



Eilers&Krejcik
Gaming

Legal Sports Betting In Missouri: Market And Tax Revenue Forecasts

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Authors



Chris Krafcik

Managing Director, Sports & Emerging Verticals



Kahlil Philander, Ph.D.

Senior Consultant, Sports & Emerging Verticals



Damon Singer

Director of Market Analysis, Sports & Emerging Verticals



Becca Giden

Director of Policy, Sports & Emerging Verticals



Adam Krejcik

Principal, Sports & Emerging Verticals

Disclosure

In August 2024, Eilers & Krejcik Gaming was retained by Winning For Missouri Education to prepare estimates of market size and tax revenue for legal sports betting in Missouri.

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About Eilers & Krejcik Gaming



Eilers&Krejcik
Gaming

Eilers & Krejcik Gaming LLC is an independent research and consulting firm headquartered in Newport Beach, California. The firm's focus is on product, market, and policy analysis related to the global regulated gambling market. Clients include operators, suppliers, private equity and venture capital firms, institutional investors, and state governments.

The firm's work on the U.S. regulated sports betting issue includes a series of 50-state projections that have become the widely accepted basis for discussion of the U.S. market's potential. Past state-governmental engagements have included West Virginia and Indiana, for which Eilers & Krejcik Gaming provided comprehensive market projections, economic impact projections, and fiscal analyses relating to sports betting and online gambling.

Glossary

Gross gaming revenue (GGR): Topline revenue for sportsbooks. GGR is commonly understood to refer to the total amount wagered less the amount paid out in winning bets. Note that individual states may have unique definitions of GGR that are utilized to determine taxable revenue.

Online sports betting: Sports betting conducted by consumers over the internet. The term "mobile" is often used interchangeably with "online," but we note that not all online sports betting takes place via mobile devices (i.e., wagering through a desktop computer).

Retail sports betting: Sports betting conducted by consumers at a physical location, where the physical location is specified by statute or regulation (e.g., a casino or sports stadium). Also commonly referred to as "brick and mortar" or "land based" sports betting.

Ramp-up period (or ramp-up): The period of time between the launch of a sports betting market and the realization of the baseline maturity value of that market (i.e., when the market exits the initial period of rapid growth and settles into more gradual growth).

Executive Summary



Missouri voters to decide on Nov. 5th

Ballot measure 2024-160, which will go before Missouri voters this fall, would authorize retail and online sports betting. There would be up to 19 retail sportsbooks across Missouri casinos and sports facilities, and up to 21 online sportsbooks. Adjusted revenue from those sportsbooks would be taxed at 10%. A summary of the ballot measure's key provisions can be found in [Section 1](#) of this report.

>50%

The percentage of Yes votes needed to pass ballot measure 2024-160

Annual GGR projected to reach \$559.9mm

We estimate that Missouri's legal sports betting market, operating pursuant to ballot measure 2024-160, would generate total GGR of \$335.0mm in Year 1, rising to \$559.9mm in Year 5. We further estimate that around 98% of Missouri sports betting GGR across that five-year period would be derived from the online channel. See [Section 2](#) for a closer look at our forecasts, and [Section 4](#) for a more detailed discussion of our forecasting methodology.

98%

The percentage of Missouri sports betting GGR attributable to the online channel

Annual tax revenue projected to reach \$38.7mm

We estimate that tax revenue from legal sports betting in Missouri would reach \$4.7mm in Year 1, rising to \$38.7mm in Year 5. Across all five years of our forecast, we project total tax revenue of \$134.4mm and estimate up to 78% of that amount—or \$105.0mm—could go to Missouri education. Our full tax revenue estimates, alongside important methodological caveats, can be found in [Section 2](#).

\$105.0mm

Total potential tax revenue for Missouri education across all five years of our forecast

Missouri's own tax revenue forecast relies on a flawed methodology

Missouri's own tax revenue projections, as set out in fiscal note 24-160, are methodologically flawed and understate the state's potential tax revenue opportunity by 34%, per our estimates and research. See [Section 3](#) for our analysis of Missouri's methodological approach and how the state's estimates compare to ours.

34%

Missouri's own projections understate potential tax revenue by 34%, per our estimates

§1. About Missouri Ballot Measure 2024-160

In this section, we summarize ballot measure 2024-160's core provisions.



What Is Missouri Ballot Measure 2024-160?

Key Takeaway: Ballot measure 2024-160, which will appear on the statewide ballot this fall, would authorize retail and online sports betting and task the Missouri Gaming Commission with regulating those activities. The state would generate revenue through fees and taxes, and use that revenue to cover the costs of regulation, fund compulsive gambling treatment, and fund Missouri education.

