Penn National Gaming, Inc.

Acceleration of Unique Omni-Channel Strategy

September 29, 2020

BARSTOOL SPORTSBOOK

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Non-GAAP Financial Measures

The Non-GAAP Financial Measures used in this presentation include Adjusted EBITDA, Adjusted EBITDAR, and Adjusted EBITDAR margin. These non-GAAP financial measures should not be considered a substitute for, nor superior to, financial results and measures determined or calculated in accordance with GAAP. The Company defines Adjusted EBITDA as earnings before interest expense, net; income taxes; depreciation and amortization; stock-based compensation; debt extinguishment and financing charges; impairment losses; insurance recoveries and deductible charges; changes in the estimated fair value of the Company's contingent purchase price obligations; gain or loss on disposal of assets; the difference between budget and actual expense for cash-settled stock-based awards; pre-opening and acquisition costs; and other income or expenses. Adjusted EBITDA is inclusive of income or loss from unconsolidated affiliates, with the Company's share of non-operating items (such as depreciation and amortization) added back for the Company's joint venture in Kansas Entertainment. Adjusted EBITDA is inclusive of rent expense associated with the Company's triple net operating leases (the operating lease components contained within the Penn Master Lease and Pinnacle Master Lease (primarily land), the Meadows Lease, the Margaritaville Lease, and the Greektown Lease). Although Adjusted EBITDA includes rent expense associated with the Company's triple net operating leases, the Company believes Adjusted EBITDA is useful as a supplemental measure in evaluating the performance of the Company's consolidated results of operations. Adjusted EBITDA has economic substance because it is used by management as a performance measure to analyze the performance of the Company's business, and is especially relevant in evaluating large, long-lived casino-hotel projects because it provides a perspective on the current effects of operating decisions separated from the substantial non-operational depreciation charges and financing costs of such projects. The Company presents Adjusted EBITDA because it is used by some investors and creditors as an indicator of the strength and performance of ongoing business operations, including the Company's ability to service debt, and to fund capital expenditures, acquisitions and operations. These calculations are commonly used as a basis for investors, analysts and credit rating agencies to evaluate and compare operating performance and value companies within the industry in which the Company operates. In order to view the operations of their casinos on a more stand-alone basis, gaming companies, including us, have historically excluded from their Adjusted EBITDA calculations certain corporate expenses that do not relate to the management of specific casino properties. However, Adjusted EBITDA is not a measure of performance or liquidity calculated in accordance with GAAP. Adjusted EBITDA information is presented as a supplemental disclosure, as management believes that it is a commonly-used measure of performance in the gaming industry and that it is considered by many to be a key indicator of the Company's operating results.

The Company defines Adjusted EBITDAR as Adjusted EBITDA (as defined above) plus rent expense associated with triple net operating leases (which is a normal, recurring cash operating expense necessary to operate the Company's business). Adjusted EBITDAR is presented on a consolidated basis outside the financial statements solely as a valuation metric. Management believes that Adjusted EBITDAR is an additional metric traditionally used by analysts in valuing gaming companies subject to triple net leases since it eliminates the effects of variability in leasing methods and capital structures. This metric is included as supplemental disclosure because (i) the Company believes Adjusted EBITDAR is traditionally used by gaming operator analysts and investors to determine the equity value of gaming operators and (ii) Adjusted EBITDAR is one of the metrics used by other financial analysts in valuing the Company's business. The Company believes Adjusted EBITDAR is useful for equity valuation purposes because (i) its calculation isolates the effects of financing real estate; and (ii) using a multiple of Adjusted EBITDAR to calculate enterprise value allows for an adjustment to the balance sheet to recognize estimated liabilities arising from operating leases related to real estate. However, Adjusted EBITDAR when presented on a consolidated basis is not a financial measure in accordance with GAAP, and should not be viewed as a measure of overall operating performance or considered in isolation or as an alternative to net income because it excludes the rent expense associated with the Company's triple net operating leases and is provided for the limited purposes referenced herein. Adjusted EBITDAR margin is defined as Adjusted EBITDAR on a consolidated basis (as defined above) divided by revenues on a consolidated basis. Adjusted EBITDAR margin is presented on a consolidated basis outside the financial statements solely as a valuation metric.

