



Penn National Gaming Announces Strategic Partnerships With Leading Sports Book Operators for Online Sports Betting and iGaming Market Access to the Nation's Largest Regional Gaming Portfolio

July 31, 2019

Penn National will Retain Control of its Primary Sports Betting and iGaming Operations, Naming Kambi as its National Service Provider

WYOMISSING, Pa.--(BUSINESS WIRE)--Jul. 31, 2019-- Penn National Gaming, Inc. (PENN: Nasdaq) ("Penn National" or the "Company") announced today that it has entered into multi-year agreements with leading sports betting operators DraftKings, PointsBet, theScore and The Stars Group for online sports betting and iGaming market access across the Company's portfolio. Penn Interactive Ventures, LLC ("PIV"), a wholly owned subsidiary of the Company, will manage the relationships, in addition to operating the Company's primary sports betting and iGaming initiatives through a new partnership with leading service provider Kambi.

According to Jon Kaplowitz, Penn National's Sr. Vice President of Interactive Gaming: "We're pleased to be providing the top names in sports betting, iGaming and poker access to our Company's non-primary licenses to conduct these operations in exchange for a combination of upfront cash and equity, one-time market access fees and ongoing revenue sharing."

Under the terms of the agreements, each "skin" partner will have the option to own, operate, and brand real-money online sports betting, poker, and casino offerings in each of the states outlined below, pursuant to a first, second or third skin, as applicable, and subject to license availability, state law, and regulatory approvals.

• DraftKings:

- States Covered: Florida (1st skin), Indiana (3rd skin), Missouri (1st skin), Ohio (1st skin), Pennsylvania (1st skin), Texas (1st skin) and West Virginia (2nd skin)
- Term of agreement: 10 years, subject to a ten year extension
- Key economic terms: Revenue share to Penn National based on net gaming revenue

• PointsBet:

- States Covered: Indiana (2nd Skin), Louisiana (1st Skin), Missouri (1st Skin), Ohio (1st Skin) and West Virginia (3rd Skin)
- Term of agreement: 20 years
- Key economic terms: Revenue share to Penn National based on net gaming revenue
- Equity Position: PIV will take a strategic equity stake of 5.28% in PointsBet, with an additional \$2.5 million access fee for Ohio, based on certain conditions, payable in cash or equity at Penn National's option. In addition, PIV will receive 10,372,549 options, exercisable for two years, to acquire additional shares of PointsBet

• theScore:

- States Covered: Indiana (2nd skin), Iowa (2nd skin), Kansas (3rd skin), Louisiana (1st skin), Maine (3rd skin), Massachusetts (3rd skin), Michigan (3rd skin), Mississippi (1st skin), Missouri (2nd skin), Ohio (2nd skin) and Texas (2nd skin)
- Term of agreement: 20 years
- Key economic terms: Revenue share to Penn National based on net gaming revenue
- Equity Position: PIV will take a strategic equity stake of 4.7% in theScore, with the potential for this stake to increase as additional market access fees become payable.

• The Stars Group:

- States Covered: Illinois (1st skin), Indiana (1st skin), Kansas (2nd skin), New Mexico (2nd Skin), Maine (2nd skin), Massachusetts (2nd Skin), Michigan (2nd Skin), Ohio (1st Skin) and Texas (1st Skin)
- Term of agreement: 20 years
- Key economic terms: Upfront payment of \$12.5 million payable cash, with an additional access fee of \$5 million in cash for Texas based on certain conditions; revenue share to Penn National based on net gaming revenue, with a one-time bonus based on net gaming revenue in 2023

"Sports betting represents an exciting new growth opportunity for Penn National," said Mr. Kaplowitz. "Our skin agreements announced today will help fund the cost of launching and maintaining our primary sports betting and iGaming operations, both by way of the upfront consideration and the long term revenue sharing arrangements, which are consistent with industry standards and subject to minimum guarantees.

"By controlling our front-end product and relying upon our new partnership with Kambi for managed-trading services, we can create a lasting and differentiated online and retail product experience for our customers," continued Mr. Kaplowitz. "When coupled with our industry leading regional

casino footprint and database of over five million active customers, the Company is uniquely positioned to capitalize on the rapidly expanding sports betting and iGaming markets in a way that maximizes value to our shareholders. This strategy is exemplified in our recent iGaming launch in Pennsylvania, where we were the first iGaming operator to take wagers in the state. Additionally, we will be launching our first in-house retail sportsbooks at our Iowa and Indiana properties in the coming weeks,” concluded Mr. Kaplowitz.

About Penn National Gaming

Penn National Gaming owns, operates or has ownership interests in gaming and racing facilities and video gaming terminal operations with a focus on slot machine entertainment. The Company operates 41 facilities in 19 jurisdictions. In total, Penn National Gaming’s facilities feature approximately 50,500 gaming machines, 1,300 table games and 8,800 hotel rooms. The Company also offers social and real money online gaming through its Penn Interactive Ventures division and has leading customer loyalty programs with over five million active customers.

