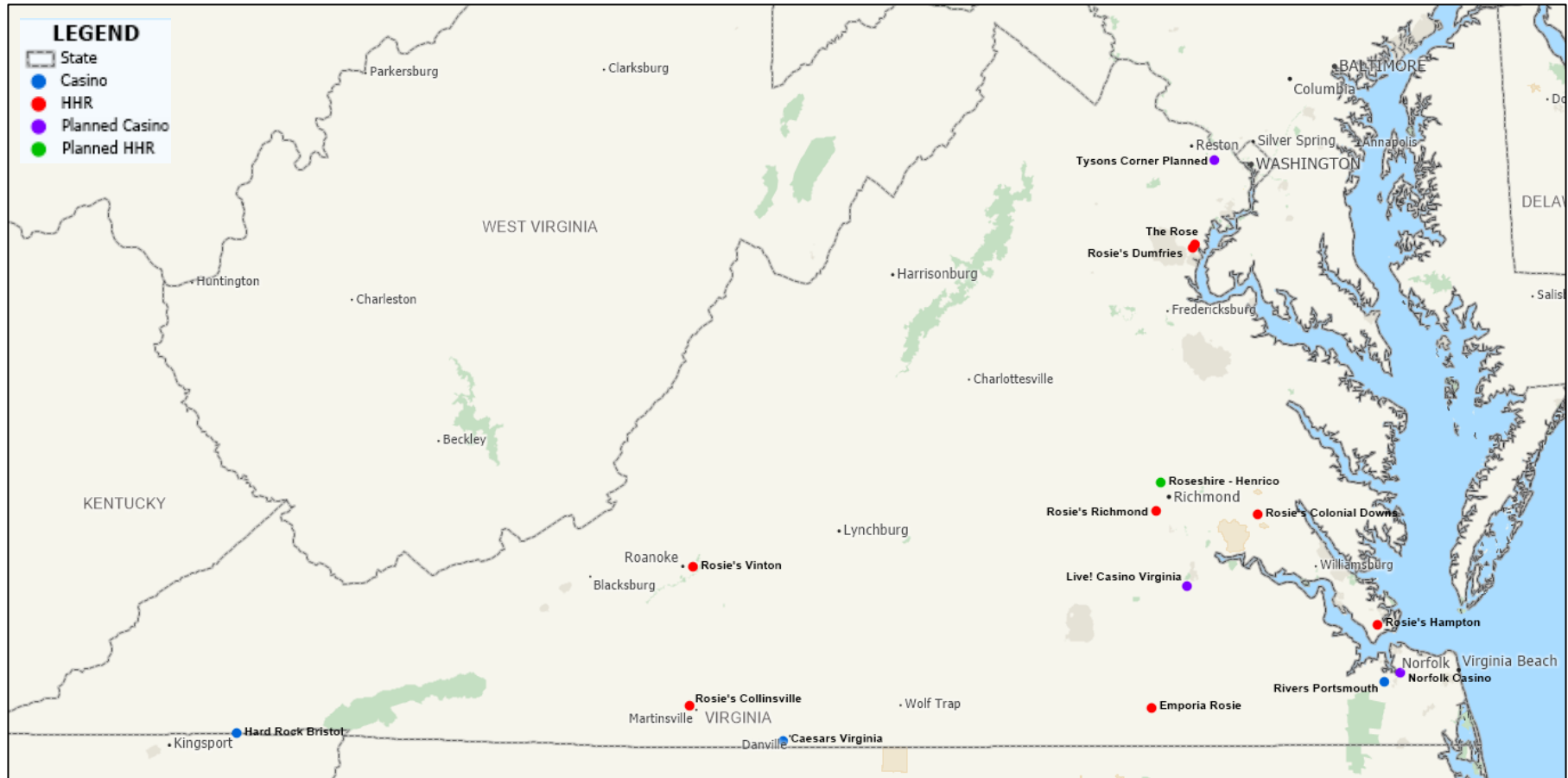
- HHR facilities have been operating in Virginia since 2019, prior to the first temporary casino opening in July 2022.
- Total HHR and Casino revenues have continued to grow in the years following their initial openings.
- HHR effective rate of 22%.

