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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549  
**FORM 10-Q**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-39232

**Rush Street Interactive, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**84-3626708**

(I.R.S. Employer  
Identification No.)

**900 N. Michigan Avenue, Suite 950**

**Chicago, Illinois 60611**

(Address of principal executive offices, including zip code)

**(312) 915-2815**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class                                | Trading Symbol(s) | Name of each exchange on which registered |
|----------------------------------------------------|-------------------|-------------------------------------------|
| Class A common stock, \$0.0001 par value per share | RSI               | The New York Stock Exchange               |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

|                         |                                     |                           |                                     |
|-------------------------|-------------------------------------|---------------------------|-------------------------------------|
| Large accelerated filer | <input type="checkbox"/>            | Accelerated filer         | <input type="checkbox"/>            |
| Non-accelerated filer   | <input checked="" type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |
| Emerging growth company | <input checked="" type="checkbox"/> |                           |                                     |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of November 9, 2021, there were 59,255,080 shares outstanding of the registrant's Class A common stock, \$0.0001 par value per share, and 159,958,729 shares outstanding of the registrant's Class V common stock, \$0.0001 par value per share.

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### Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q (this “Report”) contains forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995 that reflect future plans, estimates, beliefs and expected performance. The forward-looking statements depend upon events, risks and uncertainties that may be outside of our control. The words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intends,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “would” and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. You are cautioned that our business and operations are subject to a variety of risks and uncertainties, many of which are beyond our control, and, consequently, our actual results may differ materially from those projected.

Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed in the section entitled “Risk Factors” included elsewhere in this Report. Any statements contained herein that are not statements of historical fact may be forward-looking statements.

- competition in the online casino, online sports betting and retail sports betting (i.e., such as within a bricks-and-mortar casino) industries is intense and, as a result, we may fail to attract and retain customers, which may negatively impact our operations and growth prospects;
- economic downturns and political and market conditions beyond our control, including a reduction in consumer discretionary spending and sports leagues shortening, delaying or cancelling their seasons due to COVID-19, could adversely affect our business, financial condition, results of operations and prospects;
- our growth prospects may suffer if we are unable to develop successful offerings, if we fail to pursue additional offerings or if we lose any of our key executives or other key employees;
- our business is subject to a variety of U.S. and foreign laws (including Colombia and Canada, where we have business operations), many of which are unsettled and still developing, and our growth prospects depend on the legal status of real-money gaming in various jurisdictions;
- failure to comply with regulatory requirements or to successfully obtain a license or permit applied for could adversely impact our ability to comply with licensing and regulatory requirements or to obtain or maintain licenses in other jurisdictions, or could cause financial institutions, online platforms and distributors to stop providing services to us;
- we rely on information technology and other systems and platforms (including reliance on third-party providers to validate the identity and location of our customers and to process customer deposits and withdrawals), and any breach or disruption of such information technology could compromise our networks and the information stored there could be accessed, publicly disclosed, lost, corrupted or stolen;
- our officers and directors allocating their time to other businesses and potentially having conflicts of interest with our business;
- our projections, including for revenues, market share, expenses and profitability, are subject to significant risks, assumptions, estimates and uncertainties;
- the requirements of being a public company, including compliance with the SEC’s requirements regarding internal controls over financial reporting, may strain our resources and divert our attention, and the increases in legal, accounting and compliance expenses that may continue to arise as a result of us becoming a publicly listed company may be greater than we anticipate;
- we license certain trademarks and domain names to Rush Street Gaming, LLC (“RSG”) and its affiliates, and RSG’s and its affiliates’ use of such trademarks and domain names, or failure to protect or enforce our intellectual property rights, could harm our business, financial condition, results of operations and prospects; and
- we currently and will likely continue to rely on licenses and service agreements to use the intellectual property rights of third parties that are incorporated into or used in our products and services.

Due to the uncertain nature of these factors, management cannot assess the impact of each factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in

any forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any of these statements to reflect events or circumstances occurring after the date of this Report. New factors may emerge, and it is not possible to predict all factors that may affect our business and prospects.

#### **Limitations of Key Metrics and Other Data**

The numbers for our key metrics, which include our monthly active users (“MAUs”) and average revenue per MAU (“ARPMU”), are calculated using internal company data based on the activity of user accounts. While these numbers are based on what we believe to be reasonable estimates of our user base and activity levels for the applicable period of measurement, there are inherent challenges in measuring usage of our offerings across large online and mobile populations based in numerous jurisdictions. In addition, we continuously seek to improve our estimates of our user base and user activity, and such estimates may change due to improvements or changes in our methodology.

We regularly evaluate these metrics to estimate the number of “duplicate” accounts among our MAUs and remove the effects of such duplicate accounts on our key metrics. A duplicate account is one that a user maintains in addition to his or her principal account. Generally, duplicate accounts arise as a result of users signing up to use more than one of our brands (i.e., BetRivers, PlaySugarHouse and RushBet) or to use our offerings in more than one jurisdiction, for instance when a user lives in New Jersey but works in Pennsylvania. The estimates of duplicate accounts are based on an internal review of a limited sample of accounts, and we apply significant judgment in making this determination. For example, to identify duplicate accounts we use data signals such as similar IP addresses or usernames. Our estimates may change as our methodologies evolve, including through the application of new data signals or technologies, which may allow us to identify previously undetected duplicate accounts and may improve our ability to evaluate a broader population of our users. Duplicate accounts are very difficult to measure, and it is possible that the actual number of duplicate accounts may vary significantly from our estimates.

We regularly review our processes for calculating these metrics, and from time to time we may discover inaccuracies in our metrics or make adjustments to improve their accuracy, including adjustments that may result in the recalculation of our historical metrics. We believe that any such inaccuracies or adjustments are immaterial unless otherwise stated. In addition, our key metrics and related information and estimates, including the definitions and calculations of the same, may differ from those published by third parties or from similarly titled metrics of our competitors due to differences in operations, offerings, methodology and access to information.

The data and numbers used to calculate MAUs and ARPMU discussed in this Report only include U.S.-based users unless stated otherwise.

**PART I. FINANCIAL INFORMATION**
**Item 1. Financial Statements**

**RUSH STREET INTERACTIVE, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Amounts in thousands except for share and per share amounts)

|                                                                                                                                                                                                                                                | September 30,<br>2021 | December 31,<br>2020 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------|
|                                                                                                                                                                                                                                                | (Unaudited)           |                      |
| <b>ASSETS</b>                                                                                                                                                                                                                                  |                       |                      |
| <b>Current assets</b>                                                                                                                                                                                                                          |                       |                      |
| Cash and cash equivalents                                                                                                                                                                                                                      | \$ 346,632            | \$ 255,622           |
| Restricted cash                                                                                                                                                                                                                                | 13,654                | 6,443                |
| Players' receivables                                                                                                                                                                                                                           | 8,194                 | 779                  |
| Due from affiliates                                                                                                                                                                                                                            | 25,878                | 28,764               |
| Prepaid expenses and other current assets                                                                                                                                                                                                      | 2,975                 | 2,871                |
| <b>Total current assets</b>                                                                                                                                                                                                                    | <b>397,333</b>        | <b>294,479</b>       |
| Intangible assets, net                                                                                                                                                                                                                         | 14,412                | 9,750                |
| Property and equipment, net                                                                                                                                                                                                                    | 4,560                 | 2,016                |
| Operating lease right-of-use asset, net                                                                                                                                                                                                        | 1,326                 | 1,100                |
| Other assets                                                                                                                                                                                                                                   | 3,418                 | 1,215                |
| <b>Total assets</b>                                                                                                                                                                                                                            | <b>\$ 421,049</b>     | <b>\$ 308,560</b>    |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>                                                                                                                                                                                          |                       |                      |
| <b>Current liabilities</b>                                                                                                                                                                                                                     |                       |                      |
| Accounts payable                                                                                                                                                                                                                               | \$ 9,917              | \$ 11,994            |
| Accrued expenses                                                                                                                                                                                                                               | 44,992                | 27,042               |
| Players' liabilities                                                                                                                                                                                                                           | 17,491                | 8,500                |
| Deferred royalty, short-term                                                                                                                                                                                                                   | 365                   | 195                  |
| Operating lease liabilities, short-term                                                                                                                                                                                                        | 472                   | 226                  |
| Earnout interests liability                                                                                                                                                                                                                    | —                     | 351,048              |
| Other current liabilities                                                                                                                                                                                                                      | 2,744                 | 1,983                |
| <b>Total current liabilities</b>                                                                                                                                                                                                               | <b>75,981</b>         | <b>400,988</b>       |
| Deferred royalty, long-term                                                                                                                                                                                                                    | 3,562                 | 3,813                |
| Operating lease liabilities, long-term                                                                                                                                                                                                         | 941                   | 979                  |
| Warrant liabilities                                                                                                                                                                                                                            | —                     | 170,109              |
| Other long-term liabilities                                                                                                                                                                                                                    | 337                   | —                    |
| <b>Total liabilities</b>                                                                                                                                                                                                                       | <b>80,821</b>         | <b>575,889</b>       |
| <b>Commitments and contingencies</b>                                                                                                                                                                                                           |                       |                      |
| <b>Stockholders' equity (deficit)</b>                                                                                                                                                                                                          |                       |                      |
| Class A common stock, \$0.0001 par value, 750,000,000 shares authorized as of September 30, 2021 and December 31, 2020; 59,437,349 and 44,792,517 shares issued as of September 30, 2021 and December 31, 2020, respectively                   | 6                     | 4                    |
| Class V common stock, \$0.0001 par value, 200,000,000 shares authorized as of September 30, 2021 and December 31, 2020; 159,958,729 and 160,000,000 shares issued and outstanding as of September 30, 2021 and December 31, 2020, respectively | 16                    | 16                   |
| Treasury stock, 218,589 and zero shares as of September 30, 2021 and December 31, 2020, respectively                                                                                                                                           | (850)                 | —                    |
| Additional paid-in capital                                                                                                                                                                                                                     | 163,811               | —                    |
| Accumulated other comprehensive income (loss)                                                                                                                                                                                                  | (167)                 | 93                   |
| Accumulated deficit                                                                                                                                                                                                                            | (70,976)              | (61,892)             |
| <b>Total stockholders' equity (deficit) attributable to Rush Street Interactive, Inc.</b>                                                                                                                                                      | <b>91,840</b>         | <b>(61,779)</b>      |
| Non-controlling interests                                                                                                                                                                                                                      | 248,388               | (205,550)            |
| <b>Total stockholders' equity (deficit)</b>                                                                                                                                                                                                    | <b>340,228</b>        | <b>(267,329)</b>     |
| <b>Total liabilities and stockholders' equity (deficit)</b>                                                                                                                                                                                    | <b>\$ 421,049</b>     | <b>\$ 308,560</b>    |

*See accompanying notes to condensed consolidated financial statements.*

**RUSH STREET INTERACTIVE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
(Amounts in thousands except for share and per share amounts)

|                                                                                   | Three Months Ended<br>September 30, |                    | Nine Months Ended<br>September 30, |                    |
|-----------------------------------------------------------------------------------|-------------------------------------|--------------------|------------------------------------|--------------------|
|                                                                                   | 2021                                | 2020               | 2021                               | 2020               |
|                                                                                   | (Unaudited)                         | (Unaudited)        | (Unaudited)                        | (Unaudited)        |
| <b>Revenue</b>                                                                    | <b>\$ 122,920</b>                   | <b>\$ 78,237</b>   | <b>\$ 357,540</b>                  | <b>\$ 178,452</b>  |
| <b>Operating costs and expenses</b>                                               |                                     |                    |                                    |                    |
| Costs of revenue                                                                  | 81,221                              | 47,107             | 245,668                            | 118,774            |
| Advertising and promotions                                                        | 46,077                              | 17,506             | 125,836                            | 33,421             |
| General administration and other                                                  | 12,318                              | 39,650             | 40,650                             | 114,815            |
| Depreciation and amortization                                                     | 1,007                               | 452                | 2,595                              | 1,368              |
| Total operating costs and expenses                                                | 140,623                             | 104,715            | 414,749                            | 268,378            |
| <b>Loss from operations</b>                                                       | <b>(17,703)</b>                     | <b>(26,478)</b>    | <b>(57,209)</b>                    | <b>(89,926)</b>    |
| <b>Other income (expenses)</b>                                                    |                                     |                    |                                    |                    |
| Interest expense, net                                                             | (11)                                | (16)               | (41)                               | (101)              |
| Change in fair value of warrant liabilities                                       | —                                   | —                  | 41,802                             | —                  |
| Change in fair value of earnout interests liability                               | —                                   | —                  | (13,740)                           | —                  |
| Total other income (expenses)                                                     | (11)                                | (16)               | 28,021                             | (101)              |
| <b>Loss before income taxes</b>                                                   | <b>(17,714)</b>                     | <b>(26,494)</b>    | <b>(29,188)</b>                    | <b>(90,027)</b>    |
| Income tax expense                                                                | 1,225                               | —                  | 3,781                              | —                  |
| <b>Net loss</b>                                                                   | <b>\$ (18,939)</b>                  | <b>\$ (26,494)</b> | <b>\$ (32,969)</b>                 | <b>\$ (90,027)</b> |
| Net loss attributable to non-controlling interests                                | (13,639)                            | —                  | (23,885)                           | —                  |
| <b>Net loss attributable to Rush Street Interactive, Inc.</b>                     | <b>\$ (5,300)</b>                   | <b>\$ (26,494)</b> | <b>\$ (9,084)</b>                  | <b>\$ (90,027)</b> |
| Net loss per common share attributable to Rush Street Interactive, Inc. – basic   | \$ (0.09)                           | N/A                | \$ (0.16)                          | N/A                |
| Weighted average common shares outstanding – basic                                | 59,191,384                          | N/A                | 55,148,218                         | N/A                |
| Net loss per common share attributable to Rush Street Interactive, Inc. – diluted | \$ (0.09)                           | N/A                | \$ (0.33)                          | N/A                |
| Weighted average common shares outstanding – diluted                              | 59,191,384                          | N/A                | 56,488,691                         | N/A                |
|                                                                                   |                                     |                    |                                    |                    |
|                                                                                   | Three Months Ended<br>September 30, |                    | Nine Months Ended<br>September 30, |                    |
|                                                                                   | 2021                                | 2020               | 2021                               | 2020               |
|                                                                                   | (Unaudited)                         | (Unaudited)        | (Unaudited)                        | (Unaudited)        |
| <b>Net loss</b>                                                                   | <b>\$ (18,939)</b>                  | <b>\$ (26,494)</b> | <b>\$ (32,969)</b>                 | <b>\$ (90,027)</b> |
| <b>Other comprehensive loss</b>                                                   |                                     |                    |                                    |                    |
| Foreign currency translation adjustment                                           | (168)                               | (134)              | (1,060)                            | (444)              |
| <b>Comprehensive loss</b>                                                         | <b>\$ (19,107)</b>                  | <b>\$ (26,628)</b> | <b>\$ (34,029)</b>                 | <b>\$ (90,471)</b> |
| Comprehensive loss attributable to non-controlling interests                      | (13,762)                            | —                  | (24,685)                           | —                  |
| <b>Comprehensive loss attributable to Rush Street Interactive, Inc.</b>           | <b>\$ (5,345)</b>                   | <b>\$ (26,628)</b> | <b>\$ (9,344)</b>                  | <b>\$ (90,471)</b> |