About DraftKings

DraftKings is a global sports technology and entertainment company that believes life is more fun with skin in the game. Its mission is to bring fans closer to the games they love via a unique combination of daily fantasy sports, sports betting and media platforms that, combined, deliver “The Game Inside The Game.” Founded in 2012 by Matt Kalish, Paul Liberman and Jason Robins, DraftKings is headquartered in Boston, MA, and offers daily fantasy sports contests across 13 professional sports in 8 countries including the U.S., Canada, U.K. and Australia. Operating pursuant to state regulations in New Jersey and Mississippi, DraftKings Sportsbook mobile and retail, allows players in the state to engage in betting for major U.S. and international sports.

About PointsBet

PointsBet is a corporate bookmaker with operations in Australia and the United States. PointsBet has developed a scalable cloud-based wagering Platform through which it offers its clients innovative sports and racing wagering products. PointsBet’s product offering includes Fixed Odds Sports, Fixed Odds Racing and PointsBetting. PointsBet aims to provide more markets on the major Australian and US sports than any other bookmaker.

About theScore Inc.

theScore creates highly-engaging digital products and content that empower sports fans. Its flagship mobile app ‘theScore’ is one of the most popular multi-sport news and data apps in North America, serving millions of fans a month. theScore also creates innovative digital sports experiences through its web, social, and esports platforms, and in December 2018, theScore announced plans to launch a mobile sportsbook in the United States.

About The Stars Group

The Stars Group is a provider of technology-based product offerings in the global gaming and interactive entertainment industries. Its brands have millions of registered customers globally and collectively are leaders in online and mobile betting, poker, casino and other gaming-related offerings. The Stars Group owns or licenses gaming and related consumer businesses and brands, including PokerStars, PokerStars Casino, BetStars, Full Tilt, FOX Bet, BetEasy, Sky Bet, Sky Vegas, Sky Casino, Sky Bingo, Sky Poker, and Oddschecker, as well as live poker tour and events brands, including the PokerStars Players No Limit Hold’em Championship, European Poker Tour, PokerStars Caribbean Adventure, Latin American Poker Tour, Asia Pacific Poker Tour, PokerStars Festival and PokerStars MEGASTACK. The Stars Group is one of the world’s most licensed online gaming operators with its subsidiaries collectively holding licenses or approvals in 21 jurisdictions throughout the world, including in Europe, Australia, and the Americas.

About Kambi

Kambi is a provider of premium sports betting services to licensed B2C gaming operators. Kambi Group plc is listed on First North at Nasdaq Stockholm under the symbol "KAMBI". Kambi’s services encompass a broad offering from front-end user interface through to odds compiling, customer intelligence and risk management, built on an in-house developed software platform. Kambi’s 20-plus customers include 888 Holdings, ATG, DraftKings, Greenwood Gaming & Entertainment, Kindred Group, LeoVegas, Mohegan Gaming & Entertainment and Rush Street Interactive. Kambi employs more than 750 staff across offices in Malta (headquarters), Australia, Philippines, Romania, Sweden, the United Kingdom and the United States. Kambi utilises a best of breed security approach, and is ISO 27001 and eCOGRA certified. The Company’s Certified Advisor is Redeye AB.

Forward Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by the use of forward-looking terminology such as “expects,” “believes,” “estimates,” “projects,” “intends,” “plans,” “seeks,” “may,” “will,” “should” or “anticipates” or the negative or other variations of these or similar words, or by discussions of future events, strategies or risks and uncertainties. Specifically, forward-looking statements may include, among others, statements concerning: our expectations regarding the financial and operational impact of these agreements and this business line; our expectations with regard to the impact of competition in online sports betting, iGaming and sportsbooks as well as the potential impact of this business line on our existing businesses; the performance of our partners, the risks associated with any new business, the actions of regulatory, legislative, executive or judicial decisions at the federal, state or local level with regard to online sports betting, iGaming and sportsbooks and the impact of any such actions; our ability and the ability of our business partners to obtain and maintain regulatory approvals for online sports betting, iGaming and sportsbooks; and our expectations regarding economic and consumer conditions. As a result, actual results may vary materially from expectations. Although the Company believes that its expectations are based on reasonable assumptions within the bounds of its knowledge of its business, there can be no assurance that actual results will not differ materially from our expectations. Meaningful factors that could cause actual results to differ from expectations include, but are not limited to, risks related to the following: the impact of rapid competition from other companies for online sports betting, iGaming and sportsbooks; the Company and our partners to obtain timely regulatory approvals required to own, develop and/or operate sportsbooks may be delayed and there may be impediments and increased costs to completing our partners launching the online betting, iGaming and sportsbooks, including delays, and increased costs; the passage of state, federal or local legislation (including referenda) that would expand, restrict, further tax, prevent or negatively impact operations in or adjacent to the jurisdictions in which we do or seek to do business; the effects of local and national economic, credit, capital market, housing, and energy conditions on the economy in general; the risk of failing to maintain the integrity of our information technology infrastructure and safeguard our business, employee and customer data; risks related to the commencement of real money online gaming and sports betting, employee retention, cyber-security, data privacy, intellectual property and legal and regulatory challenges, as well as our ability to successfully develop innovative products that attract and retain a significant number of players in order to grow our revenues and earnings; the possibility that the anticipated benefits of the transactions detailed are not realized when expected or at all; and other factors as discussed in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018, subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, each as filed with the United States Securities and Exchange Commission. The Company does not intend to update publicly any forward-looking statements except as required by law. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this press release may not occur.

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