

H2 Gambling Capital



H2 provides the most comprehensive data coverage on the global gambling market

Over 150 global jurisdictions covered

Detailed datasets and regulatory summaries on every market, with forecasts extending out 5-years

Aggregated global summary datasets and regulatory mapping – constantly updated to provide the most up to date view of the market available

Company coverage / financial models on major operators – covering over 100 gambling companies

Online market share of selected markets, including monthly state by state market share of US Sports / iGaming

The most trusted data and intelligence on the global gambling industry



The H2 Subscription

The H2 Subscription provides 3 levels of coverage to deliver the insights you need

One global subscription per organization including unlimited user accounts

Personalized subscriber area to search and download content with over 5,000 updates made each year

Weekly newsletter containing H2's key updates and analysis of the week's data releases and developments

The most trusted data and intelligence on the global gambling industry



H2 is the leading quoted source regarding the value of the global gambling sector in company reports and investment banking analysts' notes.



H2 Core Markets



H2 Core Subscription

All-markets **subscription covers** over 150 national/state gambling markets **from a data and regulatory perspective**

Over 150 global jurisdictions covered

Detailed datasets and regulatory summaries on every market, with forecasts extending out 5-years

Aggregated global summary datasets and regulatory mapping – constantly updated to provide the most up to date view of the market available

**Gambling market
data and intelligence
subscription**



National Datasets

H2 NATIONAL DATASETS

Gross Gambling Turnover and Gross Gambling Win Tables
Sets out gross turnover and gross win data by product for all landbased and onshore interactive gambling activity.

Key Performance Indicators

Provides detailed KPI's on various market segments including facility numbers, device numbers, admissions etc and uses data in the above tables to calculate win per device, win per admission etc.

Presented in Microsoft Excel



Over 150 detailed national and state datasets provide a comprehensive breakdown of the white and grey gambling market activity taking place in each jurisdiction

All datasets are constantly updated to take account of most recent data, changes in regulation and market developments to provide the most up to date view of the market available

Data is sourced from regulators, governments, monopolies and commercial operators

Historical time series spans 18 years with 5-year forecasts extended each year.

Interactive Gambling Summary

Breaks down interactive (online) gambling by onshore and offshore licensed activity including by segment analysis.

Total Market Overview

Provides total market analysis including gross win, gross win per adult, % of market interactive, % of GDP

Yellow Assumptions Box

Outlines the sources and assumptions used in the dataset including date of most recent reports and clarification of factors / assumptions used in forecasts.

National Regulatory Updates

Presented in PDF Format



Regulatory updates provide an overview of the regulatory environment in each market

Describe the market structure, legality, taxation rates, regulatory bodies and key legislation

Include a timeline of the key regulatory developments up to present day.

Regulatory Update



November 2019 con...

- The London borough of Tower Hamlets adopted a new gambling policy that could lead to the council restricting the opening of new gambling premises near schools, playgrounds, hospitals and residential homes for the elderly and would allow the council to block the building of new gambling premises near any venues where a Gamblers Anonymous meeting was held. The new policy will come into effect on 14 December, it followed a 12-week consultation period that ran from April to June.
- The Scottish National Party's (SNP) General Election manifesto called on the UK government to treat problem gambling as a public health matter and for the introduction of new laws to help protect children online. The SNP said the UK government should tackle problem gambling with a joined-up strategy and added that it would press for greater devolution of gambling regulation to the Scottish Parliament and back a full public health inquiry into gambling-related harm. It also set out how it would support changes to charity lottery law to reduce bureaucracy and maximise returns to good causes and prevent minors from accessing gambling-style features such as loot boxes in video games.

United Kingdom



Last Updated – 20 January 2020

Market Dynamics

- Commercial operators. Betting was mostly regulated onshore until recently with gaming mostly operated offshore. Camelot, the National Lottery (monopoly) operator offers its products online (currently running at circa 13.5% of sales);
- Ladbrokes, PaddyPower and William Hill moved their operations offshore. Few operators are based onshore; the two major onshore operators are bet365 and Skybet. (both companies only have their interactive betting operations in the UK, their gaming is offshore).

Legality

- All forms of gambling are authorised within the market. Gaming since September 2007 under the 2005 Gambling Act. Remote betting licences were available prior to this.