*See accompanying notes to condensed consolidated financial statements.*

**RUSH STREET INTERACTIVE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)**  
(Amounts in thousands except for share amounts)

|                                                            | Class A<br>Common Stock |             | Class V<br>Common Stock |              | Treasury Stock |                 | Additional<br>Paid-in<br>Capital | Accumulated<br>Other<br>Comprehensive<br>Income (Loss) | Accumulated<br>Deficit | Total<br>Stockholders'<br>Equity<br>(Deficit)<br>Attributable<br>To RSI | Non-<br>Controlling<br>Interests | Total<br>Stockholders'<br>Equity<br>(Deficit) |
|------------------------------------------------------------|-------------------------|-------------|-------------------------|--------------|----------------|-----------------|----------------------------------|--------------------------------------------------------|------------------------|-------------------------------------------------------------------------|----------------------------------|-----------------------------------------------|
|                                                            | Shares                  | Amount      | Shares                  | Amount       | Shares         | Amount          |                                  |                                                        |                        |                                                                         |                                  |                                               |
| <b>Balance at December 31, 2020</b>                        | <b>44,792,517</b>       | <b>\$ 4</b> | <b>160,000,000</b>      | <b>\$ 16</b> | <b>—</b>       | <b>\$ —</b>     | <b>\$ —</b>                      | <b>\$ 93</b>                                           | <b>\$ (61,892)</b>     | <b>\$ (61,779)</b>                                                      | <b>\$ (205,550)</b>              | <b>\$ (267,329)</b>                           |
| Share-based compensation                                   | 571,239                 | —           | —                       | —            | —              | —               | 2,772                            | —                                                      | —                      | 2,772                                                                   | 8,804                            | 11,576                                        |
| Foreign currency translation adjustment                    | —                       | —           | —                       | —            | —              | —               | —                                | (143)                                                  | —                      | (143)                                                                   | (481)                            | (624)                                         |
| Issuance of Class A Common Stock upon exercise of Warrants | 14,014,197              | 2           | —                       | —            | —              | —               | 75,372                           | —                                                      | —                      | 75,374                                                                  | 184,521                          | 259,895                                       |
| Repurchase of Class A Common Stock                         | —                       | —           | —                       | —            | 218,589        | (850)           | —                                | —                                                      | —                      | (850)                                                                   | (2,615)                          | (3,465)                                       |
| Settlement of earnout interests liability                  | —                       | —           | —                       | —            | —              | —               | 83,093                           | —                                                      | —                      | 83,093                                                                  | 281,695                          | 364,788                                       |
| Net loss                                                   | —                       | —           | —                       | —            | —              | —               | —                                | —                                                      | (17)                   | (17)                                                                    | (59)                             | (76)                                          |
| <b>Balance at March 31, 2021 (Unaudited)</b>               | <b>59,377,953</b>       | <b>\$ 6</b> | <b>160,000,000</b>      | <b>\$ 16</b> | <b>218,589</b> | <b>\$ (850)</b> | <b>\$ 161,237</b>                | <b>\$ (50)</b>                                         | <b>\$ (61,909)</b>     | <b>\$ 98,450</b>                                                        | <b>\$ 266,315</b>                | <b>\$ 364,765</b>                             |
| Share-based compensation                                   | 18,125                  | —           | —                       | —            | —              | —               | 1,295                            | —                                                      | —                      | 1,295                                                                   | 3,366                            | 4,661                                         |
| Foreign currency translation adjustment                    | —                       | —           | —                       | —            | —              | —               | —                                | (72)                                                   | —                      | (72)                                                                    | (196)                            | (268)                                         |
| Distributions paid to non-controlling interest holders     | —                       | —           | —                       | —            | —              | —               | —                                | —                                                      | —                      | —                                                                       | (337)                            | (337)                                         |
| Net loss                                                   | —                       | —           | —                       | —            | —              | —               | —                                | —                                                      | (3,767)                | (3,767)                                                                 | (10,187)                         | (13,954)                                      |
| <b>Balance at June 30, 2021 (Unaudited)</b>                | <b>59,396,078</b>       | <b>\$ 6</b> | <b>160,000,000</b>      | <b>\$ 16</b> | <b>218,589</b> | <b>\$ (850)</b> | <b>\$ 162,532</b>                | <b>\$ (122)</b>                                        | <b>\$ (65,676)</b>     | <b>\$ 95,906</b>                                                        | <b>\$ 258,961</b>                | <b>\$ 354,867</b>                             |
| Share-based compensation                                   | —                       | —           | —                       | —            | —              | —               | 1,279                            | —                                                      | —                      | 1,279                                                                   | 3,189                            | 4,468                                         |
| RSILP Unit Exchange                                        | 41,271                  | —           | (41,271)                | —            | —              | —               | —                                | —                                                      | —                      | —                                                                       | —                                | —                                             |
| Foreign currency translation adjustment                    | —                       | —           | —                       | —            | —              | —               | —                                | (45)                                                   | —                      | (45)                                                                    | (123)                            | (168)                                         |
| Net loss                                                   | —                       | —           | —                       | —            | —              | —               | —                                | —                                                      | (5,300)                | (5,300)                                                                 | (13,639)                         | (18,939)                                      |
| <b>Balance at September 30, 2021 (Unaudited)</b>           | <b>59,437,349</b>       | <b>\$ 6</b> | <b>159,958,729</b>      | <b>\$ 16</b> | <b>218,589</b> | <b>\$ (850)</b> | <b>\$ 163,811</b>                | <b>\$ (167)</b>                                        | <b>\$ (70,976)</b>     | <b>\$ 91,840</b>                                                        | <b>\$ 248,388</b>                | <b>\$ 340,228</b>                             |

**RUSH STREET INTERACTIVE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)**  
(Amounts in thousands except for share amounts)

|                                                   | Class A<br>Common Stock |        | Class V<br>Common Stock |        | Additional<br>Paid-in<br>Capital | Accumulated<br>Other<br>Comprehensive<br>Loss | Accumulated<br>Deficit | Total<br>Stockholders'<br>Deficit | Non-<br>Controlling<br>Interests | Members'<br>Deficit | Total<br>Deficit |
|---------------------------------------------------|-------------------------|--------|-------------------------|--------|----------------------------------|-----------------------------------------------|------------------------|-----------------------------------|----------------------------------|---------------------|------------------|
|                                                   | Shares                  | Amount | Shares                  | Amount |                                  |                                               |                        |                                   |                                  |                     |                  |
| <b>Balance at December 31, 2019<sup>(1)</sup></b> | —                       | \$ —   | —                       | \$ —   | \$ —                             | \$ —                                          | \$ —                   | \$ —                              | \$ —                             | \$ (3,368)          | \$ (3,368)       |
| Members' contribution                             | —                       | —      | —                       | —      | —                                | —                                             | —                      | —                                 | —                                | 2,000               | 2,000            |
| Share-based compensation                          | —                       | —      | —                       | —      | —                                | —                                             | —                      | —                                 | —                                | 285                 | 285              |
| Foreign currency translation adjustment           | —                       | —      | —                       | —      | —                                | —                                             | —                      | —                                 | —                                | (364)               | (364)            |
| Net loss                                          | —                       | —      | —                       | —      | —                                | —                                             | —                      | —                                 | —                                | (12,943)            | (12,943)         |
| <b>Balance at March 31, 2020 (Unaudited)</b>      | —                       | \$ —   | —                       | \$ —   | \$ —                             | \$ —                                          | \$ —                   | \$ —                              | \$ —                             | \$ (14,390)         | \$ (14,390)      |
| Members' contribution                             | —                       | —      | —                       | —      | —                                | —                                             | —                      | —                                 | —                                | 4,500               | 4,500            |
| Share-based compensation                          | —                       | —      | —                       | —      | —                                | —                                             | —                      | —                                 | —                                | 1,407               | 1,407            |
| Foreign currency translation adjustment           | —                       | —      | —                       | —      | —                                | —                                             | —                      | —                                 | —                                | 54                  | 54               |
| Net loss                                          | —                       | —      | —                       | —      | —                                | —                                             | —                      | —                                 | —                                | (50,590)            | (50,590)         |
| <b>Balance at June 30, 2020 (Unaudited)</b>       | —                       | \$ —   | —                       | \$ —   | \$ —                             | \$ —                                          | \$ —                   | \$ —                              | \$ —                             | \$ (59,019)         | \$ (59,019)      |
| Foreign currency translation adjustment           | —                       | —      | —                       | —      | —                                | —                                             | —                      | —                                 | —                                | (134)               | (134)            |
| Net loss                                          | —                       | —      | —                       | —      | —                                | —                                             | —                      | —                                 | —                                | (26,494)            | (26,494)         |
| <b>Balance at September 30, 2020 (Unaudited)</b>  | —                       | \$ —   | —                       | \$ —   | \$ —                             | \$ —                                          | \$ —                   | \$ —                              | \$ —                             | \$ (85,647)         | \$ (85,647)      |

(1) Previously reported amounts have been adjusted for the retroactive application of the recapitalization related to the Business Combination.

*See accompanying notes to condensed consolidated financial statements.*

**RUSH STREET INTERACTIVE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Amounts in thousands)

|                                                                                                 | Nine Months Ended<br>September 30, |                     |
|-------------------------------------------------------------------------------------------------|------------------------------------|---------------------|
|                                                                                                 | 2021<br>(Unaudited)                | 2020<br>(Unaudited) |
| <b>Cash flows from operating activities</b>                                                     |                                    |                     |
| Net loss                                                                                        | \$ (32,969)                        | \$ (90,027)         |
| <b>Adjustments to reconcile net loss to net cash (used in) provided by operating activities</b> |                                    |                     |
| Share-based compensation expense                                                                | 20,705                             | 103,282             |
| Depreciation and amortization expense                                                           | 2,595                              | 1,368               |
| Deferred income taxes                                                                           | (228)                              | —                   |
| Noncash lease expense                                                                           | 241                                | 155                 |
| Change in fair value of earnout interests liability                                             | 13,740                             | —                   |
| Change in fair value of warrant liabilities                                                     | (41,802)                           | —                   |
| <b>Changes in assets and liabilities:</b>                                                       |                                    |                     |
| Players receivables                                                                             | (7,415)                            | 1,192               |
| Due from affiliates                                                                             | 2,886                              | (32,000)            |
| Prepaid expenses and other current assets                                                       | 646                                | (3,352)             |
| Other assets                                                                                    | (225)                              | (158)               |
| Accounts payable                                                                                | (2,122)                            | 6,434               |
| Accrued expenses and other current liabilities                                                  | 18,620                             | 13,732              |
| Players liabilities                                                                             | 8,991                              | 986                 |
| Deferred royalty                                                                                | (81)                               | 1,091               |
| Lease liabilities                                                                               | (259)                              | (144)               |
| <b>Net cash (used in) provided by operating activities</b>                                      | <b>(16,677)</b>                    | <b>2,559</b>        |
| <b>Cash flows from investing activities</b>                                                     |                                    |                     |
| Purchases of property and equipment                                                             | (1,987)                            | (909)               |
| Acquisition of gaming licenses                                                                  | (3,472)                            | (3,787)             |
| Internally developed software costs                                                             | (2,984)                            | —                   |
| Investment in equity                                                                            | (1,500)                            | —                   |
| Short-term advances                                                                             | (750)                              | —                   |
| Investment in long-term time deposits                                                           | (250)                              | —                   |
| <b>Net cash used in investing activities</b>                                                    | <b>(10,943)</b>                    | <b>(4,696)</b>      |
| <b>Cash flows from financing activities</b>                                                     |                                    |                     |
| Proceeds from related party loan                                                                | —                                  | 650                 |
| Members' capital contribution                                                                   | —                                  | 6,500               |
| Proceeds from shares issued for warrants                                                        | 131,588                            | —                   |
| Repurchase of common stock                                                                      | (3,465)                            | —                   |
| Principal payments of finance lease liabilities                                                 | (870)                              | —                   |
| Distributions paid to non-controlling interest holders                                          | (337)                              | —                   |
| <b>Net cash provided by financing activities</b>                                                | <b>126,916</b>                     | <b>7,150</b>        |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash                   | (1,075)                            | (441)               |
| Net change in cash, cash equivalents and restricted cash                                        | 98,221                             | 4,572               |
| Cash, cash equivalents and restricted cash, at the beginning of the period <sup>(1)</sup>       | 262,065                            | 10,543              |
| <b>Cash, cash equivalents and restricted cash, at the end of the period<sup>(1)</sup></b>       | <b>\$ 360,286</b>                  | <b>\$ 15,115</b>    |
| <b>Supplemental disclosure of noncash investing and financing activities:</b>                   |                                    |                     |
| Right-of-use assets obtained in exchange for new or modified operating lease liabilities        | \$ 1,765                           | \$ 971              |
| Non-cash redemption of Private Placement and Working Capital Warrants                           | \$ 50,798                          | \$ —                |
| Non-cash settlement of Public Warrants                                                          | \$ 77,509                          | \$ —                |
| Non-cash settlement of earnout interests liability                                              | \$ 364,788                         | \$ —                |
| Increase in accounts payable for property and equipment purchases                               | \$ 45                              | \$ —                |
| <b>Supplemental disclosure of cash flow information:</b>                                        |                                    |                     |
| Cash paid for income taxes                                                                      | \$ 3,180                           | \$ —                |
| Cash paid for interest                                                                          | \$ 21                              | \$ 101              |

(1) Cash and cash equivalents and Restricted cash are each included separately on the condensed consolidated balance sheets.

*See accompanying notes to condensed consolidated financial statements.*

**RUSH STREET INTERACTIVE, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**1. Description of Business**

Rush Street Interactive, Inc. is a holding company organized under the laws of the State of Delaware and, through its main operating subsidiary, Rush Street Interactive, LP and its subsidiaries (collectively, “RSILP”), is a leading online gaming company that provides online casino and sports betting in the U.S. and Latin America markets. Rush Street Interactive, Inc. and its subsidiaries (including RSILP) are collectively referred to as “RSI” or the “Company.” The Company is headquartered in Chicago, IL.

On December 29, 2020, dMY Technology Group, Inc. (“dMY”), a special purpose acquisition company incorporated in Delaware on September 27, 2019, completed the acquisition of certain units of RSILP pursuant to a Business Combination Agreement, dated as of July 27, 2020 (as amended and restated on October 9, 2020 and as further amended on December 4, 2020, the “Business Combination Agreement”), between RSILP, the sellers set forth on the signature pages thereto (collectively, the “Sellers” and each, a “Seller”), dMY Sponsor, LLC, a Delaware limited liability company (the “Sponsor”), and Rush Street Interactive GP, LLC, a Delaware limited liability company, in its capacity as the Sellers’ Representative (in such capacity, the “Sellers’ Representative”).

