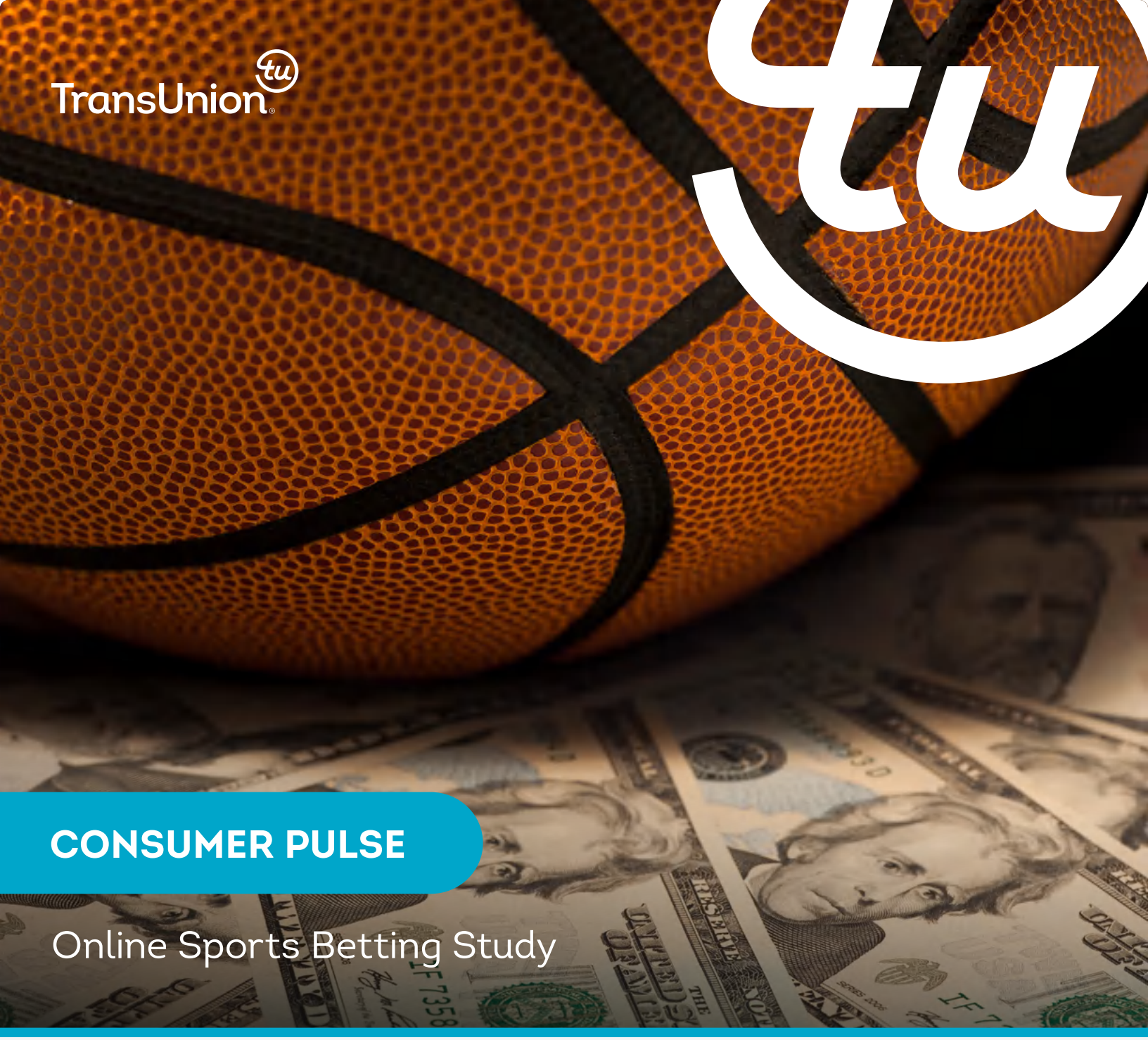


TransUnion

CONSUMER PULSE

Online Sports Betting Study

Consumer Liquidity and Gaming Participation

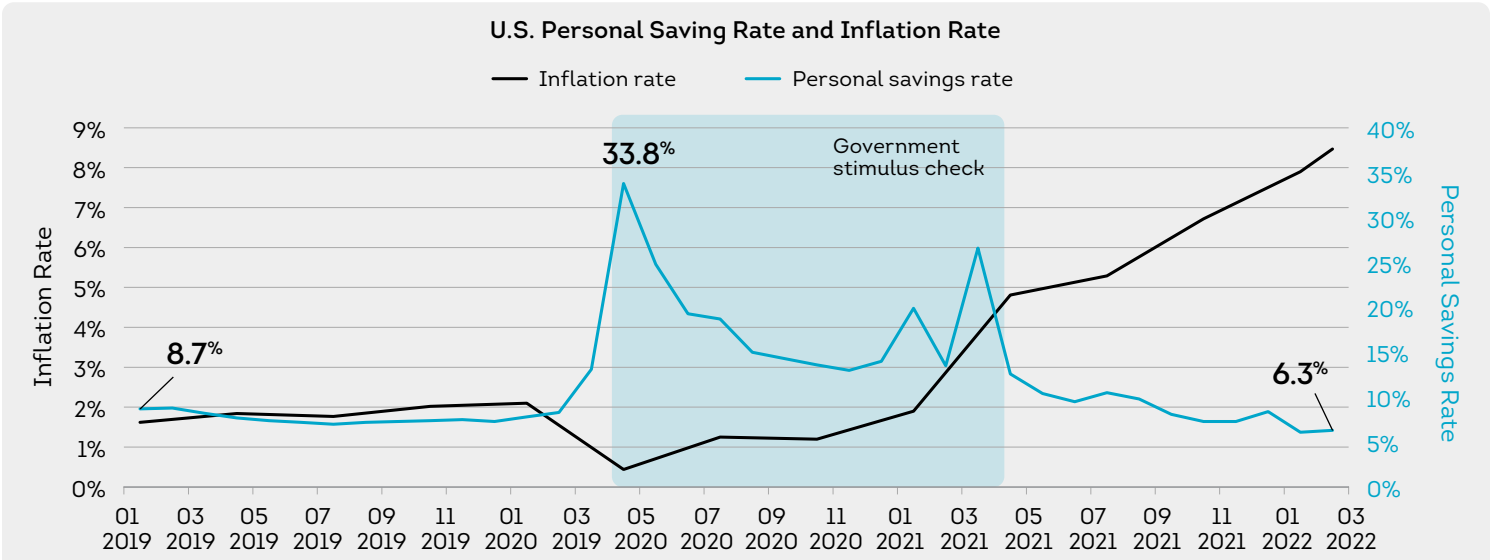
US Q2 2022

TransUnion's quarterly survey explores how consumers' personal finances have changed and what changes they expect in the future. The study measures shifting consumer attitudes and behavior based on the dynamics of income, debt and liquidity. The analyses and insights give consumers a voice and inform businesses' decision-making as they seek to create better consumer experiences.

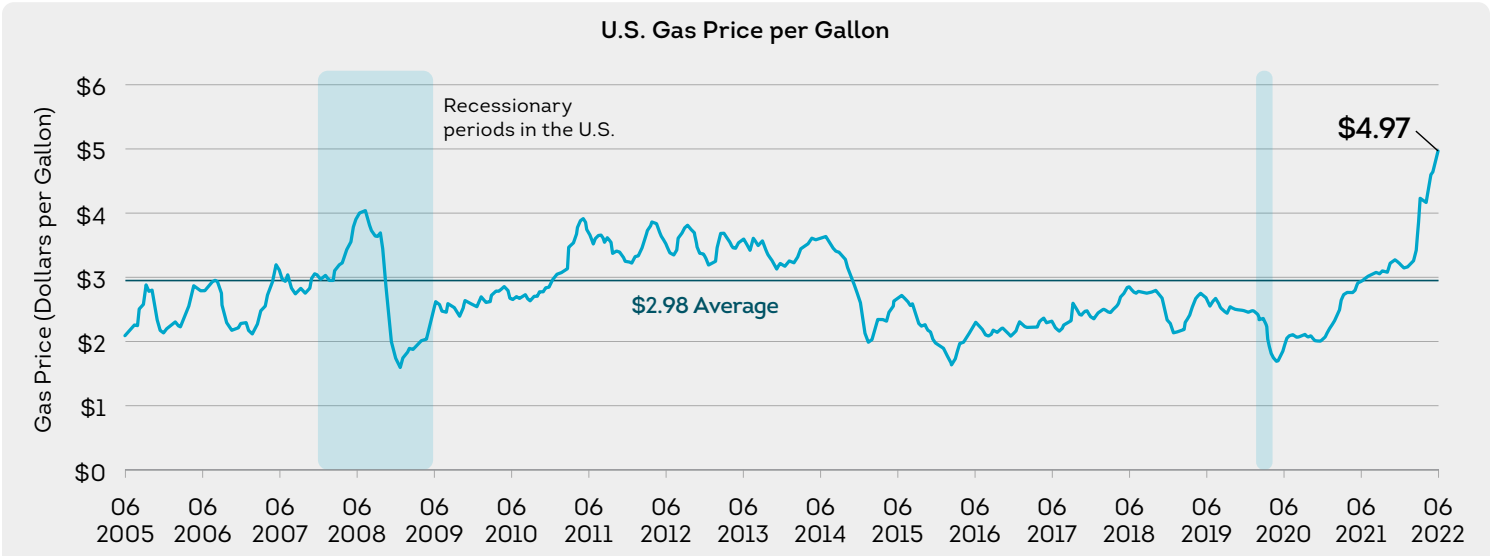
Gaming and online sports betting have experienced significant growth in the past two years due to greater state and consumer adoption. For that reason, TransUnion more closely examined responses from survey participants who engage in sports betting. The purpose was to provide the gaming industry insights and implications that can help inform responsible decisions around resilient and distressed consumers.