Taxation

- Land-based casino, 15-50% gross profits dependant on gross gaming yield; gaming machines, 5%, 20% or 25% gross profits; sports-betting, 15% gross profits; pool-betting, 15% net profits; bingo, 10% gross profits; interactive gaming, 15% gross profits (exchange, poker, pari-mutuel operators, 15% operator commission); lotteries, 12% to charitable causes.

Regulatory Bodies

- Gambling Commission.

Legislation

- Gambling Act 2005; Gambling (Licensing and Advertising) Act 2014.

December 2019

- The UK Committee of Advertising Practice (CAP) and the Broadcast Committee of Advertising Practice (BCAP) launched a new consultation over proposals to alter current rules in order to allow children to play a greater role in certain lottery adverts. Currently advertising rules limit how often minors can appear in lottery adverts and the good causes they support, but CAP and BCAP said these could prevent some lotteries from featuring the beneficiaries of lottery funds to a point where it may be too strict.
- Northern Ireland's Department for Communities (DFC) launched a public consultation to look into its gambling regulations and explore the "effectiveness of the current legislation". It said it was "seeking to identify changes which should be included in any new gambling legislation". The consultation period will run until February 21, 2020. Meanwhile Boris Johnson's election victory will likely lead to the overhaul of government departments in the coming months. Press reports suggested that the remit of the Department of Culture, Media and Sport (DCMS) could be trimmed down and departments merged at the end of January. Nicky Morgan will remain Culture Secretary for now and Helen Whately, MP for Faversham and Mid Kent, will continue as minister with responsibility for gambling;
- The Government announced it would conduct a complete review of the Gambling Act which specific focus on interactive gambling regulations including the treatment of video game "loot boxes" and gambling on credit.

January 2020

- The Gambling Commission announced it would take action to address issues related to the use and promotion of VIP accounts if operators do not "improve their interaction with VIPs." The announcement came in response to UK media outlets who had obtained a non-public report from the Gambling Commission which highlighted the prevalence of problem gambling issues with VIP account holders and ways in which the issues could be tackled, including an outright ban;
- The governing body of English football, the FA, announced it would not renew its agreement with Bet365 that allowed the operator to stream live football matches for customers who had placed bets with them. The decision followed criticism from Parliament including an All Party Parliamentary Group on gambling related harm who called for a complete reform of the Gambling Act.
- British newspapers report that the UK Gambling Commission is expected to announce the long-awaited ban on credit card wagers in the coming days. It is unknown whether e-wallets such as PayPal will be included in the ban, therefore limiting customers to using debit cards to fund their accounts.
- The Gambling Commission announced that the use of credit cards for gambling will be banned from 14 April 2020, including 'payments to the licensee made by credit card through a money service business'. However, there will be an exception when purchasing National Lottery tickets at a retail venue, when these are purchased along with other items. This follows a consultation that ran from 14 August to 6 November 2019, and was widely expected.

Weekly Industry Newsletter and Schedule of Updates

A weekly newsletter is sent out to all subscribers setting out all updates made in H2's resources over the week including H2's industry commentary and analysis on particularly significant and impactful developments.

A compiled monthly Update Schedule is available to download at any time takes account of all this information throughout the current month to provide a running timeline of activity and analysis.

22 April 2021

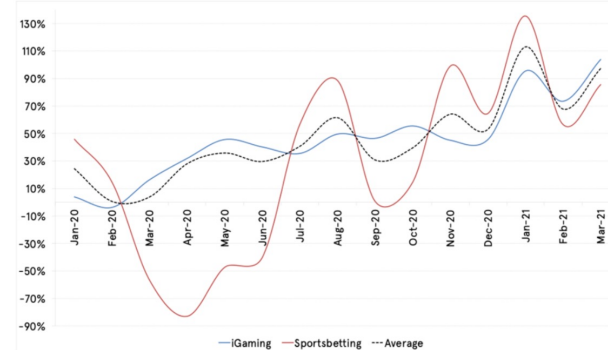
[United States iGaming Summary Dataset – March 2021 Delaware / Michigan / New Jersey / Pennsylvania Data Added and Forecasts Revised](#)