In connection with the closing (the “Closing”) of the transactions described in the Business Combination Agreement (the “Business Combination”), the Company was reorganized into an umbrella partnership-C corporation, or UP-C, structure, in which substantially all of the assets of the combined company are held by RSILP and the Company’s only assets are its equity interests in RSILP (which are held indirectly through wholly-owned subsidiaries of the Company – RSI ASLP, Inc. (the “Special Limited Partner”) and RSI GP, LLC (“RSI GP”), which is the general partner of RSILP). As of the Closing, the Company owned, indirectly through the Special Limited Partner, approximately 23.1% of the Common Units of RSILP (“RSILP Units”) and controls RSILP through RSI GP, and the Sellers owned approximately 76.9% of the RSILP Units and control the Company through their ownership of the Class V Common Stock, par value \$0.0001 per share, of the Company (the “Class V Common Stock”). Upon consummation of the Business Combination, dMY changed its name to “Rush Street Interactive, Inc.” As of September 30, 2021, the Company and the Sellers owned approximately 27.02% and 72.98% of the RSILP Units, respectively.

***Impact of COVID-19***

The COVID-19 pandemic has adversely impacted global commercial activity, disrupted supply chains and contributed to significant volatility in financial markets. In 2020 and continuing into 2021, the COVID-19 pandemic continued to adversely impact many different industries. The ongoing COVID-19 pandemic could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the extent and the duration of the impact of COVID-19. The COVID-19 pandemic therefore presents material uncertainty and risk with respect to the Company and its performance and could affect its financial results in a materially adverse way.

The COVID-19 pandemic has significantly impacted RSI. The direct impact to the business, beyond disruptions in normal business operations, is primarily through the change in consumer habits as a result of people being ordered or requested to stay home and restrict their traveling or otherwise voluntarily choosing to stay home or restrict travel. During the periods affected by government imposed stay-at-home orders, the Company’s business volume significantly increased and has since continued to remain strong as many of these orders were lifted. COVID-19 directly impacted sports betting due to the rescheduling, reconfiguring, suspension, postponement and cancellation of major sports seasons and sporting events or exclusion of certain players or teams from sporting events. While most major professional sports leagues resumed their activities primarily starting in the second half of 2020, the third quarter of 2021 was still impacted by the COVID-19 pandemic. For example, the number of games in the NBA’s 2020-2021 and NHL’s 2021 season were reduced and nearly every major professional sports league has experienced postponed, rescheduled or canceled games, or players or teams being excluded from certain games or events due to COVID-19, COVID-19 protocols or local COVID-19 vaccine requirements.

The return of major sports and sporting events during the second half of 2020, as well as the unique and concentrated sports calendar, generated significant customer interest and activity in the Company’s sports betting offerings. However, sports seasons and calendars continue to remain uncertain and could be further suspended, cancelled or rescheduled due to additional COVID-19 outbreaks.

The alteration of sports seasons and sporting events, including the postponement or cancellation of events, during the third quarter of 2021 reduced the Company’s customers’ use of, and spending on, the Company’s sports betting offerings.

**RUSH STREET INTERACTIVE, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

and from time to time caused us to issue refunds for canceled events. Additionally, while many bricks-and-mortar casinos where we operate retail sports betting have reopened, visitation at these casinos is still generally below their pre-COVID-19 levels. Ongoing or future closures of bricks-and-mortar casinos and certain ongoing limitations on visitations to such casinos due to COVID-19 may provide additional opportunities for us to market online casino and sports betting to traditional bricks-and-mortar casino patrons.

The Company's revenues vary based on sports seasons and sporting events, among other things, and cancellations, suspensions or alterations resulting from COVID-19 have the potential to adversely affect the Company's revenue, possibly materially. However, the Company's online casino offerings do not rely on sports seasons and sporting events, thus, they may partially offset this adverse impact on revenue.

The ultimate impact of COVID-19 and the related restrictions on consumer behavior is currently unknown. A significant or prolonged decrease in consumer spending on entertainment or leisure activities would likely have an adverse effect on demand for RSI offerings, reducing cash flows and revenues, thus materially harming the business, financial condition and results of operations. In addition, a uptick in COVID-19 cases or an emergence of additional variants or strains could cause other widespread or more severe impacts depending on where infection rates are highest. As steps taken to mitigate the spread of COVID-19 have necessitated a shift away from a traditional office environment for many employees, the Company has business continuity programs in place to ensure that employees are safe, and that the business continues to function with minimal disruptions to normal work operations while employees work remotely. The Company will continue to monitor developments relating to disruptions and uncertainties caused by COVID-19.

## **2. Summary of Significant Accounting Policies and Recent Accounting Pronouncements**

### ***Basis of Presentation and Principles of Consolidation***

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") and the applicable regulations of the U.S. Securities and Exchange Commission ("SEC") regarding interim financial reporting. Certain information and note disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. Therefore, these unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes thereto as of and for the year ended December 31, 2020 included in the Company's Annual Report on Form 10-K, as filed with the SEC on March 25, 2021 and as amended by Amendment No. 1 on Form 10-K/A and Amendment No. 2 on Form 10-K/A, as filed with the SEC on April 30, 2021 and May 7, 2021, respectively (collectively referred to herein as "Amended Annual Report").

These unaudited condensed consolidated financial statements include the accounts of the Company, its directly and indirectly wholly owned subsidiaries, and all entities in which the Company has a controlling interest. RSI is deemed to have a controlling interest of RSILP through its wholly owned subsidiary RSI GP, which is the sole general partner of RSILP. For consolidated entities that are less than wholly owned, the third party's holding of an equity interest is presented as Non-controlling interests in the Company's condensed consolidated balance sheets and Condensed Consolidated Statements of Equity (Deficit). The portion of net earnings attributable to the non-controlling interests is presented as Net loss attributable to non-controlling interests in the Company's Condensed Consolidated Statements of Operations and Comprehensive Loss. All intercompany accounts and transactions have been eliminated upon consolidation.

Pursuant to the Business Combination Agreement, the Business Combination was accounted for as a reverse recapitalization in accordance with U.S. GAAP (the "Reverse Recapitalization"). Under this method of accounting, dMY was treated as the acquired company and RSILP was treated as the acquirer for financial statement reporting purposes.

Accordingly, for accounting purposes, the Reverse Recapitalization was treated as the equivalent of RSILP issuing stock for the net assets of dMY, accompanied by a recapitalization.

RSILP was determined to be the accounting acquirer based on evaluation of the following facts and circumstances:

- RSILP's existing members, through their ownership of the Class V Common Stock, have the largest portion of the voting rights in the Company;
- The Company's Board of Directors and management are primarily composed of individuals associated with RSILP; and

**RUSH STREET INTERACTIVE, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

- RSILP is the larger entity based on historical operating activity and has the larger employee base.

Thus, the financial statements included in this Quarterly Report on Form 10-Q reflect: (i) the historical operating results of RSILP prior to the Reverse Recapitalization; (ii) the combined results of the RSILP and dMY following the Business Combination; and (iii) the acquired assets and liabilities of dMY stated at historical cost, with no goodwill or other intangible assets recorded.

Certain prior period amounts have been reclassified to conform to the current period presentation, including the \$18.4 million reclassification of negative Additional paid-in capital to Accumulated deficit as of December 31, 2020.

***Interim Unaudited Condensed Consolidated Financial Statements***

The accompanying condensed consolidated balance sheet as of September 30, 2021, the Condensed Consolidated Statements of Operations and Comprehensive Loss and Changes in Equity (Deficit) for the three and nine months ended September 30, 2021 and 2020, and the statement of cash flows for the nine months ended September 30, 2021 and 2020, are unaudited. The condensed consolidated balance sheet as of December 31, 2020 was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. The interim unaudited condensed consolidated financial statements have been prepared on a basis consistent with the annual consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to state fairly the Company's financial condition, its operations and cash flows for the periods presented. The historical results are not necessarily indicative of future results, and the results of operations for the three and nine months ended September 30, 2021 are not necessarily indicative of the results to be expected for the full year.

***Use of Estimates***

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Significant estimates and assumptions reflected in the consolidated financial statements relate to and include, but are not limited to: the valuation of share-based awards, long-lived assets and investments in equity; the estimated useful lives of property, equipment, and intangible assets; redemption rate assumptions associated with the player loyalty program and other discretionary player bonuses; deferred revenue relating to the Company's social gaming revenue stream; accrued expenses; determination of the incremental borrowing rate to calculate operating lease liabilities and finance lease liabilities; valuation of the earnout interests liability; valuation of the warrant liabilities; and deferred taxes and amounts associated with the Tax Receivable Agreement entered into in connection with the Business Combination (the "Tax Receivable Agreement").

***Significant Accounting Policies***

The following accounting policies are incremental to the Company's significant accounting policies as described in Note 2, "Summary of Significant Accounting Policies," of its audited consolidated financial statements included in the Amended Annual Report.

***Internally Developed Software***

Software that is developed for internal use is accounted for pursuant to Accounting Standards Codification ("ASC") 350-40, *Intangibles, Goodwill and Other — Internal-Use Software*. Qualifying costs incurred to develop internal-use software are capitalized when (i) the preliminary project stage is completed, (ii) management has authorized further funding for the completion of the project and (iii) it is probable that the project will be completed and perform as intended. These capitalized costs include compensation for employees who develop internal-use software and external costs related to development of internal-use software. Capitalization of these costs ceases once the project is substantially complete and the software is ready for its intended purpose. Internally developed software is amortized using the straight-line method over an estimated useful life of three to four years. All other expenditures, including those incurred to maintain an intangible asset's current level of performance, are expensed as incurred.

**RUSH STREET INTERACTIVE, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

*Investments in equity*

The Company accounts for investments in equity that are within the scope of ASC 321-10, *Investments - Equity Securities* (“ASC 321-10”) as either (1) investments with a readily determinable fair value, which are recorded at fair value; or (2) investments without a readily determinable fair value, which are recorded at cost less any impairment. Equity investments that are initially concluded to not have a readily determinable fair value are reassessed at each reporting period. If the Company identifies observable price changes in orderly transactions for the identical or a similar investment of the same issuer, it measures the equity security at fair value as of the date that the observable transaction occurred using valuation techniques that are permitted under ASC 820, *Fair Value Measurement*.

During the three and nine months ended September 30, 2021, the Company paid \$1.5 million to acquire a less than 20% equity interest of Boom Entertainment, a business-to-business supplier and designer of free-to-play and regulated real money digital wagering content. The equity investment is accounted for in accordance with ASC 321-10 and the Company has elected to account for this equity investment at cost less impairment, because there is not a readily determinable fair value for this investment as of September 30, 2021. No impairment was recorded during the three and nine months ended September 30, 2021. The investment is recognized in Other assets as of the balance sheet date.

***Recently Adopted Accounting Pronouncements***

In December 2019, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* (“ASU 2019-12”), which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in ASC 740 and clarifies and amends existing guidance to improve consistent application. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. The Company adopted ASU 2019-12 on January 1, 2021, and the adoption had no impact on its condensed consolidated financial statements.

***Recent Accounting Pronouncements Not Yet Adopted***

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. Together with subsequent amendments, this ASU sets forth a “current expected credit loss” model, which requires the Company to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions and reasonable supportable forecasts. This ASU replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost, available-for-sale debt securities and applies to certain off-balance sheet credit exposures. This ASU is effective for the Company in calendar year 2023. The Company is currently assessing the impact of the adoption of this ASU on its condensed consolidated financial statements.

**3. Revenue Recognition**

The Company’s revenue from contracts with customers consists of online casino, online sports betting, retail sports betting and social gaming.

*Online casino and online sports betting*

Online casino offerings typically include the full suite of games available in land-based casinos, such as blackjack, roulette and slot machines. For these offerings, the Company generates revenue through hold, or gross winnings, as customers play against the house. Online casino revenue is generated based on total customer bets less amounts paid to customers for winning bets, less other incentives awarded to customers, plus or minus the change in the progressive jackpot liability.

Online sports betting involves a user placing a bet on the outcome of a sporting event, or a series of sporting events, with the chance to win a pre-determined amount, often referred to as fixed odds. Online sports betting revenue is generated by setting odds such that there is a built-in theoretical margin in each sports bet offered to customers. Online sports betting revenue is generated based on total customer bets less amounts paid to customers for winning bets, less other incentives awarded to customers, plus or minus the change in unsettled bets.

**RUSH STREET INTERACTIVE, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

*Retail sports betting*

The Company provides retail sports services to land-based partners in exchange for a monthly commission based on the land-based partner's retail sportsbook revenue. Services generally include ongoing management and oversight of the retail sportsbook, technical support for the land-based partner's customers, risk management, advertising and promotion, and support for the third-party vendor's sports betting equipment. The Company has a single performance obligation to provide retail sports services and records the revenue as services are performed and when the commission amounts are no longer constrained (i.e., the amount is known).

Certain relationships with business partners provide the Company the ability to operate the retail sportsbook at the land-based casino. In this scenario, revenue is generated based on total customer bets less amounts paid to customers for winning bets, less other incentives awarded to customers, plus or minus the change in unsettled retail sports bets.

*Social gaming*

The Company provides a social gaming platform for players to enjoy free-to-play games that use virtual credits. While virtual credits are issued to players for free, some players may choose to purchase additional virtual credits through the Company's virtual cashier. The Company has a single performance obligation associated with social gaming services, to provide social gaming services to players upon the redemption of virtual credits. Deferred revenue is recorded when players purchase virtual credits and revenue is recognized when the virtual credits are redeemed, and the Company's performance obligation has been fulfilled.

