
**MARYLAND LOTTERY and
GAMING CONTROL COMMISSION**

1800 Washington Blvd., Suite 330, Baltimore, Maryland 21230

COMMISSION REPORT



**In Re the Application of
Penn Sports Interactive, LLC**

**Sports Wagering Facility Operator License
RENEWAL**

License Number 2021-SW-10

Report Date: May 11, 2026

“Public Report”

INTRODUCTION

Role of the Maryland Lottery and Gaming Control Commission

A Sports Wagering Facility Operation License (“operation license”) may be renewed by the Maryland Lottery and Gaming Control Commission (“Commission”) following the initial 5-year term. State Gov’t (“SG”) § 9-1E-07(c); (e); COMAR 36.10.03.06. On proper application for renewal of the operation license, the Commission shall renew the license if (1) the licensee establishes, by clear and convincing evidence, that it meets applicable license qualification requirements; (2) submits to a background investigation as required by the Commission; (3) reimburses the Commission for all costs associated with the background investigation; and (4) pays the required license renewal fee. COMAR 36.10.03.06B.

The applicant for renewal of an operation license must prove to the Commission, by clear and convincing evidence, that it remains qualified to hold an operation license. SG § 9-1E-07; COMAR 36.10.03.06. Specifically, requirements for qualification include: (1) applicant’s financial stability and integrity; (2) integrity of any financial backers related to the application; (3) applicant’s good character, honesty, and integrity; (4) applicant’s business ability; and (5) whether there are any mandatory disqualifiers that prevent the applicant from proving its qualifications by clear and convincing evidence. SG § 9-1E-07.

The Regulatory Licensing and Investigations Division of the Maryland Lottery and Gaming Control Agency (“Agency”) conducts the required background investigation of an applicant’s qualifications. The findings of the investigation are compiled into a report which the Commission uses to determine whether the Applicant is qualified to hold a license. The Executive Summary that will be summarized by Staff at the Commission meeting is a public document, which will be provided in the Commission packets, and is also available on the Agency website with other Commission meeting documents.

As a prerequisite to being eligible for the renewal of a Sports Wagering Facility Operator License, an applicant must submit a Sports Wagering Facility Operator License Renewal Application to the Commission. Specifically, for renewal of the Sports Wagering Facility Operator License, the licensee must prove that it remains qualified under SG § 9-1E-07(e) and COMAR 36.10.03.02 and 36.10.06.03 and not disqualified under SG § 9-1E-07(g)(1). A licensee seeking renewal of their operation license must provide all information

to the Commission that is necessary for a qualification determination as to the licensee, its principals, and its principal entities.

The Applicant

The Agency conducted a suitability background license investigation of Penn Sports Interactive, LLC, in connection with its application for renewal of its Sports Wagering Facility Operator License. PSI was qualified for an operation license by the Commission on November 4, 2021. Its current 5-year license expires on November 3, 2026. PSI is the sports wagering facility operator for Hollywood Casino’s sportsbook.

INVESTIGATION INTO APPLICANT

Background

Penn Sports Interactive, LLC (“PSI” or “Applicant”) was formed in Delaware on December 10, 2018 and has its principal offices located at 825 Berkshire Boulevard, Wyomissing, Pennsylvania. PSI is wholly-owned by Penn Interactive Ventures, LLC which in turn is a wholly-owned subsidiary of the ultimate parent company PENN Entertainment, Inc. (“PENN” or the “Company”). PENN is a provider of integrated entertainment, sports content and casino gaming experiences with a diversified portfolio of 42 casinos and racetracks throughout North America, as well as online sports wagering and iCasino offerings. PSI operates the Company’s online gaming portfolio, digital sports media business, iCasino operations and 33 retail sportsbooks located at the Company’s properties, including Hollywood Casino Perryville.

PSI is currently licensed by 24 state gaming regulatory authorities, one tribal gaming commission and by regulatory authorities in Washington, D.C. and the Canadian province of Ontario. PSI has filed a Sports Wagering Facility Operator License Renewal Application with the Commission. Penn Interactive Ventures, LLC has previously submitted a Sports Wagering Principal Entity Disclosure Form and PENN Entertainment, Inc. has previously submitted a Principal Entity Disclosure Form to the Commission.

Ownership of the Applicant

PSI is an indirect, wholly-owned subsidiary of PENN Entertainment, Inc. which is publicly traded on the NASDAQ under the symbol “PENN”. In its most recent Proxy Statement filed with the United States Securities and Exchange Commission, the Company reported that as of April 27, 2026, it had 133,705,284 shares of common stock outstanding and the following entities held beneficial ownership of 5% or more of PENN’s common stock:

- BlackRock, Inc. – 17,659,980 shares owned (13.2%)
- The Vanguard Group, Inc. – 16,496,265 shares owned (12.3%)

Both of these entities are institutional investors and have previously been granted an institutional investor waiver by the Commission.

Recent Business Acquisitions and Dispositions

The Company has completed a number of significant business acquisitions and dispositions over the past several years, including the following:

- In August 2021, PENN completed the acquisition of the Sam Houston Race Park in Houston, Texas, the Valley Race Park in Harlingen, Texas and a license to operate a racetrack in Austin, Texas from PM Texas Holdings, LLC. Total consideration paid amounted to \$57.8 million including \$42.0 million in cash and \$15.8 million in Company common stock.
- The Company acquired Score Media and Gaming, Inc. in October 2021, to accelerate its media and sports betting strategy in North America. The total purchase price amounted to \$2.10 billion with \$922.8 million paid in cash and the remainder in shares of PENN’s common stock.
- In February 2023, PENN acquired the remaining 64% of the outstanding shares of Barstool Sports (“Barstool”) for \$405.5 million, mainly in the form of \$315.3 million in cash, shares of PENN’s common stock and payment of Barstool indebtedness of \$23.8 million. The Company previously acquired a 36% ownership in Barstool in February 2020, for a purchase price of \$161.2 million.