Who operates?	Missouri casinos, Missouri sports teams, and online-only operators. Per guidance provided by Winning For Missouri Education, we assumed there would be up to 19 retail sportsbooks and up to 21 online sportsbooks.
Who regulates?	The Missouri Gaming Commission.
What's allowed?	Retail sports betting at Missouri casinos and sports facilities, and statewide online sports betting.
How will the state generate revenue?	Via the collection of license fees and taxes.
What's the tax rate?	10% of revenue after adjusting for deductible promotional credits, federal excise taxes, and uncollectible receivables.
Where will the tax revenue go?	Tax revenue will cover the costs of sports betting regulation, fund compulsive gambling treatment, and fund Missouri education.

§2. Market Size And Tax Revenue Forecasts

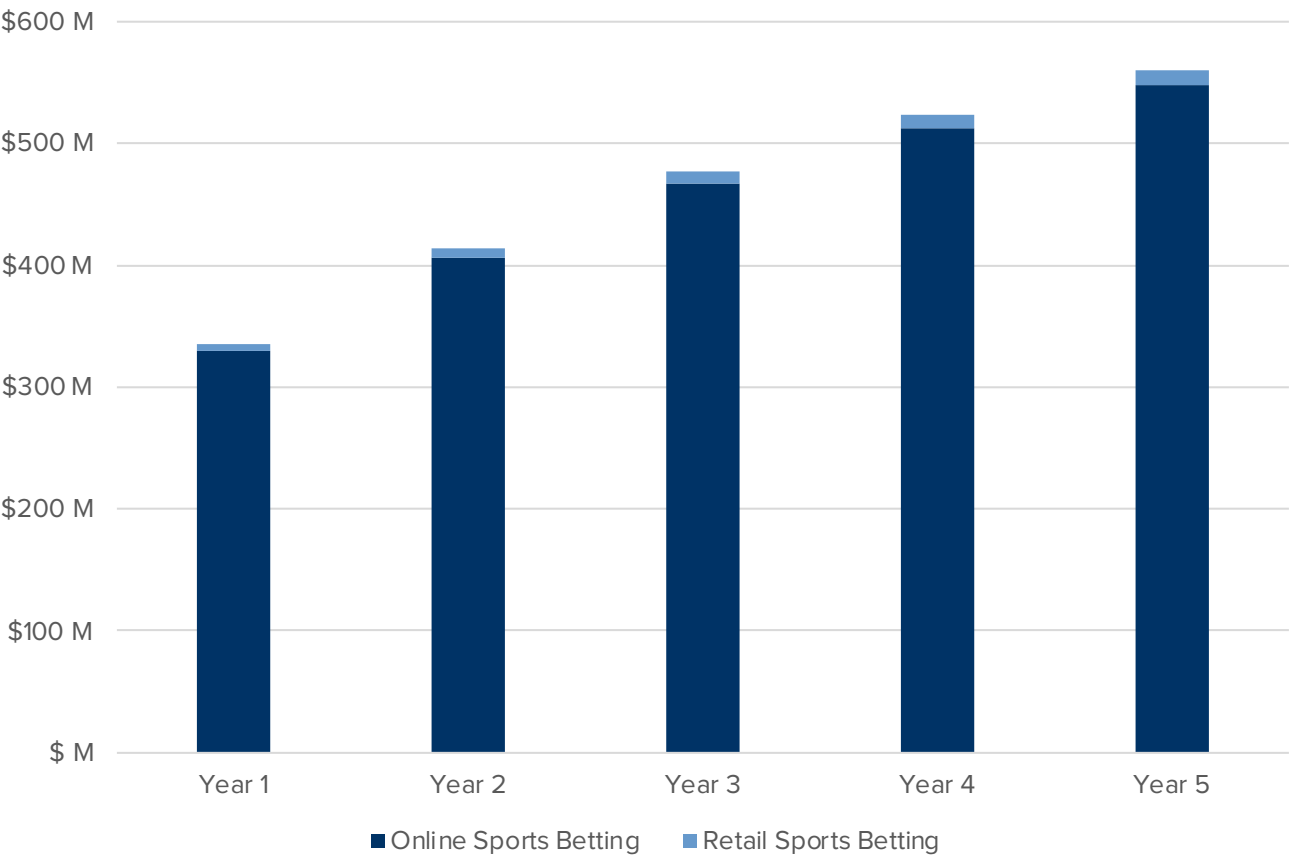
In this section, we set out our forecasts for Missouri's legal sports betting market. Our forecasts were guided by the provisions in ballot measure 2024-160.