Disaggregation of revenue for the three and nine months ended September 30, 2021 and 2020, is as follows:

| (\$ in thousands)                       | Three Months Ended<br>September 30, |                  | Nine Months Ended<br>September 30, |                   |
|-----------------------------------------|-------------------------------------|------------------|------------------------------------|-------------------|
|                                         | 2021                                | 2020             | 2021                               | 2020              |
| Online casino and online sports betting | \$ 121,360                          | \$ 76,937        | \$ 352,545                         | \$ 175,459        |
| Retail sports betting                   | 545                                 | 264              | 1,744                              | 478               |
| Social gaming                           | 1,015                               | 1,036            | 3,251                              | 2,515             |
| <b>Total revenue</b>                    | <b>\$ 122,920</b>                   | <b>\$ 78,237</b> | <b>\$ 357,540</b>                  | <b>\$ 178,452</b> |

Revenue by geographic region for the three and nine months ended September 30, 2021 and 2020, is as follows:

| (\$ in thousands)    | Three Months Ended<br>September 30, |                  | Nine Months Ended<br>September 30, |                   |
|----------------------|-------------------------------------|------------------|------------------------------------|-------------------|
|                      | 2021                                | 2020             | 2021                               | 2020              |
| United States        | \$ 113,966                          | \$ 73,945        | \$ 331,025                         | \$ 169,162        |
| Colombia             | 8,954                               | 4,292            | 26,515                             | 9,290             |
| <b>Total revenue</b> | <b>\$ 122,920</b>                   | <b>\$ 78,237</b> | <b>\$ 357,540</b>                  | <b>\$ 178,452</b> |

Deferred revenue associated with online casino and online sports betting revenue and retail sports betting revenue includes unsettled customer bets and unredeemed customer incentives, and is included within Players' liabilities in the condensed consolidated balance sheets. Deferred revenue associated with social gaming revenue includes unredeemed social gaming virtual credits and is included within Other current liabilities in the condensed consolidated balance sheets. The deferred revenue balances as of September 30, 2021 and December 31, 2020 were as follows:

|                                                                                                 |          |
|-------------------------------------------------------------------------------------------------|----------|
| (\$ in thousands)                                                                               |          |
| Deferred revenue balance at December 31, 2020                                                   | \$ 1,797 |
| Deferred revenue balance at September 30, 2021                                                  | 3,822    |
| Revenue recognized in the period from amounts included in deferred revenue at December 31, 2020 | 1,635    |

**RUSH STREET INTERACTIVE, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

#### 4. Intangible Assets, Net

The Company has the following intangible assets, net as of September 30, 2021 and December 31, 2020:

| (\$ in thousands)                    | Weighted<br>Average<br>Remaining<br>Amortization<br>Period (years) | Gross<br>Carrying<br>Amount | Accumulated<br>Amortization | Net       |
|--------------------------------------|--------------------------------------------------------------------|-----------------------------|-----------------------------|-----------|
| <b>License Fees</b>                  |                                                                    |                             |                             |           |
| September 30, 2021                   | 6.91                                                               | \$ 16,107                   | \$ (4,541)                  | \$ 11,566 |
| December 31, 2020                    | 8.03                                                               | \$ 13,225                   | \$ (3,475)                  | \$ 9,750  |
| <b>Internally Developed Software</b> |                                                                    |                             |                             |           |
| September 30, 2021                   | 2.88                                                               | \$ 2,985                    | \$ (139)                    | \$ 2,846  |
| December 31, 2020                    | —                                                                  | \$ —                        | \$ —                        | \$ —      |

Amortization expense was \$0.7 million and \$1.8 million for the three and nine months ended September 30, 2021, respectively, compared to amortization expense of \$0.4 million and \$1.1 million in the same periods of 2020.

#### 5. Accrued Expenses

The Company has the following accrued expenses as of September 30, 2021 and December 31, 2020:

| (\$ in thousands)                         | September 30,<br>2021 | December 31,<br>2020 |
|-------------------------------------------|-----------------------|----------------------|
| Accrued compensation and related expenses | \$ 4,111              | \$ 1,948             |
| Accrued operating expenses                | 14,483                | 7,006                |
| Accrued marketing expenses                | 23,946                | 12,093               |
| Accrued professional fees                 | 727                   | 873                  |
| Due to affiliates                         | 313                   | 3,751                |
| Other                                     | 1,412                 | 1,371                |
| <b>Total accrued expenses</b>             | <b>\$ 44,992</b>      | <b>\$ 27,042</b>     |

#### 6. Warrant Liabilities

As part of dMY's initial public offering, dMY issued to third-party investors 23.0 million units, consisting of one share of Class A common stock of dMY ("Class A Common Stock") and one-half of one warrant, at a price of \$10.00 per unit. Each whole warrant entitled the holder to purchase one share of Class A Common Stock at an exercise price of \$11.50 per share (the "Public Warrants"). Simultaneously with the dMY initial public offering, 6,600,000 private placement warrants were sold to the Sponsor (the "Private Placement Warrants") and an additional 75,000 warrants were issued to the Sponsor upon the Closing in connection with converting certain working capital loans into warrants (the "Working Capital Warrants" and together with the Private Placement Warrants, the "Private Warrants" and the Private Warrants together with the Public Warrants, the "Warrants"). Each Private Warrant allows the Sponsor to purchase one share of Class A Common Stock at \$11.50 per share.

The Company classified the Warrants as derivative liabilities on its consolidated balance sheet at fair value as of each reporting date, with subsequent changes in their respective fair values recognized in its consolidated statement of operations and comprehensive loss.

##### *Public Warrants*

On February 22, 2021, the Company announced the redemption of all the Company's Public Warrants, which were exercisable for an aggregate of approximately 11.5 million shares of Class A Common Stock at a price of \$11.50 per share. During the nine months ended September 30, 2021, 11,442,389 Public Warrants were exercised at a price of \$11.50 per

**RUSH STREET INTERACTIVE, INC.**  
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**(Unaudited)**

share, resulting in cash proceeds of approximately \$131.6 million and the issuance of 11,442,389 shares of Class A Common Stock. None of the Public Warrants remain outstanding as of September 30, 2021.

The Company determined the fair value of its Public Warrants based on the publicly listed trading price of such warrants as of the valuation date. Accordingly, the Public Warrants were classified as Level 1 financial instruments. The aggregate fair value of the Public Warrants on the dates of exercise throughout March 2021 was \$77.5 million. The fair value of the Public Warrants was \$88.1 million as of December 31, 2020.

*Private Warrants*

On March 26, 2021, the Private Warrants were exercised in full on a cashless basis, resulting in the issuance of 2,571,808 shares of Class A Common Stock. None of the Private Warrants remain outstanding as of September 30, 2021.

The estimated fair value of the Private Warrants was determined with Level 3 inputs using the Black-Scholes model. The significant inputs and assumptions in this method are the stock price, exercise price, volatility, risk-free rate, and term or maturity. The underlying stock price input is the closing stock price as of each valuation date and the exercise price is the price as stated in the warrant agreement. The volatility input was determined using the historical volatility of comparable publicly traded companies that operate in a similar industry or compete directly against the Company. Volatility for each comparable publicly traded company is calculated as the annualized standard deviation of daily continuously compounded returns. The Black-Scholes analysis is performed in a risk-neutral framework, which requires a risk-free rate assumption based upon constant-maturity treasury yields, which are interpolated based on the remaining term of the Private Warrants as of each valuation date. The term/maturity is the duration between each valuation date and the maturity date, which is five years following the Closing, or December 29, 2025.

The following table provides quantitative information regarding Level 3 fair value measurement inputs at their measurement dates:

|                         | March 26,<br>2021 | December 31,<br>2020 |
|-------------------------|-------------------|----------------------|
| Exercise price          | \$ 11.50          | \$ 11.50             |
| Stock price             | \$ 15.96          | \$ 22.76             |
| Volatility              | 42.6%             | 41.4%                |
| Term (years)            | 4.77              | 5.0                  |
| Risk-free interest rate | 0.76%             | 0.37%                |

The fair value of the Private Warrants was \$50.8 million and \$82.0 million as of March 26, 2021 and December 31, 2020, respectively.

The Company recorded \$41.8 million to Change in fair value of warrant liabilities on the Company's Condensed Consolidated Statement of Operations and Comprehensive Loss, representing the change in fair value of the Public Warrants and Private Warrants from December 31, 2020 through the dates of exercise.

## **7. Earnout Interests Liability**

The earnout interests were subject to certain restrictions on transfer and voting and potential forfeiture pending the achievement of certain earnout targets. The earnout targets included (a) a change of control within three years of the Closing, (b) achieving certain revenue targets for the 2021 year, and (c) achieving certain volume weighted average share prices ("VWAPs") within three years of the Closing.

Earnout interests represented a freestanding financial instrument initially classified as liabilities on the accompanying Condensed Consolidated Balance Sheet as the Company determined that these financial instruments were not indexed to the Company's own equity in accordance with ASC 815, *Derivatives and Hedging*. Earnout interests were initially recorded at fair value and were adjusted to fair value at each reporting date with changes in fair value recorded in Change in fair value of earnout interests liability in the consolidated statement of operations and comprehensive loss.

On January 13, 2021, the earnout interests were fully earned and no longer subject to the applicable restrictions on transfer and voting because the VWAP exceeded \$14.00 per share for 10 trading days within a 20 consecutive trading day

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period following the Closing. As a result, the earnout interests liability was reclassified to equity resulting in 1,212,813 shares of Class A Common Stock held by Darla Anderson, Francesca Luthi, Charles E. Wert and Sponsor and 15,000,000 shares of Class V Common Stock and RSILP Units issued to the Sellers (i.e., non-controlling interests) that were no longer subject to the applicable restrictions.

The Company recorded \$13.7 million to Change in fair value of earnout interests liability on the Company's Condensed Consolidated Statement of Operations and Comprehensive Loss, representing the change in fair value of the earnout interests from December 31, 2020 through January 13, 2021 when the earnout interests were no longer subject to the restrictions.

## 8. Equity

### *Non-Controlling Interest*

The non-controlling interest represents the RSILP Units held by holders other than the Company. As of December 31, 2020, the non-controlling interests owned 76.9% of the RSILP Units outstanding (which excluded the earnout interests that did not vest until January 2021). The table below illustrates a rollforward of the non-controlling interest percentage during the nine months ended September 30, 2021:

|                                                                                                      | <b>Non-Controlling Interest</b> |
|------------------------------------------------------------------------------------------------------|---------------------------------|
| Non-controlling interest % as of December 31, 2020:                                                  | 76.89                           |
| Issuance of RSILP units in connection with the vesting of earnout interest in January 2021           | 1.24                            |
| Issuance of Class A Common Stock in connection with the exercise of the Warrants                     | (4.98)                          |
| Issuance of Class A Common Stock in connection with the vesting of certain share-based equity grants | (0.23)                          |
| Repurchases of Class A Common Stock                                                                  | 0.08                            |
| Issuance of Class A Common Stock upon the conversion of RSILP Unit Exchanges                         | (0.02)                          |
| <b>Non-controlling interest % as of September 30, 2021:</b>                                          | <b>72.98</b>                    |

### *Treasury Stock*

During the nine months ended September 30, 2021, the Company repurchased 218,589 shares of its Class A Common Stock at an average price of \$15.85 and a total cost of \$3.5 million. The repurchased shares are considered issued but not outstanding.

## 9. Share-Based Compensation

The Company adopted the Rush Street Interactive, Inc. 2020 Omnibus Equity Incentive Plan, as amended from time to time (the "2020 Plan"), to attract, retain and incentivize employees, consultants and independent directors who will contribute to the success of the Company. Awards that may be granted under the 2020 Plan include incentive stock options, non-qualified stock options, stock appreciation rights, restricted awards, performance share awards, cash awards and other equity-based awards. There is an aggregate of 13.4 million shares of Class A Common Stock reserved under the 2020 Plan, which may consist of authorized and unissued shares, treasury shares or shares reacquired by the Company. The 2020 Plan will terminate on December 29, 2030.

The Company granted 14,733 and 4,007,085 restricted stock units ("RSUs") during the three and nine months ended September 30, 2021, respectively. Certain awards are based on service conditions and other awards are based on market conditions. The grant date fair value of the awards with service conditions is determined based on the quoted market price, while the grant date fair value of the awards with market-based conditions is estimated using a Monte Carlo simulation.

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The Company granted nil and 130,565 stock options during the three and nine months ended September 30, 2021, respectively. The estimated grant date fair value of stock options was determined using a Black-Scholes valuation model using the following weighted-average assumptions:

|                                  | September 30, 2021 |
|----------------------------------|--------------------|
| Volatility rate                  | 53.52 %            |
| Risk-free interest rate          | 1.66 %             |
| Average expected life (in years) | 5.4                |
| Dividend yield                   | None               |

RSU and stock option activity for the nine months ended September 30, 2021 was as follows:

|                                               | RSUs             |                              | Options         |                              |
|-----------------------------------------------|------------------|------------------------------|-----------------|------------------------------|
|                                               | Number of units  | Weighted average grant price | Number of units | Weighted average grant price |
| Unvested balance at December 31, 2020         | —                | \$ —                         | —               | \$ —                         |
| Granted                                       | 4,007,085        | 15.99                        | 130,565         | 7.41                         |
| Vested                                        | (737,604)        | 15.84                        | —               | —                            |
| Forfeited                                     | (29,645)         | 18.16                        | (11,246)        | 7.41                         |
| <b>Unvested balance at September 30, 2021</b> | <b>3,239,836</b> | <b>\$ 16.01</b>              | <b>119,319</b>  | <b>\$ 7.41</b>               |

The aggregate fair value of the RSUs granted during the three and nine months ended September 30, 2021, was approximately \$0.2 million and \$64.1 million, respectively, while the aggregate fair value of the stock options granted during the three and nine months ended September 30, 2021, was nil and \$1.0 million, respectively.

As of September 30, 2021, the Company had unrecognized stock-based compensation expense related to RSUs and stock options of approximately \$43.0 million and \$0.7 million, respectively, which is expected to be recognized over the remaining weighted-average vesting period of 3.3 years.

During 2020, RSILP recognized share-based compensation expense related to profit interests granted by RSILP prior to the Business Combination.

Share-based compensation expense for the three and nine months ended September 30, 2021 and 2020 is as follows:

| (\$ in thousands)                             | Three Months Ended September 30, |                  | Nine Months Ended September 30, |                   |
|-----------------------------------------------|----------------------------------|------------------|---------------------------------|-------------------|
|                                               | 2021                             | 2020             | 2021                            | 2020              |
| Costs of revenue                              | \$ 298                           | \$ —             | \$ 1,511                        | \$ —              |
| Advertising and promotions                    | 637                              | —                | 2,971                           | —                 |
| General administration and other              | 3,533                            | 36,023           | 16,223                          | 103,282           |
| <b>Total share-based compensation expense</b> | <b>\$ 4,468</b>                  | <b>\$ 36,023</b> | <b>\$ 20,705</b>                | <b>\$ 103,282</b> |

## 10. Income Taxes

The income tax provision for the three and nine months ended September 30, 2021 and 2020 is as follows:

| (\$ in thousands)    | Three Months Ended September 30, |      | Nine Months Ended September 30, |      |
|----------------------|----------------------------------|------|---------------------------------|------|
|                      | 2021                             | 2020 | 2021                            | 2020 |
| Income tax provision | \$ 1,225                         | \$ — | \$ 3,781                        | \$ — |

The Company recognized federal, state and foreign income tax expense of \$1.2 million and \$3.8 million during the three and nine months ended September 30, 2021, respectively, compared to nil during the same periods in 2020. The effective tax rates for the three and nine months ended September 30, 2021 were (7)% and (13)%, respectively, and were

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nil during the same periods in 2020. The difference between the Company's effective tax rate for the period ended September 30, 2021 and the U.S. statutory tax rate of 21% was primarily due to a full valuation allowance recorded on the Company's net U.S. deferred tax assets and income tax rate differences related to its foreign operations for which both current and deferred taxes are recorded. The Company did not record a tax provision for the three and nine months ended September 30, 2020 primarily due to RSILP's status as a pass-through entity for U.S. federal income tax purposes. The Company evaluates the realizability of the deferred tax assets on a quarterly basis and establishes a valuation allowance when it is more likely than not that all or a portion of a deferred tax asset may not be realized.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted on March 27, 2020 in the United States to provide emergency assistance to individuals and businesses affected by the COVID-19 pandemic. The CARES Act includes temporary changes to both income and non-income-based tax laws. For the year ended December 31, 2020, the impact of the CARES Act was immaterial to the Company's tax provision. Future regulatory guidance under the CARES Act or additional legislation enacted by Congress could impact our tax provision in future periods.