Each of these non-GAAP financial measures is not calculated in the same manner by all companies and, accordingly, may not be an appropriate measure of comparing performance among different companies. See the tables in this presentation for reconciliations of these measures to the GAAP equivalent financial measures.

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Forward-Looking Statements

This presentation 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 as such as "expects," "believes," "estimates," "projects," "intends," "plans," "goal," "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. These forward looking statements, including statements regarding pro forma financial information; the Company's expectations of future results of operations and financial condition, including margins; the Company's expectations for its properties, COVID-19; continued demand for the gaming properties that have opened and the possibility that the Company's gaming properties may be required to close again in the future due to COVID-19; the impact of COVID-19 on general economic conditions, capital markets, unemployment, and the Company's liquidity, operations, supply chain and personnel; the Company's ability to gain market share in the interactive gaming market with the Barstool sports betting app and other Penn Interactive gaming products; the Barstool sports betting app's future revenue and profit contributions; expected launch of the Barstool sports app in future states; and the expected use of proceeds from the common stock offering are all subject to risks, uncertainties and changes in circumstances that could significantly affect the Company's future financial results and business.

Accordingly, the Company cautions that the forward-looking statements contained herein are qualified by important factors that could cause actual results to differ materially from those reflected by such statements. Such factors include, but are not limited to: (a) the anticipated use of proceeds from the common stock offering; (b) the assumptions included in our financial guidance for the third quarter of 2020; (c) the magnitude and duration of the impact of COVID-19 on general economic conditions, capital markets, unemployment, and the Company's liquidity, operations, supply chain, and personnel; (d) industry, market, economic, political, regulatory and health conditions; (e) disruptions in operations from data protection breaches, cyberattacks, extreme weather conditions, civil unrest, medical epidemics or pandemics such as COVID-19 (and reoccurrences), and other natural or manmade disasters or catastrophic events; (f) the reopening of the Company's Zia Park gaming property is subject to various conditions, including regulatory approvals, potential delays and operational restrictions; (g) the Company's ability to access additional capital on favorable terms or at all; (h) the Company's ability to remain in compliance with the financial covenants of the Company's debt obligations; (i) the consummation of the Perryville transaction with GLPI is subject to various conditions, including third party agreements and approvals, and accordingly it may be delayed or may not occur at all; (j) actions to reduce costs and improve efficiencies to mitigate losses as a result of COVID-19 that could negatively impact guest loyalty and the Company's ability to attract and retain employees; (k) the outcome of any legal proceedings that may be instituted against the Company or its directors, officers or employees; (l) the impact of new or changes in current laws, regulations, rules or other industry standards; (m) the ability of the Company's operating teams to drive revenue and margins; (n) the impact of significant competition from other gaming and entertainment operations (including from Native American casinos, historic racing machines, state sponsored i-lottery products and VGTs in or adjacent to states in which the Company operates); (o) the Company's ability (and the ability of its business partners) to obtain timely regulatory approvals required to own, develop and/or operate the Company's properties, or other delays, approvals or impediments to completing the Company's planned acquisitions or projects, construction factors, including delays, and increased costs; (p) 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 the Company does or seeks to do business (such as a smoking ban at any of the Company's properties or the potential award of additional gaming licenses proximate to the Company's properties, as recently occurred in Illinois, Nebraska and Pennsylvania); (q) the effects of local and national economic, credit, capital market, housing, and energy conditions on the economy in general and on the gaming and lodging industries in particular; (r) the activities of the Company's competitors (commercial and tribal) and the rapid emergence of additional significant potential competitors (traditional, tribal, internet, social, sweepstakes based and VGTs in bars and truck stops) in or adjacent to the jurisdictions in which the Company does or seeks to do business; (s) increases in the effective rate of taxation for any of the Company's operations or at the corporate level; (t) the Company's ability to identify attractive acquisition and development opportunities (especially in new business lines) and to agree to terms with, and maintain good relationships with partners and municipalities for such transactions; (u) the costs and risks involved in the pursuit of such opportunities and the Company's ability to complete the acquisition or development of, and achieve the expected returns from, such opportunities; (v) the impact of weather, including flooding, hurricanes and tornadoes and the ability to recover associated insurance proceeds; (w) changes in accounting standards; (x) the risk of failing to maintain the integrity of the Company's information technology infrastructure and safeguard the Company's business, employee and customer data (particularly as the Company's iGaming division grows); (y) with respect to the Company's iGaming and sports betting endeavors, the impact of significant competition from other companies for online sports betting, iGaming and sportsbooks, the Company's ability to achieve the expected financial returns related to the Company's investment in Barstool Sports, the Company's ability (and the ability of the Company's business partners) to obtain timely regulatory approvals and iOS approval required to own, develop and/or operate sportsbooks may be delayed and there may be impediments and increased costs to launching the online betting, iGaming and sportsbooks, including delays, and increased costs, intellectual property and legal and regulatory challenges, as well as the Company's ability to successfully develop innovative products that attract and retain a significant number of players in order to grow the Company's revenues and earnings, the Company's ability to establish key partnerships, and the Company's ability to generate meaningful returns and the risks inherent in any new business; (z) the impact of significant competition from other companies for online sports betting; (aa) the Company's ability to achieve the expected financial returns related to its Barstool Sportsbook app; (bb) the risk of failing to maintain the integrity of the Company's information technology infrastructure and safeguard its business, employee and customer data in connection with the Company's online sports betting; (cc) the Company's and its business partners' ability to obtain various regulatory approvals required to own, develop and/or operate the Barstool Sportsbook app may be delayed or may not occur; and (dd) other factors included in "Risk Factors," in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2020 and June 30, 2020, subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, each as filed with the U.S. 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 presentation may not occur.