Name	Type	Opening Date	HHRs or Slots	Months Open	TTM 11/2024	
					HHR or Slot Rev	
Rosie's Colonial Downs	HHR	4/18/2019	488	71	\$	58,900,773
Rosie's Vinton	HHR	5/9/2019	473	70	\$	58,211,198
Rosie's Richmond	HHR	6/30/2019	804	69	\$	142,253,021
Rosie's Hampton	HHR	10/29/2019	700	65	\$	103,026,777
Rosie's Dumfries	HHR	1/1/2021	150	50	\$	46,116,033
Rosie's Collinsville	HHR	7/22/2021	37	44	\$	4,574,982
Hard Rock Bristol	Casino	Temp 7/8/2022	870	32	\$	145,596,932
Rivers Portsmouth	Casino	1/23/2023	1,419	26	\$	215,642,078
Caesars Virginia	Casino	Temp 5/15/2023	768	22	\$	171,560,620
Emporia Rosie	HHR	9/25/2023	150	18	\$	22,065,463
The Rose	HHR	10/23/2024	1,650	5	\$	12,718,867
Hard Rock Bristol	Casino	Perm 11/14/2024	1,486	4		
Caesars Virginia	Casino	Perm 12/17/2024	1,479	3		
Roseshire - Henrico	HHR	Building but requires Referendum		-		
Norfolk Casino	Casino	Target: Temp Nov 2025		-		
Live! Casino Virginia	Casino	Target: Temp Early 2026		-		
Norfolk Casino	Casino	Target: Perm Nov 2027		-		
Live! Casino Virginia	Casino	Perm: TBA		-		
Tysons Corner Planned	Casino	TBA		-		

Sources: GGHM Analysis, Virginia Racing Commission, Virginia Lottery,

<https://apps.legislature.ky.gov/CommitteeDocuments/349/13531/Sep%2013%202021%20HHR%20Tax%20Analysis.pdf>

# Virginia Map



## Other HHR State Markets

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- **Kentucky** – the first HHR facility opened in 2011, with facilities opening every few years until as recently as February of 2025. The Kentucky HHR industry generated over \$900M of revenue on a trailing twelve months ended 11/2024 basis. Thirteen HHR facilities offer over 8,000 HHR units statewide and HHR revenues are taxed at a 32.3% effective rate.
- **New Hampshire** - the latest HHR market with legalization in 2021 and the first locations opening in 2023. The state currently has 11 operating HHR facilities and generated over \$168M of revenue during trailing twelve months ended 11/2024. There are approximately 1,600 HHR units offered in New Hampshire and HHR revenues are taxed at a 29.4% effective tax rate. Two new facilities are planned to open this March with 1,200 additional HHR units and more locations have been approved in the state.
- **Wyoming** – HHR gaming was legalized in 2013, with 40 HHR facilities currently operating and several new sites continuing to open in the last 12 months. These locations combined for a total revenue of over \$187M during the trailing twelve months ended 11/2024. There are approximately 2,400 HHR units offered statewide and are taxed at an effective rate of 25.8%.

Sources: GGHM Analysis, Individual State Reporting,

<https://apps.legislature.ky.gov/CommitteeDocuments/349/13531/Sep%2013%202021%20HHR%20Tax%20Analysis.pdf>

# Job Creation & Economic Impacts

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- We assume each OTB facility will require some level of capital investment, whether an expansion or the refurbishment of the existing facilities and will be a jobs generator for the local communities.
- Given the ability to operate up to 500 HHR machines will allow each OTB location to make such capital investments. By way of example, we estimate Long Shot's would invest approximately \$20M at its location.
- The economic benefits of the facilities can be broken down into two time periods; the pre-opening/construction period and the ongoing annual operations period.
- During the construction period, the facilities will generate significant economic output to the local communities, including temporary construction jobs. GGHM to perform further analysis to quantify these impacts.
- Within 1-2 years of commencing operations, we estimate the potential for up to 100 new direct jobs at each OTB location, or 500 total jobs generating significant wages and employment related taxes for the local communities. GGHM to perform further analysis to quantify these impacts.
- The OTB's will also generate other significant fiscal benefits including property taxes, sales taxes and excise taxes. The taxes will benefit the state and each local community. These annual fiscal benefits will be further analyzed and quantified by GGHM.



