

## 5.1 PSI MOBILE SPORTS WAGERING OPERATOR

Penn Sports Interactive, LLC (“PSI”) joins this Application seeking to receive a Mobile Sports Wagering Operator license utilizing its long-term platform partner Sports Information Services Limited (“Kambi”), a Mobile Sports Wagering Platform Provider applicant. Should this Application be accepted by the New York State Gaming Commission (“Commission”), PSI will be the responsible operating entity of the online sports wagering operating system, branded the Barstool Sportsbook.

PSI is a wholly owned subsidiary of Penn Interactive Ventures, LLC (“PI”). PSI and PI are both wholly owned subsidiaries of Penn National Gaming, Inc., a publicly traded company on the NASDAQ Exchange (collectively “Penn” or the “Company”).

### **PSI is Extremely Qualified and has the Requisite Experience, Capabilities, and Resources to Operate Sports Wagering In New York.**

Penn, together with PSI and its subsidiaries, is an industry leading, diversified, multi-jurisdictional owner and manager of gaming and racing properties, sports betting and online casino operations, social casino, and video gaming terminal operations. Penn owns, operates, or has ownership interests in 42 gaming and racing properties in 20 jurisdictions. In total, Penn National’s properties feature approximately 50,000 gaming machines, 1,300 table games, 16 sportsbooks and 8,800 hotel rooms. Penn has been operational in the regional gaming industry since 1972 and has a longstanding history of compliance with a record of fostering stellar relationships with its local stakeholders and gaming regulators. Penn’s interactive gaming division is operated through PI and PSI. By the end of 2021, PSI anticipates that it will operate twenty (21) retail sportsbooks, ten (10) online sportsbooks, and four (4) online casinos, as well as a nationwide social casino and ADW (horse racing) platform Hollywood Races.

In addition, Penn holds a 36% equity interest in Barstool Sports, Inc. (“Barstool Sports”), a leading digital sports, entertainment, and media platform, headquartered in New York City, across the street from Madison Square Garden. Barstool Sports provides Penn a distinct advantage over competitors as it provides unparalleled brand recognition and sports betting centric media content. Penn has an exclusive license to brand its sports book offerings Barstool Sports (the Barstool Sportsbook) and Barstool has agreed to exclusively promote the Barstool Sportsbook to its monthly audience of 100 million unique readers, followers, and viewers.

In addition to the massive Barstool Sports audience reach, targeting the highly coveted 21-35-year-old demographic, PSI is also able to leverage Penn National’s industry leading mychoice® customer loyalty program and database (the “mychoice program”), focusing on the more traditional brick and mortar casino customer. The mychoice program currently has over 20 million loyal customers and, when combined with the Barstool reach, creates a truly unique advantage over competitors.

### **PSI is a seasoned sports wagering operator and has further experience in online casino.**

PSI, in tandem with Penn, has an extensive history in the sports betting industry, which has only grown across the United States since the Supreme Court opened sport wagering to the states in May 2018. PSI leverages Penn National’s unparalleled reach and currently operates sixteen (16) retail sportsbooks in eight (8) states. Ultimately, PSI is in the process of

aggressively obtaining market access in every jurisdiction where sports wagering and iCasino is legally offered. PSI, as a reputable and seasoned gaming operator, currently holding a license to operate retail and/or online sports wagering in nine states (Colorado, Illinois, Indiana, Iowa, Michigan, Mississippi, Pennsylvania, Virginia, and West Virginia). As noted above, PSI launched the online Barstool Sportsbook in Pennsylvania on September 17, 2020, and has since launched in Michigan, Illinois, and Indiana in the first half of 2021 (with approximately six additional launches planned in the second half of 2021).

PSI and the Barstool Sportsbook have proven the ability to drive incremental revenue to states where it launches and it will do the same for New York. Without achieving any scale, the Barstool Sportsbook has held a market share of 15% in Pennsylvania since launch and a market share of 16% in Michigan, which launched in January of 2021. These great successes have been achieved with a nominal marketing spend, especially when compared to competitors, relying exclusively on the powerful draw of the Barstool Sports brand.

In addition, Penn launched the first online casino in Pennsylvania over one year ago. Penn went live with Barstool iCasino in Michigan in February 1, 2021, and anticipates offering online casinos in two additional jurisdictions before the end of 2021 in New Jersey and West Virginia.

Penn also offers Advance Deposit Wagering on pari-mutuel horse race wagering in twenty-three states through its Hollywood Races brand.