Recent Equity Offering

- Offering Summary
  - On September 29, 2020, we raised gross proceeds of $982.1 million of common stock
  - As such, our pro forma net traditional debt at 6/30/20 is only ~$1.0 billion
- Rationale for Offering
  - Fortify and de-risk our balance sheet
  - Digitize and evolve the brick and mortar experience
  - Accelerate our highly differentiated omni-channel strategy
    - Launch the Barstool Sportsbook app in new markets
    - Develop new products, features and exclusive content through our partnership with Barstool Sports
    - Establish Barstool-branded retail sports books and standalone entertainment destinations in key markets

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Performance Update

- **3Q20 Expected Results:**
  - Revenue: $1,040M - $1,145M (Consensus Estimates: $1,014M[1])
  - EBITDAR: $410M - $450M (Consensus Estimates: $324M[1])
- For reopened properties[2] from the applicable date of reopening in Q3 through 9/21/20 compared to the prior year period:
  - Revenues **declined 11%**
  - EBITDAR **increased 18%**
  - Property EBITDAR Margins **expanded over 1,020** basis points

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[1] IBES consensus estimates per Reuters Eikon as of 9/23/20. | [2] Excludes L'Auberge Lake Charles in September due to Hurricane Laura impact.

Accelerating Our Strategy

Digitize Brick & Mortar

Cashless, Cardless, Contactless Technology

Advanced Data Analytics

New State Launches

New Sportsbook Features

Shareable Bet Slips

Live Streaming Content

Enhanced Barstool Integrations

Best in Class iCasino

my**choice** integration

Live Dealer

Customized iCasino Content

New Product Offerings

POKER

RACING

eSPORTS

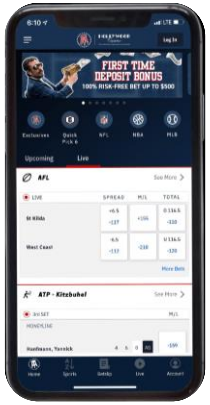
BARSTOOL SPORTSBOOK

mychoice

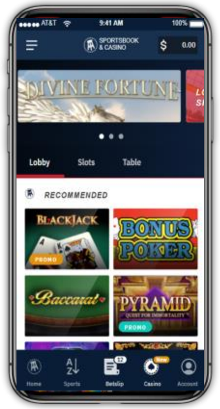
Unique Omni-Channel Platform

BARSTOOL SPORTS

66m Stoolies



Mobile Sportsbook



Mobile iCasino

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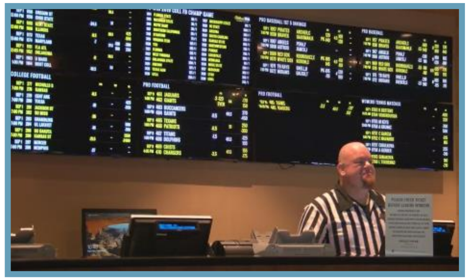
20m members

