

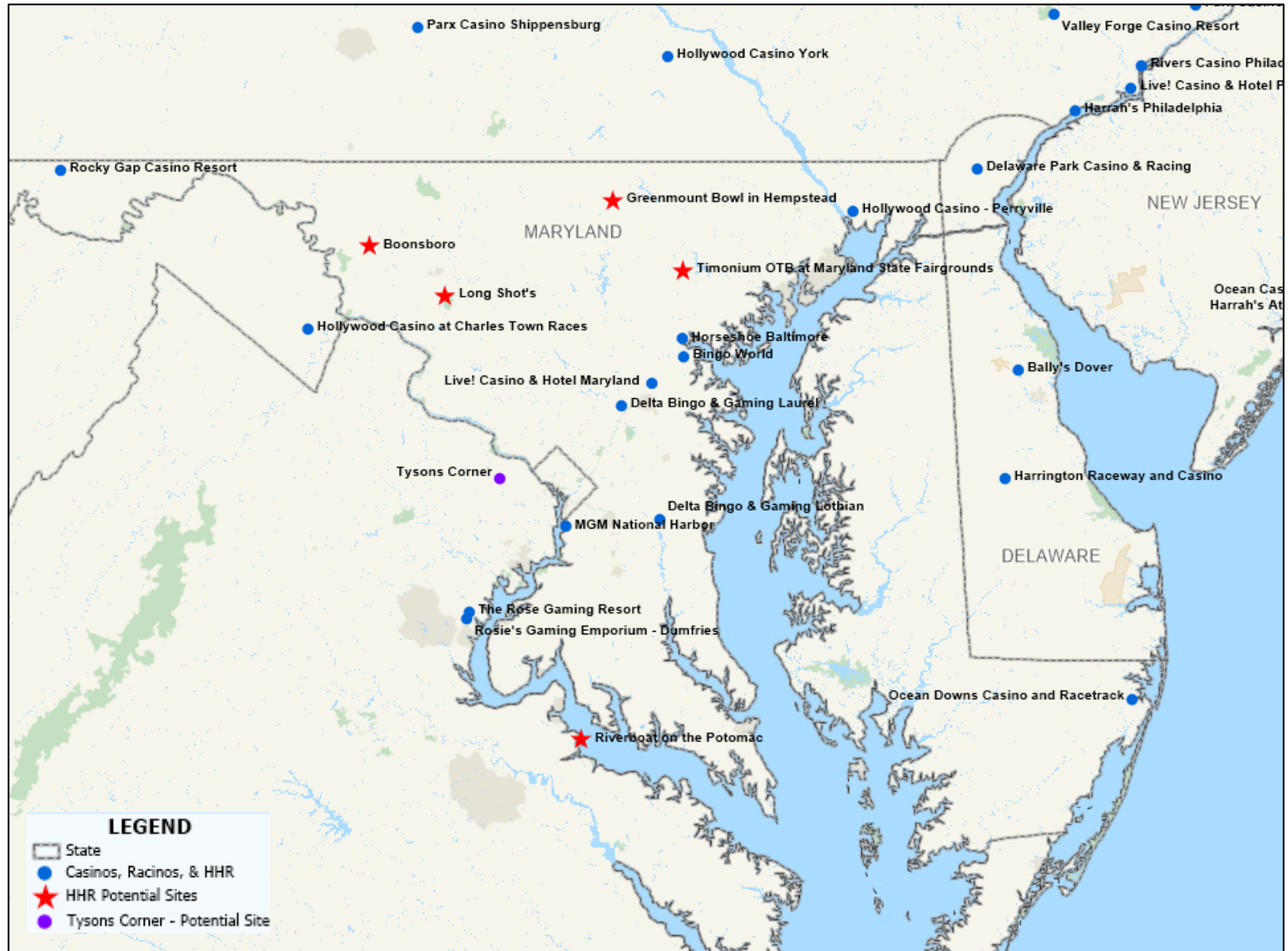
# Maryland - Historical Horse Racing

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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 are based on a range of effective tax rates in other states where HHR machines are currently operating and higher rates more similar to resort casinos.

500 Units per Site Scenario	Units	Net 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

All-In Effective Tax Rate	Tax Revenue (in millions)
40%	\$60M



## Tax Impacts by Location

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- In the event a 40% tax rate would be levied on the OTBs, a total of \$60.5M in tax revenues would be generated.

	Units	Revenue	Tax Rate	Taxes Generated
Long Shot's	500	\$ 52,100,887	40.0%	\$ 20,840,355
Boonsboro	500	\$ 21,890,950	40.0%	\$ 8,756,380
Greenmount Bowl in Hempstead	500	\$ 24,201,470	40.0%	\$ 9,680,588
Timonium OTB	500	\$ 42,979,998	40.0%	\$ 17,191,999
Riverboat on the Potomac	500	\$ 9,963,830	40.0%	\$ 3,985,532
Total	2,500	\$ <b>151,137,134</b>	40.0%	\$ 60,454,854



## Out of State Casino Recapture/Capture

- The table below displays the projected impacts to neighboring states' casino revenues from the 5 OTB sites in Maryland operating HHR machines.
- We estimate Maryland gamers currently going out of state contributes **\$27.9M** in net gaming revenue to those casinos which would be recaptured by the OTBs and kept in the state of Maryland.
- Gamers in other nearby states would also be better served by the addition of HHR machines at OTBs in comparison to the travel time to existing gaming alternatives. In total, **\$12.5M** in net gaming revenue could be captured from these out of state gamers coming to Maryland rather than other existing casinos.
- The recapture of Maryland gaming spend and the capture of other out of state gaming dollars at these casinos totals **\$40.4M** in new net gaming revenue for the state of Maryland.

