MARYLAND LOTTERY AND GAMING CONTROL COMMISSION

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

COMMISSION REPORT

In Re the Application of
American Wagering, Inc.

Sports Wagering Facility Operator License
RENEWAL

License Number 2021-SW-07

Report Date: July 20, 2026

<u>"Public Report"</u>

INTRODUCTION

Role of the Maryland Lottery and Gaming Control Commission

A Sports Wagering Facility Operator License ("operator 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 36.10.03.05; COMAR 36.10.03.06. On proper application for renewal of the operator 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 operator license must prove to the Commission, by clear and convincing evidence, that it remains qualified to hold an operator 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.

Process

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 operator 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 American Wagering, Inc. ("AWI" or the "Applicant") in connection with its application for renewal of its Sports Wagering Facility Operator License. American Wagering, Inc. was qualified for an operator license by the Commission on November 4, 2021. AWI is the sports wagering facility operator for Horseshoe Casino's sportsbook. AWI's current 5-year license expires on November 3, 2026.

INVESTIGATION INTO APPLICANT

Background

AWI was incorporated in Nevada in August 1995, and has its principal offices located at 6325 South Rainbow Boulevard, Las Vegas, Nevada. AWI leverages its proprietary sports wagering platform to operate numerous sportsbooks throughout the United States and provide risk management services to its clients, including Horseshoe Casino Baltimore.

AWI is currently licensed by gaming regulatory authorities in 18 states, by five tribal agencies and commissions, and by gaming authorities in the Bahamas. AWI has filed a Sports Wagering Facility Operator Renewal License Application with the Commission. William Hill US HoldCo, Inc., of which AWI is a wholly-owned subsidiary, has previously filed a Sports Wagering Principal Entity Disclosure Form with the Commission.

Ownership of the Applicant

AWI was acquired in April 2011, by William Hill plc, one of the world's leading gaming companies based in the United Kingdom, and became a wholly-owned direct subsidiary of William Hill US HoldCo, Inc. Following its acquisition of William Hill plc in April 2021, Caesars Entertainment, Inc. ("CEI") divested William Hill's international business to 888 Holdings plc while retaining ownership of William Hill US HoldCo, Inc.

and its subsidiaries. AWI is an indirect, wholly-owned subsidiary of CEI which is publicly traded on the NASDAQ stock exchange under the symbol "CZR". In its most recent Proxy Statement (Schedule 14A) filed with the U.S. Securities and Exchange Commission, CEI disclosed that as of April 1, 2026, it had 203,665,208 shares of common stock issued and outstanding. The following entities held a 5% or greater share of CEI's common stock:

- BlackRock, Inc. - 25,200,577 shares owned (12.4%);
- The Vanguard Group, Inc. - 20,389,641 shares owned (10.0%); and
- Capital World Investors - 15,548,985 shares owned (7.6%).

BlackRock, Inc., The Vanguard Group, Inc. and Capital World Investors are institutional investors which have previously been granted an Institutional Investor Waiver by the Commission.

Discussion of Financial Performance

AWI's results of operations and financial condition are consolidated with those of its ultimate parent company, CEI, for financial reporting purposes. We performed a detailed analysis of CEI's financial statements for the calendar years ending December 31, 2021 to 2025.

CEI's overall operating performance during the five-year review period produced mixed results. As revenue increased, CEI effectively managed its cost of revenue and operating expenses, resulting in consistently positive operating income. However, CEI incurs a significant amount of interest on its long-term debt which negatively impacts its bottom line. CEI realized a net profit of $786 million in calendar year 2023 but incurred net losses of $2.70 billion in the other four years combined. CEI made significant progress in reducing its long-term debt during the review period and continued reduction of its debt will lessen the interest burden moving forward. Additionally, CEI generated its liquidity and cash flows over the review period extensively from operating activities and used these resources extensively for business acquisitions and to pay down its long-term debt. Although CEI remains highly leveraged, its financial condition is generally sound.

As of December 31, 2025, CEI had cash and cash equivalents of $984 million which appears sufficient to meet its financial obligations and working capital requirements in the ordinary course of business for the near term. Additionally, it has a significant amount of borrowing capacity available to it should the need arise. CEI's financial ratios and margins are generally comparable to those of its competitors, and its auditors have not expressed any concern with its results of operations, financial condition or continuation as a going concern. There are no financial concerns with the re-licensure of American Wagering, Inc. as a Sports Wagering Facility Operator.

FINDINGS

The Agency conducted a complete and thorough background investigation as authorized under the Sports Wagering Law of AWI 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 AWI 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) **Financial stability, integrity and responsibility**

The Applicant satisfies the standards for financial stability, integrity and responsibility in connection with its Sports Wagering Facility Operator License Renewal Application.

2) **Integrity of financial backers, investors, mortgages, bondholders, and other holders of indebtedness**

Based on our review, there are no material issues involving the known financial backers of the Applicant.

3) **Good character, honesty, and integrity**

The Agency found that the Applicant possesses the requisite good character, honesty and integrity. No significant issues surfaced concerning the qualifications of the Applicant. There were no material issues discovered pertaining to the Applicant's record of regulatory compliance or litigation matters.

4) **Sufficient business ability and experience**

The Applicant has sufficient business ability and experience and is not disqualified from holding a Sports Wagering Facility Operator License. The applicant has held a Sports Wagering Facility Operator License in Maryland since November 4, 2021.

5) Potential Disqualifying factors

The Applicant is not disqualified from holding a Sports Wagering Facility Operator License based on any of the criteria listed in COMAR 36.10.06.03, COMAR 36.10.03.02.C and SG § 9-1E-07(g)(1). The Applicant is qualified for renewal of its license by the Commission.

Applicant and Principal Entities

The Applicant and its principal entities satisfy the applicable qualification criteria under SG § 9-1E-07(e)(6), COMAR 36.10.03.06, and COMAR 36.10.03.02, 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; 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, 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 American Wagering, Inc. 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 American Wagering Inc. has established, by clear and convincing evidence, its qualifications for renewal of its Sports Wagering Facility Operator License for a 5-year term in accordance with SG § 9-1E-07(c), COMAR 36.10.03.06, and COMAR 36.10.06.03;

2. As provided in COMAR 36.10.03.06B, "the Commission shall renew the license if the licensee:

   a. Establishes, by clear and convincing evidence, that the licensee meets applicable license qualification requirements;

   b. Submits to a background investigation as required by the Commission;

   c. Reimburses the Commission for all costs associated with the background investigation; and

   d. Pays the required license renewal fee"; and

3. Direct Staff to draft a Decision Statement on the qualification of American Wagering Inc. for the renewal of its Sports Wagering Facility Operator License and Order for the license renewal term to commence upon the expiration of its current license and to begin on November 4, 2026.