CONSUMER HEALTH IN THE MIDST OF RISING INFLATION

Inflation eating household budgets: A look at consumers' savings rates revealed today's personal savings (6.3%) have reverted back to 2019 levels (8.7%), and much of what was saved during the pandemic (peaking at 33.8%) has dissipated. This sharp decline in personal savings rates can be clearly correlated to record-high gas prices and rising inflation.

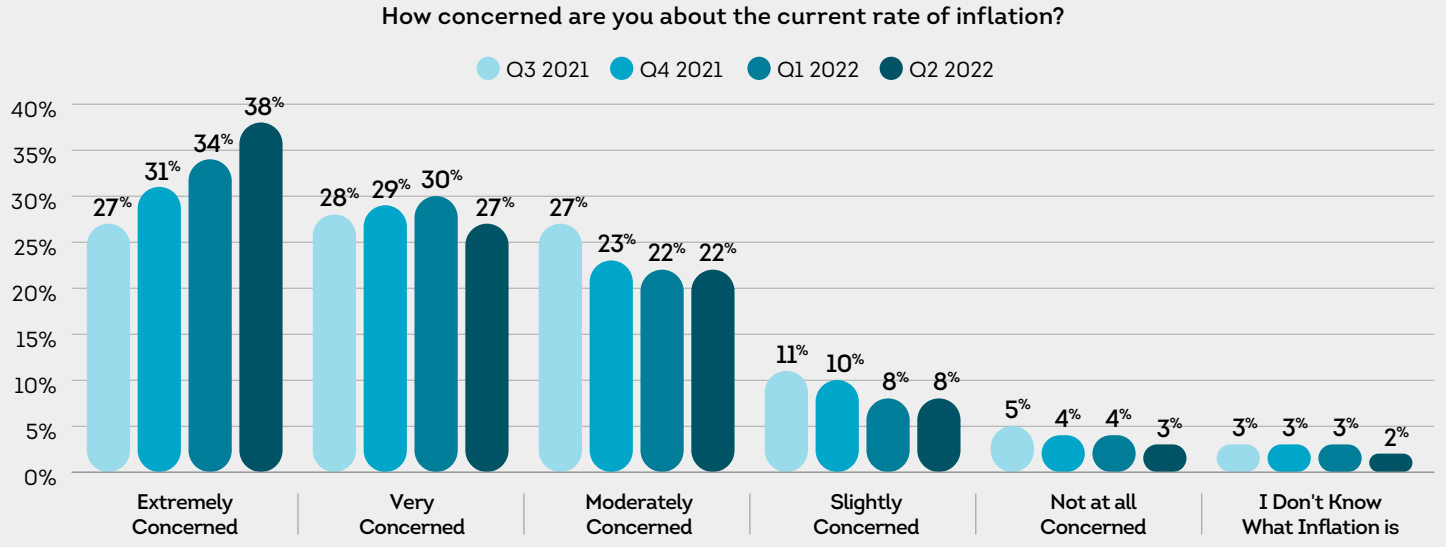


Source: U.S. Bureau of Economic Analysis; Oxford Economics



Source: AAA.com FRED

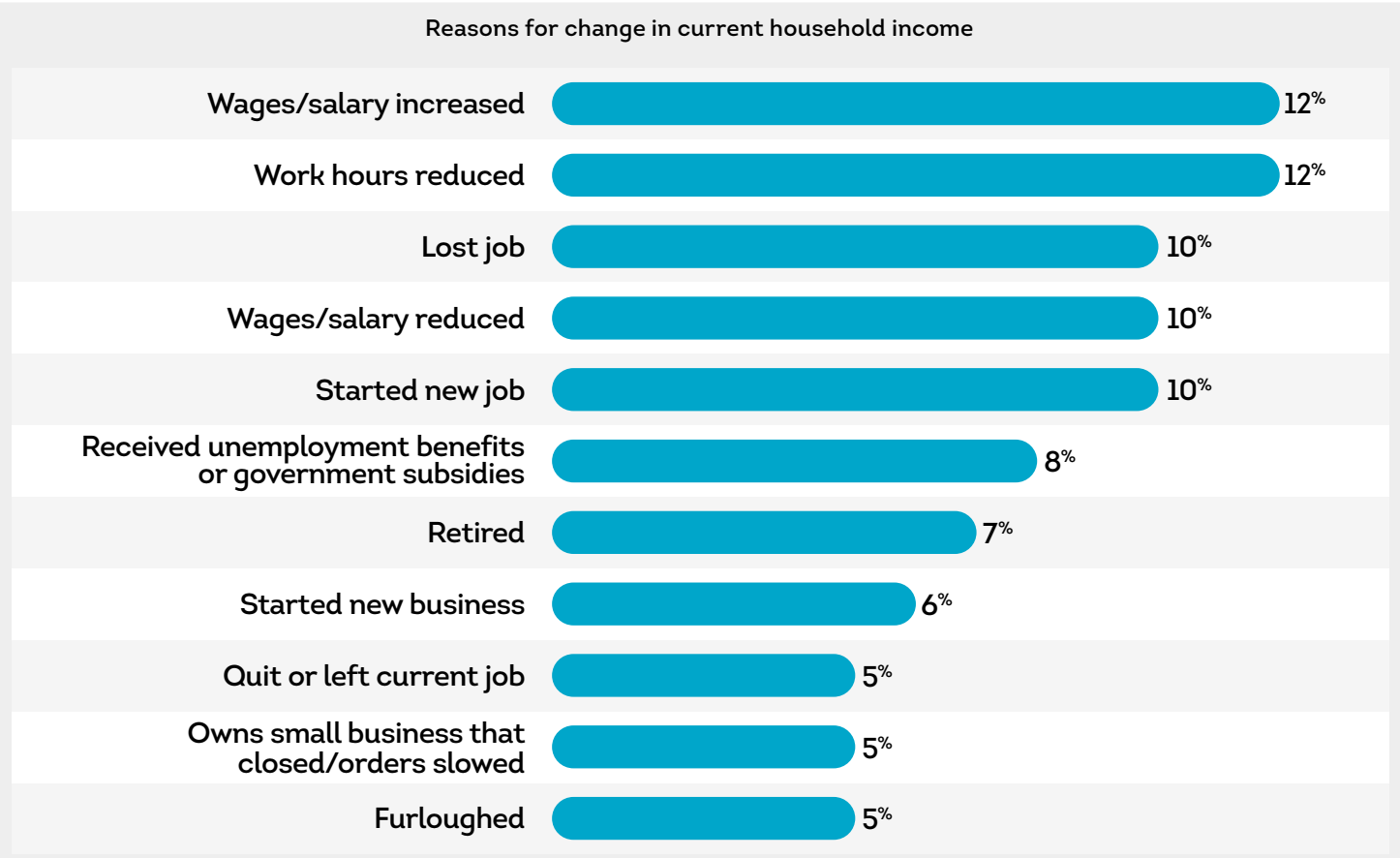
TransUnion



Source: TransUnion Consumer Pulse survey – Q2 2022



Fear of a recession despite strong job performance: Recession concerns aren't tied to jobs. Reported job status and hours worked remained consistently positive from the previous quarter. Slightly more people reported starting a new job or business (16%) than claimed losing a job or quitting (15%) in the last three months.

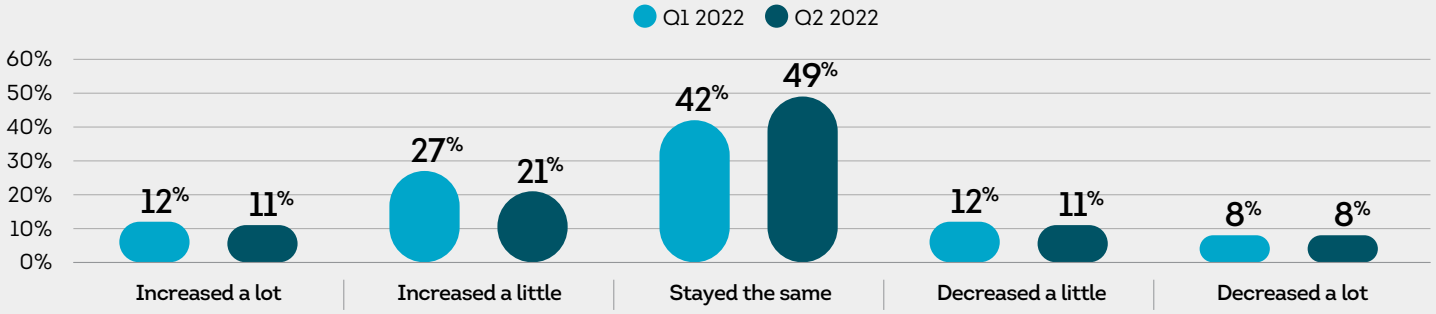


TransUnion

Consumer sentiment dropped despite income positivity: Although fewer consumers reported an increase in income in Q2 compared to Q1, there were still more reporting an income increase (32%) than an income decrease (19%) in the past three months. Optimism about future earnings remained high; nearly half of consumers expected their incomes to rise in the next three months.