Retail Sportsbooks



Regional Casinos

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Barstool Retail Sportsbooks

- Accelerating plans to convert our retail sportsbook to Barstool Sportsbooks and **attract new demographics** to our properties
    - 4 currently under construction
    - All major retail sportsbooks converted by year end 2021
- **Capitalize on Barstool's loyal fan base** by leveraging the Barstool brand in our existing retail sportsbook
- **Host events with Barstool** personalities on our properties

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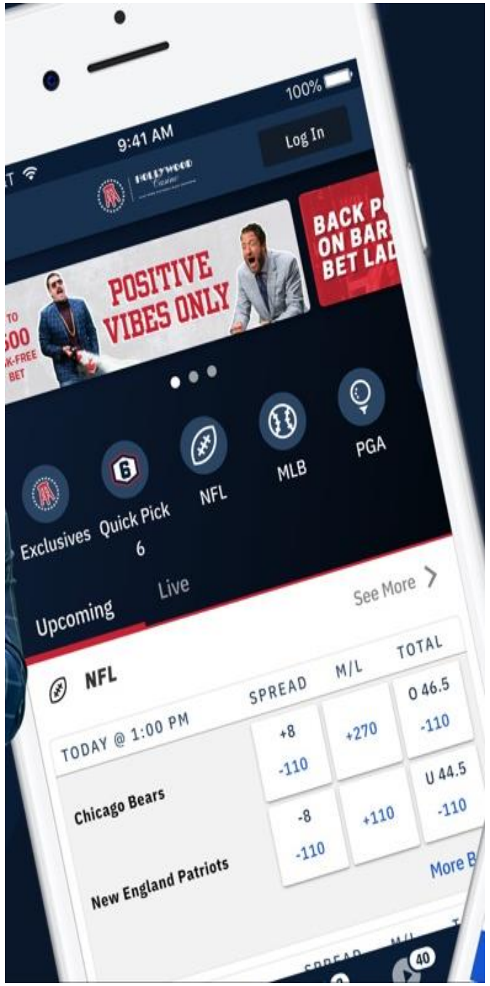
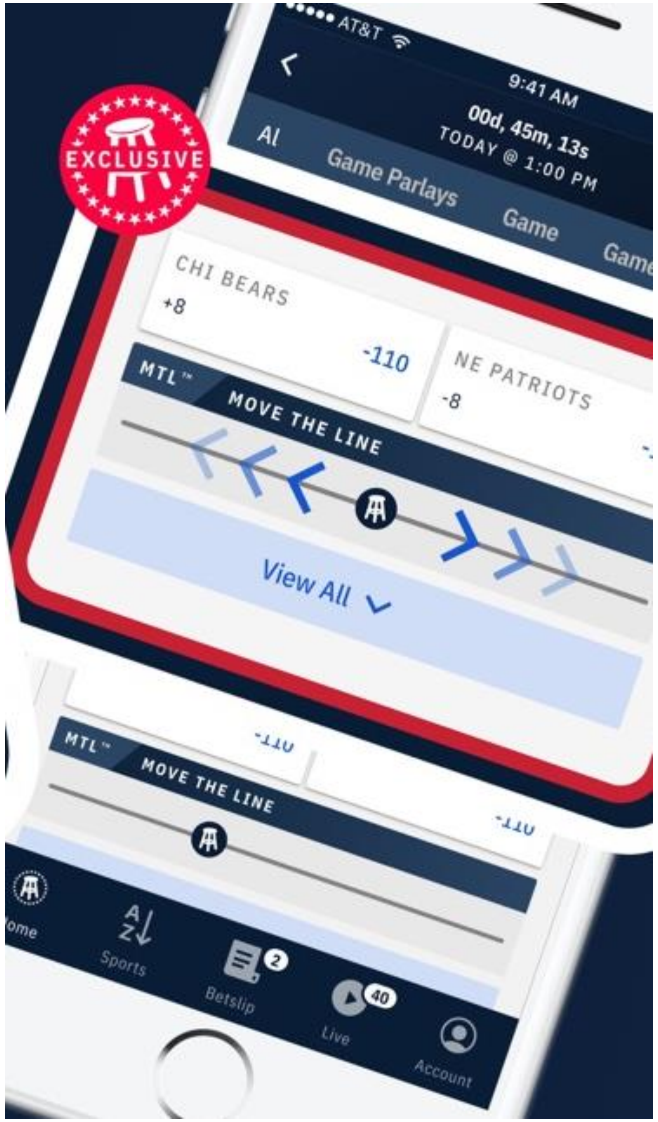
Barstool Sports Betting App