In connection with the Business Combination, the Special Limited Partner entered into the Tax Receivable Agreement, which generally provides for the payment by it of 85% of certain net tax benefits, if any, that the Company (including the Special Limited Partner) realize (or in certain cases is deemed to realize) as a result of an increase in tax basis and tax benefits related to the transactions contemplated under the Business Combination Agreement and the exchange of Retained RSILP Units (as defined in the Business Combination Agreement) for Class A Common Stock (or cash at the Company's option) pursuant to RSILP's amended and restated limited partnership agreement and tax benefits related to entering into the Tax Receivable Agreement, including tax benefits attributable to payments under the Tax Receivable Agreement. These payments are the obligation of the Special Limited Partner and not of RSILP. The actual increase in the Special Limited Partner's allocable share of RSILP's tax basis in its assets, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including the timing of exchanges, the market price of our Class A Common Stock at the time of the exchange and the amount and timing of the recognition of RSI and its consolidated subsidiaries' (including the Special Limited Partner's) income.

Based primarily on historical losses of RSILP, management has determined it is more-likely-than-not that the Company will be unable to utilize its deferred tax assets subject to the Tax Receivable Agreement; therefore, management has not recorded the deferred tax asset or a corresponding liability under the Tax Receivable Agreement related to the tax savings the Company may realize from the utilization of tax deductions related to basis adjustments created by the transactions in the Business Combination Agreement. The unrecognized Tax Receivable Agreement liability as of September 30, 2021 and December 31, 2020 is \$42.5 million and \$51.6 million, respectively. The decrease in the unrecognized liability was primarily caused by changes in assumptions with respect to the timing of certain liability settlements. Due to the fact that the Company's deferred tax assets and corresponding Tax Receivable Agreement liability are unrecognized, this decrease had no impact on the Consolidated Statement of Operations and Comprehensive Loss.

## **11. Loss Per Share**

Basic net loss per share of Class A Common Stock is computed by dividing net loss attributable to RSI by the weighted-average number of shares of Class A Common Stock outstanding during the period. Diluted net loss per share of Class A Common Stock is computed by dividing net loss attributable to RSI, adjusted for the assumed exchange of all potentially dilutive securities, by the weighted-average number of shares of Class A Common Stock outstanding adjusted to give effect to potentially dilutive shares.

Prior to the Business Combination, the membership structure of RSILP included units that had profit interests. The Company analyzed the calculation of net loss per unit for periods prior to the Business Combination and determined that it resulted in values that would not be meaningful to the users of these condensed consolidated financial statements. Therefore, net loss per share information has not been presented for periods prior to the Closing on December 29, 2020.

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The basic and diluted loss per share for the three and nine months ended September 30, 2021 are as follows (amounts in thousands, except for share and per share amounts):

|                                                                         | Three Months Ended<br>September 30, 2021 | Nine Months Ended<br>September 30, 2021 |
|-------------------------------------------------------------------------|------------------------------------------|-----------------------------------------|
| Numerator:                                                              |                                          |                                         |
| Net loss                                                                | \$ (18,939)                              | \$ (32,969)                             |
| Less: Net loss attributable to noncontrolling interests                 | (13,639)                                 | (23,885)                                |
| Net loss attributable to Rush Street Interactive, Inc. – basic          | \$ (5,300)                               | \$ (9,084)                              |
| Effect of dilutive securities:                                          |                                          |                                         |
| Warrants, net of amounts attributable to noncontrolling interests       | —                                        | (9,569)                                 |
| <b>Net loss attributable to Rush Street Interactive, Inc. – diluted</b> | <b>\$ (5,300)</b>                        | <b>\$ (18,653)</b>                      |
| Denominator:                                                            |                                          |                                         |
| Weighted average common shares outstanding – basic                      | 59,191,384                               | 55,148,218                              |
| Weighted average effect of dilutive securities:                         |                                          |                                         |
| Public Warrants <sup>(1)</sup>                                          | —                                        | 782,283                                 |
| Private Placement and Working Capital Warrants <sup>(1)</sup>           | —                                        | 558,190                                 |
| <b>Weighted average common shares outstanding – diluted</b>             | <b>59,191,384</b>                        | <b>56,488,691</b>                       |
| Net loss per Class A common share – basic                               | \$ (0.09)                                | \$ (0.16)                               |
| Net loss per Class A common share – diluted                             | \$ (0.09)                                | \$ (0.33)                               |

(1) Calculated using the treasury stock method.

Shares of the Company’s Class V Common Stock do not participate in the earnings or losses of the Company and are therefore not participating securities. As such, separate presentation of basic and diluted earnings per share of Class V Common Stock under the two-class method has not been presented.

The Company excluded the following securities from its computation of diluted shares outstanding, as their effect would have been anti-dilutive:

|                                 |             |
|---------------------------------|-------------|
| RSILP Units <sup>(1)</sup>      | 159,958,729 |
| Unvested Restricted Stock Units | 3,239,836   |
| Unvested Stock Options          | 119,319     |

(1) These RSILP Units are held by the Sellers pursuant to the Business Combination, and may be exchanged, subject to certain restrictions, for Class A Common Stock. Upon exchange of an RSILP Unit, a share of Class V Common Stock is cancelled.

## 12. Related Parties

### Services Agreement

At the Closing, Rush Street Gaming, LLC (“RSG”), a current affiliate of the Company controlled by Neil Bluhm and Greg Carlin, entered into a Services Agreement (the “Services Agreement”), pursuant to which, among other things, RSG and its affiliates provide certain specified services to the Company for a period of two years following the Closing, subject to extension and early termination, including, without limitation, services relating to legal and compliance, human resources and information technology (in each case as more fully described in the Services Agreement). RSG had provided similar services to RSILP prior to the Business Combination and the Services Agreement represents a continuation of those services and support. As compensation for RSG’s provision of these services, the Company reimburses RSG for (i) all third

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party costs, including fees and costs incurred in connection with any required consents, incurred in connection with the provision of services, (ii) its reasonable and documented out-of-pocket travel and related expenses as approved by the Company, and (iii) an allocable portion of payroll, benefits and overhead (calculated at 150% of an employee's salary, bonus and benefits cost) with respect to RSG's or its affiliates' employees who perform or otherwise assist in providing the services. Expenses relating to support services were \$0.3 million and \$0.8 million for the three and nine months ended September 30, 2021, respectively, compared to \$0.2 million and \$0.8 million for the same periods in 2020, respectively. Payables due to RSG for support services were \$0.3 million and \$0.3 million at September 30, 2021 and December 31, 2020, respectively. These support services are recorded as General administration and other in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Loss and any payables to RSG are recorded as Accrued expenses within the accompanying Condensed Consolidated Balance Sheets.

#### *Affiliated Land-Based Casinos*

Neil Bluhm and Greg Carlin are owners, directors and/or officers of certain land-based casinos. The Company has entered into certain agreements with these affiliated land-based casinos that create strategic partnerships aimed to capture the online gaming, online sports betting and retail sports services markets in the various states and municipalities where the land-based casinos operate.

Generally, the Company pays a royalty fee to the land-based casino (calculated as a percentage of the Company's revenue less reimbursable costs as defined in the agreement) in exchange for the right to operate real-money online casino and/or online sports betting and social gaming under the gaming license of the land-based casinos. Royalties related to arrangements with affiliated casinos were \$9.0 million and \$36.3 million for the three and nine months ended September 30, 2021, compared to a credit of \$2.8 million and expense of \$10.4 million for the same periods in 2020, respectively, which were net of any consideration received from the affiliated casino for reimbursable costs, as well as costs that are paid directly by the affiliate casino on the Company's behalf. Net royalties paid are recorded as Costs of revenue in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Loss. In certain cases, the affiliate casino maintains the bank account that processes cash deposits and withdrawals for RSI customers. Accordingly, at any point in time, the Company will record a receivable from the affiliate, representing RSI total gaming revenue (with RSI customers) that was collected by the affiliate, less consideration payable to the affiliate for use of its license, which is offset by any consideration received from the affiliate based on the terms of the agreement. Receivables due from affiliate land-based casinos were \$25.9 million and \$28.8 million at September 30, 2021 and December 31, 2020, respectively.

In addition, the Company provides retail sports services to certain affiliated land-based casinos in exchange for a monthly commission based on the land-based casino's retail sportsbook revenue. Services generally include ongoing management and oversight of the retail sportsbook, technical support for the land-based casino's customers, risk management, advertising and promotion, and support for the third-party vendor's sports betting equipment. Revenue recognized relating to retail sports services provided to affiliated land-based casinos for the nine months ended September 30, 2021 and 2020 were immaterial to the condensed consolidated financial statements. Any payables due to the affiliated land-based casinos are netted against affiliate receivables to the extent a right of offset exists and were not material to the consolidated financial statements as of September 30, 2021 or December 31, 2020.

### **13. Commitments and Contingencies**

#### *Legal Matters*

The Company is not a party to any material legal proceedings and is not aware of any pending or threatened claims except as noted below. From time to time however, the Company may be subject to various legal proceedings and claims that arise in the ordinary course of its business activities.

A complaint in a case *Todd L. Anderson. vs. Rush Street Gaming, LLC and Rush Street Interactive, LLC*, Case Number # 120CV04794 that was filed in the United States District Court for the Northern District of Illinois was served on the Company on August 18, 2020 and was subsequently amended and served on the Company on September 15, 2020. The amended complaint alleges that Todd Anderson was offered a 1% equity stake in RSILP in 2012 that was never issued and asserts breach of contract, promissory estoppel, constructive fraud, conversion, breach of fiduciary duty, and unjust enrichment. On October 13, 2020, RSILP filed a motion to dismiss all the alleged claims asserted in the complaint. On September 28, 2021, the court entered an order granting in part and denying in part RSILP's motion to dismiss, dismissing

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Mr. Anderson's constructive fraud, breach of fiduciary duty and unjust enrichment claims, but allowing his remaining claims to proceed. On October 19, 2021, RSILP filed an answer to the amended complaint. The Company believes it has multiple defenses against the remaining claims and intends to defend the case vigorously. The potential result is not able to be estimated and, therefore, the Company has not recorded a loss or related accrual on its condensed consolidated financial statements related to this matter.

*Other Contractual Obligations*

The Company is a party to several non-cancelable contracts with vendors and licensors for marketing and other strategic partnership related agreements where the Company is obligated to make future minimum payments under the non-cancelable terms of these contracts as follows (\$ in thousands):

|                                           |           |               |
|-------------------------------------------|-----------|---------------|
| From October 1, 2021 to December 31, 2021 | \$        | 7,867         |
| Year ending December 31, 2022             |           | 17,683        |
| Year ending December 31, 2023             |           | 12,060        |
| Year ending December 31, 2024             |           | 2,081         |
| Year ending December 31, 2025             |           | 10,131        |
| Thereafter                                |           | 14,702        |
| <b>Total<sup>(1)</sup></b>                | <b>\$</b> | <b>64,524</b> |

- (1) Includes operating lease and finance lease obligations under non-cancelable lease contracts totaling \$2.0 million, obligations under non-cancelable contracts with marketing vendors totaling \$36.1 million, license and market access commitments totaling \$26.3 million and other non-cancelable costs totaling \$0.1 million. Certain market access arrangements require the Company to make additional payments at a contractual milestone date if the market access fees paid up until that milestone date do not meet a minimum contractual threshold. In these instances, the Company calculates the future minimum payment as the total milestone payment less any amounts already paid to the Partner and includes such payments in the period in which the milestone date occurs.

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.**

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with, and is qualified in its entirety by, our Annual Report on Form 10-K for the year ended December 31, 2020, as amended, and our unaudited condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q (this “Report”). In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed under the sections of this Report captioned “Cautionary Note Regarding Forward-Looking Statements” and “Risk Factors.” For a discussion of limitations in measuring certain of our key metrics, see the section of this Report captioned “Limitations of Key Metrics and Other Data.”*

*This Management’s Discussion and Analysis of Financial Condition and Results of Operations contains certain financial measures, in particular the presentation of Adjusted EBITDA, which are not presented in accordance with generally accepted accounting principles of the United States (“GAAP”). We present these non-GAAP financial measures because they provide us and readers of this Report with additional insight into our operational performance relative to earlier periods and relative to our competitors. These non-GAAP financial measures are not a substitute for any GAAP financial information. Readers of this Report should use these non-GAAP financial measures only in conjunction with the comparable GAAP financial measures. Reconciliations of Adjusted EBITDA to Net Loss, the most comparable GAAP measure, are provided in this Report.*

*Unless the context requires otherwise, all references in this Report to the “Company,” “we,” “us,” or “our” refer to: (i) the business of Rush Street Interactive, LP and its subsidiaries prior to the consummation of the previously disclosed business combination between dMY Technology Group, Inc. and Rush Street Interactive, LP on December 29, 2020 (the “Business Combination”); and (ii) Rush Street Interactive, Inc. and its subsidiaries after the consummation of the Business Combination.*

### **Our Business**

We are a leading online gaming and entertainment company that focuses primarily on online casino and online sports betting in the U.S. and Latin American markets. Our mission is to provide our customers with the most player-friendly online casino and online sports betting experience in the industry. In furtherance of this mission, we strive to create an online community for our customers where we are transparent and honest, treat our customers fairly, show them that we value their time and loyalty, and listen to feedback. We also endeavor to implement industry leading responsible gaming practices and provide our customers with a cutting-edge online gaming platform and exciting, personalized offerings that will enhance their user experience.

We provide our customers an array of leading gaming offerings such as real-money online casino, online sports betting, and retail sports betting (i.e., sports betting services provided at bricks-and-mortar casinos), as well as social gaming, which involves free-to-play games that use virtual credits that customers can earn or purchase. We launched our first social gaming website in 2015 and began accepting real-money bets in the United States in 2016. Currently, we offer real-money online casino, online sports betting and/or retail sports betting in twelve U.S. states as outlined in the table below.

| U.S. State    | Online Casino | Online Sports Betting | Retail Sports Betting |
|---------------|---------------|-----------------------|-----------------------|
| Arizona       |               | ✓                     |                       |
| Colorado      |               | ✓                     |                       |
| Connecticut   |               | ✓                     | ✓                     |
| Illinois      |               | ✓                     | ✓                     |
| Indiana       |               | ✓                     | ✓                     |
| Iowa          |               | ✓                     |                       |
| Michigan      | ✓             | ✓                     | ✓                     |
| Pennsylvania  | ✓             | ✓                     | ✓                     |
| New Jersey    | ✓             | ✓                     |                       |
| New York      |               |                       | ✓                     |
| Virginia      |               | ✓                     |                       |
| West Virginia | ✓             |                       |                       |

In 2018, we also became the first U.S.-based online gaming operator to launch in Colombia, which was an early adopting Latin American country to legalize and regulate online casino and sports betting nationally. In addition, we launched our social gaming offering in Canada during October 2021.