# About GGHM

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- GGHM is a boutique advisory firm focused exclusively on the global gaming sector. Our senior leadership team has significant CFO, M&A, capital markets, operational, and gaming industry experience with professional backgrounds from industry leading gaming companies (Shufflemaster Gaming, International Game Technology, Anchor Gaming), leading global investment banks (Salomon Brothers & Societe Generale Corporate & Investment Banking), and global public accounting firms (Deloitte & Touche, Coopers & Lybrand). Our team brings world-class gaming industry knowledge and relevant C-suite relationships in order to gather the most relevant information for our clients.
- GGHM has been retained by Long Shot's for advisory and consulting services related to potential rollout of Historical Horse Racing Machines (HHRM's) at select OTB locations in Maryland. In connection with this engagement, GGHM has performed elements of a gaming market study in connection with adding HHRM's to existing OTB facilities located in Maryland as follows: Long Shot's in Frederick, Timonium OTB, Riverboat on the Potomac, Greenmount Bowl in Hempstead, and the town of Boonsboro.

# GGHM Partner Bios

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## ■ Richard L. Baldwin, MBA, CPA

- Richard L. Baldwin, MBA, CPA is an accomplished senior financial executive with more than 25 years' experience working for and with a diverse number of global and domestic companies entering, accessing or operating in public capital markets and reporting to, working with and advising the boards of directors for numerous publicly traded and private companies. Rich has significant capital markets and M&A experience having led and participated in transactions ranging from \$10 million to \$1.5 billion and having served as a Board of Director for multiple gaming companies. He is a trusted advisor within the global gaming and hospitality industry.
- As a Managing Partner for GGHM, Baldwin works closely with GGHM's other managing partners to support the company's diverse client base that includes public and private companies, governments, Native American tribes, regulatory agencies and investment funds with respective annual revenues ranging from several million to over a billion dollars individually. Rich frequently works side-by-side with client owners, Boards and senior management teams to assist in the evaluation and development of growth and other strategic initiatives, M&A opportunities, capital allocation, operational/strategic planning and execution of private debt and equity transactions.

## ■ Michael S. Kim

- Michael S. Kim is a founder and Co-Managing Partner of GGHM. He is also Chairman and CEO of Legend Rock Capital, a private investment firm that makes select investments across the global gaming, hospitality and real estate sectors and whose affiliated entities previously acquired, owned and operated the Sparks Nugget, a 1,382 room/1,100+ employee integrated casino resort in Northern Nevada which generated \$80mm+ of gross revenues. He has broad operational, banking and capital markets transaction experience and proven expertise in real estate, gaming and hospitality matters.
- Prior to founding GGHM, Michael was Managing Director, Corporate Finance - Real Estate, Gaming, Lodging and Leisure SG Corporate & Investment Banking ("SG CIB") in New York, the US securities division of Société Générale where he oversaw SG CIB's activities worldwide across these industries. While at SG CIB, he was actively involved in the origination, structuring and execution of corporate banking and capital markets transactions raising \$40+ billion and executing numerous domestic and cross-border strategic and M&A advisory assignments (both private and public, buy-side and sell-side), LBOs and recapitalizations for real estate, gaming, lodging and leisure clients totaling \$20+ billion. Prior to joining SG CIB, Michael was an investment banker with Salomon Brothers covering the real estate and financial institutions group (FIG) sectors and also worked for JP Morgan.

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- These statements are subject to risks, uncertainties, assumptions and other important factors, many of which are outside of our control, which could cause actual results to differ materially from the results discussed in the forward-looking statements. Actual results may vary materially from those expressed or implied, and there can be no assurance that estimated returns or projections will be realized or that actual returns will not be materially different than estimated herein. Accordingly, you are cautioned not to place undue reliance on such forward-looking statements or projections. You should conduct your own analysis, using such assumptions as you deem appropriate, and should fully consider other available information in making a decision to invest in the Company or the Project. Past performance is not necessarily indicative of future results, and there is no assurance that the historic returns described herein will actually be achieved. Performance is dependent upon future events and may be significantly affected by changes in economic and other circumstances. This presentation also contains estimates made by independent parties and by us relating to market size and growth and other industry data. These estimates involve a number of assumptions and limitations and you are cautioned not to give undue weight to such estimates. All forward-looking statements are based on information available to us as of the date hereof and we assume no obligation to, and expressly disclaims any obligation to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.
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