THE BARSTOOL SPORTSBOOK APP COMBINES **BARSTOOL TALENT** WITH THE **MOBILE SPORTS BETTING EXPERIENCE**



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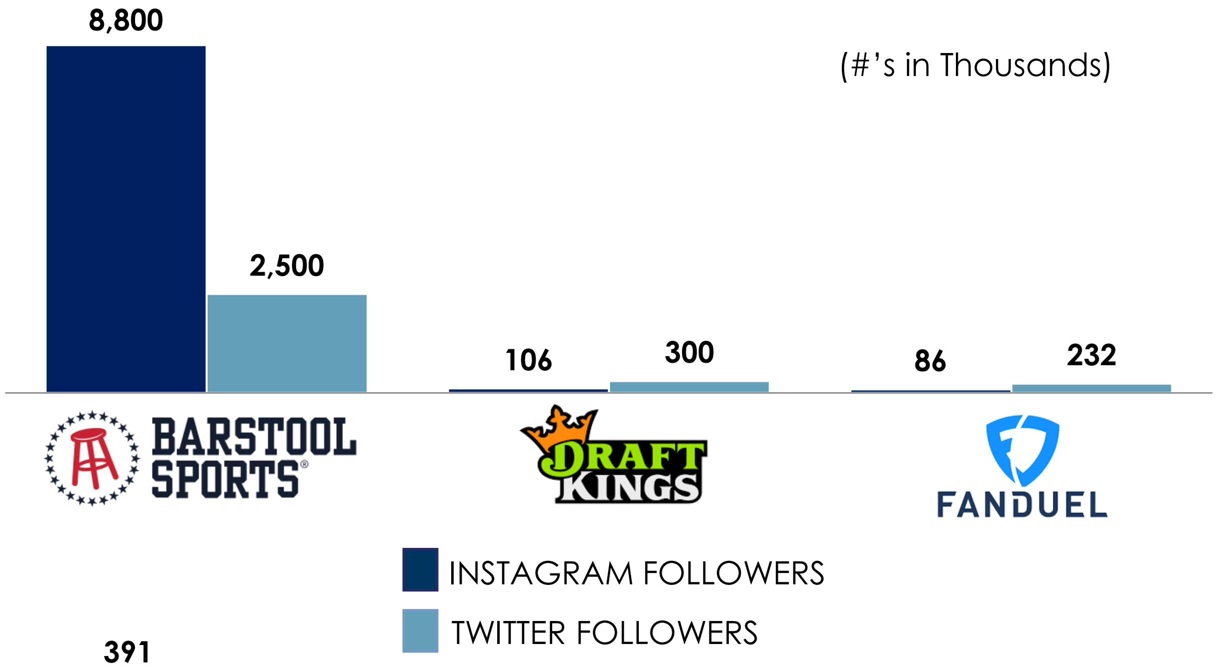
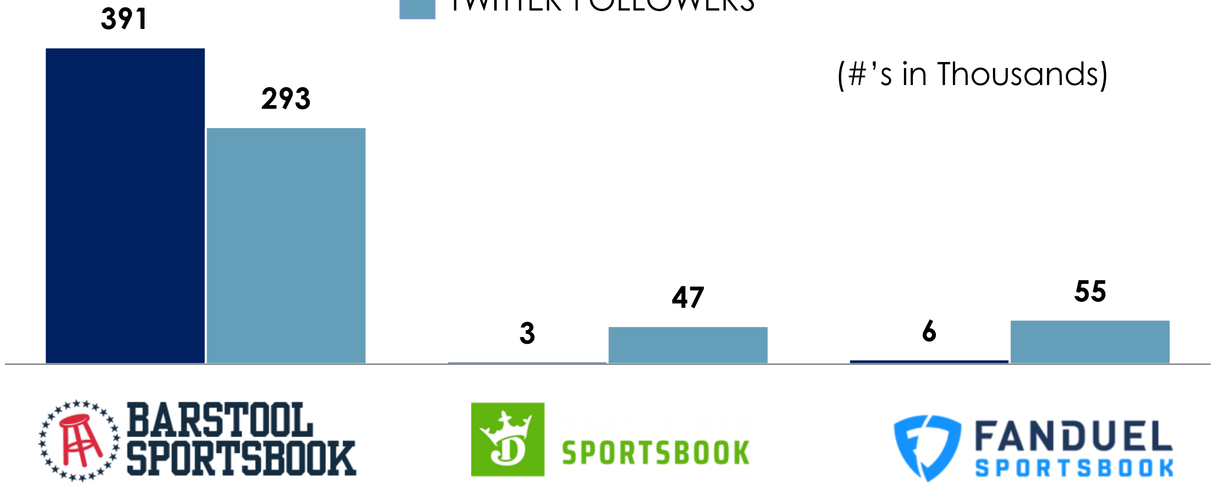
Barstool's Unmatched Following

