

Appendix VII

Industry Perspective

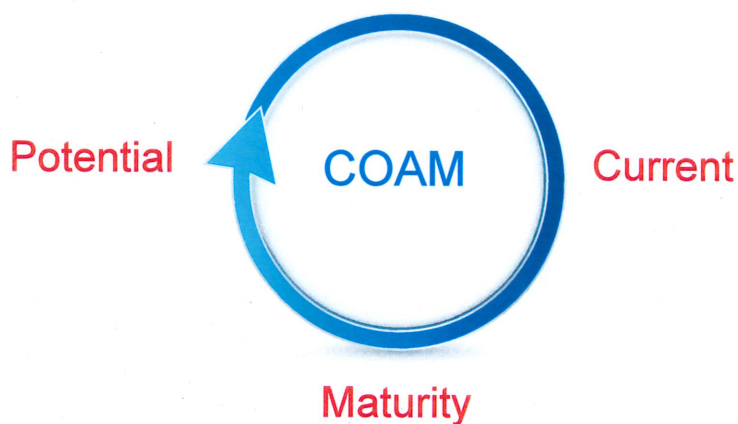


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Assessment / Learning from Past

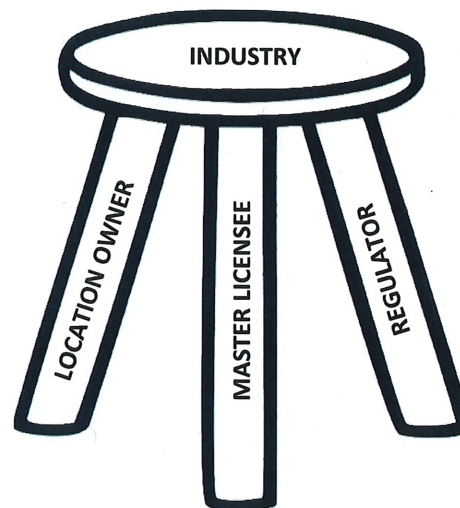
1. How increased stability will benefit all players
2. How a mature industry would look in Georgia
3. Opportunities for potential ahead



Industry Players

Consideration of:

1. Location owner
2. Master Licensee
3. Regulator



Roles and Responsibilities

Locations

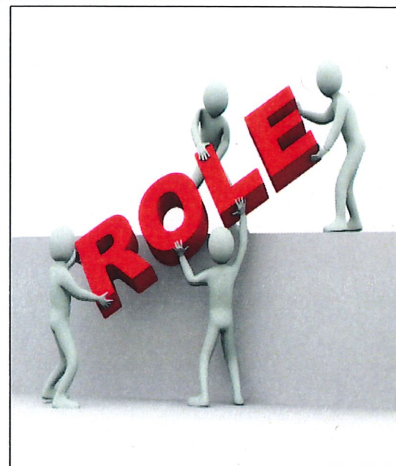
- Provide space
- Patrons service
- Utilities
- Environment

Master Licensee

- Capital investment
- Equipment service
- Marketing

GLC

- Licensing
- Enforcement
- Compliance



Revolution of COAM Industry - HB487 (2013)

BEFORE

- No GLC, just DOR for licensing
- Tax accountability struggles
- No governance, no protection
- Provided limited value to the state

AFTER

- Birth of an "industry"
- Central accounting system
- Enhanced regulations / compliance
- Increased revenue to state/GLC



The Evolution of the COAM Industry



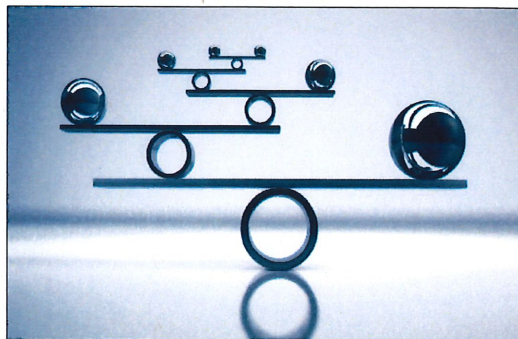
Current State

1. 178 Master License holders in Georgia
2. 5,100 Locations
3. 24,000 COAMs
4. 4.6 machines per location
5. 1,800 location applications (2019 – 2020)



Industry Stability

- Increased stability fosters economic growth
 - Allows companies to attract capital
 - More tax revenue to the state/GLC
 - Additional jobs
- Increased stability fosters enhanced compliance
 - Companies invest in infrastructure
 - Sophistication of operations
 - Additional oversight from lenders