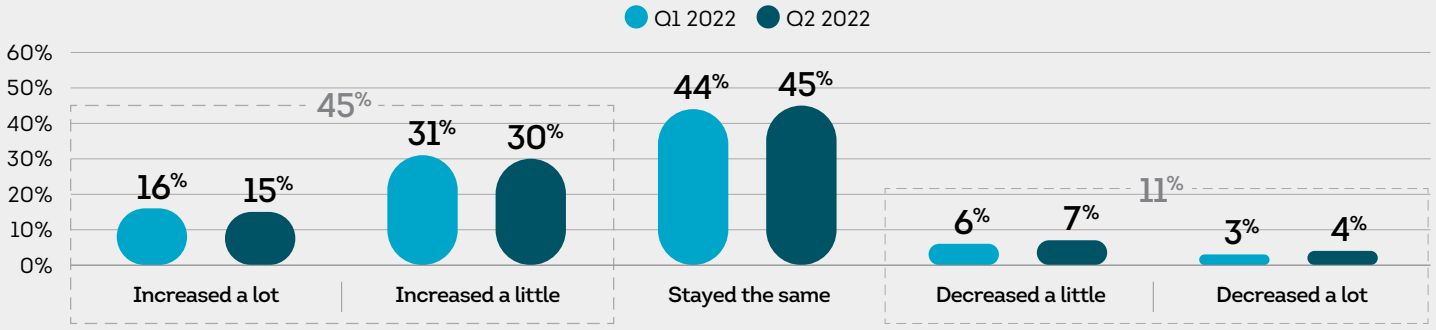
Despite optimism around personal income, broad economic uncertainty has led consumer sentiment to collapse to a record low.

How has your income changed in the last three months?



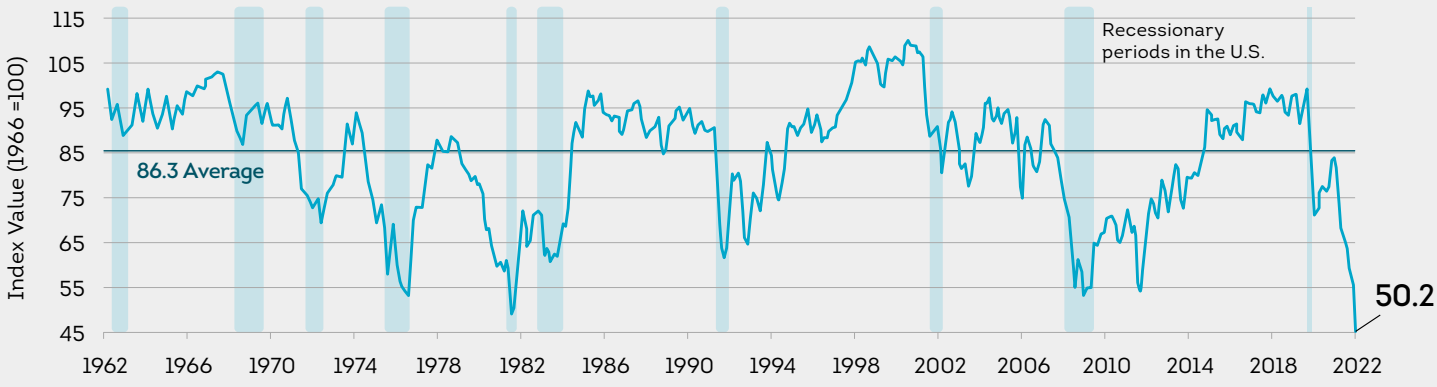
Source: TransUnion Consumer Pulse survey – Q2 2022

How do you expect your income to change in the next three months?



Source: TransUnion Consumer Pulse survey – Q2 2022

Consumer Sentiment Index



Source: University of Michigan Survey of Consumers

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CONSUMER LIQUIDITY

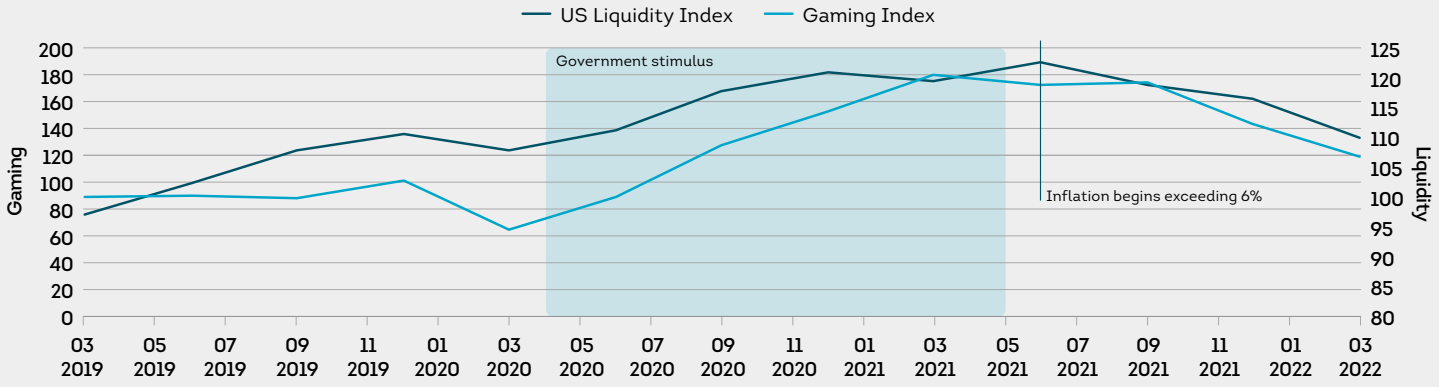
Impact on Gambling Performance

Given the shifting dynamics observed with consumers and the overall economy, TransUnion wanted to evaluate whether changes in consumer liquidity were correlated with the performance of the gaming industry. In order to accomplish this, we leveraged TransUnion's proprietary CreditVision® attributes to develop a US Consumer Liquidity Index. The index tracks how well consumers are managing debt, and looks for early indicators of financial stress. Adjustments were made to the index to account for consumer credit tier mix and state gambling market share. As a measure of gambling industry performance, we leveraged data from two gambling exchange-traded funds to construct a market weighted index of the industry. The construction of these two indices allowed us to investigate the relationship between consumer liquidity and gambling industry performance.

Over time, there appears to be a clear relationship between consumer liquidity and gaming industry performance. Not only did we observe this relationship for the total US market, the pattern also held when looking at the relationship between consumer liquidity and online gaming revenue in New Jersey.

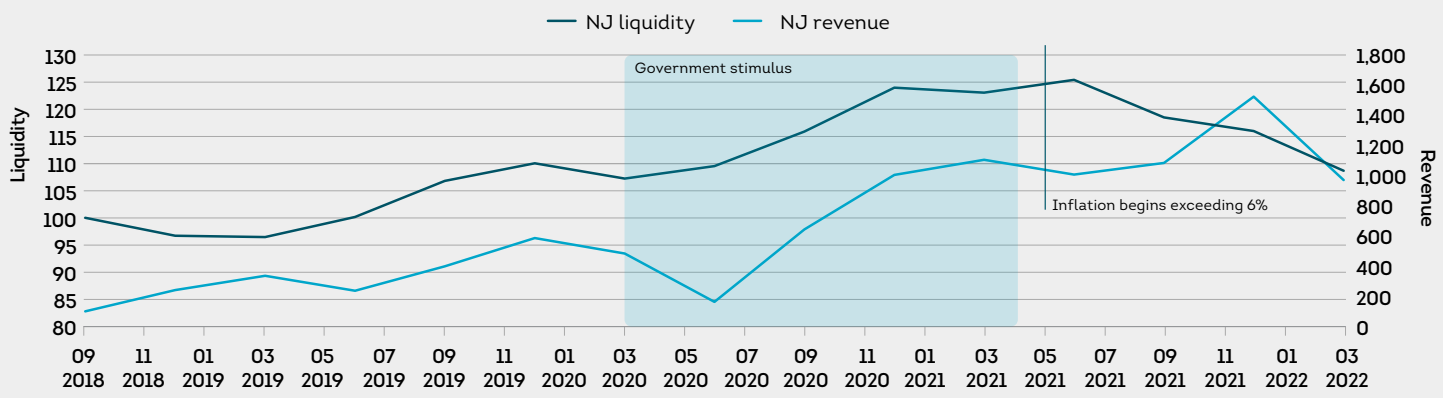
During the height of the COVID-19 pandemic, broad stimulus measures resulted in a steep rise in consumer liquidity as they boosted savings and paid down debt. The rise in consumer liquidity is followed by a positive increase in gaming industry performance. As previously discussed, consumer liquidity is being hampered by rising inflation. What's more, debt service costs are increasing as the Federal Reserve raises interest rates to cool inflation. This is potentially a significant headwind for consumer liquidity as monthly debt payments may take up a larger share of disposable income. Yet, as of the second quarter, many consumers continued to make payments in excess of their minimum monthly obligation, a sign consumer liquidity remains elevated. Additionally, strong job market performance and income increases continued to bolster consumer liquidity and its effect on the industry.