WITHIN JUST **ONE WEEK SINCE THE APP'S LAUNCH**, BARSTOOL SPORTSBOOK HAS A LARGER AND MORE LOYAL SOCIAL MEDIA FOLLOWING **THAN DRAFTKINGS AND FANDUEL**





The Next Generation of Online Betting

BARSTOOL HAS CULTIVATED AN **ENTERTAINING DESTINATION** FOR SPORTS BETTORS…

MartyMush @marty_mush · 9m
This LSU team needs to be suspended from all basketball activity. (Unless they cover)
15 46 358

B1G Cat @BarstoolBigCat · 4m
LSU has been nothing but heartbreak
25 41 400

Dave Portnoy @stoolpresidente · 4m
They ain't covering. Devastating

> MartyMush @marty_mush
> This LSU team needs to be suspended from all basketball activity. (Unless they cover)

16 10 175

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CREATING **WIDELY FOLLOWED CONTENT** AROUND SPORTS BETTING…

AND **NEW AND ENGAGING** WAYS TO BET

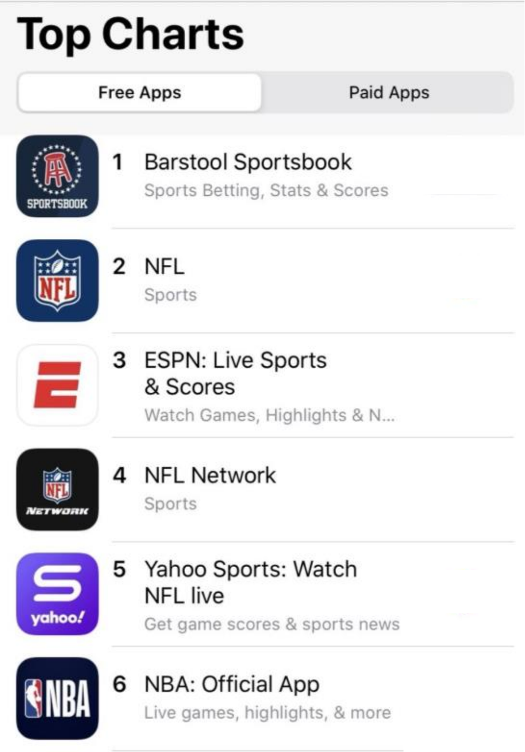
Big Cat
@BarstoolBigCat

35 minutes left to bet "The Hanson". The mega over for every Sunday game. Boosted to +200 for the over. Let's have a day