H2 Market Data Impact

iGaming in New Jersey continues to perform strongly, with record gross win in March of \$113.7m coming in at more than double our pre-covid expectations. This is up 21.2% versus February 2021, up 75.4% YoY and 95% higher than the previous record gross win reported in January 2021. For the first time since September 2016, the Borgata has taken the number one position in the market, and H2's company subscription has a detailed monthly breakdown of sportsbetting and iGaming revenues by operator. Pennsylvania has also reported record iGaming revenues in March, with gross win of \$97.7m up 23.8% compared to February, up 302% YoY and 21.5% ahead of the previous record month in January. Pennsylvania's March gross win was just 14% below that of New Jersey, despite having only launched in July 2019. Michigan launched its iGaming market in January, and is already just behind Pennsylvania, with March iGaming gross win of \$95.1m, up 26.5% sequentially.

[Download Latest Dataset](#)

New Jersey iGaming / Sportsbetting Gross Win as a % of Pre-COVID Expectations



Source: H2 Gambling Capital April 2021

22 April 2021

[Singapore National Dataset – LVS Q1 2021 Marina Bay Results / March 2021 International Visitor Arrival Data Added and Forecasts Revised](#)

H2 Market Data Impact

Singapore reported March 2021 international visitor arrivals of 27,000 – up 49.8% compared to February 2021, but down 88.7% compared to March 2020, and down 98.3% compared to the 1.6 million international visitors in March 2019. For Q1 as a whole, international visitor arrivals

19 April 2021

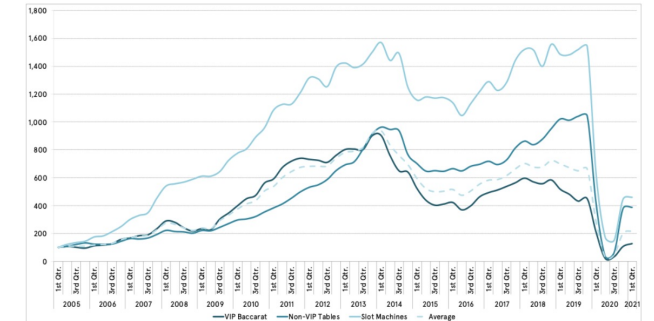
[Macau National Dataset - Detailed Q1 2021 Gaming Inspection and Coordination Bureau Data Added and Market Forecasts Revised](#)

H2 Market Data Impact

The Macau Gaming Inspection and Coordination Board has released detailed gaming information for Q1 2021, with the breakdown in Games of Fortune revenues. Total Games of Fortune gross win of MOPm 23,642 was down 22.4% YoY, with VIP revenues down 38.4% YoY, Mass Tables down 5.4% YoY and Slots down 25.6% YoY. Total VIP revenues of MOPm 9,128 represented 38.6% of total gross win, down from 48.6% in the same period in 2020. Non-VIP table gross win of MOPm 13,361 represented 56.5% of total gaming revenues, while slot gross win of MOPm 1,153 represented 4.9% of total gaming revenues. VIP revenues are down just over 75% compared to Q1 2019, compared to non-VIP table gross win down 62% compared to Q1 2019, slots gross win down 69% and total gaming gross win also down 69% over the same period.

[Download Latest Dataset](#)

Macau Games of Fortune Growth Index



Source: Macau Gaming Inspection and Coordination Board / H2 Gambling Capital April 2021

Other Key Updates

22 April 2021

[H2 United States Sportsbetting / iGaming Regulatory Matrix](#)

Updated to Take Account of Recent Legislative Developments

20 April 2021

[H2 Paraguay Regulatory](#)

Updated and Enhanced Version Published

20 April 2021

[H2 Germany Regulatory](#)