Consumer Liquidity and Quarterly Gaming Industry Performance



Source: TransUnion US consumer credit database

TransUnion



Source: TransUnion US consumer credit database

In contrast, the recent impact of inflation on consumer liquidity appears to be putting pressure on gaming performance.

KEY TAKEAWAYS:

→ There's a historic relationship between consumer liquidity and industry performance.

→ Current and incoming economic headwinds are likely to negatively impact the gaming industry given current consumer sentiment.

→ Tracking consumer liquidity can guide gaming operators in better understanding how wider economic factors can impact share of wallet, lifetime player value and responsible gaming risk.

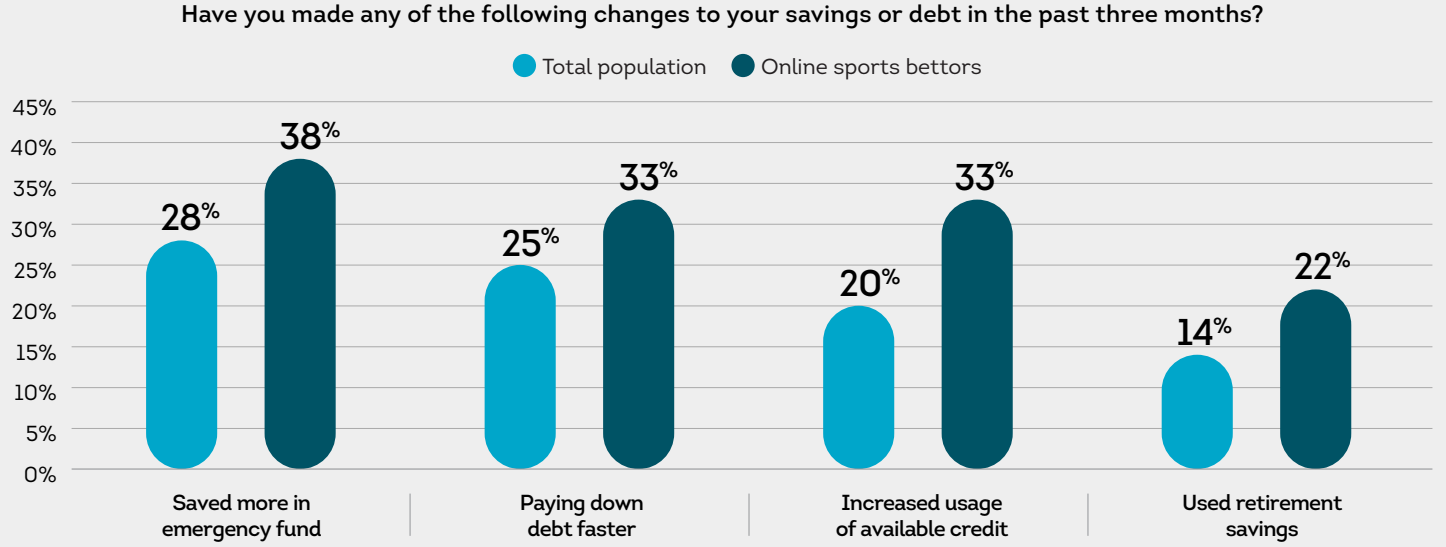


CONSUMER DEBT

Consumer debt levels are measured by the combined total of revolving and non-revolving balances. Revolving balances typically vary and apply to financial products, such as credit cards and home equity lines of credit, while non-revolving debt balances are associated with products like mortgages, auto loans and unsecured personal loans. Non-revolving products have a fixed payment schedule and balances only change when a new loan is originated or paid off.

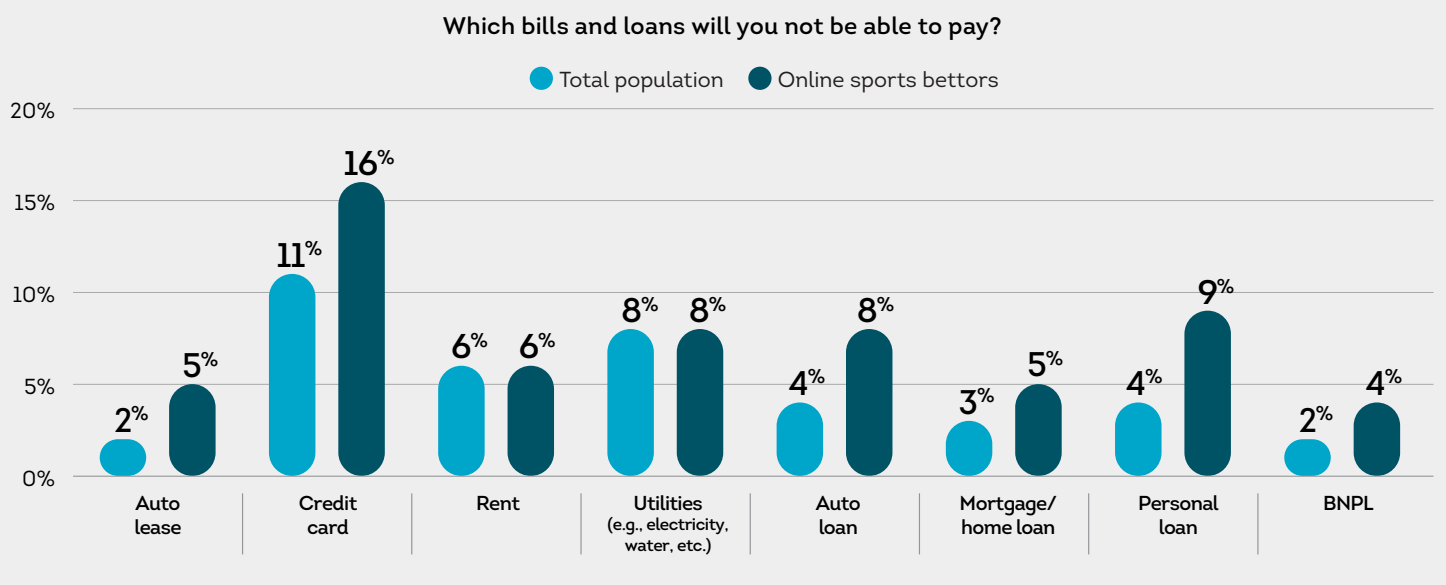
In this section, we look at the *consumer debt* of sports bettors vs. the wider population.

Sports bettors are saving more money in emergency funds and paying down debt faster than the total population. This prudence is tempered somewhat by sports bettors also increasing their usage of credit and leveraging retirement savings more than the wider population.



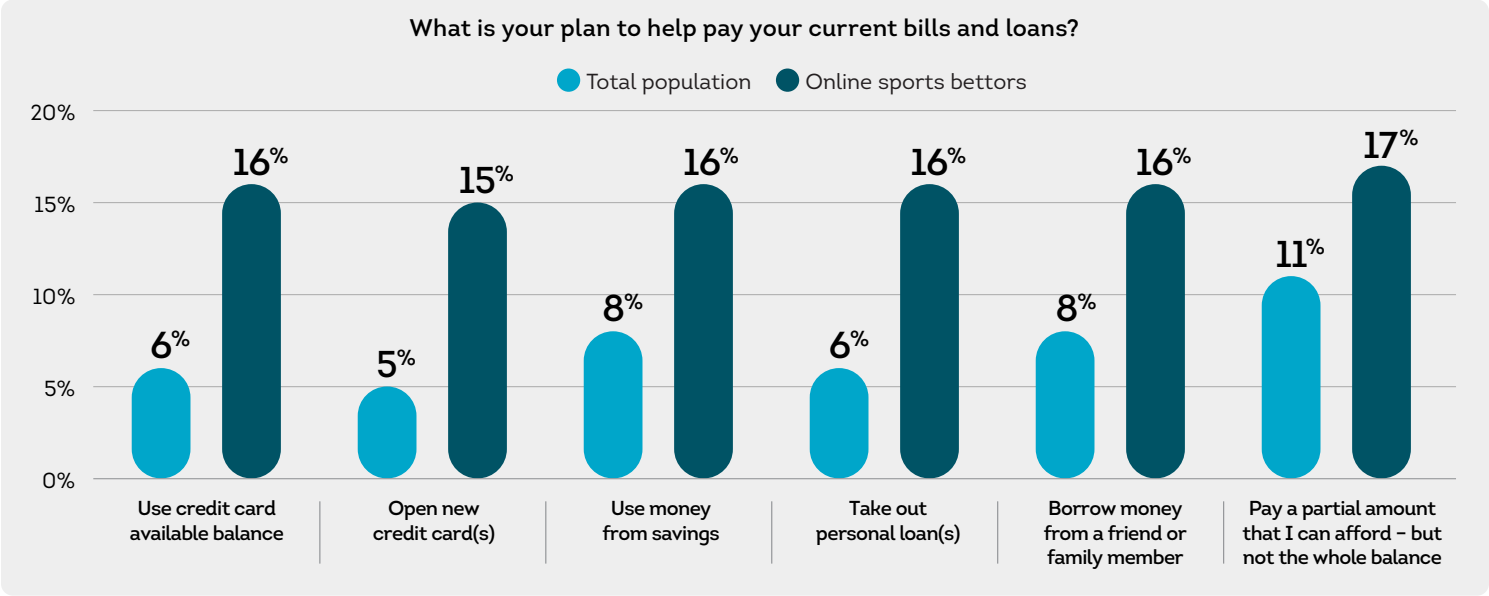
Source: TransUnion Consumer Pulse survey – Q2 2022