Our real-money online casino and online sports betting offerings are provided under our BetRivers.com and PlaySugarHouse.com brands in the United States and under our RushBet.co brand in Colombia. We operate and/or support retail sports betting for our bricks-and-mortar partners primarily under their respective brands. Many of our social gaming offerings are marketed under our partners' brands, although we also offer social gaming under our own brands as well. Our decision about what brand or brands to use is market- and partner-specific, and is based on brand awareness, market research, marketing efficiency and applicable gaming rules and regulations.

### Impact of COVID-19

The COVID-19 pandemic has adversely impacted global commercial activity, disrupted supply chains and contributed to significant volatility in financial markets. In 2020 and continuing into 2021, the COVID-19 pandemic continued to adversely impact many different industries. The ongoing COVID-19 pandemic could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the extent and the duration of the impact of COVID-19. The COVID-19 pandemic therefore presents material uncertainty and risk with respect to us and our performance and could affect our financial results in a materially adverse way.

The COVID-19 pandemic has significantly impacted our business. The direct impact on our business, beyond disruptions in normal business operations, is primarily through the change in consumer habits as a result of people being ordered or requested to stay home and restrict their traveling or otherwise voluntarily choosing to stay at home or restrict travel. During the periods affected by government imposed stay-at-home orders, our business volume significantly increased and has since continued to remain strong as many of these orders were lifted. COVID-19 has also directly impacted sports betting due to the rescheduling, reconfiguring, suspension, postponement and cancellation of major sports seasons and sporting events or exclusion of certain players or teams from sporting events. While most major professional sports leagues resumed their activities primarily starting in the second half of 2020, the third quarter of 2021 was still impacted by the COVID-19 pandemic. For example, the number of games in the NBA's 2020-2021 and NHL's 2021 season were reduced and nearly every major professional sports league has experienced postponed, rescheduled or canceled games, or players or teams being excluded from certain games or events due to COVID-19, COVID-19 protocols or local COVID-19 vaccine requirements.

The return of major sports and sporting events during the second half of 2020, as well as the unique and concentrated sports calendar, generated significant customer interest and activity in our sports betting offerings. However, sports seasons and calendars continue to remain uncertain and could be further suspended, cancelled or rescheduled due to additional COVID-19 outbreaks.

The alteration of sports seasons and sporting events, including the postponement or cancellation of events, during the third quarter of 2021 reduced our customers' use of, and spending on, our sports betting offerings and from time to time

caused us to issue refunds for canceled events. Additionally, while many bricks-and-mortar casinos where we operate retail sports betting have reopened, visitation at these casinos is still generally below their pre-COVID-19 levels. Ongoing or future closures of bricks-and-mortar casinos and certain ongoing limitations on visitations to such casinos due to COVID-19 may provide additional opportunities for us to market online casino and sports betting to traditional bricks-and-mortar casino patrons.

Our revenues vary based on sports seasons and sporting events, among other things, and cancellations, suspensions or alterations resulting from COVID-19 have the potential to adversely affect our revenue, possibly materially. However, our online casino offerings do not rely on sports seasons and sporting events, thus, they may partially offset this adverse impact on revenue.

The ultimate impact of COVID-19 and the related restrictions on consumer behavior is currently unknown. A significant or prolonged decrease in consumer spending on entertainment or leisure activities would likely have an adverse effect on demand for our offerings, reducing cash flows and revenues, thus materially harming our business, financial condition and results of operations. In addition, an uptick in COVID-19 cases or an emergence of additional variants or strains could cause other widespread or more severe impacts depending on where infection rates are highest. As steps taken to mitigate the spread of COVID-19 have necessitated a shift away from a traditional office environment for many employees, we have business continuity programs in place to ensure that employees are safe and that the business continues to function with minimal disruptions to normal work operations while employees work remotely. We will continue to monitor developments relating to disruptions and uncertainties caused by COVID-19.

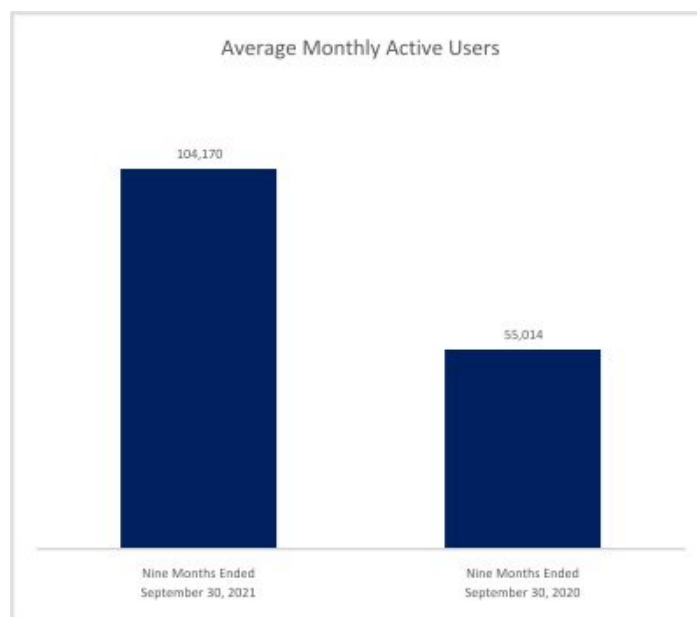
## **Trends in Key Metrics**

### *Monthly Active Users*

MAUs is the number of unique users per month who have placed at least one real-money bet across one or more of our online casino or online sports betting offerings. For periods longer than one month, we average the MAUs for the months in the relevant period. We exclude users who have made a deposit but have not yet placed a real-money bet on at least one of our online offerings. We also exclude users who have placed a real-money bet but only with promotional incentives. The numbers of unique users included in calculating MAUs include U.S.-based users only.

MAUs is a key indicator of the scale of our user base and awareness of our brands. We believe that year-over-year MAUs is also generally indicative of the long-term revenue growth potential of our business, although MAUs in individual periods may be less indicative of our longer-term expectations. We expect the number of MAUs to grow as we attract, retain and re-engage users in new and existing jurisdictions and expand our offerings to appeal to a wider audience.

The chart below presents our average MAUs for the nine months ended September 30, 2021 and 2020:

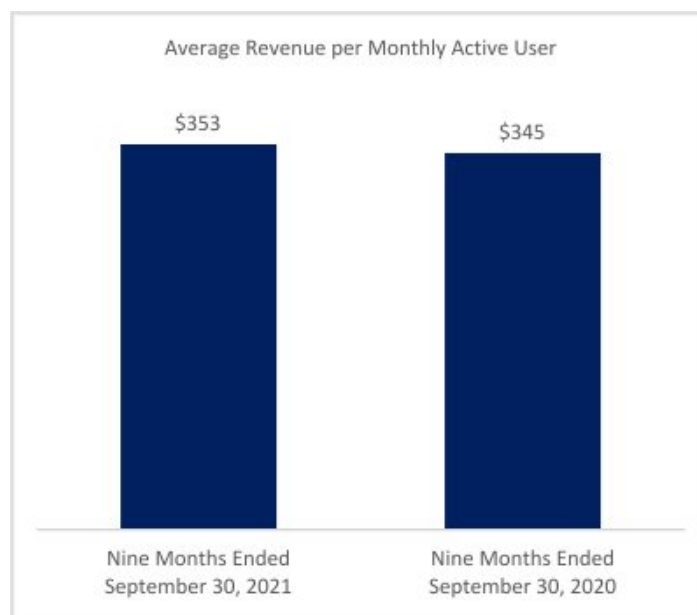


The increase in MAUs was mainly due to our continued growth in existing markets such as Pennsylvania, New Jersey, Illinois, Indiana, Colorado and Colombia, as well as our expansion into new markets such as Michigan, West Virginia, Virginia and Iowa, that had not launched until after September 30, 2020. Additionally, we continue to achieve a positive response from our strategic advertising and marketing efforts.

*Average Revenue Per Monthly Active User*

ARPMU for an applicable period is average revenue divided by average MAUs. This key metric represents our ability to drive usage and monetization of our online offerings.

The chart below presents our ARPMAU for the nine months ended September 30, 2021 and 2020:



The year-over-year increase in ARPMAU was mainly due to a favorable mix of online casino MAUs, as casino customers generally generate more revenue per user than sports betting customers. Additionally, as our product offerings continue to be available in more mature markets, player bonusing volumes have decreased, thus resulting in higher ARPMAUs.

#### Non-GAAP Information

This Report includes Adjusted EBITDA, which is a non-GAAP performance measure that we use to supplement our results presented in accordance with GAAP. We believe Adjusted EBITDA provides useful information to investors regarding our results of operations and operating performance, as it is similar to measures reported by our public competitors and is regularly used by securities analysts, institutional investors and other interested parties in analyzing operating performance and prospects. Non-GAAP financial measures are not intended to be considered in isolation or as a substitute for any GAAP financial measures and, as calculated, may not be comparable to other similarly titled measures of performance of other companies in other industries or within the same industry.

We define Adjusted EBITDA as net income (loss) before interest, income taxes, depreciation and amortization, share-based compensation, adjustments for certain one-time or non-recurring items and other adjustments. Adjusted EBITDA excludes certain expenses that are required in accordance with GAAP because certain expenses are either non-cash (for example, depreciation and amortization, and share-based compensation) or are not related to our underlying business performance (for example, interest income or expense).

We include Adjusted EBITDA because management uses it to evaluate our core operating performance and trends and to make strategic decisions regarding the allocation of capital and new investments. Management believes that Adjusted EBITDA provides investors with useful information on our past financial and operating performance, enable comparison of financial results from period-to-period where certain items may vary independent of business performance, and allow for greater transparency with respect to metrics used by our management in operating our business. Management also believes this non-GAAP financial measure is useful in evaluating our operating performance compared to that of other companies in our industry, as this metric generally eliminates the effects of certain items that may vary from company to company for reasons unrelated to overall operating performance.

The table below presents our Adjusted EBITDA reconciled from our Net loss, the closest GAAP measure, for the periods indicated:

| (\$ in thousands)                                   | Three Months Ended<br>September 30, |                    | Nine Months Ended<br>September 30, |                    |
|-----------------------------------------------------|-------------------------------------|--------------------|------------------------------------|--------------------|
|                                                     | 2021                                | 2020               | 2021                               | 2020               |
| <b>Net loss</b>                                     | <b>\$ (18,939)</b>                  | <b>\$ (26,494)</b> | <b>\$ (32,969)</b>                 | <b>\$ (90,027)</b> |
| Interest expense, net                               | 11                                  | 16                 | 41                                 | 101                |
| Income tax expense                                  | 1,225                               | —                  | 3,781                              | —                  |
| One-time payment from Affiliated casino             | —                                   | (9,000)            | —                                  | (9,000)            |
| Depreciation and amortization                       | 1,007                               | 452                | 2,595                              | 1,368              |
| Change in fair value of warrant liability           | —                                   | —                  | (41,802)                           | —                  |
| Change in fair value of earnout interests liability | —                                   | —                  | 13,740                             | —                  |
| Share-based compensation expense                    | 4,468                               | 36,023             | 20,705                             | 103,282            |
| <b>Adjusted EBITDA</b>                              | <b>\$ (12,228)</b>                  | <b>\$ 997</b>      | <b>\$ (33,909)</b>                 | <b>\$ 5,724</b>    |

## Key Components of Revenue and Expenses

### Revenue

We offer real-money online casino, online sports betting and/or retail sports betting in twelve U.S. states and Colombia. We also provide social gaming (where permitted, including Ontario, Canada), where players are given virtual credits to enjoy free-to-play games.

Our revenue is predominantly generated from our U.S. operations, with the remaining revenue being generated from our Colombian operations. We generate revenue primarily through the following offerings:

#### Online Casino

Online casino offerings typically include the full suite of games available in bricks-and-mortar casinos, such as table games (i.e., blackjack and roulette) and slot machines. For these offerings, we function similarly to bricks-and-mortar casinos, generating revenue through hold, or gross winnings, as customers play against the house. Like bricks-and-mortar casinos, there is volatility with online casino, but as the number of bets placed increases, the revenue retained from bets placed becomes easier to predict. Our experience has been that online casino revenue is less volatile than sports betting revenue.

Our online casino offering consists of a combination of licensed content from leading suppliers in the industry, customized third-party games and a small number of proprietary games that we developed in-house. Third-party content is usually subject to standard revenue-sharing agreements specific to each supplier, where the supplier generally receives a percentage of the net gaming revenue generated from its casino games played on our platform. In exchange, we receive a limited license to offer the games on our platform to customers in jurisdictions where use is approved by the regulatory authorities. We pay much lower fees on revenue generated through our in-house developed casino games such as our multi-bet blackjack (with side bets: 21+3, Lucky Ladies, Lucky Lucky) and single-deck blackjack, which primarily relate to hosting/remote gaming server fees and certain intellectual property license fees.

Online casino revenue is generated based on total customer bets less amounts paid to customers for winning bets, less incentives awarded to customers, plus or minus the change in the progressive jackpot reserve.

#### Online Sports Betting

Online sports betting involves a user placing a bet on the outcome of a sporting event, or a series of sporting events, with the chance to win a pre-determined amount, often referred to as fixed odds. Online sports betting revenue is generated by setting odds such that there is a built-in theoretical margin in each sports bet offered to customers. While sporting event outcomes may result in revenue volatility, we believe that we can achieve a long-term betting win margin.

Integrated into our online sports betting platform is a third-party risk and trading platform currently provided by certain subsidiaries of Kambi Group plc. In addition to traditional fixed-odds betting, we also offer other sports betting

products including in-game betting and multi-sport and same-game parlay betting. We have also incorporated live streaming of certain sporting events into our online sports betting offering.

Online sports revenue is generated based on total customer bets less amounts paid to customers for winning bets, less incentives awarded to customers, plus or minus the change in unsettled sports bets.

#### *Retail Sports Betting*

We provide retail sports services to certain land-based partners in exchange for a monthly commission that is calculated based on the land-based retail sportsbook revenue. Services generally include ongoing management and oversight of the retail sportsbook (i.e., within a bricks-and-mortar location), technical support for the partner's customers, risk management, advertising and promotion, and support for third-party sports betting equipment.

In addition, certain relationships with business partners provide us the ability to operate the retail sportsbook at the land-based partner's facility. In this scenario, revenue is generated based on total customer bets less amounts paid to customers for winning bets, less other incentives awarded to customers, plus or minus the change in unsettled retail sports bets.

#### *Social Gaming*

We provide social gaming (where permitted) where players are given virtual credits to enjoy free-to-play games. Players who exhaust their credits can either purchase additional virtual credits from the virtual cashier or wait until their virtual credits are replenished for free. Virtual credits have no monetary value and can only be used within our social gaming platform.