**Penn and PSI operate with the support of skin agreements, allowing it to operate on slimmer margins than its competitors.**



**Penn and PSI are “compliance first” gaming operators and have a stellar reputation for integrity and compliance.**

Penn is one of the nation’s largest casino operators and, in its nearly 40 year history, Penn has proven time and time again to be a compliance first gaming operator. The company’s Compliance Committee of its Board of Directors consists of independent members of the Board of Directors and an outside consultant and is currently chaired by Tom Auriemma, former Director of New Jersey Division of Gaming Enforcement. Penn’s compliance function is overseen by its Vice President, Chief Compliance Officer, several corporate compliance team members, and compliance team members responsible for the Company’s compliance operations at its properties. Among other things, the Company’s Compliance Department oversees AML/BSA compliance, Responsible Gaming, regulatory compliance, and vendor due diligence. PSI compliments this broad and strategic approach to regulatory compliance with its own rigorous compliance program, led by its Vice President of Compliance.

**PSI implements aggressive and strategic controls to ensure no prohibited or voluntarily excluded person will be able to participate in sports betting.**

PSI has Internal Controls in place focused on ensuring that no prohibited or excluded person can register for a sports wagering account. These controls include requiring the following information for each individual: Full legal name, date of birth, last four digits of social security number, physical address, email address, and telephone number. The aspiring registrant's information is scrubbed through a database of public records to confirm the individual's information and identity and only upon verifying their player's identity is he/she allowed to deposit or wager on the Barstool Sportsbook. Further, PSI implements industry standard controls and geofencing to ensure that all sports wagering takes place exclusively within legal jurisdictions. There is no anonymous gaming on the Barstool Sportsbook.

Beyond traditional identity confirmation, Barstool Sportsbook registrants are scrubbed against Penn's database (20 jurisdictions) of excluded persons as well as PSI's. PSI follows Penn's industry leading "exclude-one, exclude all" policy and if any individual has been excluded in any Penn or PSI property or jurisdiction across any Penn property (brick and mortar or online), that player is not allowed to register for the Barstool Sportsbook. Penn has a process by which it will ingest all excluded individual's information through the process outlined by the Commission and ensure it is added to PSI's excluded persons list. PSI will then disallow these persons from registering for the Barstool Sportsbook. In addition, the Barstool Sportsbook does a daily scrub of the entire database of players to ensure that no one on any voluntary or involuntary exclusion list is allowed to participate in Sports Betting.

**PSI, through Kambi, will offer an industry leading wagering catalog and intends on offering as many of the available wagering events in New York as possible.**

PSI's platform, Sports Information Systems LTD ("Kambi") is the nation's (if not the world's) leading sports wagering platform provider. Kambi has, in this Application, applied to serve as a Mobile Sports Wagering Platform Provider in New York. In addition, PSI employs a Trading and Content team with expertise unmatched in the industry. PSI and Kambi work collaboratively to offer as robust of a wagering catalog as allowable under each jurisdiction's sports wagering laws and regulations. In sum, PSI will offer every wager that it legally and practically is able to offer.

**Detection and Reporting of Suspicious or Illegal Gambling Activity**

PSI detects suspicious or illegal gambling activity through three methods which are set forth more fully below:

1. PSI's risk management and bookmaking services provider Kambi;
2. PSI's participation and membership in the independent sports wagering integrity monitoring service, US Integrity; and
3. PSI's Internal transactional Controls by PSI Risk and Fraud Team.

[REDACTED]

[REDACTED]

[REDACTED]

2. **Reporting to US Integrity** - PSI is a member of the US Integrity. US Integrity is an independent monitoring service that shares information among all sports betting operators to help identify unscrupulous activity around sports betting. US Integrity has developed a monitoring and alert platform which members have access to and are obliged to support.

When Kambi identifies and reports a suspicious event or activity to PSI, PSI then reports this to US Integrity. Through its alert platform, US Integrity circulates the suspicious activity to all members across the US Integrity network to (1) investigate and (2) report any findings. This ensures that sports wagering operators share information relating to suspicious wagering in order to uphold the integrity of Sports Wagering in New York. US Integrity typically maintains a direct relationship with regulators to keep an open line of communication.

[REDACTED]

**PSI, through the Barstool Sportsbook, is in a unique position to operate a reputable and successful sportsbook that grows the New York sports wagering market.**

PSI's continued evolution into the best-in-class, omni-channel provider of retail and online gaming and sports betting entertainment will be a catalyst for generating sports wagering revenue in New York. The unmatched Barstool brand and industry leading mychoice customer loyalty database, matched with PSI's online operational experience and best-in-class product, provide an unparalleled opportunity for New York's sports wagering market.