12:26 PM · Sep 20, 2020

Early Success in Pennsylvania

<u>OPENING WEEKEND</u> RESULTS…



#1

Most Downloaded Sports Betting <u>and</u> Sports App Nationally

On the App Store during the first weekend live with one state launched

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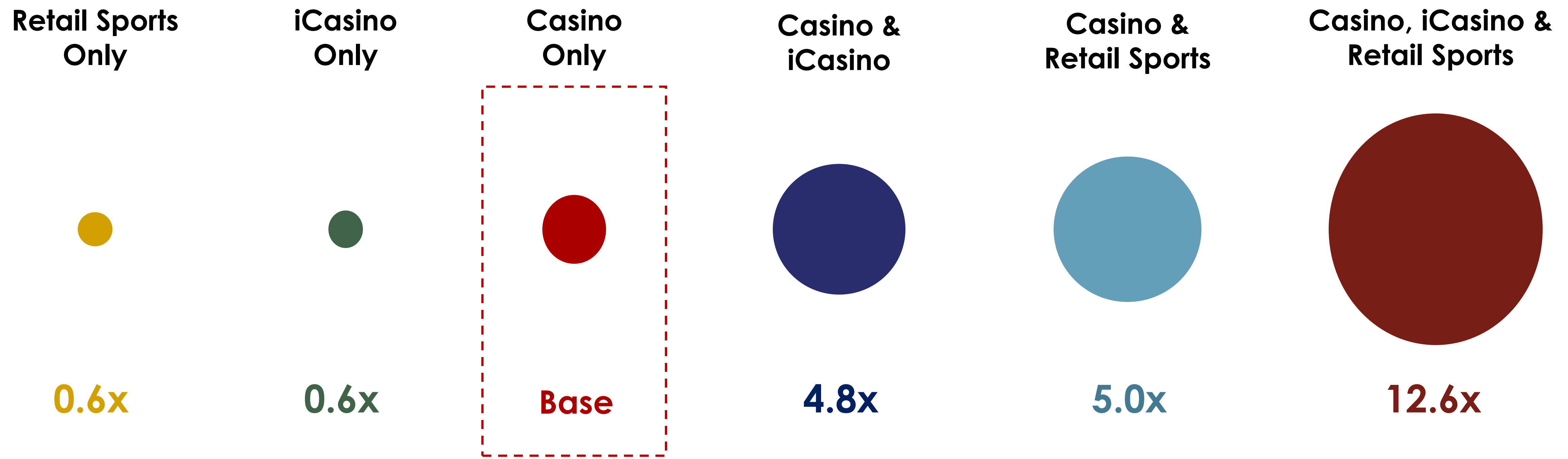
30,000 App Downloads in Pennsylvania	
24K **Registrations in PA** *in first 4 days of launch*	**12K** **First Time Depositors in PA** *represents average deposit size of $243*
$11M **Total Handle** *22% on picks promoted by Barstool*	**180K** **App Downloads in U.S.** *95% of registrations new to Penn ecosystem*
4.9 **Average Rating** *on App Store*	**$0** **External Marketing Spend** *on launch of Barstool Sportsbook*

The Omni-Channel Advantage

The **more channels** the customers participate in, the **more value** they generate



Industry-leading mychoice loyalty program connects all channels to encourage consolidated play

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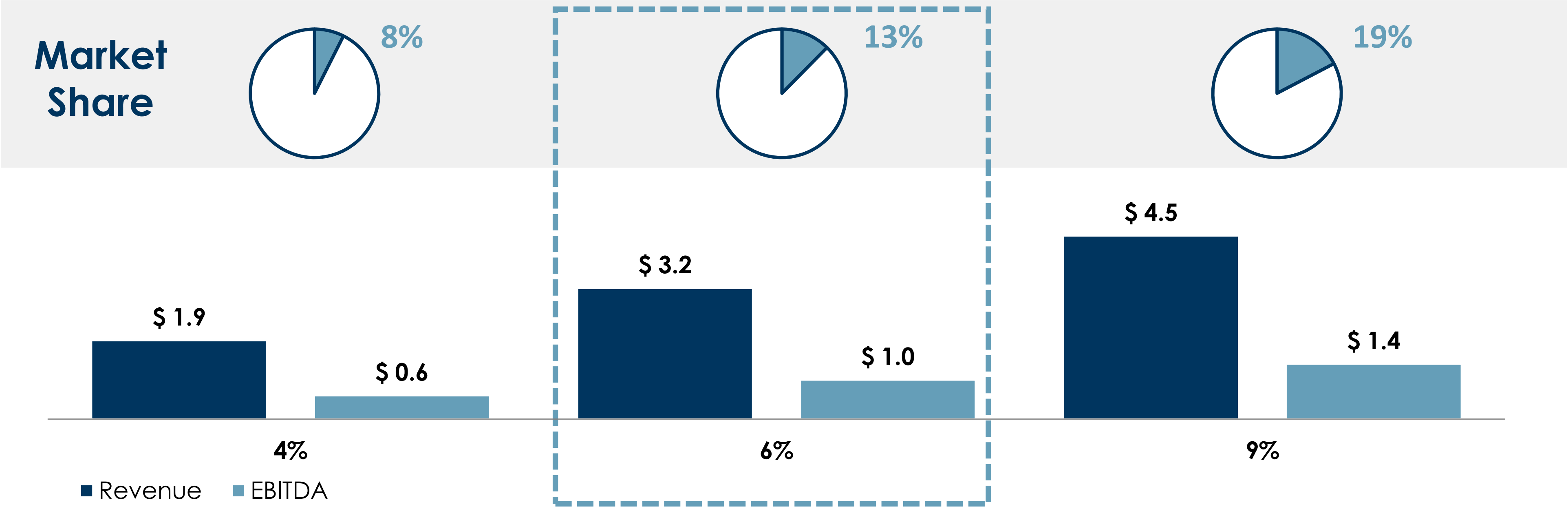
Note: Value per customer based on estimated Theo per guest (May'19 – Aug'20) | Retail sports betting value is based on actual win.