Our social gaming business has three main goals: building online databases in key markets ahead of and post-legalization and regulation; generating revenues; and increasing engagement and visitation to our bricks-and-mortar partner properties. Our social gaming products are a marketing tool that keeps the applicable brands present in the minds of our players and engages with players through another channel while providing the entertainment value that players seek. We also leverage our social gaming products to cross-sell to our real-money offerings in jurisdictions where real-money gaming is authorized.

We recognize deferred revenue when players purchase virtual credits and revenue when the virtual credits are redeemed. We pay a percentage of the social gaming revenue derived from the sale and redemption of the virtual credits to content suppliers as well as to our land-based partners.

#### ***Costs and Expenses***

*Costs of Revenue.* Costs of revenue consist primarily of (i) revenue share and market access fees, (ii) platform and content fees, (iii) gaming taxes, (iv) payment processing fees and chargebacks and (v) salaries, benefits and share-based compensation for dedicated personnel. These costs are variable in nature and should, in large part, correlate with the change in revenue. Revenue share and market access fees consist primarily of amounts paid to local land-based partners that hold the applicable gaming license, providing us the ability to offer our real-money online offerings in the respective jurisdictions. Our platform and content fees are primarily driven by costs associated with third-party casino content, sports betting trading services and certain elements of our platform technology, such as geolocation and know-your-customer. Gaming taxes primarily relate to state taxes and are determined on a jurisdiction-by-jurisdiction basis. We incur payment processing costs on player deposits and occasionally chargebacks (i.e., when a payment processor contractually disallows customer deposits in the normal course of business).

*Advertising and Promotions Costs.* Advertising and promotion costs consist primarily of costs associated with marketing our offerings via different channels, promotional activities and the related costs incurred to acquire new customers. These costs also include salaries, benefits and share-based compensation for dedicated personnel and are expensed as incurred.

Our ability to effectively market is critical to operational success. Using experience, dynamic learnings and analytics, we leverage marketing to acquire, convert, retain and re-engage customers. We use a variety of earned media and paid marketing channels, in combination with compelling offers and unique game and site features, to attract and engage customers. Furthermore, we continuously optimize our marketing spend using data collected from our operations. Our marketing spend is based on a return-on-investment model that considers a variety of factors, including the products and services offered in the jurisdiction, the performance of different marketing channels, predicted lifetime value, marginal costs and expenses and behavior of customers across various product offerings.

With respect to paid marketing, we use a broad array of advertising channels, including television, radio, social media platforms, sponsorships, affiliates and paid search, and other digital channels. We also use other forms of marketing and outreach, such as our social media channels, first-party websites, media interviews and other media spots and organic searches. These efforts are primarily concentrated within the specific jurisdictions where we operate or intend to operate. We believe there is significant benefit to having a flexible approach to advertising spending as we can quickly redirect our advertising spending based on dynamic testing of our advertising methods and channels.

*General Administration and Other.* General administration and other expenses consist primarily of administrative personnel costs, including salaries, bonuses and benefits, share-based compensation expense, professional fees related to legal, compliance, audit and consulting services, rent and insurance costs.

*Depreciation and Amortization.* Depreciation and amortization expense consists of depreciation on our property and equipment and amortization of market access licenses, gaming jurisdictional licenses, internally developed software, and finance lease right-of-use asset amortization over their useful lives.

## Results of Operations

The following tables set forth a summary of our consolidated results of operations for the interim periods indicated and the changes between periods. We have derived these data from our unaudited condensed consolidated financial statements included elsewhere in this Report. The results of historical periods are not necessarily indicative of the results of operations for any future period.

### Comparison of the Three Months Ended September 30, 2021 and 2020

| (\$ in thousands)                | Three Months Ended<br>September 30, |                    | Change          |               |
|----------------------------------|-------------------------------------|--------------------|-----------------|---------------|
|                                  | 2021                                | 2020               | \$              | %             |
| Revenue                          | \$ 122,920                          | \$ 78,237          | \$ 44,683       | 57 %          |
| Costs of revenue                 | 81,221                              | 47,107             | 34,114          | 72 %          |
| Advertising and promotions       | 46,077                              | 17,506             | 28,571          | 163 %         |
| General administration and other | 12,318                              | 39,650             | (27,332)        | (69) %        |
| Depreciation and amortization    | 1,007                               | 452                | 555             | 123 %         |
| <b>Loss from operations</b>      | <b>(17,703)</b>                     | <b>(26,478)</b>    | <b>8,775</b>    | <b>(33) %</b> |
| Interest expense, net            | (11)                                | (16)               | 5               | (31) %        |
| <b>Loss before income taxes</b>  | <b>(17,714)</b>                     | <b>(26,494)</b>    | <b>8,780</b>    | <b>(33) %</b> |
| Income tax expense               | 1,225                               | —                  | 1,225           | 100 %         |
| <b>Net loss</b>                  | <b>\$ (18,939)</b>                  | <b>\$ (26,494)</b> | <b>\$ 7,555</b> | <b>(29) %</b> |

*Revenue.* Revenue increased by \$44.7 million, or 57%, to \$122.9 million for the three months ended September 30, 2021 as compared to \$78.2 million for the same period in 2020. The increase was mainly due to and directly correlated with our continued growth in our existing markets such as Pennsylvania, Illinois, New Jersey, Indiana, Colorado, New York, and Colombia, as well as our expansion into new markets such as Michigan, West Virginia, Virginia and Iowa, that had not launched until after September 30, 2020. The increase reflects higher period-over-period online casino and sports betting revenue of \$44.4 million and retail sports betting revenue of \$0.3 million.

*Costs of Revenue.* Costs of revenue increased by \$34.1 million, or 72%, to \$81.2 million for the three months ended September 30, 2021 as compared to \$47.1 million for the same period in 2020. The increase was mainly due to and directly correlated with our expansion and continued growth in existing and new markets. Market access costs, operating expenses, gaming taxes and payment processing costs contributed \$13.1 million, \$5.8 million, \$11.9 million and \$3.1 million, respectively, to the period-over-period increase in costs of revenue, with personnel costs and other costs of revenue contributing to the remainder of the period-over-period increase. Costs of revenue as a percentage of revenue increased to 66% for the three months ended September 30, 2021 as compared to 60% for the same period in 2020.

*Advertising and Promotions.* Advertising and promotions expense increased by \$28.6 million, or 163%, to \$46.1 million for the three months ended September 30, 2021 as compared to \$17.5 million for the same period in 2020. The increase was mainly due to new and increased marketing efforts and strategies in newly entered and existing markets to

increase customer awareness and use of our offerings, such as executing strategic marketing or sponsorship arrangements with the Chicago Bears, Mike Ditka, Field of 68, Field of 12, James Blake, Mark Schlereth, and podcast organizations. Advertising and promotions expense as a percentage of revenue increased to 37% for the three months ended September 30, 2021 as compared to 22% for the same period in 2020.

*General Administration and Other.* General administration and other expense decreased by \$27.3 million, or 69%, to \$12.3 million for the three months ended September 30, 2021 as compared to \$39.6 million for the same period in 2020. The decrease was due to a reduction in share-based compensation expense of \$31.6, which was partially offset by an increase in other general and administration expenses of \$4.2 million. General administration and other expense as a percentage of revenue decreased to 10% for the three months ended September 30, 2021 as compared to 51% for the same period in 2020.

*Depreciation and Amortization.* Depreciation and amortization expense increased by \$0.6 million, or 123%, to \$1.0 million for the three months ended September 30, 2021 as compared to \$0.4 million for the same period in 2020. The increase was mainly due to additional purchases of property and equipment and related depreciation expense, and additional acquisition of gaming licenses, amounts paid for internally developed software, and capitalization of certain leases and related amortization expense. Depreciation and amortization expense as a percentage of revenue was 1% for the three months ended September 30, 2021 and 2020.

*Interest expense, net.* Interest expense, net was less than \$0.1 million for each of the three months ended September 30, 2021 and 2020.

*Income tax expense.* Income tax expense was \$1.2 million for the three months ended September 30, 2021 and nil for the same period in 2020. Income tax expense for the three months ended September 30, 2021 related to foreign operations for which both current and deferred taxes are recorded. The Company did not record a tax provision for the three months ended September 30, 2020 primarily due to RSILP's status as a pass-through entity for U.S. federal income tax purposes. Income tax expense as a percentage of revenue increased to 1% for the three months ended September 30, 2021 as compared to nil for the same period in 2020.

#### Comparison of the Nine Months Ended September 30, 2021 and 2020

| (\$ in thousands)                                   | Nine Months Ended<br>September 30, |                    | Change           |              |
|-----------------------------------------------------|------------------------------------|--------------------|------------------|--------------|
|                                                     | 2021                               | 2020               | \$               | %            |
| Revenue                                             | \$ 357,540                         | \$ 178,452         | \$ 179,088       | 100 %        |
| Costs of revenue                                    | 245,668                            | 118,774            | 126,894          | 107 %        |
| Advertising and promotions                          | 125,836                            | 33,421             | 92,415           | 277 %        |
| General administration and other                    | 40,650                             | 114,815            | (74,165)         | (65) %       |
| Depreciation and amortization                       | 2,595                              | 1,368              | 1,227            | 90 %         |
| <b>Loss from operations</b>                         | <b>(57,209)</b>                    | <b>(89,926)</b>    | <b>32,717</b>    | <b>(36)%</b> |
| Interest expense, net                               | (41)                               | (101)              | 60               | (59) %       |
| Change in fair value of warrant liability           | 41,802                             | —                  | 41,802           | 100 %        |
| Change in fair value of earnout interests liability | (13,740)                           | —                  | (13,740)         | 100 %        |
| <b>Loss before income taxes</b>                     | <b>(29,188)</b>                    | <b>(90,027)</b>    | <b>60,839</b>    | <b>(68)%</b> |
| Income tax expense                                  | 3,781                              | —                  | 3,781            | 100 %        |
| <b>Net loss</b>                                     | <b>\$ (32,969)</b>                 | <b>\$ (90,027)</b> | <b>\$ 57,058</b> | <b>(63)%</b> |

*Revenue.* Revenue increased by \$179.1 million, or 100%, to \$357.5 million for the nine months ended September 30, 2021 as compared to \$178.4 million for the same period in 2020. The increase was mainly due to and directly correlated with our continued growth in the majority of our existing markets, as well as our expansion into new markets such as Michigan and West Virginia, that had not launched until after September 30, 2020. The increase reflects higher period-over-period online casino and sports betting revenue of \$177.1 million, retail sports betting revenue of \$1.3 million and, social gaming revenue of \$0.7 million.

*Costs of Revenue.* Costs of revenue increased by \$126.9 million, or 107%, to \$245.7 million for the nine months ended September 30, 2021 as compared to \$118.8 million for the same period in 2020. The increase was mainly due to and directly correlated with, our expansion and continued growth in existing and new markets. Market access costs, operating

expenses, gaming taxes and payment processing costs contributed \$28.5 million, \$20.9 million, \$61.0 million and \$14.2 million, respectively, to the period-over-period increase in costs of revenue, with personnel costs and other costs of revenue contributing to the remainder of the period-over-period increase. Costs of revenue as a percentage of revenue increased to 69% for the nine months ended September 30, 2021 as compared to 67% for the same period in 2020.

*Advertising and Promotions.* Advertising and promotions expense increased by \$92.4 million, or 277%, to \$125.8 million for the nine months ended September 30, 2021 as compared to \$33.4 million for the same period in 2020. The increase was mainly due to new and increased marketing efforts and strategies in newly entered and existing markets to increase customer awareness and acquisition for our offerings, such as executing strategic marketing or sponsorship arrangements with the three-time NBA champion Detroit Pistons, hall of famer Jerome Bettis, legendary NBA coach George Karl, nine-time First Division/Premier League champions, Everton Football Club, the Chicago Bears, Mike Ditka, Field of 68, Field of 12, Mark Schlereth, and podcast organizations. Advertising and promotions expense as a percentage of revenue increased to 35% for the nine months ended September 30, 2021 as compared to 19% for the same period in 2020.

*General Administration and Other.* General administration and other expense decreased by \$74.2 million, or 65%, to \$40.7 million for the nine months ended September 30, 2021 as compared to \$114.8 million for the same period in 2020. The decrease was due to a reduction in share-based compensation expense of \$82.6, which was partially offset by an increase in other general and administration expenses of \$8.4 million. General administration and other expense as a percentage of revenue decreased to 11% for the nine months ended September 30, 2021 as compared to 64% for the same period in 2020.

*Depreciation and Amortization.* Depreciation and amortization expense increased by \$1.2 million, or 90%, to \$2.6 million for the nine months ended September 30, 2021 as compared to \$1.4 million for the same period in 2020. The increase was mainly due to additional purchases of property and equipment and related depreciation expense, and additional acquisition of gaming licenses, amounts paid for internally developed software, and capitalization of certain leases and related amortization expense. Depreciation and amortization expense as a percentage of revenue was 1% for the nine months ended September 30, 2021 and 2020.

*Interest expense, net.* Interest expense, net was less than \$0.1 million for the nine months ended September 30, 2021 as compared to \$0.1 million for the same period in 2020.

*Change in fair value of warrant liabilities.* Change in fair value of warrant liabilities was \$41.8 million for the nine months ended September 30, 2021 due to fair value changes in the warrant liabilities. We did not have similar instruments in the nine months ended September 30, 2020 and therefore no gain or loss on remeasurement was recorded in the prior period.

*Change in fair value of earnout interests liability.* Change in fair value of earnout interests liability was \$13.7 million for the nine months ended September 30, 2021 due to fair value changes in the earnout interests liability. We did not have similar instruments in the nine months ended September 30, 2020 and therefore no gain or loss on remeasurement was recorded in the prior period.

*Income tax expense.* Income tax expense was \$3.8 million for the nine months ended September 30, 2021 and nil for the same period in 2020. Income tax expense for the nine months ended September 30, 2021 related to foreign operations for which both current and deferred taxes are recorded. The Company did not record a tax provision for the nine months ended September 30, 2020 primarily due to RSILP's status as a pass-through entity for U.S. federal income tax purposes. Income tax expense as a percentage of revenue increased to 1% for the nine months ended September 30, 2021 as compared to nil for the same period in 2020.

### **Seasonality and Other Trends Impacting Our Business**

Our results of operations can and generally do fluctuate due to seasonal trends and other factors such as level of customer engagement, online casino and sports betting results and other factors that are outside of our control or that we cannot reasonably predict. Our quarterly financial performance depends on our ability to attract and retain customers. Customer engagement in our online offerings may vary due to, among other things, customer satisfaction with our platform, the number and timing of sporting events, the length of professional sports seasons, our offerings and those of our competitors, our marketing efforts, climate and weather conditions, public sentiment or an economic downturn. As customer engagement varies, so may our quarterly financial performance.