The unique and engaging content provided through Barstool Sports' reach, creative promotions, custom parlays, and exclusive bets are key drivers for us in customer acquisition and have proven success with enhancing customer engagement and retention, while increasing awareness and visitation to the retail sportsbooks. All at no increased marketing cost to PSI. The unique benefits of our fully integrated media and omni-channel strategy defined above are what differentiates us from our competitors and provides several reasons why the Commission should award PSI as a Mobile Sports Wagering License applicant.

If selected as a Mobile Sports Wagering Operator, PSI understands the work to be performed and commitment to delivering a successful sports wagering operation in New York by offering PSI's online sports wagering services. PSI works closely with each governing body of regulators to ensure it is constantly operating with the utmost integrity and compliance with all laws and regulations. PSI further recognizes the unique and unmatched opportunity the state of New York is offering it through this RFA. PSI respectfully requests the opportunity to enter the New York sports wagering market and drive incremental revenue to the state, helping it meet its goals in passing legal sports wagering.

## Kambi 5.2 – NUMBER OF OPERATORS TO BE HOSTED

Kambi will host two Operators on its platform within this application: PSI and Fanatics Sportsbook.

**Operator Full Name**

Penn Sports Interactive, LLC

**Additional D/B/A or Trade Names: (List all)**

Barstool Sportsbook

## **5.5 PSI LICENSE APPLICATION**

Penn Sports Interactive, LLC (“PSI”) is the New York State Gaming Commission Mobile Sports Wagering Operator applicant in partnership with Sports Information LTD (“Kambi”), Mobile Sports Wager Platform Provider primary applicant.

PSI, wholly owned by Penn Interactive Ventures, LLC (“PIV”) and Penn National Gaming (“PNGI”), ultimate parent company of both PIV and PSI have submitted their license applications directly to the New York State Gaming Commission to satisfy section 5.5 Licensure requirement of the Mobile Sports Wagering Platform Provider RFA.



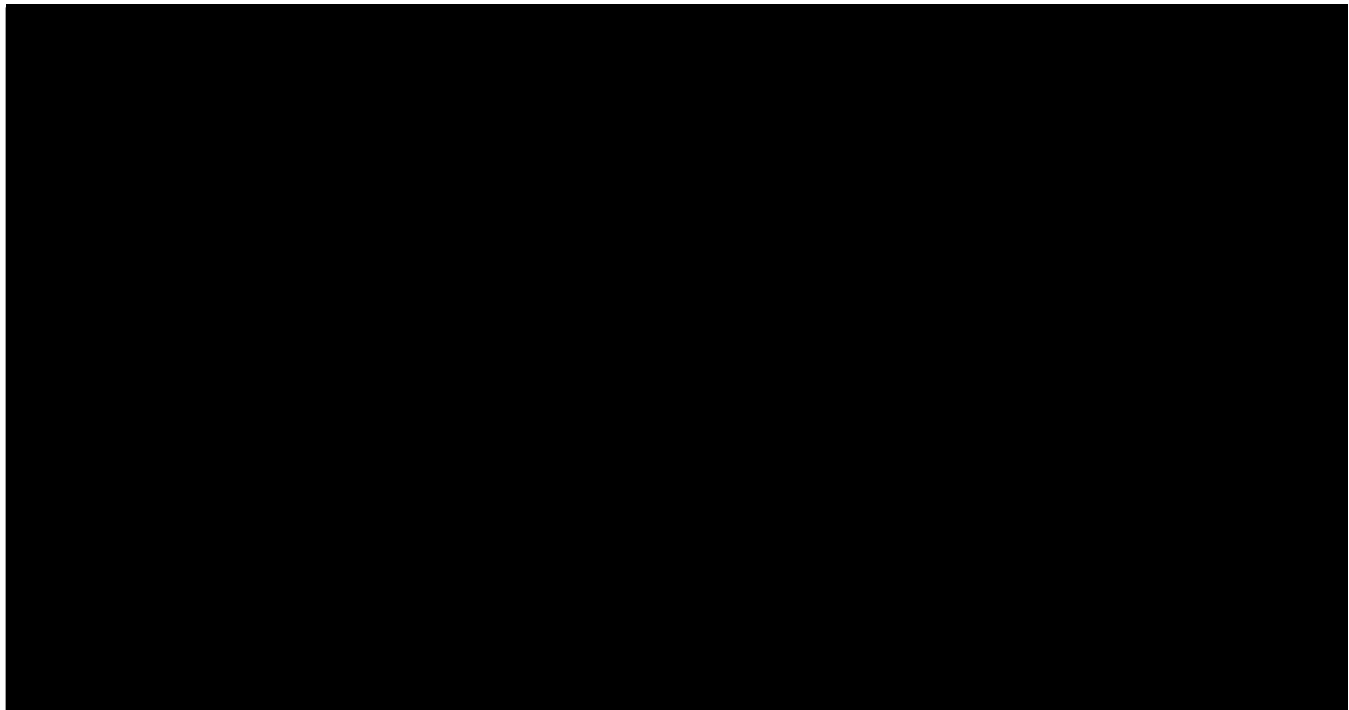
### 5.6 PSI Advertising & Promotional Plans