Saarland Approves State Treaty on Gambling

H2 Companies Research Data



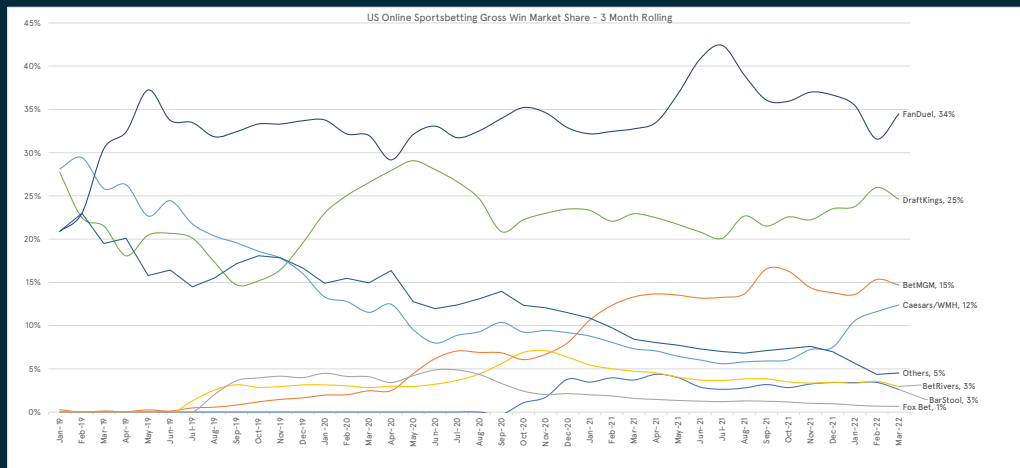
Gambling Capital

H2 Companies Research

Corporate focused analysis service covering the global gambling market at a company level

Comprehensive analysis of over 100 B2C and B2B gambling companies including the following resources for each

- Financial Model – revenue breakdowns, reported P&L, ability for users to generate forecasts
- Company Update – analysis of results and key company news flow
- Conference Call Notes – key takeaways from selective company presentations and calls



ABOUT THE COMPANY

Flutter Entertainment is a global sports betting and gaming operator with a portfolio of leading international. These are split into PPB Online (Paddy Power, Betfair, Adjarabet), Paddy Power Retail (which runs over 620 Paddy Power retail betting shops across the UK and Ireland), Australia (Sportsbet), US (FanDuel, FOX Bet, Betfair Casino, TVG), SBG (SkyBet, Sky Vegas) and PokerStars.

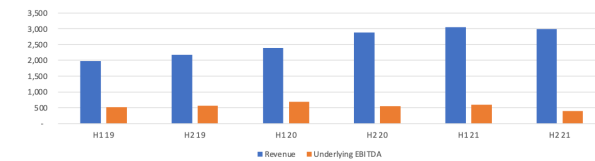
LATEST NEWS

- April 2022: Flutter Updates Market on UK&i Responsible Gambling Strategy
- April 2022: FanDuel and TSN enter into multi-year agreement in Canada
- April 2022: FanDuel Sportsbook and casino live in Ontario

LATEST RESULTS – FY 2021 RESULTS

- Pro-Forma Group revenue growth of +15% to €6,036m
- Adjusted Group Pro-Forma EBITDA down -19% to €1,001m (ex-US -11% to €1,244m)
- Adjusted Pro-Forma EPS down -49% to 253p
- Group online average monthly players 7.6m, up 23% YoY compared to 6.2m in 2020

FLUTTER – GROUP REVENUE AND UNDERLYING EBITDA (€M)



Source: Company Data, H2 Gambling Capital Research, 2022

Detailed market share trackers in key global markets including US, Europe, Latin America, Australia

Coverage of emerging markets and trends such as Social Casino and eSports Betting

Company Coverage

Providing a resource to access financial information and newsflow for the majority of gambling companies globally

Over 100 companies currently under coverage across B2C and B2B sectors

Financial Model – revenue breakdowns, reported P&L, ability for users to generate forecasts

Company Newsflow / Conference Call notes for selective companies

Flutter Entertainment – Company Update

Last Updated: 20 April 2022

ABOUT THE COMPANY

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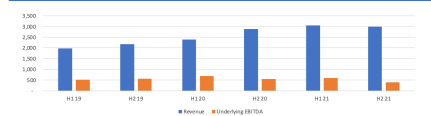
LATEST NEWS

- April 2022: Flutter Updates Market on US&I Responsible Gambling Strategy
- April 2022: FanDuel and TSN enter into multi-year agreement in Canada
- April 2022: FanDuel Sportbook and casino live in Ontario