Despite greater signals of optimism for increases in income in the next 12 months, sports bettors were more concerned about their ability to pay current bills and loans in full; 79% reported concern compared to 52% of the total population. More specifically, 16% of sports bettors anticipated not being able to pay credit cards, and 9% expressed concern over paying personal liens.

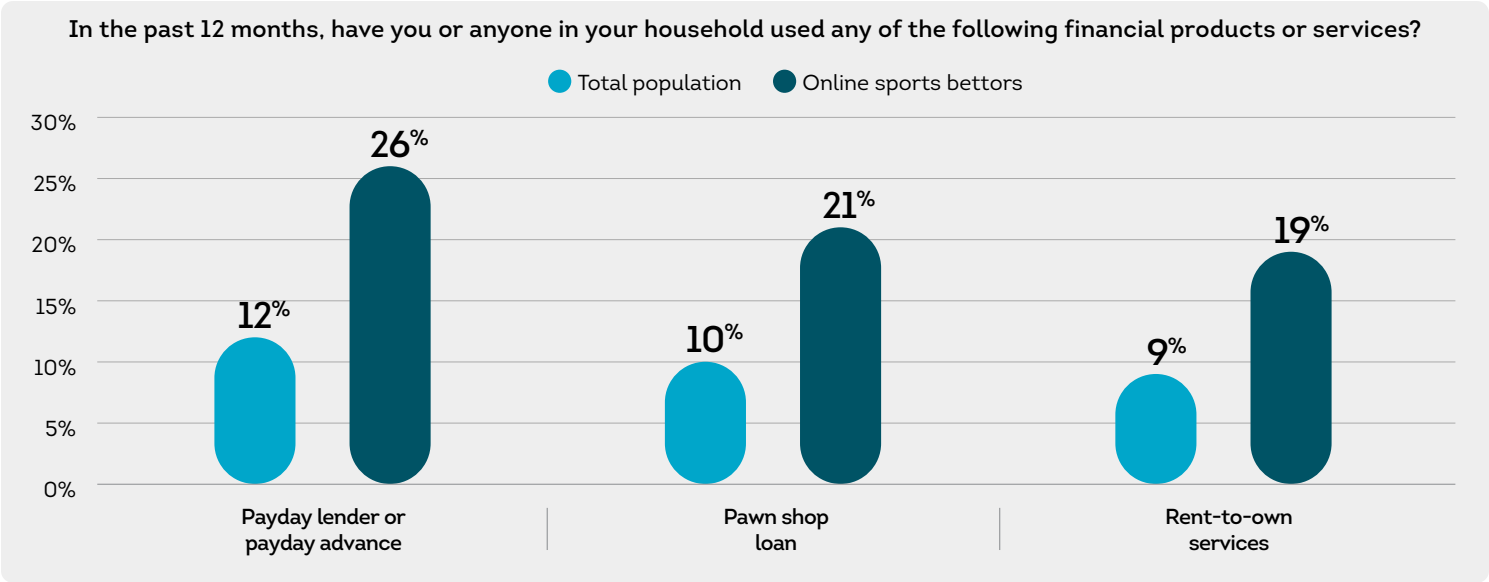


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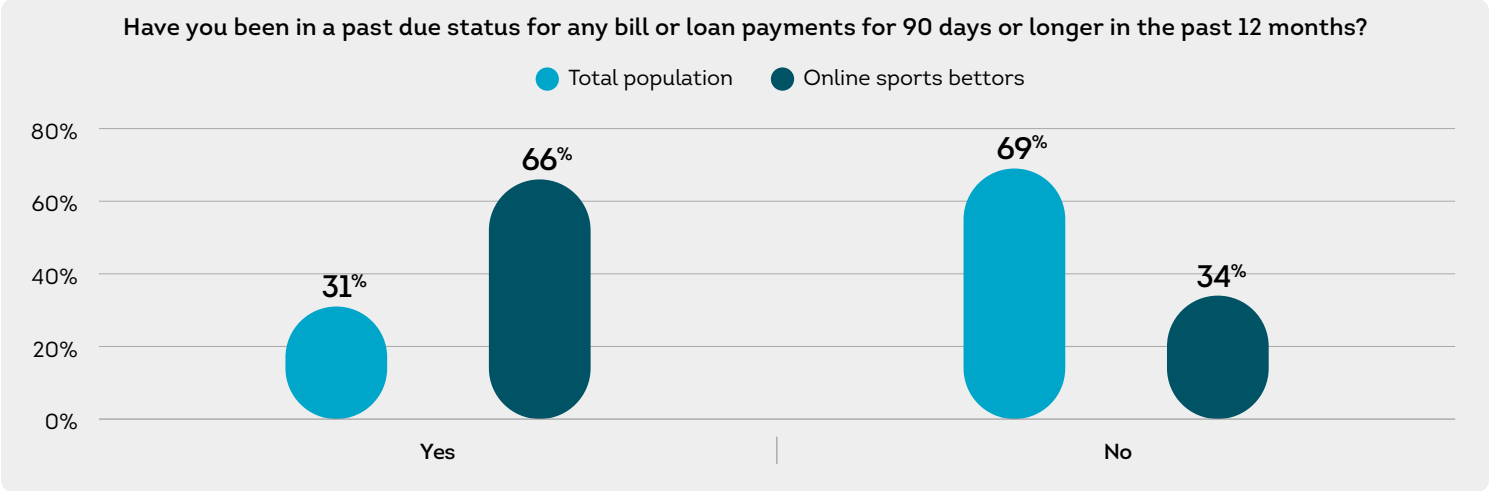
Compared to the wider population, sports bettors have greater levels of access to help pay their current bills and loans.



When looking at indicators of financial distress, there were concerning signals from sports bettors compared to the wider population, namely their usage of payday lending services and increased likelihood of being past due on any bills or loan payments.



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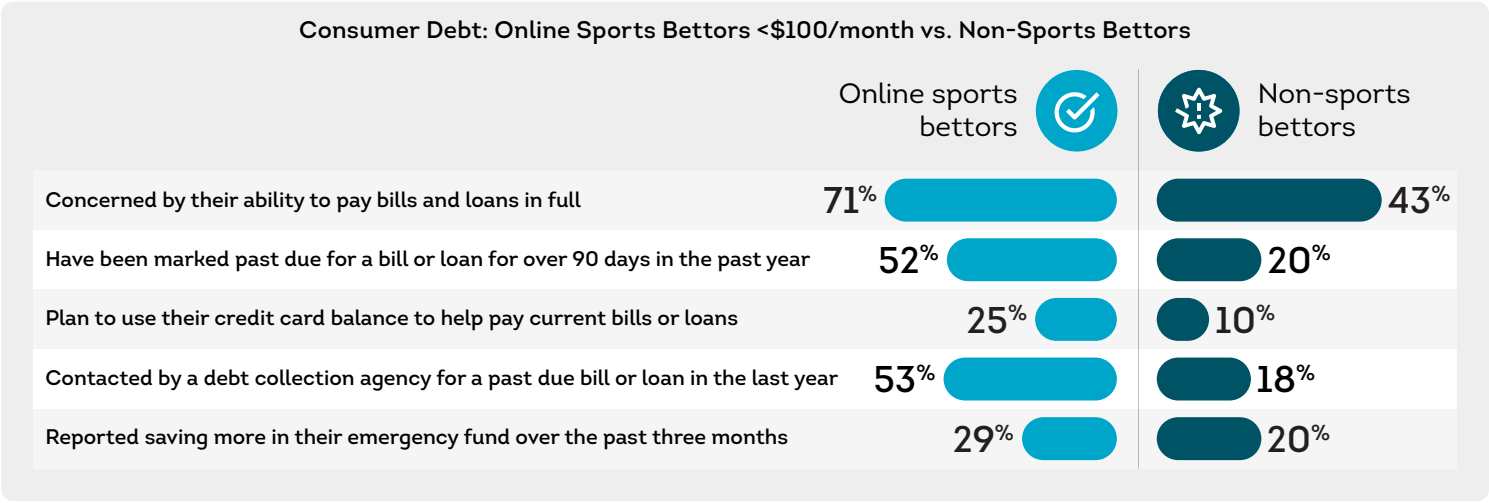


Consumer persona comparison of online sports bettors spending $100 or less per month vs. non-sports bettors:

→ Online sports bettors index higher across signals of distress compared to non-sports bettors.