What We Gain from Enhanced Stability

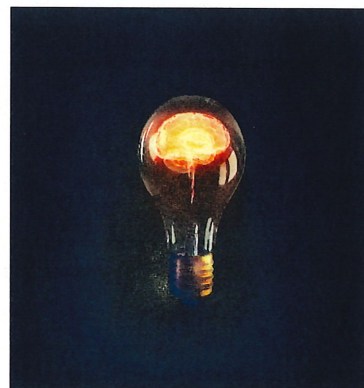
Increased capital Investment in Georgia

- Growth
- Sustainability
- Innovation

Improved Infrastructure

- Better, more modern equipment
- Attracting more and better patrons
- Master licensees providing greater operational support

A higher standard of self-regulation and additional tools for GLC in order to push bad actors out



Maturity

The location owner would see:

- Master Licensees able to provide most recent COAMs
- Improved COAM curb appeal
- An increase in revenue

The master licensee would see:

- An increase in investments into new COAMs
- Improvements in service provided to location operators
- Organic growth and expansion

The GLC would see:

- Fewer disputes between licensees
- Enhanced compliance by licensees
- Increase in revenue

The COAM manufacturers & distributors would see:

- Increase in the replacement rate of legacy COAMs - manufactured/distributed
- Market for more innovative games

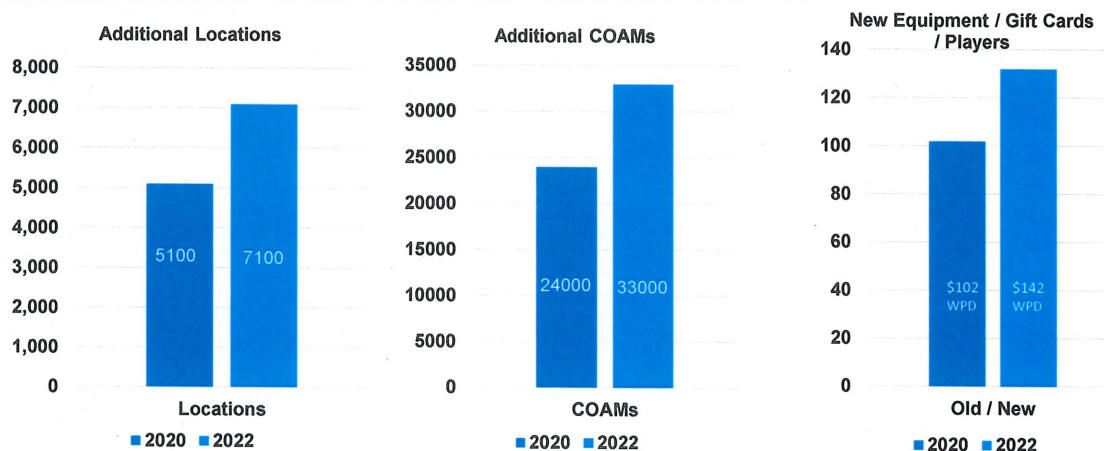
COAMs - Legacy vs New



Potential Market Impact from Stability

2016	2017	2018	2019	2020	2021-2022
GLC Revenues	GLC Revenues	GLC Revenues	GLC Revenues	GLC Revenues	GLC Revenues
\$9.5M Licensing/Decals	\$9.5M Licensing/Decals	\$10.9M Licensing/Decals	\$9.3M Licensing/Decals	\$10.7M Licensing/Decals	\$15M Licensing/Decals
\$1.4M Fines/ Fees	\$1.2M Fines/ Fees	\$3.9M Fines/ Fees	\$3.5M Fines/ Fees	\$4.0M Fines/ Fees	\$4.0M Fines/ Fees
\$35.9 M CAS @ 6%	\$47.2 M CAS @ 7%	\$58.8 M CAS @ 8%	\$70.6 M CAS @ 9%	\$90 M CAS @ 10%	\$172M CAS @ 10%
	\$4.5M Auction/Admin	\$900K Auction/Admin	\$73K Auction/Admin	\$81K Auction/Admin	\$81K Auction/Admin
\$33.5M to Education	\$47.5M to Education	\$58.1M to Education	\$66M to Education	\$85M to Education	\$190M to Education

Future Potential



Source: other gaming markets, GA state averages, historical uplift from newer products from internal data analytics from several companies

Challenges

Contributing factors may include:

- Fraudulent ownership changes
- Unscrupulous business practices
- High churn rate of LLH ~ 18% (900/5100 locations)
- Annual license renewals
- Redemption



Q & A