By Year 5, We Project Missouri Sports Betting GGR Will Reach \$559.9mm

Key Takeaway: We project that the legal Missouri sports betting market will generate total GGR of \$335.0mm in Year 1, rising to \$559.9mm in Year 5. Consistent with trends observed in comparable U.S. markets, we estimate that around 98% of Missouri sports betting GGR will be derived from the online channel. A more detailed discussion of the assumptions that drove our projections can be found in [Section 4](#) of this report.

Missouri Sports Betting GGR Forecast: Year 1 To Year 5



Online Channel

Year 5 GGR	\$547.8mm
Year 5 GGR %	97.8%
CAGR Compound Annual Growth Rate	13.5%

Retail Channel

Year 5 GGR	\$12.1mm
Year 5 GGR %	2.2%
CAGR Compound Annual Growth Rate	22.7%

Source: Eilers & Krejcik Gaming Estimates / MO Ballot Measure 2024-160
Note: All outputs in 2024 U.S. dollars

We Estimate That Missouri Sports Betting Tax Revenue Will Reach \$38.7mm In Year 5

Key Takeaway: We project that Missouri will generate tax and license fee revenue of \$20.0mm in Year 1, rising to \$38.7mm in Year 5. Note that our tax revenue calculations account for deductible items¹ (e.g., promotional credits, federal excise tax payments). Meanwhile, our upfront license fee calculations assume the state issues 40 licenses (19 retail, 21 online) and, in Year 1, captures associated fee revenue of \$15.3mm.

Projected Missouri Tax And License Fee Revenue From Sports Betting: Year 1 To Year 5

(Figures May Not Sum Exactly Due To Rounding)

	Year 1	Year 2	Year 3	Year 4	Year 5	Years 1-5
Total Handle	\$3.4bn	\$4.1bn	\$4.5bn	\$4.8bn	\$4.9bn	\$21.8bn
Hold Percentage	9.84%	10.18%	10.53%	10.89%	11.26%	10.60%
Total GGR	\$335.0mm	\$413.5mm	\$476.7mm	\$523.5mm	\$559.9mm	\$2.3bn
Deductible Promotional Credits	-\$272.3mm	-\$162.5mm	-\$135.9mm	-\$144.3mm	-\$149.2mm	-\$864.2mm
Deductible Federal Excise Taxes	-\$8.5mm	-\$10.2mm	-\$11.3mm	-\$12.0mm	-\$12.4mm	-\$54.4mm
Deductible Uncollectible Receivables	-\$6.7mm	-\$8.3mm	-\$9.5mm	-\$10.5mm	-\$11.2mm	-\$46.2mm
Taxable Revenue	\$47.5mm	\$232.6mm	\$320.0mm	\$356.8mm	\$387.1mm	\$1.3bn
Tax Rate	10%	10%	10%	10%	10%	10%
State Tax Revenue	\$4.7mm	\$23.3mm	\$32.0mm	\$35.7mm	\$38.7mm	\$134.4mm
Upfront License Fee Revenue	\$15.3mm					\$15.3mm
License Renewal Fee Revenue						N/A
Total Tax And License Fee Revenue	\$20.0mm	\$23.3mm	\$32.0mm	\$35.7mm	\$38.7mm	\$149.6mm

KEY FORMULAS

Gross Gaming Revenue (GGR)

Total Handle
x Hold Percentage

Taxable Revenue

Total GGR
- Deductible Promotional Credits
- Deductible Federal Excise Taxes
- Deductible Uncollectible Receivables

State Tax Revenue

Taxable Revenue
x Tax Rate

Total Tax And License Fee Revenue

State Tax Revenue
+ Upfront License Fee Revenue
+ License Renewal Fee Revenue

¹ Under ballot measure 2024-160, promotional credits (up to 25% of handle); federal wagering excise taxes (0.25% of handle); and uncollectible receivables (up to 2% of gross gaming revenue) are deductible from gross gaming revenue for purposes of calculating state taxes owed. Our assumptions for estimating deductible promotional credits and deductible uncollectible receivables can be found in Section 4.

Source: Eilers & Krejcik Gaming Estimates / MO Ballot Measure 2024-160
Note: All outputs in 2024 U.S. dollars

We Project \$105.0mm For Missouri Education Across Years 1-5 Of Legal Sports Betting

Key Takeaway: We estimate that legal sports betting could generate \$105.0mm in revenue for Missouri education across the first five years of operations. We use a combination of our own tax revenue projections, tax revenue distribution provisions from ballot measure 2024-160, and regulatory cost guidance from fiscal note 24-160 to generate our estimates. Given the bluntness of this methodology, we regard these estimates as a starting point for appreciating the potential revenue opportunity for Missouri education, not as a definitive projection.