LATEST RESULTS – FY 2021 RESULTS

- Pro-Forma Group revenue growth of +15% to €6,036m
- Adjusted Group Pro-Forma EBITDA down -39% to €1,001m (ex-US -11% to €1,246m)
- Adjusted Pro-Forma EPS down -49% to 25p
- Group online average monthly players 7.6m, up 23% YoY compared to 6.2m in 2020

FLUTTER – GROUP REVENUE AND UNDERLYING EBITDA (€M)



Source: Company Data, H2 Gambling Capital Research, 2022

FLUTTER ENTERTAINMENT Q1 2021 RESULTS

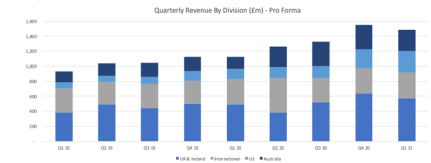
Q1 Results – January – March 2021

- Average monthly players increased 36% globally:
 - Double digit growth across all divisions
 - US up 13.2%
- Strong online revenue performance across all regions:
 - UK & Ireland +35%; ongoing market share gains as retail customers continue to migrate online
 - Australia +59%; customer volumes have remained elevated as the country emerges from Covid disruption
 - International +7%; investment in brand and promotional strategy showing early signs of benefit
 - US +155%; #1 position maintained following record quarter for revenue, AMPs and customer acquisition

US Corporate Update

- Flutter is giving consideration to a potential US listing of a small part of FanDuel Group. No decision has yet been made but should we proceed with such a transaction, the assets of FOX Bet (including PokerStars US) would sit outside the perimeter of the listed vehicle. In 2020, the FanDuel assets generated revenue of €619m (€800m) and an EBITDA total of €113m (€148m).

Q1 Key Charts



H2 Analysis – Q1 2021

Flutter has returned another quarter of very strong growth across all major markets. The UK online business is performing strongly, across both the SBG and PPB brands, where the company continues to take market share, and had a particularly strong Cheltenham Festival. Sportbet continues to make further market share gains in Australia, with net revenue up 59% YoY in constant currency, as the company has been able to retain most of the retail customers that migrated to the Sportbet brand during lockdown – although management notes that the lockdowns are not fully over and the comps get tougher. The company also split out its US business between FanDuel and Foxbet, reiterating that it was considering the potential of a US listing of part of the FanDuel Group. The company made US revenue of almost \$400m in the quarter, and over 1.6m average monthly players in Q1, meaning that it is now twice the size of the Australian business.

Flutter Entertainment – Company Update

Last Updated: 20 April 2022

H2 Gambling Capital	
Balance Sheet	
Financial Model	
Last Updated: 10/02/2021	

Annual P&L		Quarterly Data	
Year	2019	2020	2021
Casino revenue	2,908	3,458	4,077
Sportbook gross turnover	24,392	23,19	24,462
Sportbook margin	4.4%	4.9%	5.1%
Revenue	4,117	4,716	5,420
EBITDA	1,188	1,149	1,008
EBIT margin	23.0%	18.7%	22.0%

Regional Performance	
Region	2019
UK & Ireland	~1,000
Australia	~100
International	~100
US	~100

Growth Metrics	
Metric	2019
Revenue Growth	~15%
EBITDA Growth	~-39%
EBIT Margin	~23%