→ Most notable: higher levels of concern over their ability to pay bills/loans and reported past due rates for bills/loans in the past year.

→ Online sports bettors report greater levels of savings in emergency funds compared to non-sports bettors.



KEY TAKEAWAYS:

→ Sports bettors showed signals of resilience to economic headwinds more than the total population; however, their sensitivity to these headwinds translates to higher levels of concern for their ability to pay bills.

→ Signals of distress from sports bettors utilizing payday lending or being past due on debt obligations showcase the disparate and challenging task for gaming operators to identify resilient or distressed consumers.

→ Gaming operators that incorporate robust consumer insights into their third-party data strategies will be better equipped to identify risky behavior, improve marketing precision and enhance responsible gaming.

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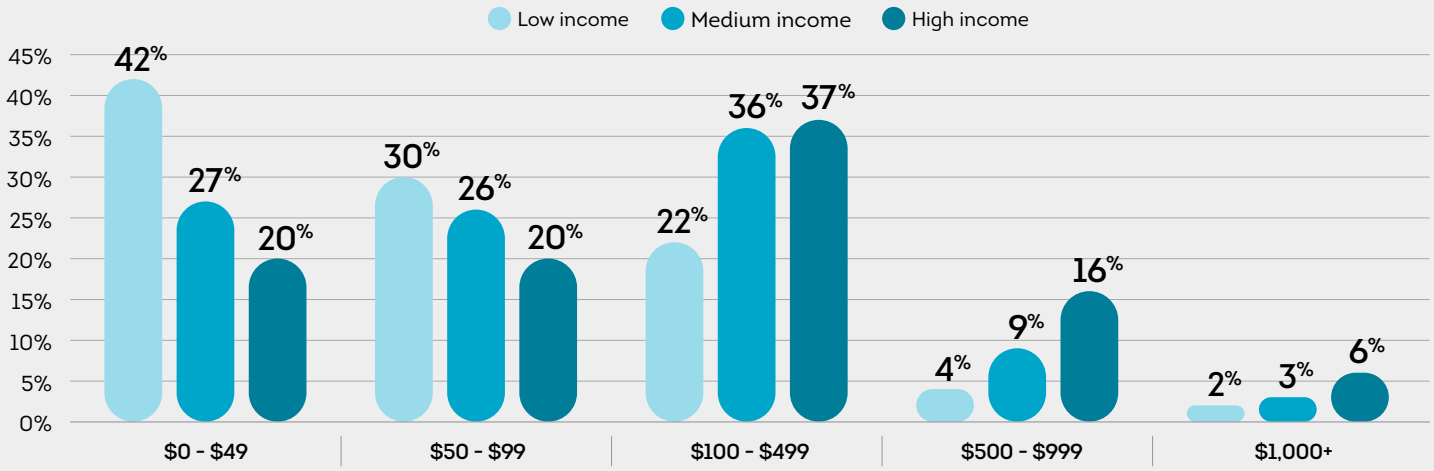
CONSUMER FINANCIAL HEALTH

At the most fundamental level, financial health is defined by how well consumers and households can meet their expenses given their current income levels. During a state of strong financial health, consumers bring in more income than they spend on expenses, and have money left over for entertainment, retail purchases and leisure – or to increase savings. Moreover, when a consumer is confident their income will continue to grow, they may take on debt to finance near-term purchases with the expectation they'll be able to pay off that debt with future earnings.

In this section, we look at the *consumer financial health* of sports bettors vs. the wider population.

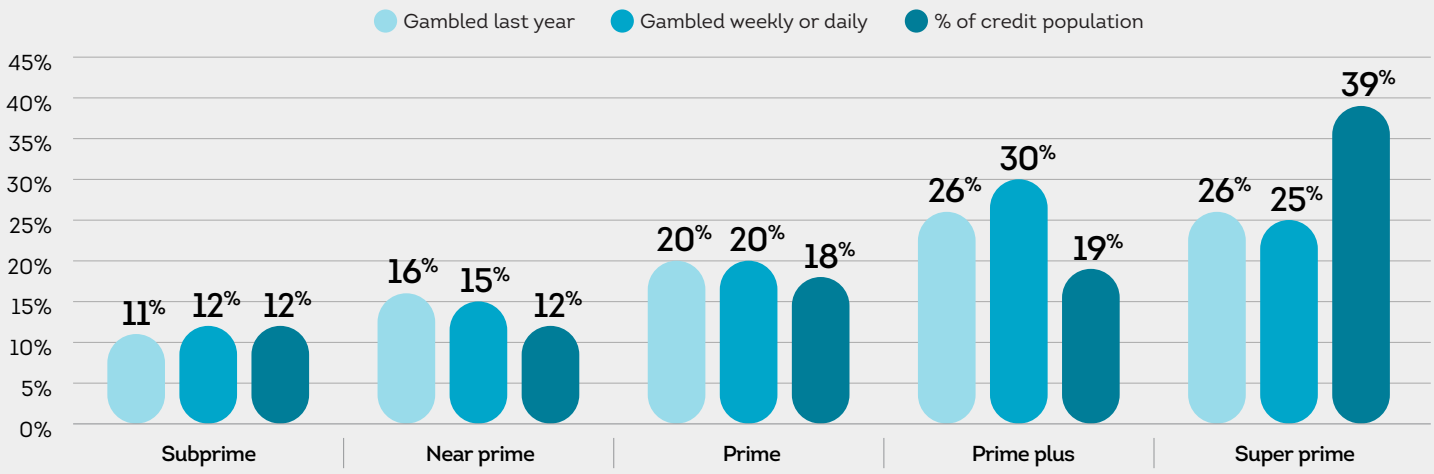
Unsurprisingly, income and credit level correlated with how much money individuals spend monthly on gaming activities. Additionally, analysis of the sports betting population showed super prime and prime plus credit tiers had higher levels of sports betting frequency, accounting for more than half of the credit population participating in online sports betting.

In a typical month, how much money do you spend on online sports betting?



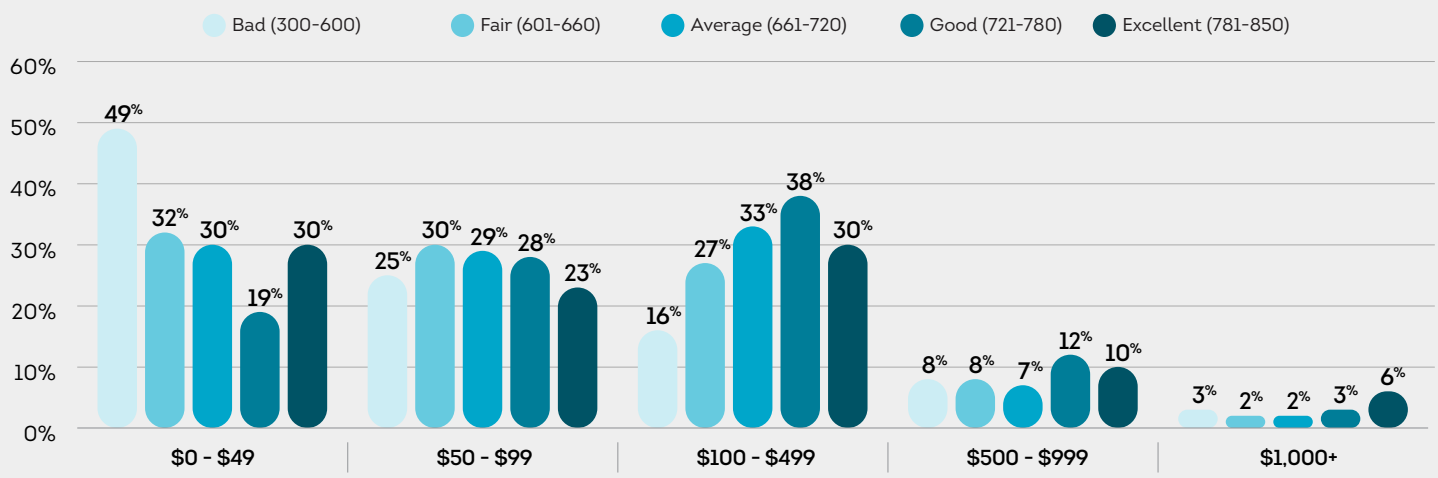
Source: TransUnion Consumer Gaming Survey – Q2 2022