Projected Revenue For Missouri Education From Sports Betting: Year 1 To Year 5

(Figures May Not Sum Exactly Due To Rounding)

Forecast Year	Year 1	Year 2	Year 3	Year 4	Year 5
Tax Revenue	\$4.7mm	\$23.3mm	\$32.0mm	\$35.7mm	\$38.7mm
License Fee Revenue	\$15.3mm	\$0	\$0	\$0	\$0
Total Tax And License Fee Revenue	\$20.0mm	\$23.3mm	\$32.0mm	\$35.7mm	\$38.7mm
EKG Assumption: All 40 licenses for retail and online sports betting are granted, generating license fee revenue of \$15.3mm.					
Initial Missouri Gaming Commission Costs	-\$4.0mm	\$0	\$0	\$0	\$0
Ongoing Missouri Gaming Commission Costs	\$0	-\$3.9mm	-\$3.9mm	-\$3.9mm	-\$3.9mm
Total Missouri Gaming Commission Costs	-\$4.0mm	-\$3.9mm	-\$3.9mm	-\$3.9mm	-\$3.9mm
EKG Assumption: License fee revenue pays for MGC costs in Years 1-2. ¹ Tax revenue pays for MGC costs in Years 3-5.					
Compulsive Gaming Prevention Fund Contribution ²	-\$5.0mm	-\$5.0mm	-\$5.0mm	-\$5.0mm	-\$5.0mm
EKG Assumption: License fee revenue pays for fund contributions fully in Year 1 and partially in Year 2. ¹ Tax revenue pays for such contributions partially in Year 2 and fully in Years 3-5.					
Leftover Tax Revenue	\$4.7mm	\$20.6mm	\$23.1mm	\$26.8mm	\$29.8mm
EKG Assumption: Leftover tax revenue—that is, tax revenue less MGC costs and Compulsive Gaming Prevention Fund contributions—flows to Missouri education.					
Missouri Education Revenue	\$4.7mm	\$20.6mm	\$23.1mm	\$26.8mm	\$29.8mm

Source: Eilers & Krejcik Gaming Estimates / MO Ballot Measure 2024-160 / MO Fiscal Note 24-160

¹ There would be \$6.3mm in leftover license fee revenue in Year 1, after accounting for MGC costs and Compulsive Gaming Prevention Fund contributions; we assume that leftover fee revenue pays for MGC costs in Year 2 (\$3.9mm), with the remainder (\$2.4mm) going to the Compulsive Gaming Prevention Fund

² Ballot measure 2024-160 sets annual Compulsive Gaming Prevention Fund contributions at 10% of annual tax revenue or \$5mm, whichever is greater

§3. How Our Tax Revenue Forecasts Compare To The State Of Missouri's Forecasts

In this section, we compare our forecasts for legal sports betting tax revenue to Missouri's forecasts of such revenue. We also identify and analyze flaws in Missouri's forecasting methodology.



Our Tax Revenue Estimates Are 34% Greater Than Missouri's Own Estimates

Key Takeaway: Our estimate of Missouri sports betting tax revenue in Year 5, \$38.7mm, is approximately 34% greater than Missouri's own estimate of such revenue in fiscal note 24-160. We note that flaws in Missouri's forecasting methodology resulted in a projection that, in our view, materially understates potential tax revenue—an issue we analyze in detail on the next slide.

EKG Estimate Of Missouri
Sports Betting Tax Revenue In Year 5

State Of Missouri Estimate Of Maximum Annual Missouri
Sports Betting Tax Revenue In Fiscal Note 24-160

\$38.7MM

\$28.9MM

VS.

Source: Eilers & Krejcik Gaming Research And Estimates / MO Fiscal Note 24-160

Missouri's Own Tax Revenue Forecasts Are Methodologically Flawed

Key Takeaway: Missouri's own tax revenue projections for legal sports betting, set out in Fiscal Note 24-160, rely on a fundamentally flawed approach that involved making various adjustments—many of which are misapplied—to raw Indiana sports betting data from FY2020 to FY2022. The net result of this approach, in our view: it materially understates the potential tax revenue that Missouri could capture from legal sports betting.