Key Ratios	
Ratio	2019
Operating Margin	~18%
EBITDA Margin	~23%
EBIT Margin	~23%

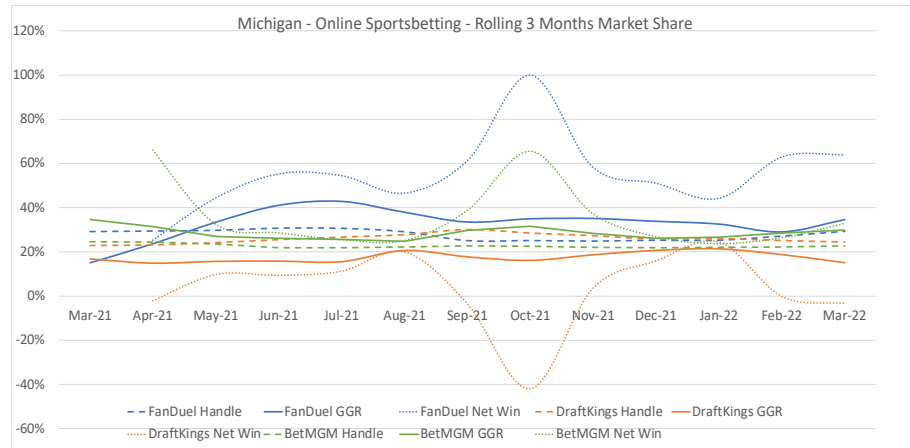
H2 Market Share Data

The logo features the letters 'H2' in a large, white, sans-serif font. To the left of the 'H' are three vertical white bars of varying heights. Below the 'H2' is a solid blue horizontal bar.

Gambling Capital

Market Share

Market Share by operator for selected key markets

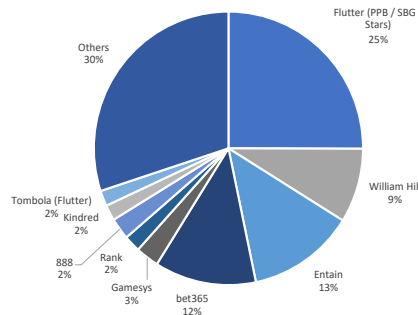


- Annual market share data for all European, Asian and Latin American markets
- Italy / UK – Quarterly / Half Yearly online betting and gaming / landbased betting market share data
- Sweden / Australia – Online market share data updated quarterly

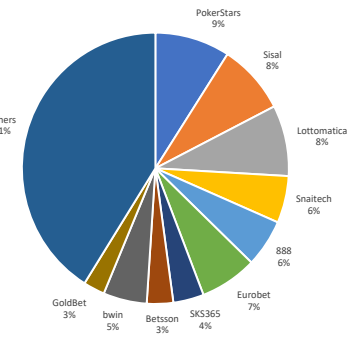
US Market Share

- Monthly state by state market share for:
- Online sportsbetting
- Retail sportsbetting
- iGaming

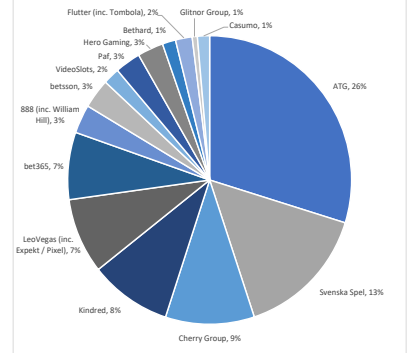
H1 19 UK Online Gambling Market Share



H1 2018 Italy Online Casino Market Share



2019 Sweden Online Gambling Market Share



H2 Social Casino & eSports Data



Gambling Capital

Social Casino & eSports Datasets

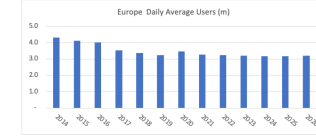
Dedicated datasets for the eSports betting market and Social Casino market

- Social Casino revenue estimates by country, with detailed KPIs including number of payers, % of paying players, average spend per paying player, DAUs and DARPU

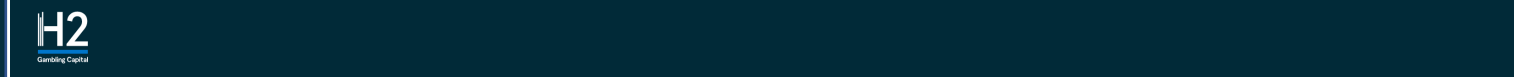
- eSports dataset with estimates of betting gross win by country, by game (Dota 2, CS:GO, League of Legends, Traditional Sports, Other eSports).