Online Sports Betting Frequency by Credit Tier



Source: TransUnion US consumer credit database

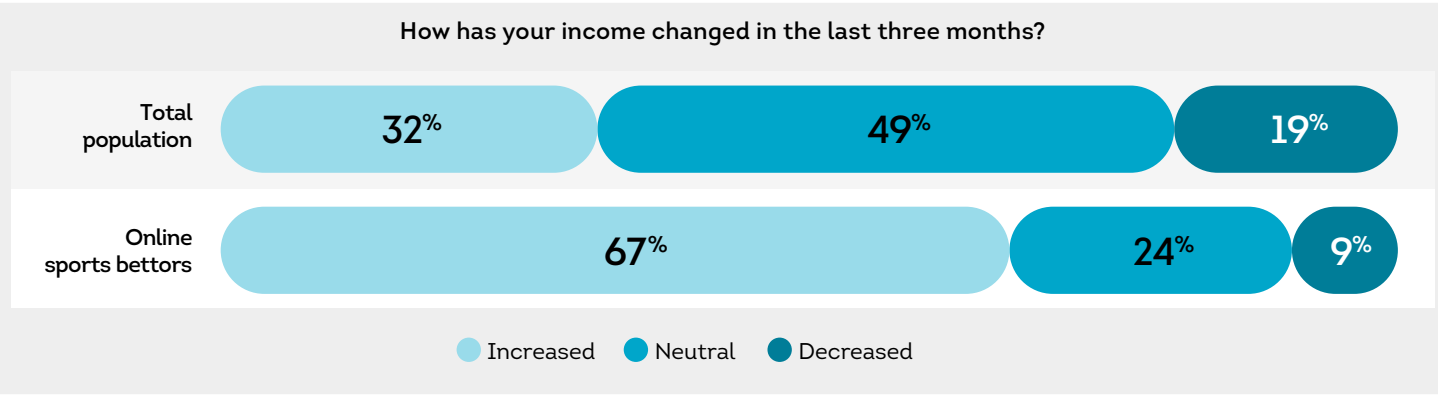
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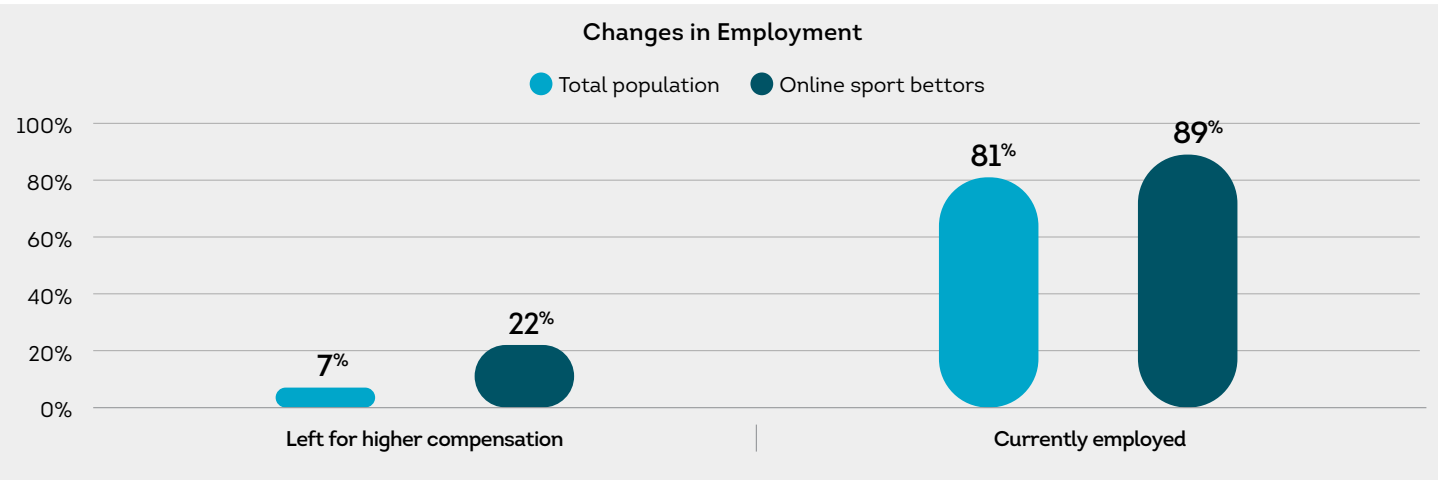


Source: TransUnion Consumer Gaming Survey – Q2 2022

Thirty-two percent of all consumers reported an increase in income in the past three months compared to 67% of sports bettors reporting an increase.

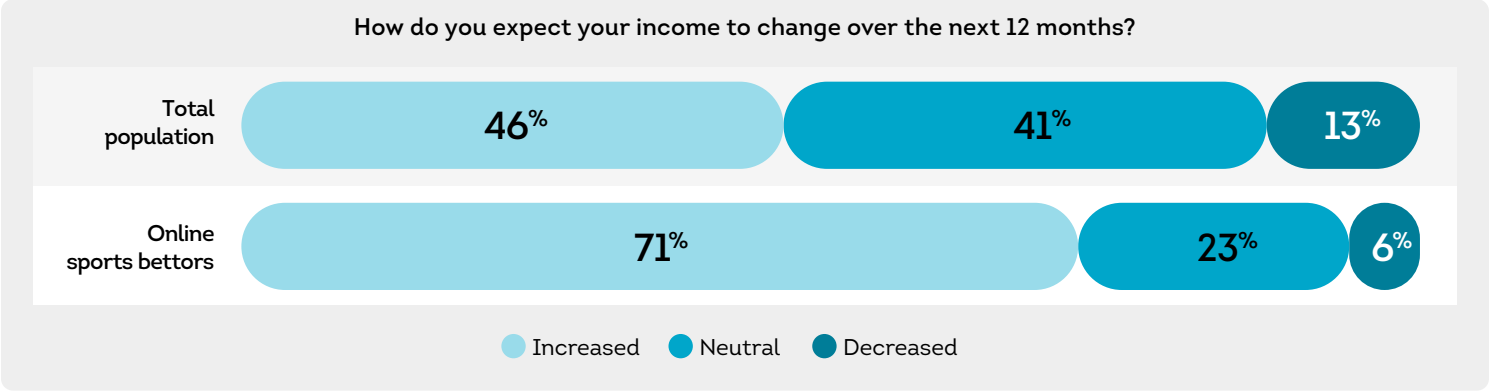
Of sports bettors, 22% changed jobs for higher compensation in the last three months compared to 7% amongst the wider population. Sports bettors were also more likely to be employed; 89% currently employed vs. 81% of the total population.