How The State Of Missouri Modeled Tax Revenue From Legal Sports Betting

	Forecast Year	Year 1	Year 2	Year 3	Year 4	Year 5
	Corresponding Fiscal Year For Indiana Data	FY2020	FY2021	FY2022	N/A	N/A
STEP 1: Estimate Market Size	Indiana Adjusted Gross Receipts (AGR)	\$84.9mm	\$240.5mm	\$328.6mm	\$356.5mm	\$386.8mm
	Methodological flaws: Raw IN data should not be used as a proxy for MO. Also uses COVID-period data from 2020 that significantly and artificially depresses the Year 1 forecast.					
STEP 2: Estimate Taxable Revenue	Promotional Credit Deduction Applied	25%	25%	25%	25%	25%
	Methodological flaws: Misapplies the deduction to AGR. Per ballot measure 2024-160, this deduction refers to handle.					
	Federal Excise Tax Deduction Applied	0.25%	0.25%	0.25%	0.25%	0.25%
	Methodological flaws: Misapplies the deduction to AGR. The federal excise tax is equivalent to 0.25% handle. Therefore, applicable deductible amounts are a function of handle.					
	Total Applicable Deduction Applied	25.25%	25.25%	25.25%	25.25%	25.25%
	Methodological flaws: Incorrectly sums the above deductions (25% + 0.25% = 25.25%) then misapplies them to AGR to generate an estimate of taxable revenue in the next row.					
	Est. Missouri Taxable Revenue	\$63.5mm	\$179.7mm	\$245.6mm	\$266.5mm	\$289.1mm
STEP 3: Estimate Tax Revenue	Missouri Tax Rate	10%	10%	10%	10%	10%
	Methodological flaws: Uses the 10% tax rate in ballot measure 2024-160 on the erroneous taxable revenue figures (above) to generate tax revenue estimates in the next row.					
	Est. Missouri Tax Revenue	\$6.3mm	\$17.9mm	\$24.5mm	\$26.6mm	\$28.9mm

Source: Eilers & Krejcik Gaming Research And Estimates / MO Fiscal Note 24-160

§4. Methodology

In this section, we discuss the major assumptions that drove our forecasts for Missouri's legal sports betting market.



Overview

The proprietary Eilers & Krejcik Gaming sports betting model forecasts the U.S. sports betting market on a state-by-state basis. Model outputs are presented as gross gaming revenue (GGR) in 2024 U.S. dollars. The model was primarily built using figures from comparable regulated markets, calculated based on trailing 12 month GGR per adult values in these markets.

We considered several comparable markets in the construction of the model, namely: Arizona, Illinois, Indiana, Michigan, and Ohio. Our weighting of these markets is a function of our assessment of the relative tightness of fit of each market with the likely market in Missouri (e.g., competitiveness, retail sports betting saturation, cultural similarities).

These weightings are as follows:

- **Retail:** Arizona (30%), Illinois (30%), and Ohio (40%).
- **Online:** Arizona (20%), Illinois (20%), Indiana (20%), Michigan (20%), and Ohio (20%).

As part of the comparisons, several adjustments were made to account for differences between states, including:

- **Income:** Comparisons between states were adjusted using differences in personal disposable income from the U.S. Bureau of Economic Analysis.
- **Sports fandom:** State-specific adjustments to account for differences in interest in sports were made based on a bundle of Google Trends index values from the past five years. This index was compared to proprietary fantasy sports wagering data from across the U.S. to ensure it was representative of the intended differences.
- **Internet penetration:** State-specific adjustments were made based on estimated households with internet access using data from the U.S. Census Bureau.
- **Other adjustments:** Other adjustments were made to each state's figures to account for idiosyncratic differences in each market. These adjustments account for data limitations, differences in gaming availability, tax rates, and competition level.

Discussion Of Key Learnings From Comparable Markets That Guided Our Forecasts

Below, we set out and discuss handful of salient macro trends in U.S. markets that informed our modeling process.

