MARYLAND LOTTERY and GAMING CONTROL COMMISSION

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

COMMISSION REPORT

In Re the Application of FBG Enterprises Opco, LLC d/b/a Fanatics Betting and Gaming

Sports Wagering Facility Operator License

RENEWAL

(PointsBet Original License Number 2021-SW-12)

Report Date: October 8, 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 maintain their 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 FBG Enterprises Opco, LLC d/b/a Fanatics Betting and Gaming ("FBG" or the "Applicant") in connection with its application for renewal of the Sports Wagering Facility Operator License it assumed from PointsBet Maryland LLC ("PointsBet").

On August 24, 2023, FBG's acquisition of PointsBet Holdings Limited was approved by the Commission. This acquisition included PointsBet becoming a subsidiary of FBG. After the acquisition, PointsBet continued to conduct sports wagering operations at Riverboat on the Potomac. However, on April 10, 2024, FBG satisfied requirements for sports wagering facility operations at Riverboat on the Potomac. Currently, FBG is the sports wagering facility operator for the Riverboat on the Potomac under the Fanatics name. The 5-year operator license that FBG assumed from PointsBet expires on November 17, 2026.

INVESTIGATION INTO APPLICANT

Background

FBG was formed in Delaware on September 21, 2021, and has its principal offices located at 61 9th Avenue, New York, New York. Through a series of interim companies, FBG is a wholly owned subsidiary of Fanatics Holdings, Inc. ("Fanatics" or the "Company"), the ultimate parent company. Fanatics originally focused on manufacturing and distributing licensed sports merchandise and memorabilia like fan gear, team jerseys and hats. In August 2021, the Company announced plans to evolve into a global digital

sports platform by expanding into new areas of business including trading cards, sports betting, ticketing, and media. In August 2023, FBG acquired PointsBet USA, Inc.'s U.S. business, accelerating the Company's growth strategy. Between August 2023 and April 2024, FBG migrated PointsBet's U.S. customers, including the retail sportsbook at Riverboat on the Potomac, and integrated PointsBet's trading models and risk management platform into Fanatics' gaming operations.

FBG is currently licensed by gaming regulatory authorities in 22 states, the District of Columbia and Ontario, Canada. FBG has filed a Sports Wagering Facility Operator License Renewal Application with the Commission. Additionally, Fanatics Holdings, Inc.; Fanatics Global Holdco, LLC; FBG Enterprises Topco, Inc.; FBG Enterprises Top Holdco, LLC; and FBG Enterprises Intermediate Holdco, LLC have each previously submitted a Sports Wagering Principal Entity Disclosure Application.

Ownership of the Applicant

As previously noted, FBG is a wholly owned subsidiary of Fanatics which is privately owned. As of August 7, 2026, the following entities and individual held a 5% or greater economic ownership interest in the Company:

- Silver Lake Partners IV, L.P. – 18.3%;
- Michael G. Rubin 2011 GST Nonexempt Grantor Retained Annuity Trust #2 – 17.5%;
- Mr. Michael G. Rubin – 9.3%; and
- Insight Venture Partners VII, L.P. – 5.0%.

Mr. Michael G. Rubin manages the Michael G. Rubin 2011 GST Nonexempt Grantor Retained Annuity Trust #2. He holds 84.9% of the Company's voting interests, both individually and through multiple under his management. Mr. Rubin is currently licensed as a Principal Employee in Maryland. Silver Lake Partners IV, L.P. has previously filed a Sports Wagering Principal Entity Disclosure Form with the Commission and Insight Venture Partners VII, L.P. has been granted a Sports Wagering Institutional Investor waiver by the Commission.

Discussion of Financial Performance

The operational results and financial condition of FBG Enterprises Opco, LLC are consolidated in the financial statements of its ultimate parent company, Fanatics Holdings, Inc., for financial reporting purposes. We reviewed Fanatics' audited financial statements for the periods ending December 31, 2021, through December 31, 2025.

The Company's overall operating performance during the five-year review period produced mixed results, as it realized net profits in two years and net losses in the other three. Fanatics' business expansion efforts resulted in significant revenue growth over the review period, but continued high operating costs and business expansion costs contributed to substantial net losses in recent years. In total, Fanatics incurred a net loss of $931.5 million over the five-year review period. As the Company has recently acquired new businesses and expanded into new areas including sports wagering, increased expenses are to be expected in the short term; however, Fanatics expects to achieve cost synergies moving forward which should improve its operating performance.

Despite its operating challenges, the Company's financial strength has improved over time. This is due mainly to stock offerings that resulted in an influx in cash and improvement in stockholders' equity which has better positioned the Company to continue its expansion efforts. Additionally, the Company's current long-term debt is very manageable, and it has $1.65 billion in available borrowing capacity should the need arise.

Fanatics Holdings, Inc. has sufficient liquidity to meet its financial obligations and working capital requirements at least in the near term but may have to continue to rely somewhat on financing activities to maintain its liquidity should the expected cost synergies fail to materialize. Additionally, the Company's auditors have not expressed any concern with its financial condition, results of operations or continuation as a going concern. There are no financial concerns with the renewal of FBG Enterprises Opco, LLC's operator license for sports wagering operations at Riverboat on the Potomac.

FINDINGS

The Agency conducted a complete and thorough background investigation as authorized under the Sports Wagering Law of FBG 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 FBG Enterprises Opco, 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) **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 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 18, 2026.

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 operator license by the Commission.

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; 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 FBG Enterprises Opco, 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 FBG Enterprises Opco, LLC 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), and COMAR 36.10.03.06;

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 FBG Enterprises Opco, LLC 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 18, 2026.