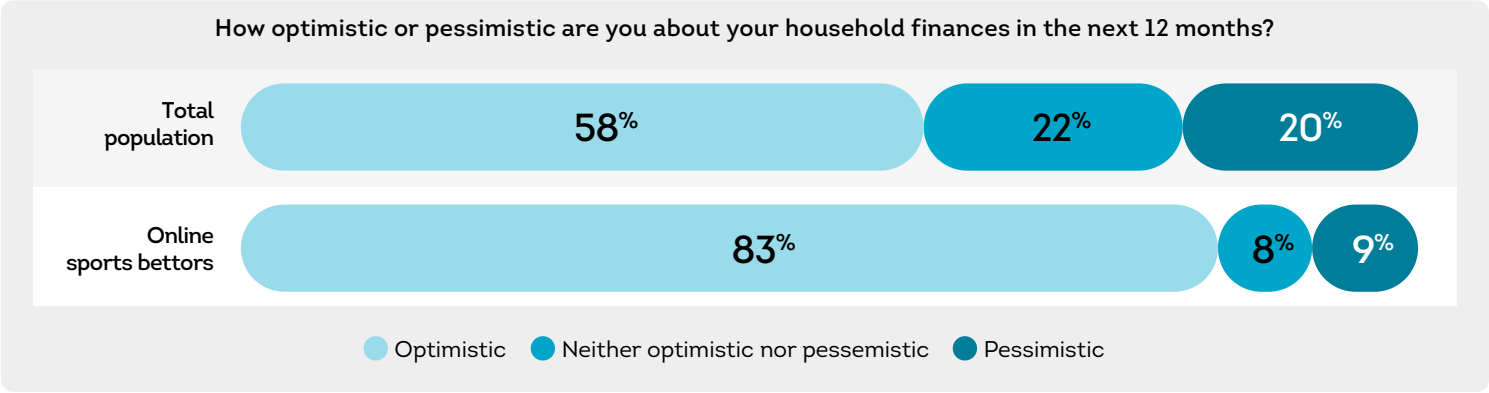




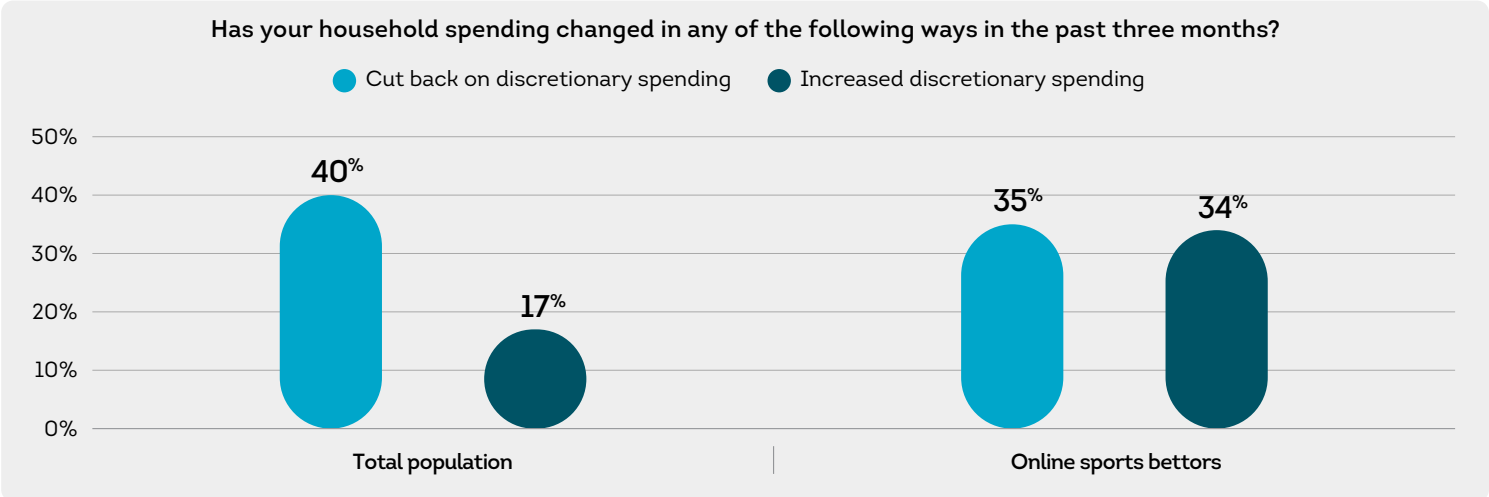
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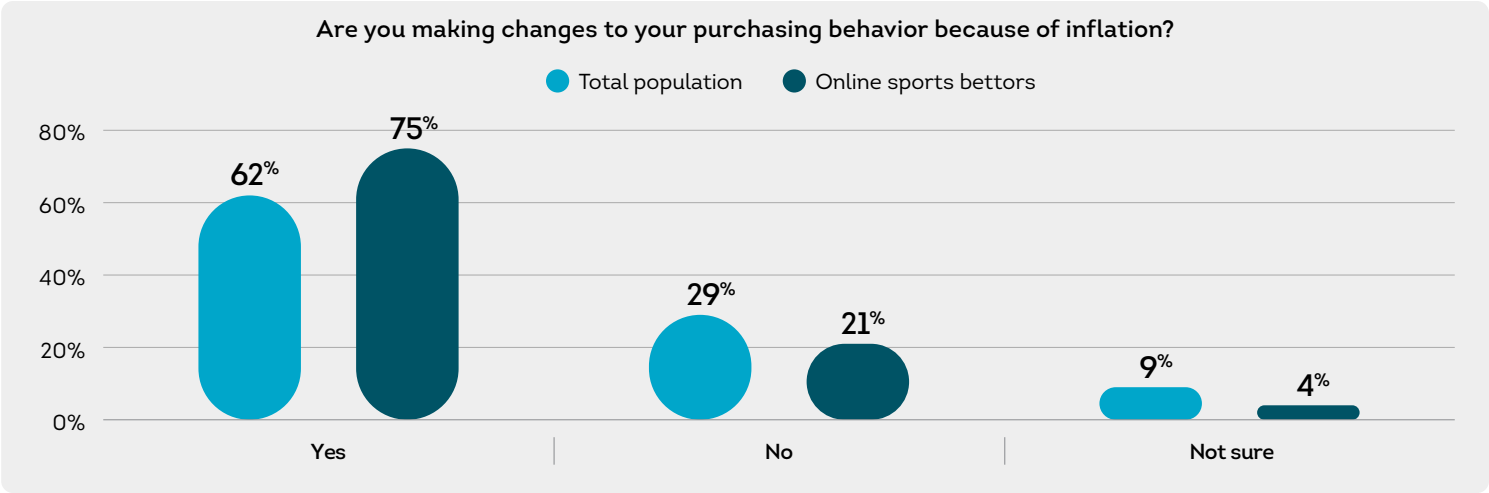
Additionally, sports bettors were more optimistic of increasing their incomes and household finances over the next 12 months.





Optimism over anticipated household finances led to increased discretionary spending for sports bettors (34%) in the last three months vs. the total population (17%). However, in the next 12 months, sports bettors planned to make changes to their purchasing behaviors in response to inflation at a higher rate than the total population.



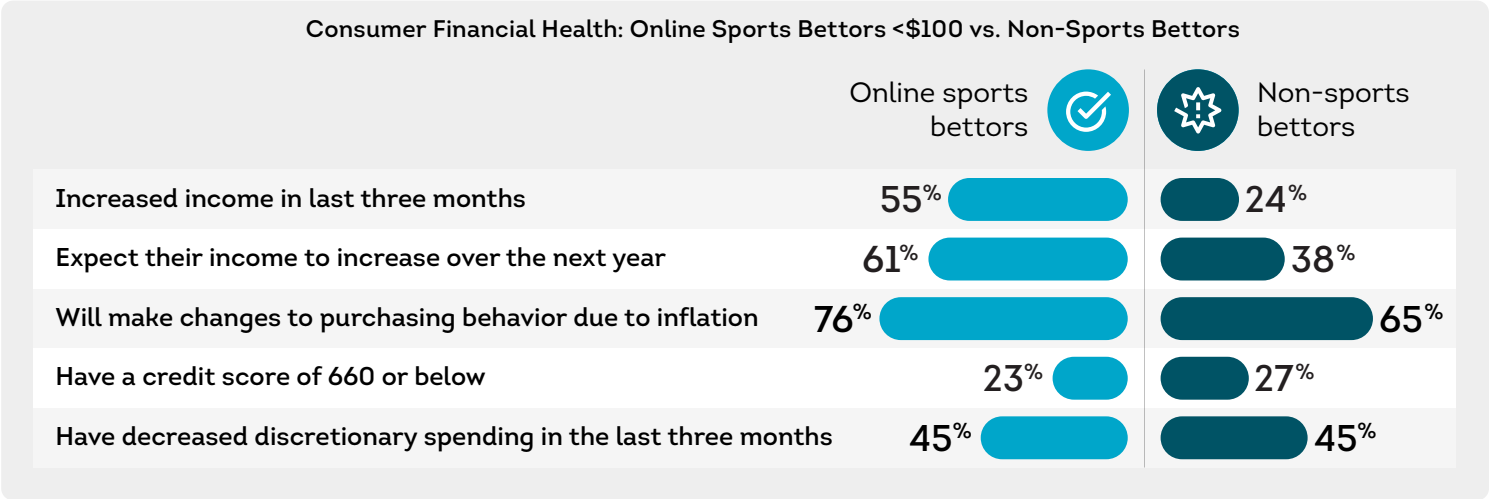


Consumer persona comparison; online sports bettors spending $100 or less per month vs. non-sports bettors:

→ Online sports bettors index higher across signals of resilience compared to non-sports bettors.

→ Most notable: higher levels of income increases and expected income increases in the next year.

→ Online sports bettors report greater levels of sensitivity to inflation and will change their purchasing behavior as a result.



KEY TAKEAWAYS:

→ When looking at consumer financial health, sports bettors showed greater levels of resilience compared to the wider population with higher levels of increased income, optimism over future income increases, and better than planned household finances.

→ Sports bettors' intent to change purchasing behavior over the next 12 months (in response to inflation) could impact gaming revenue given the relationship between consumer liquidity and industry performance.

→ The relationship between income and credit category on sports betting spend showcases how valuable and important it is for operators to identify resilient consumers.

→ While there were positive signals for online sports bettors, they're reliant on the strong job market for current and future increased incomes, highlighting how economic headwinds and increased unemployment could materially impact their resilience.

LEARN MORE

The insights TransUnion garnered from consumers and the sports betting population go far beyond the contents in this report. Get in touch to find out more, including;

- **Proprietary consumer personas identified by TransUnion – based on over a decade of experience in supporting the global gaming industry**
- **How to identify resilience and distress in consumers to better enhance responsible gaming and marketing strategies**
- **How consumer health could influence US state gaming regulations based on our extensive background in this topic in international markets, including the UK**

Research Methodology

This online survey of 2,739 adults was conducted May 12–19, 2022 by TransUnion in partnership with third-party research provider, Dynata. Adults 18 years of age and older residing in the United States were surveyed using an online research panel method across a combination of desktop, mobile and tablet devices. Survey questions were administered in English. All states are represented in the study survey responses. To ensure general population sample representativeness across United States resident demographics, the survey included quotas to balance responses to the census statistics on the dimensions of age, gender, household income, race and region. Generations are defined as follows: Gen Z, born 1995–2004; Millennials, born 1980–1994; Gen X, born 1965–1979; and Baby Boomers, born 1944–1964. These research results are unweighted and statistically significant at a 95% confidence level within ±1.87 percentage points based on calculated error margin.

For more information about TransUnion gaming solutions, visit **transunion.com/industry/gaming-gambling**

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About TransUnion (NYSE: TRU)

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