Rev Origin State	Total MD Gains
MD	\$ 27,903,290
WV	\$ 2,364,429
PA	\$ 6,017,526
VA	\$ 3,892,652
DC	\$ 173,174

Non-MD Total: \$ 12,447,782

Total: \$ 40,351,072



# Virginia HHR & Casino Market

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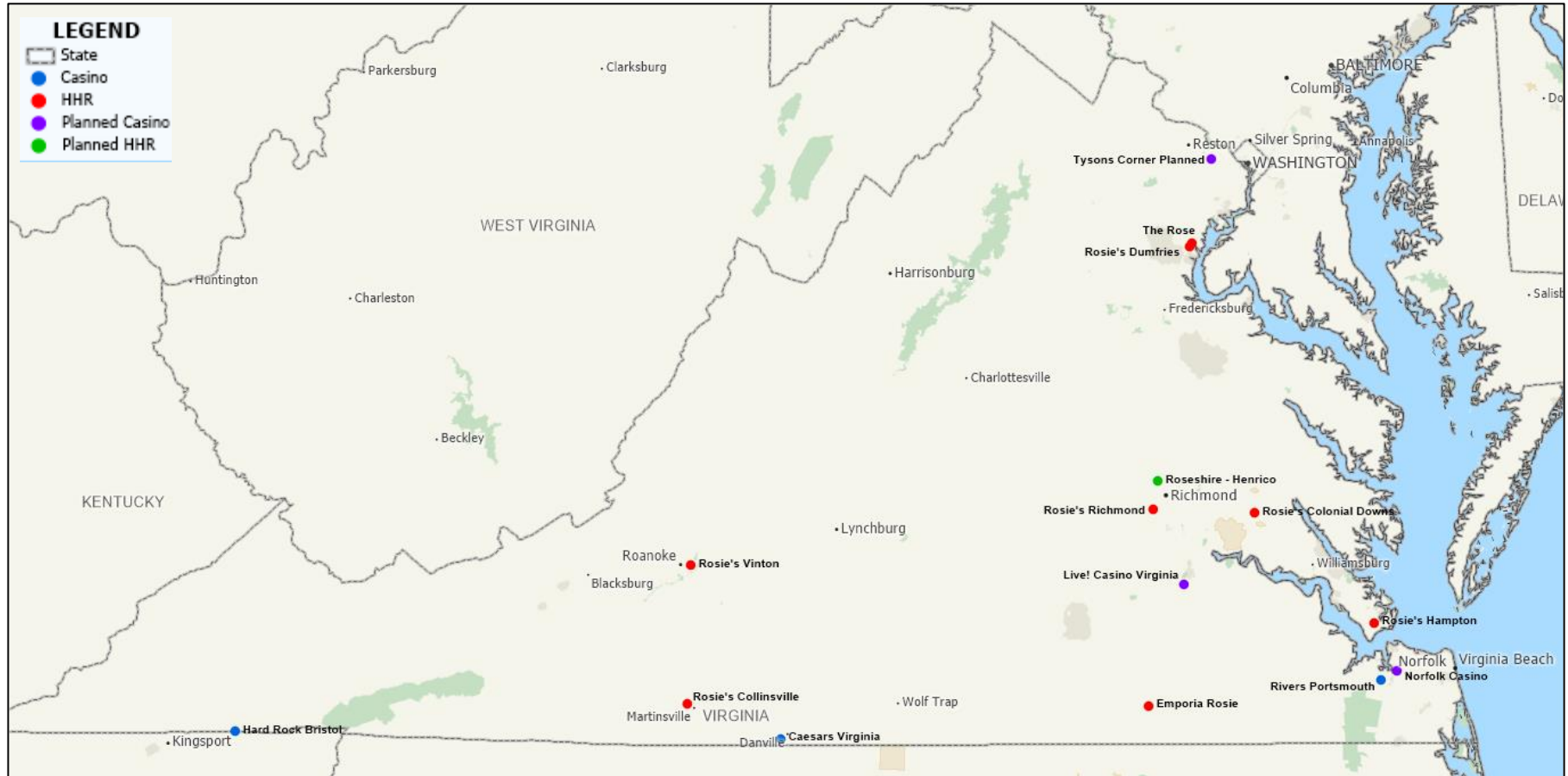
- HHR facilities have been operating in Virginia since 2019, prior to the first temporary casino opening in July 2022.
- Total HHR and Casino revenues have continued to grow in the years following their initial openings.
- HHR effective rate of 22%.

Virginia	November 2023	November 2024
HHR Units	2,790	4,452
HHR TTM Revenue	\$ 366,724,598	\$ 447,867,114
Slot Units	3,154	3,653
Slot TTM Revenue	\$ 380,054,476	\$ 532,799,630

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 re-capitalizations 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.
- Supply and demand and other market projections are, by their very nature, only estimates and “best guesses” of what may occur in the future. Any number of variables may change over time and methodologies that work under certain conditions may not work in other or changing conditions. Additionally, some of the assumptions used in our study will inevitably not materialize and unanticipated events and circumstances may occur; therefore, actual results achieved during the period of our analysis will vary from our projections and the variations may be material. Accordingly, GGHM accepts no liability in relation to the estimates or projections provided herein.
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