- **Recently opened online sports betting markets are ramping up very rapidly.** These markets—including Arizona (2021 opening), New York (2022), Maryland (2022), and Ohio (2023)—have shown signs of reaching baseline maturity far more quickly than markets that opened in mid-to-late 2020 or even early 2021. Although the sample size is small, these ramp-up trends, together with the core provisions of Missouri ballot measure 2024-160 (which should facilitate high levels of operator investment in marketing and customer acquisition), directionally suggest the Missouri market is likely to reach baseline maturity relatively quickly. Further, executives at publicly traded companies (e.g., [DraftKings](#), [FanDuel](#)) have recently acknowledged that customer acquisition in newer online sports betting markets—specifically, in Ohio, Maryland, and North Carolina (2024 opening)—is ramping up as fast or even faster than Arizona and New York.
- **The rapid ramp-up trajectories for online sports betting are being driven principally by a few large online sports betting brands.** These brands are marketing more aggressively, and / or acquiring customers more quickly, than at any point since the federal Professional and Amateur Sports Protection Act, known as PASPA, was struck down by the U.S. Supreme Court in 2018. All of these brands are expected to seek entry into the Missouri market—and for purposes of our revenue forecast, we assume they enter the market.
- **Promotional spending on online sports betting has been significant—especially during launch years.** Promotional spending in the small number of relevant comparable markets that report such spending (e.g., Kansas, Michigan, Ohio) has accounted for up to 9.5% of online sports betting handle in the first year of operations. In subsequent years, however, promotional spending typically accounts for a smaller percentage of handle, reflecting operators' shift in focus from customer acquisition to retention. We expect the Missouri market under ballot measure 2024-160 would be aggressively contested, so we set our Year 1 assumptions regarding promotional spending as a percentage of handle at around 8%. In Years 2-5, meanwhile, we project that promotional spend will decrease, ultimately settling at approximately 3% of handle in Year 5. Note that our promotional spending assumptions directly impact our forecast for capturable state tax revenue, as ballot measure 2024-160 would permit operators to deduct promotional spending for purposes of calculating state taxes owed.
- **Uncollectible receivables during launch years can also be significant.** Per information provided by the Eilers & Krejcik Operational Effectiveness & Payments consulting team, uncollectible receivables can represent as much as 8% of online sports betting GGR in Year 1 before settling at closer to 2% in Years 2-5. The ratio tends to be highest in Year 1 as operators encounter new cohorts of fraudsters; the ratio subsequently falls as operators identify and block fraudsters and fine-tune their fraud mitigation tools. We assumed these uncollectible receivable ratios are applicable to the Missouri market, and note that our assumptions directly impact our forecast for capturable state tax revenue, as ballot measure 2024-160 would permit operators to deduct uncollectible receivables of up to 2% of their GGR for purposes of calculating state taxes owed.

Discussion Of Core Forecasting Variables

To generate our forecast for the Missouri sports betting market, we calibrated and applied variables that tend to have a significant, direct impact on sports betting market size. Those variables are summarized below.

- **Tax Rates And Licensing:** Aside from legalization decisions altogether, tax rates and license restrictions are the two most important policy decisions that impact market size. Accordingly, our model adjusts the market size higher for assumptions of lower tax rates and more widespread license availability, and lower for opposite policy decisions. Since these two variables interact, they are modeled simultaneously in a matrix. The values used in the matrix were subjectively determined using the expert judgement of the Eilers & Krejcik Gaming team. We first reviewed case studies of tax or license policy changes in other jurisdictions, as well as external research on the topic. In terms of license restrictions, we determined that moving from a monopoly to a duopoly should have the largest impact, with decreased marginal effects beyond that point. We determined that channelization (i.e., a reduction in supply) will increasingly occur for tax rates beyond 15-20%, and therefore we project the market size to more precipitously decrease beyond these points. Past a tax rate of 30%, there is little reliable data about online market size, but experience from land-based gaming is directionally useful to demonstrate that at rates up to 50-60%, there may only be enough potential income to support a small number of operators.
- **Competitiveness:** With this variable, we attempt to reflect the reality that competition, saturation, and marketing spend will all be more intense in states with greater populations. The range of this variable (+10% to -20%) is meant to capture a few effects, including: Larger markets offer more opportunities for costlier marketing spend; operators will be willing to behave more irrationally in order to win share in larger markets; larger markets may engender more of a "win at all costs" mentality due to initial market access sunk costs; and larger markets provide greater opportunities for benefits of scale. We acknowledge that this range is highly subjective and have identified it as an area for additional refinement in future versions of the model. We have nevertheless included it in the model as we believe in the fundamental premise that operators will spend more in the aggregate on marketing and promotions per player in large states versus small states.
- **Payments Friction:** Currently, card-issuing banks widely reject card-based online sports betting transactions. This variable assumes that some players whose initial card-based transactions are rejected leave the market entirely rather than attempt an alternative payment method. We set the impact ceiling of this variable at -12.5%, in accordance with guidance from the Eilers & Krejcik Operational Effectiveness & Payments consulting team. In the model, however, we set the impact at -2.5%, which reflects that DraftKings and FanDuel currently account for a clear majority of online sports betting depositing activity in the average state, and that DraftKings and FanDuel's legacy daily fantasy sports customers tend to enjoy far higher card approval rates than customers at other brands. As with the competitiveness variable discussed above, we acknowledge that our payments friction calibration is subjective and have identified it as an area for additional refinement in future versions of the model.

Discussion Of Retail Sports Betting Ramp-Up Assumptions

Our assumption, having analyzed data from U.S. markets (with particular emphasis on more recently opened markets), is that the Missouri retail sports betting market will complete its ramp to baseline maturity (i.e., exit its more rapid phase of initial growth and enter a period of more gradual growth) in approximately four years. We assume growth is relatively linear (rather than front-loaded), reflecting, in part, a staggered rollout of retail sportsbooks at Missouri casinos and sports facilities. We note that in comparable markets like Illinois and Ohio, the opening of retail sportsbooks at sports facilities has tended to lag behind the opening of retail sportsbooks at casinos.