Europe													
Social Casino Data - USD													
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Social casino user accounts (COOs)	31,185	31,857	35,865	36,271	37,313	37,859	41,477	41,450	42,218	42,692	43,171	43,642	44,121
% paying accounts	2.4%	2.5%	2.6%	2.5%	2.6%	2.6%	3.0%	2.7%	2.7%	2.6%	2.6%	2.5%	2.5%
Paying accounts (COOs)	745	793	917	912	956	972	1,224	1,139	1,134	1,123	1,112	1,101	1,090
Spend per paying user (US\$)	25.2	21.5	20.6	220	236	234	226	25.5	27.1	286	300	315	311
Total spend (US\$m)	187.7	168.6	189.3	200.7	225.9	228.0	276.5	288.3	307.6	321.0	334.1	347.3	360.4
DAU (m)	4.31	4.12	4.04	3.53	3.36	3.26	3.46	3.28	3.23	3.20	3.19	3.19	3.21
DARPU (US\$)	0.12	0.11	0.13	0.16	0.18	0.19	0.22	0.24	0.26	0.28	0.29	0.30	0.31
Total spend (US\$m)	187.7	168.6	189.3	200.7	225.9	228.0	276.5	288.3	307.6	321.0	334.1	347.3	360.4

eSports													
Social casino user accounts													
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
% paying accounts	2.2%	2.2%	2.2%	2.1%	2.0%	1.9%	2.0%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Paying accounts (COOs)	6.4%	6.4%	6.4%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%
Spend per paying user (US\$)	-15.5%	-2.9%	6.6%	7.4%	6.8%	-0.8%	-3.7%	12.1%	7.1%	5.4%	5.1%	5.0%	4.8%
Total spend (US\$m)	-10.1%	12.2%	6.0%	12.6%	6.9%	22.3%	21.3%	4.3%	6.7%	4.3%	4.1%	4.0%	3.7%
Total spend (local currency)	10.2%	16.7%	5.5%	11.4%	6.5%	22.9%	1.3%	6.2%	3.7%	4.9%	3.3%	3.2%	3.6%
DAU (m)	-4.4%	-1.9%	-12.6%	-4.7%	-3.2%	6.3%	-5.3%	-1.5%	-1.0%	-0.9%	0.2%	0.5%	0.5%
DARPU (US\$)	-6.0%	14.5%	21.3%	18.1%	4.3%	14.1%	10.1%	8.3%	5.4%	4.4%	3.8%	3.2%	3.2%



Source: BVNLive



H2 Gambling Capital												
Oceania Summary Sheet - USD												
All Data Gross Win												
Last Updated: 06/05/2022												

Oceania eSports Betting Total												
(US\$m)	2018	2019	2020	2021p	2022a	2023a	2024a	2025a	2026a	2027a	2028a	2029a
League of Legends	2.00	3.21	2.76	3.47	3.62	3.94	4.39	4.88	5.41	5.98	6.57	7.18
CS:GO	1.80	2.88	2.21	2.61	2.50	2.55	2.61	2.63	2.62	2.55	2.51	2.46
Dota 2	1.13	1.78	1.45	1.84	1.89	2.04	2.26	2.48	2.72	2.98	3.24	3.50
Total Wgt 3*	4.96	7.87	6.47	7.92	8.06	8.54	9.26	9.98	10.75	11.52	12.31	13.14
Other eSports	0.27	0.62	0.78	1.17	1.35	1.63	2.00	2.42	2.90	3.48	4.16	4.94
Sub-total eSports	5.23	8.50	7.25	9.09	9.39	10.17	11.26	12.40	13.67	14.99	16.47	18.08
Traditional Sports Games	0.17	0.35	0.97	1.06	1.27	1.58	1.98	2.44	2.99	3.62	4.35	5.08
Total eSports	5.41	8.85	8.22	10.15	10.66	11.75	13.24	14.85	16.66	18.61	20.82	23.16

eSports Betting by Product Split												
Australia												
(US\$m)	2018	2019	2020	2021p	2022a	2023a	2024a	2025a	2026a	2027a	2028a	2029a
League of Legends	1.60	2.55	2.04	2.71	2.76	2.97	3.28	3.62	4.00	4.41	4.86	5.34
CS:GO	1.46	2.29	1.64	2.03	1.93	1.92	1.95	1.95	1.93	1.88	1.84	1.78
Dota 2	0.90	1.42	1.07	1.48	1.45	1.54	1.64	1.74	1.86	2.00	2.16	2.30
Total Wgt 3*	3.96	6.29	4.75	6.26	6.14	6.46	6.92	7.43	7.99	8.56	9.16	9.82
Other eSports	0.22	0.49	0.54	0.93	1.03	1.23	1.49	1.80	2.15	2.57	3.05	3.59
Sub-total eSports	4.17	6.78	5.29	7.21	7.17	7.69	8.41	9.22	10.10	11.06	12.01	13.06
Traditional Sports Games	0.14	0.28	0.72	0.83	0.97	1.19	1.48	1.81	2.21	2.67	3.16	3.72
Total eSports	4.31	7.06	6.01	8.04	8.14	8.88	9.90	11.03	12.31	13.73	15.17	16.78