- In connection with PENN’s decision to rebrand its online sports wagering business from Barstool Sports to ESPN BET, the Company sold its ownership interest in Barstool back to its original owner in August 2023, for \$1 and certain non-compete and other restrictive covenants. The Company would also be entitled to 50% of the gross proceeds should Barstool’s owner sell the business in the future. PENN recorded a loss on the sale of Barstool of \$923.2 million in its calendar year 2023 financial statements.
- In December 2025, the Company terminated its online sportsbook agreement with ESPN and realigned its digital focus to its iCasino and Canadian operations. PENN’s online sports wagering business was rebranded from ESPN BET to Score Bet. The Company included an asset impairment charge of \$825.0 million in its calendar year 2025 financial statements in relation to the termination of the agreement with ESPN.

Discussion of Financial Performance

The operating results and financial condition of PSI are consolidated in the financial statements of PENN Entertainment, Inc. for financial reporting purposes. We performed a detailed analysis of the Company’s operating performance and financial condition for the period from January 1, 2021 to December 31, 2025, and we offer the following comments:

Summary

The Company’s operating performance during the five-year review period produced mixed results. Specifically, PENN realized net profits of \$642.9 million in calendar years 2021 and 2022 combined. However, net losses totaling \$1.64 billion were incurred in the following three years. These losses were driven extensively by the loss on the disposition of Barstool Sports and one-time asset impairment charges attributable to the termination of the online sportsbook agreement with ESPN. Despite the downturn in operating performance in recent years, PENN’s financial condition is sound with stockholders’ equity of \$1.83 billion as of December 31, 2025. Additionally, the Company’s liquidity and cash flows were generated extensively from its operating activities during the period reviewed, and available cash reserves were used mainly to fund business acquisitions, retire long-term debt and repurchase common stock. Although PENN remains highly leveraged, it has

reduced its long-term debt in recent years and has substantial borrowing capacity available should the need arise in the future.

PENN had cash and cash equivalents of \$686.6 million as of December 31, 2025, which appears sufficient to meet its financial obligations and working capital requirements in the ordinary course of business, at least in the near term. The Company's financial ratios and margins are generally poor and did not compare well to those of its competitors, but PENN's auditors have not expressed any concerns with its results of operations, financial condition or continuation as a going concern, and its credit report did not contain any derogatory information. Additionally, the consensus among the financial analysts that cover PENN Entertainment, Inc. is that the Company's revenue will increase 8.0% and 4.2% in calendar years 2026 and 2027, respectively, and that PENN will achieve positive earnings per share in both years. There are no financial concerns with the re-licensure of Penn Sports Interactive, LLC as a Sports Wagering Facility Operator.

FINDINGS

As previously noted, PSI was formed in Delaware on December 10, 2018, and conducted no business activity since its inception, thus precluding a review of its financial operations. Nothing came to our attention during the course of our review that would lead us to conclude that PSI is unsuitable for renewal of its license as a Sports Wagering Facility Operator.

The Agency conducted a complete and thorough background investigation as authorized under the Sports Wagering Law of PSI by conducting interviews of key personnel, focusing on required qualification criteria involving integrity and financial stability. The Agency adhered to well-defined and approved investigative protocols in assembling the factual information incorporated in this report. The results of the investigation for the specific qualification criteria enunciated in SG § 9-1E-07(e)(6), and COMAR 36.10.03.02 and 36.10.06.02 and 36.10.06.03 because Penn Sports Interactive, LLC applied for renewal of its Sports Wagering Facility Operator license as well as confirming that it is not disqualified under SG § 9-1E-07(g)(1), are summarized as follows:

- 1) The Applicant was found to have financial stability, integrity and responsibility
- 2) There are no material issues involving the known financial backers
- 3) The Applicant possesses the requisite good character, honesty and integrity
- 4) The Applicant has sufficient business ability and experience
- 5) There were no potential disqualifying factors

Applicant and Principal Entities

The Applicant and its principal entity satisfy the applicable qualification criteria under SG § 9-1E-07(e)(6), COMAR 36.10.03.06, and COMAR 36.10.03.02, 36.10.06.02, and 36.10.06.03 and are not disqualified under COMAR 36.10.03.06, COMAR 36.10.03.02C and SG § 9-1E-07(g)(1).

CONCLUSION AND RECOMMENDATIONS

The Applicant has submitted a completed Sports Wagering Facility Operator License Renewal Application; submitted to a background investigation; reimbursed the Commission for all costs associated with the background investigation; and paid the required license renewal fee and provided adequate proof of bond. The Agency's investigation has confirmed that the Applicant has sufficient financial resources and found no derogatory information regarding the Applicant's qualifications. Based on the criteria in SG § 9-1E-07(e)(6) and COMAR 36.10.03.06, COMAR 36.10.03.02, 36.10.06.02 and COMAR 36.10.06.03, we conclude that the Applicant has established by clear and convincing evidence the qualifications required for a Sports Wagering Facility Operator License.

Staff recommends that the Commission find Penn Sports Interactive, LLC qualified for renewal of its Sports Wagering Facility Operator License and, based on the provisions of the Sports Wagering Law by clear and convincing evidence.

Staff recommends the Commission entertains motions to:

1. Find that Penn Sports Interactive, LLC. has established, by clear and convincing evidence, its qualifications for renewal of its Sports Wagering Facility Operator License;
2. Delegate to Staff the authority to draft the Commission’s decision statements on the qualification of Penn Sports Interactive, LLC for the renewal of its Sports Wagering Facility Operator License.