Sports Betting and iCasino Opportunity – Updated

We can achieve ~**13% market share by 2025 if we convert just 6% of both the 66 million Barstool audience** and the **5 million active members in mychoice** to sports betting and iCasino customers

Illustrative Market Share and Financial Impact ($bn)



Barstool and mychoice Database Conversion[1]

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Source: Market share based on Barclays Research estimate of 2025 market size of $24bn. | [1] Assumes 30% cross-sell rate between sports betting into iCasino, with average revenue per paying user of $300 for sports betting and $1,500 for iCasino, at 30% EBITDA margins.

Appendix

GAAP to Non-GAAP Reconciliation

($ in millions)	2017	2018	2019	For the six months ended June 30, 2020
Net income	$ 473.4	$ 93.5	$ 43.1	$(823.0)
Income tax expense (benefit)	(498.5)	(3.6)	43.0	(157.9)
Loss on early extinguishment of debt	24.0	21.0	-	-
Income from unconsolidated affiliates	(18.7)	(22.3)	(28.4)	(2.4)
Interest expense, net	463.2	538.4	534.2	264.8
Other expense (income)	2.3	7.1	(20.0)	(7.5)
Operating income	**$ 445.7**	**$ 634.1**	**$ 571.9**	**$(726.0)**
Stock-based compensation[1]	7.8	12.0	14.9	8.9
Cash-settled stock-based award variance[1,2]	23.4	(19.6)	0.8	7.2
Loss on disposal of assets[1]	0.2	3.2	5.5	(27.9)
Contingent purchase price[1]	(6.8)	0.5	7.0	(1.4)
Pre-opening and acquisition costs[1]	9.7	95.0	22.3	6.7
Depreciation and amortization	267.1	269.0	414.2	187.6
Impairment losses	18.0	34.9	173.1	616.1
Provision for (recoveries on) loan loss and unfunded loan commitments	89.8	(17.0)	-	-
Insurance recoveries, net of deductible charges[1]	(0.3)	(0.1)	(3.0)	(0.1)
Income from unconsolidated affiliates	18.7	22.3	28.4	2.4
Non-operating items of equity method investments[3]	5.8	5.1	3.7	2.0
Adjusted EBITDA	**$ 879.1**	**$ 1,039.4**	**$ 1,238.8**	**$ 75.5**
Rent expense associated with triple net operating leases[1]	0.0	3.8	366.4	201.3
Adjusted EBITDAR	**$ 879.1**	**$ 1,043.2**	**$ 1,605.2**	**$ 276.8**
Net income margin	*15.0%*	*2.6%*	*0.8%*	*(57.9)%*
Adjusted EBITDAR margin	*27.9%*	*29.1%*	*30.3%*	*19.5%*

(1) These items are included in "general and administrative" within the Company's unaudited Condensed Consolidated Statements of Operations.(2) The Company's cash-settled stock-based awards are adjusted to fair value each reporting period based primarily on the price of the Company's common stock. As such, significant fluctuations in the price of the Company's common stock during any reporting period could cause significant variances to budget on cash-settled stock-based awards. During six months ended June 30, 2020, the price of the Company's common stock increased significantly, which resulted in unfavorable variances to budget, (3) Consists principally of interest expense, net; income taxes; depreciation and amortization; and stock-based compensation expense associated with Barstool Sports and our Kansas Entertainment joint venture.