eSports Betting by Product Split												
New Zealand												
(US\$m)	2018	2019	2020	2021p	2022a	2023a	2024a	2025a	2026a	2027a	2028a	2029a
League of Legends	0.37	0.59	0.65	0.70	0.78	0.89	1.02	1.16	1.31	1.46	1.61	1.76
CS:GO	0.33	0.51	0.50	0.52	0.54	0.58	0.61	0.62	0.63	0.62	0.61	0.60
Dota 2	0.21	0.33	0.34	0.37	0.41	0.46	0.52	0.59	0.66	0.72	0.79	0.86
Total Wgt 3*	0.91	1.43	1.50	1.59	1.73	1.93	2.13	2.37	2.59	2.80	3.05	3.29
Other eSports	0.05	0.11	0.12	0.20	0.29	0.37	0.46	0.58	0.70	0.85	1.00	1.16
Sub-total eSports	0.95	1.57	1.63	1.83	2.02	2.30	2.62	2.95	3.29	3.65	4.05	4.45
Traditional Sports Games	0.03	0.06	0.23	0.21	0.27	0.36	0.46	0.58	0.72	0.88	1.05	1.23
Total eSports	0.98	1.63	1.86	2.04	2.29	2.66	3.08	3.53	4.07	4.53	5.10	5.68

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US Sports / iGaming Market – Q1 2023

11 May 2023

- With Arizona and Illinois still to report March data, we are only 2 data points away from a full Q1 2023 US sports betting reporting season closing, while all iGaming operators have reported data for the first three months of the year. Sports betting Q1 gross win of \$2.9bn is the third consecutive record quarter of gross win for the market, up 74% year on year, and up 10% compared to the previous record quarter in Q4 2022. However, this has been driven in a large part by a strong hold margin of 9.0% – compared to just 6.1% in Q1 22 – as well as new state launches. Handle of \$32.3bn is up 18% year on year, or up 5% excluding new state launches.
- Ohio has driven heavy bonusing activity, which has artificially inflated some of the Q1 figures – although H2 notes that this is also the case in the comparable Q1 22 figures with the launch of mobile sports betting in New York. While the Ohio free bets figures are reported, those of New York were not – however H2 estimates net win (i.e. gross win less promotional activity / free bets) each month, and estimates that net win increased by c.140% year on year in Q1. H2 estimates that free bets as a percentage of online sports betting gross win has fallen from 62% in Q1 2022 to 43% in Q1 2023 – although this fall in free bet percentage isn't shown in the 'reported states' percentage, as Ohio has a disproportionate impact on this data (1 state out of 10 compared to one out of 27 for the whole market), while New York was a key driver of the high free bet percentage in Q1 2022 but isn't included in the reported state data.
- Q1 2023 iGaming gross win of \$1.58bn is a new record quarter – and continues the trend of consecutive record quarters since 2017. This is up 6.6% compared to the previous record quarter in Q4 2022, and up 24% year on year. Every major iGaming market returned record monthly gross win, with Michigan reporting the strongest growth of the 'big 3' (Michigan, Pennsylvania and New Jersey). Michigan gross win of \$172m was up 30% year on year and up 12% compared to its previous record month (January 2023) – and it has now solidified its position as the second largest iGaming market in the US, having now been ahead of New Jersey for the fourth consecutive month.
- While gross win is up 24% year on year, H2 estimates that net win grew by only 16% year on year, due to an increase in promotional spend, as the major operators focus on iGaming market share as a major part of their path to profitability – H2 estimates that free bets have increased from 17% of gross win in Q1 2022 to 22% in Q1 2023 – leading to net win of \$1.23bn.

MONTHLY SPORTSBETTING & IGAMING GROSS WIN (\$M)



Source: Regulator Data, H2 Gambling Capital Research, May 2023

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