Missouri Retail Sports Betting GGR Projections (Assumes Baseline Maturity Value Of \$11.9mm)

	Year 1	Year 2	Year 3	Year 4	Year 5
Growth Factor Applied To Baseline Maturity Value	0.45	0.65	0.85	0.95	1.02
Retail Sports Betting GGR	\$5.3mm	\$7.7mm	\$10.1mm	\$11.3mm	\$12.1mm

Discussion Of Online Sports Betting Ramp-Up Assumptions

Our assumption, having analyzed data from U.S. markets (again, with particular emphasis on more recently opened markets), is that the Missouri online sports betting market will complete its ramp to baseline maturity (i.e., exit its rapid phase of initial growth and enter a period of more gradual growth) in approximately three years. We assume growth is heavily front-loaded, reflecting aggressive initial investments in marketing and customer acquisition by the small handful of large online sports betting brands that are currently driving rapid ramp-up rates in suitably comparable markets like Maryland and Ohio.

Missouri Online Sports Betting GGR Projections (Assumes Baseline Maturity Value Of \$507.1mm)

	Year 1	Year 2	Year 3	Year 4	Year 5
Growth Factor Applied To Baseline Maturity Value	0.65	0.80	0.92	1.01	1.08
Online Sports Betting GGR	\$329.7mm	\$405.7mm	\$466.6mm	\$512.3mm	\$547.8mm

Discussion Of Handle Calculations

For this report, we estimated online sports betting handle for Years 1-5 of our GGR forecast. Given that the proprietary Eilers & Krejcik Gaming sports betting model forecasts GGR—not handle—some retroactive calculations were required to generate handle values.

These calculations relied on assumptions regarding hold percentage. In the table below, we show the hold percentage assumptions we used. We note that our hold percentage assumptions reflect both trends in relevant comparable markets (e.g., Illinois, Ohio, Maryland) and our view that higher-hold products—including parlay variants and in-play betting—will compose an increasingly large percentage of overall Missouri wagering activity over time, particularly in the online channel.

Missouri Retail Sports Betting Handle Projections

	Year 1	Year 2	Year 3	Year 4	Year 5	Years 1-5
Retail Sports Betting GGR	\$5.3mm	\$7.7mm	\$10.1mm	\$11.3mm	\$12.1mm	\$46.6mm
Hold Percentage	9.08%	8.95%	8.82%	8.69%	8.57%	8.77%
Total Handle	\$58.9mm	\$86.3mm	\$114.5mm	\$129.9mm	\$141.5mm	\$531.1mm

Missouri Online Sports Betting Handle Projections

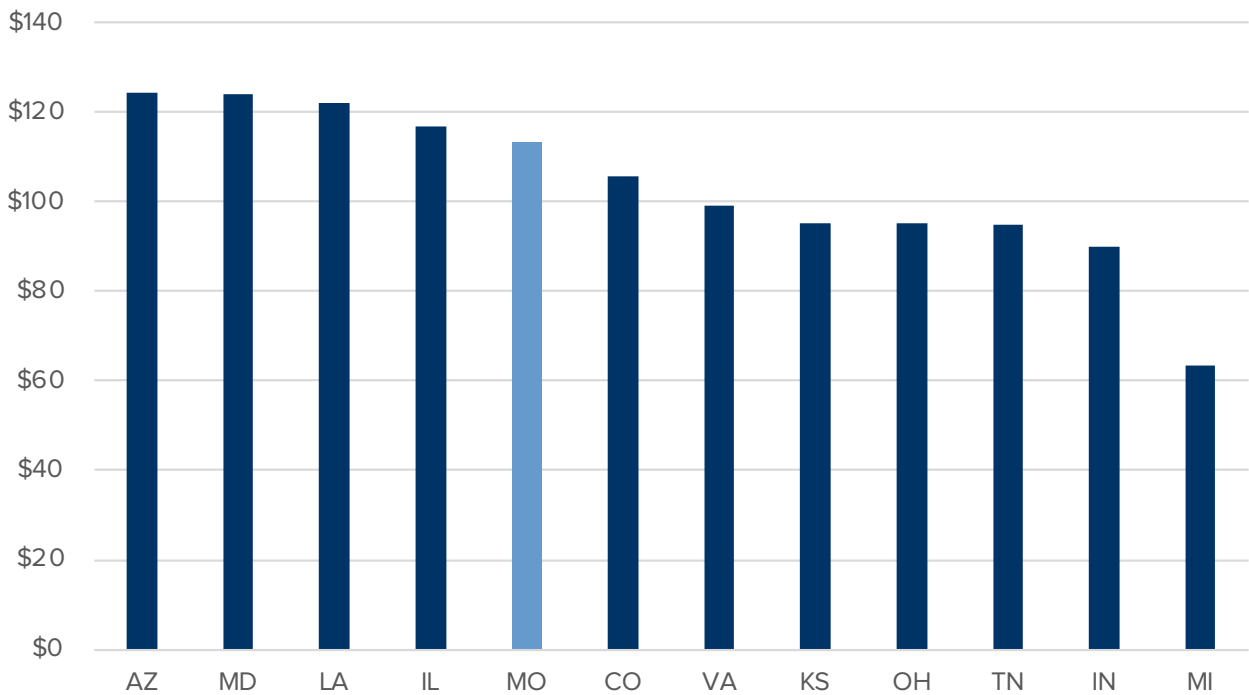
	Year 1	Year 2	Year 3	Year 4	Year 5	Years 1-5
Online Sports Betting GGR	\$329.7mm	\$405.7mm	\$466.6mm	\$512.3mm	\$547.8mm	\$2.3bn
Hold Percentage	9.85%	10.21%	10.57%	10.95%	11.34%	10.65%
Total Handle	\$3.3bn	\$4.0bn	\$4.4bn	\$4.7bn	\$4.8bn	\$21.2bn