PSI's Barstool Sportsbook couples its second-to-none technology and operational expertise with an industry leading approach to sports wagering. The Barstool Sportsbook is the only United States operator that is fully integrated with an industry leading media company, Barstool Sports, Inc., and a strong brick and mortar presence (41 casinos throughout 20 states). This integration makes it uniquely positioned to grow the New York sports betting market, to the benefit of the Barstool Sportsbook and New York as a whole.

Traditional sportsbook operators rely on taking market share from competitors through an arms race made up of easily replicated, aggressive marketing spends on intrusive TV commercials, brand placement deals, and a limited database. The Barstool Sportsbook, however, is bolstered by Barstool Sports and its 17-year loyal audience of [REDACTED]. [REDACTED] The moment Penn, the parent company of the Barstool Sportsbook, acquired a strategic interest in Barstool Sports, Inc. the entire industry was changed, for the better.

The success of the integration between Penn National, the Barstool Sportsbook, and Barstool Sports has been consistently proven. [REDACTED]

Scaling the Barstool Sportsbook in New York, coupling that with the unmatched approach to sports betting, and activating Barstool's unique New York presence will not only ensure that Barstool Sportsbook is successful but allow it to grow the New York sports wagering market—something no other operator can offer.



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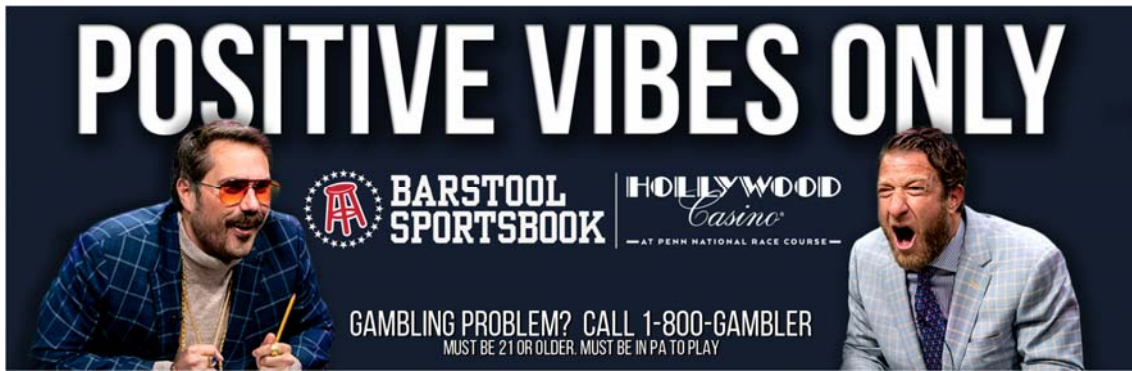
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Barstool Sports at its core, is an events driven company. With its home base in New York City, just across the river from New Jersey, Barstool Sports & Barstool Sportsbook will host local events that will drive betting volume back into New York state that previously has been invested in New Jersey. These events include livestreams of watch parties for New York-based sporting events, tailgating events across the state at in-person sporting events, and even the opening of Barstool-branded sports bars, which will be a haven for Barstool branded content and effective Sportsbook conversion.

Previous Marketing in Other Jurisdictions:



Billboard/Banner in PA: September 2020



Active Promo Example - June 2021



General Sportsbook Advertisement for Pennsylvania.



Retention Push Notification Example - March 2021

**OVERS BONANZA**  
MAKE YOUR FIRST DEPOSIT OF AT LEAST \$100 AND GET  
**\$400 WORTH OF FREE BETS**  
— YOUR FUTURE BETS —

BIG CAT'S CAN'T LOSE PARLAY	IND COLTS OVER 9.5 WINS
INDIANA UNIVERSITY OVER 8 NCAAF WINS	NOTRE DAME UNIVERSITY OVER 10 NCAAF WINS

**BARSTOOL  
SPORTSBOOK**  
GAMBLING PROBLEM? CALL 1-800-GAMBLER

User Acquisition for Indiana - Promo Creative Example - May 2021