

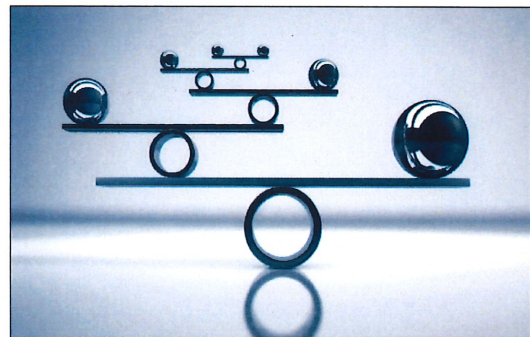
# **Appendix VIII**

## What Does the Future Hold?



## 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

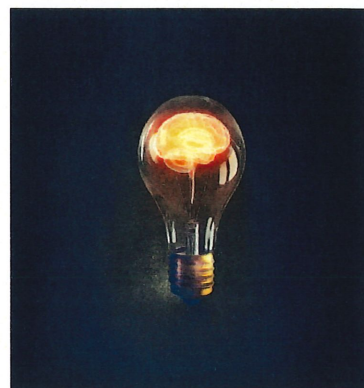
### Increased capital Investment in Georgia

- Growth
- Sustainability
- Innovation

### Improved Infrastructure

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

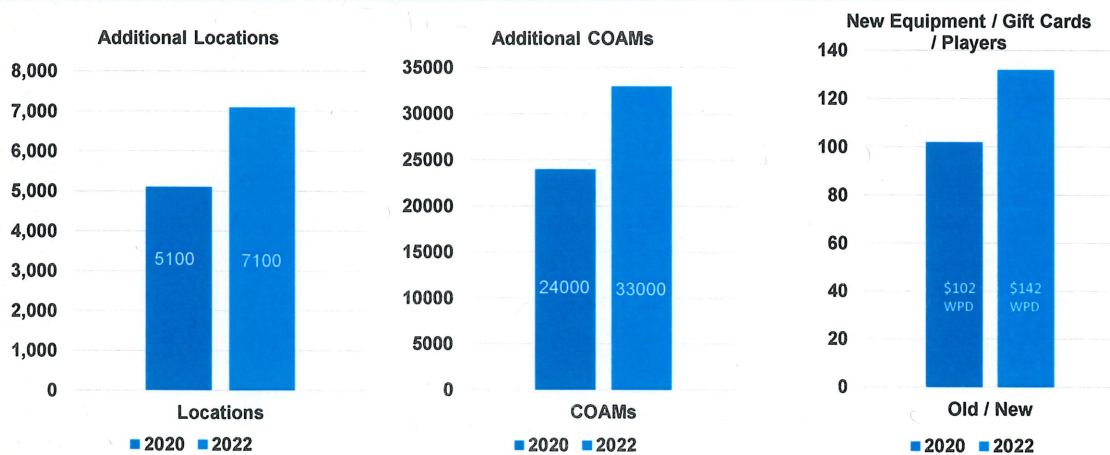
A higher standard of self-regulation and additional tools for GLC in order to push bad actors out



## 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

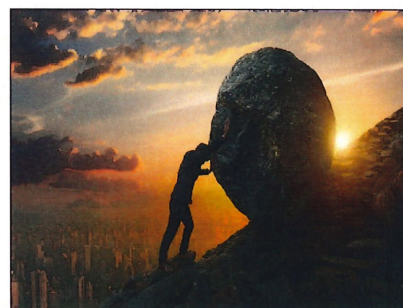


Source: other gaming markets, GA state averages, historical uplift from newer products from internal data analytics from several companies

## Challenges

Contributing factors may include:

- Fraudulent ownership changes
- Unfair methods of competition
- High churn rate of LLH ~ 18% (900/5100 locations)
- Annual license renewals
- Redemption



## Solutions

- Market-based solutions
- Successes in other industries and states
- Criminalize bad behavior
- Transparency



## Market-based Solutions

- Lawful economic incentives for obtaining and renewing contracts
- Uniformity of contracts
- Fair and efficient resolution of contract disputes



## Successes in other Industries and States

- Performance-based incentives
- Contract length
- Continuity



## Criminalize Bad Behavior

- Affirmative representations by licensees
- Basis of criminal prosecution



## Transparency

- Mandatory disclosure by master licensees of incentives
- Disclosure by master licensees of all employees and agents working on its behalf
- Provide GLC additional financial information to assist in audits



## Q & A