Discussion Of Online Sports Betting GGR Per Adult Productivity

Below, we compare our estimate of Missouri's online sports betting GGR per adult at baseline maturity (\$113) to online sports betting GGR per adult values from a handful of suitably comparable markets during the 12 months through June 2024.¹ Although this comparison is noisy for many reasons (e.g., each market is in a different stage of growth, each market has unique policy, economic, and cultural characteristics), our baseline maturity estimate for Missouri puts the state around the middle of the comparison group.

The upshot: This comparison—an illustrative and blunt form of diligence—directionally suggests that our Missouri online sports betting GGR forecasts are conservative and so more likely to miss low than high.

Online Sports Betting GGR Per Adult Comparison: Missouri (Est.) vs. Select Markets (Actual)



Online Sports Betting GGR Growth Rates By State

State	Opened In	Y/Y GGR Growth ²
AZ	2021	21%
MD	2022	57%
LA	2022	78%
IL	2020	18%
CO	2020	13%
VA	2021	14%
KS	2022	38%
OH	2023	53%
TN	2020	9%
IN	2019	14%
MI	2021	10%

Source: Eilers & Krejci Gaming Research And Estimates / State Regulators

¹ AZ and TN data corresponds to the 12M through May 2024

² Y/Y GGR growth corresponds to the 12M through June 2024 vs. the 12M through June 2023, except for AZ and TN, where Y/Y GGR growth is 12M through May 2024 vs. 12M through May 2023

Discussion Of Model Caveats And Limitations

While every effort has been made to create a robust and defensible model, we readily acknowledge that these forecasts are a highly speculative exercise. In an attempt to reduce the inherent uncertainty involved in the modeling process, we made certain assumptions and eliminated certain considerations that others might judge to be material. These decisions are based on our professional expertise.

- **Our model does not account for the impact of inflation over time.** All outputs are presented in 2024 U.S. dollars.
- **Our model primarily looks backward, not forward.** Our analysis is based on trailing revenue for comparable markets. We do not attempt to anticipate how these comparable markets will grow or shrink in the years ahead. The upshot: If we were to run this same analysis next year, the market numbers would likely be higher due to growth in the underlying comparable markets. We also do not attempt to account for future trends that are reasonable or even obvious (e.g., the accelerating macro consumer adoption of mobile devices in the U.S., the development of destination sportsbooks in regional markets).
- **Our model relies on data from comparable U.S. markets.** Although U.S. jurisdictions like Indiana and Ohio offer the most culturally relevant comparable data for a market like Missouri, their relative nascency—most U.S. regulated markets have been operational for fewer than four full years—makes them useful, albeit imperfect lenses through which to appreciate the potential of the Missouri market.
- **Our assumptions about online sports betting ramp-up are derived from very limited data.** Recently opened populous markets that are comparable to Missouri, like Ohio and Maryland, are showing signs of maturing rapidly. And while we think this same dynamic will play out in Missouri (given its population size and the favorable policy structure proposed by ballot measure 2024-160), the data set from which we're drawing inferences is quite small.
- **Our model does not specifically consider the impact of out-of-state players on a given state market.** Our forecasts only consider in-state revenue (i.e., the "locals" market).



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2908 1/2 LAFAYETTE AVE | NEWPORT BEACH, CA 92663 | WWW.EKGAMINGLLC.COM

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