Our quarterly financial results may also be impacted by the number and amount of betting losses and jackpot payouts we experience. Although our losses are limited per stake to a maximum payout in our online casino offering, when looking

at bets across a period of time, these losses can be significant. As part of our online casino offering, we offer progressive jackpot games. Each time a customer plays a progressive jackpot game, we contribute a portion of the amount bet to the jackpot for that game or group of games. When a progressive jackpot is won, the jackpot is paid out and is reset to a predetermined base amount. As winning the jackpot is determined by a random mechanism, we cannot foresee when a jackpot will be won and we do not insure against jackpot payouts. Paying the progressive jackpot decreases our cash position and depending upon the size of the jackpot it may have a significant negative affect on our cash flow and financial condition.

Our online sports betting and retail sports betting operations experience seasonality based on the relative popularity and frequency of certain sporting events. Although sporting events occur throughout the year, our online sports betting customers are most active during the American football season as well as during the NBA and NCAA basketball seasons. In addition, the suspension, postponement or cancellation of major sports seasons and sporting events due to COVID-19 may adversely impact our quarterly results. See “— *Impact of COVID-19.*”

From a legislative perspective, we are continuing to see strong momentum to legalize and regulate online sports betting in new U.S. jurisdictions. As expected, in many cases these new U.S. jurisdictions are first trying to legalize and regulate online sports betting before considering whether to legalize and regulate online casino. However, given the tax generation success of online casino in markets where it has been legalized, we are also continuing to see strong momentum for online casino in several U.S. jurisdictions that are looking for additional revenue sources to fund expanding budgets.

We operate within the global gaming and entertainment industry, which is comprised of diverse products and offerings that compete for consumers’ time and disposable income. We face and expect to continue to face significant competition from other industry players both within existing and new markets including from competitors with access to more resources or experience. Customer demands for new and innovative offerings and features require us to continue to invest in new technologies and content to improve the customer experience. Many jurisdictions in which we operate or intend to operate in the future have unique regulatory and/or technological requirements, which require us to have robust, scalable networks and infrastructure, and agile engineering and software development capabilities. The global gaming and entertainment industry has seen significant consolidation, regulatory change and technological development over the last few years, and we expect this trend to continue into the foreseeable future, which may create opportunities for us but may also create competitive and margin pressures.

## **Liquidity and Capital Resources**

We measure liquidity in terms of our ability to fund the cash requirements of our business operations, including working capital and capital expenditure needs, contractual obligations and other commitments, with cash flows from operations. Our current working capital needs relate mainly to supporting our existing businesses, the growth of these businesses in their existing markets and their expansion into other geographic regions, as well as our employees’ compensation and benefits.

We had \$346.6 million in cash and cash equivalents as of September 30, 2021 (excluding customer cash deposits, which we segregate from our operating cash balances on behalf of our real-money customers for all jurisdiction and products). On February 22, 2021, we announced the redemption (the “Redemption”) of all the Company’s warrants to purchase Class A common stock (“Class A Common Stock”) that were issued to third parties in connection with dMY Technology Group, Inc.’s initial public offering (the “Public Warrants”), which were exercisable for an aggregate of approximately 11.5 million shares of Class A Common Stock at a price of \$11.50 per share. During the nine-months ended September 30, 2021, 11,442,389 Public Warrants were exercised at a price of \$11.50 per share, resulting in cash proceeds of approximately \$131.6 million. We intend for the foreseeable future to continue to finance our operations without third-party debt and entirely from operating cash flows and proceeds from the Redemption.

In connection with the Business Combination, we executed a Tax Receivable Agreement, dated as of December 29, 2020 (the “TRA”), by and among RSI ASLP, Inc. (the “Special Limited Partner”), Rush Street Interactive, LP (“RSILP”), the sellers in the Business Combination (the “Sellers”) and the Sellers’ representative, which generally provides for the payment by the Special Limited Partner of 85% of certain net tax benefits, if any, that the Company and its consolidated subsidiaries, including the Special Limited Partner, realizes (or in certain cases is deemed to realize) as a result of the increases in tax basis and tax benefits related to the transactions contemplated under the agreement governing the Business Combination and the exchange of certain common units in RSILP retained by the Sellers for Class A Common Stock (or cash) and tax benefits related to entering into the TRA, including tax benefits attributable to payments under the TRA. Although the actual timing and amount of any payments made under the TRA will vary, such payments may be significant. Any payments made under the TRA will generally reduce the amount of overall cash flow that might have otherwise been

available to us and, to the extent that payments required under the TRA are unable to be made for any reason, the unpaid amounts generally will be deferred and will accrue interest until paid. To date, no payments under the TRA have been made, and no material payments or accrued payments thereunder are expected in the near future as payments under the TRA are not owed until the tax benefits generated thereunder are more-likely-than-not to be realized.

We expect our existing cash and cash equivalents, proceeds from the Redemption and cash flows from operations to be sufficient to fund our operating activities and capital expenditure requirements for at least the next 12 months and thereafter for the foreseeable future. We may, however, need additional cash resources due to changed business conditions or other developments, including unanticipated regulatory developments, significant acquisitions and competitive pressures. We expect our capital expenditures and working capital requirements to continue to increase in the immediate future to support our growth as we seek to expand our offerings across more of the United States and worldwide, which will require significant investment in our online gaming platform and personnel, in particular in product development, engineering and operations roles. We also expect to increase our marketing, advertising and promotional spend in existing and new markets, as well as market access fees and license costs as we continue to enter into new market access arrangements with local partners in new jurisdictions.

In particular, we are party to several non-cancelable contracts with vendors and licensors for marketing and other strategic partnerships where we are obligated to make future minimum payments under the non-cancelable terms of these contracts. To the extent that our current resources are insufficient to satisfy our cash requirements, we may need to seek additional equity or debt financing. If the needed financing is not available, or if the terms of financing are less desirable than we expect, we may be forced to decrease our level of investment in new product or service launches and related marketing initiatives or to scale back our existing operations, which could have an adverse impact on our business and financial prospects.

### Debt

As of September 30, 2021, we had no debt outstanding. We have an outstanding letter of credit for \$0.45 million in connection with our operations in Colombia, for which no amounts have been drawn as of September 30, 2021.

### Cash Flows

The following table shows our cash flows from operating activities, investing activities and financing activities for the nine months ended September 30, 2021 and 2020:

| (\$ in thousands)                                                             | Nine Months Ended<br>September 30, |                 |
|-------------------------------------------------------------------------------|------------------------------------|-----------------|
|                                                                               | 2021                               | 2020            |
| Net cash (used in) provided by operating activities                           | \$ (16,677)                        | \$ 2,559        |
| Net cash used in investing activities                                         | (10,943)                           | (4,696)         |
| Net cash provided by financing activities                                     | 126,916                            | 7,150           |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | (1,075)                            | (441)           |
| <b>Net change in cash, cash equivalents and restricted cash</b>               | <b>\$ 98,221</b>                   | <b>\$ 4,572</b> |

*Operating activities.* Net cash used in operating activities for the nine months ended September 30, 2021 was \$16.7 million, as compared to \$2.6 million provided by operating activities for the same period in 2020. The difference of \$19.3 million reflects a lower period-over-period net loss totaling \$57.1 million and improvement in working capital totaling \$34.6 million, which was more than offset by a decrease in non-cash expenses totaling \$109.6 million. The decrease in non-cash expenses of \$109.6 million was driven primarily by a decrease in share-based compensation expense totaling \$82.6 million and a change in fair value of warrant liabilities totaling \$41.8, which was partially offset by a change in fair value of earnout interests liability totaling \$13.7 million and an increase in other non-cash expenses totaling \$1.1 million.

*Investing activities.* Net cash used in investing activities for the nine months ended September 30, 2021 increased by \$6.2 million to \$10.9 million, as compared to \$4.7 million during the same period in 2020. The increase reflects higher period-over-period cash paid for internally developed software costs totaling \$2.9 million, an increase in property and equipment purchases totaling \$1.0 million, a \$1.5 million investment in equity, an increase in short-term advances totaling \$0.8 million and additional investments in long-term time deposits totaling \$0.3 million, which was partially offset by lower period-over-period cash paid to acquire gaming licenses totaling \$0.3 million.

*Financing activities.* Net cash provided by financing activities for the nine months ended September 30, 2021 increased by \$119.7 million to \$126.9 million, as compared to \$7.2 million for the same period in 2020. The increase reflects the proceeds from the exercise of Public Warrants totaling \$131.6 million, partially offset by repurchases of Class A Common Stock totaling \$3.5 million, principal payments of finance lease liabilities totaling \$0.9 million, and distributions paid to non-controlling interest holders totaling \$0.3 million. Cash provided by financing activities for the nine months ended September 30, 2021 includes member contributions totaling \$6.5 million and proceeds from a related-party loan totaling \$0.7 million.

### **Contractual Obligations**

Refer to Note 13 of our unaudited condensed consolidated financial statements included elsewhere in this Report for a summary of our commitments as of September 30, 2021.

### **Critical Accounting Policies and Estimates**

We have prepared our unaudited condensed consolidated financial statements in accordance with GAAP. In doing so, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses during the reporting period. Management bases estimates on historical experience and other assumptions it believes to be reasonable under the circumstances and evaluates these estimates on an on-going basis. Actual results may differ from these estimates.

Other than as indicated below, there were no changes during the nine months ended September 30, 2021, to the critical accounting policies discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, as filed with the SEC on March 25, 2021 and as amended by Amendment No. 1 on Form 10-K/A and Amendment No. 2 on Form 10-K/A, as filed with the SEC on April 30, 2021 and May 7, 2021, respectively (collectively, our “Amended Annual Report”). For a complete discussion of our critical accounting policies, refer to our Amended Annual Report.

#### ***Share-based Compensation***

We have issued stock-based awards with service-based conditions or market-based conditions. Our historical and outstanding share-based compensation awards are described in Note 9 to our unaudited condensed consolidated financial statements, included elsewhere in this Report.

Share-based compensation expense is measured based on the grant-date fair value of the stock-based awards and is recognized over the requisite service period of the awards. Following the Business Combination, the fair value of our Class A Common Stock is now determined based on the quoted market price. To estimate the fair value of stock option awards, we used the Black-Scholes model, and we used a Monte Carlo simulation to determine the fair value of grants with market-based conditions. Both the Black-Scholes model and the Monte Carlo simulation require management to make a number of key assumptions, including expected volatility, expected term, risk-free interest rate and expected dividends. The risk-free interest rate is estimated using the rate of return on U.S. treasury notes with a life that approximates the expected term. The expected term assumption used in the Black-Scholes model represents the period of time that the options are expected to be outstanding and is estimated using the midpoint between the requisite service period and the contractual term of the option.

The assumptions underlying these valuations represent management’s best estimates, which involve inherent uncertainties and the application of management judgment. As a result, if factors or expected outcomes change and our management uses significantly different assumptions or estimates, our share-based compensation expense for future periods could be materially different, including as a result of adjustments to share-based compensation expense recorded for prior periods.

### **Emerging Growth Company Accounting Election**

Section 102(b)(1) of the Jumpstart Our Business Startups Act of 2012 (“JOBS Act”) exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can choose not to take advantage of the extended transition period and comply with the requirements that apply to non-emerging growth companies, and any such election to not take advantage of the extended transition period is irrevocable. We are an “emerging growth company” as defined in Section 2(a) of the Securities Act of 1933, as amended, and have elected to take advantage of the benefits of this extended transition period. We remain an emerging growth company and are expected to continue to take advantage of the benefits of the extended transition period. This may make it difficult or impossible to compare our financial results with the financial results of another public company that is either not an

emerging growth company or is an emerging growth company that has chosen not to take advantage of the extended transition period exemptions for emerging growth companies because of the potential differences in accounting standards used.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

We operate primarily in the United States and Latin America. As such, we have been exposed in the past and may in the future be exposed to certain market risks, including interest rate, foreign currency exchange and financial instrument risks, in the ordinary course of our business. Currently, these risks are not material to our financial condition or results of operations, but they may be in the future.

#### **Interest Rate Risk**

As of September 30, 2021, we had cash, cash equivalents and restricted cash of \$360.3 million, which consisted primarily of bank deposits and money market funds. Such interest-earning instruments carry a degree of interest rate risk; however, due to the relatively short-term nature of these instruments, historical fluctuations of interest income have not been significant. The primary objective of our investment activities are to preserve principal and provide liquidity without significantly increasing risk. A 10% increase or decrease in the interest rates of these interest-earning instruments would not have a material effect on our unaudited condensed consolidated financial statements for the nine months ended September 30, 2021.

#### **Foreign Currency Exchange Rate Risk**

We have been exposed to foreign currency exchange risk related to our transactions in currencies other than the U.S. Dollar, which is our reporting currency. We seek to naturally hedge our foreign exchange transaction exposure by matching the transaction currencies for our cash inflows and outflows. Currently, we do not otherwise hedge our foreign exchange exposure but may consider doing so in the future. Our foreign currency exposure is primarily with respect to the Colombian Peso. Colombia accounted for less than 8% of our revenue for the three and nine months ended September 30, 2021 and 2020. A 10% increase or decrease in the value of these currencies compared to the U.S. Dollar would not have a material effect on our unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2021.

### **Item 4. Controls and Procedures.**

#### **Management's Evaluation of Disclosure Controls and Procedures**

As required by Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer, we have carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this Report. Our disclosure controls and procedures are designed to provide reasonable assurance that information we are required to disclose in reports that are filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified by the SEC. Our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2021.

#### **Changes in Internal Control Over Financial Reporting**

As previously reported, the Company identified a material weakness in our internal control over financial reporting related to the accounting for a significant and unusual transaction related to the warrants we issued in connection with our initial public offering in February 2020 and the closing of the Business Combination in December 2020. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. As a result of this material weakness, our management concluded that our internal control over financial reporting was not effective as of March 31, 2021.

To remediate this material weakness, we expanded and improved our review process for complex securities and related accounting standards. We also further improved this process by enhancing access to accounting literature, identifying third-

party professionals with whom to consult regarding complex accounting applications and hiring additional staff with the requisite experience and training to supplement existing accounting professionals.

The Company has concluded, through testing, that its internal controls are designed and operating effectively and that the previously identified material weakness has been fully remediated as of September 30, 2021.

Other than the item noted above, there has been no change in the Company's internal control over financial reporting as of September 30, 2021, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

**Limitations on Effectiveness of Controls and Procedures**

Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives, as specified above. Our management recognizes that any control system, no matter how well designed and operated, is based upon certain judgments and assumptions and cannot provide absolute assurance that its objectives will be met.

## **PART II. OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

From time to time we become involved in legal proceedings (including as described below) concerning matters arising in connection with the conduct of our business activities. These proceedings may be at varying stages, and many of these proceedings may seek an indeterminate amount of damages. We regularly evaluate the status of the legal proceedings in which we are involved to assess whether a loss is probable or there is a reasonable possibility that a loss or an additional loss may have been incurred and to determine if accruals are appropriate. If accruals are not appropriate, we further evaluate each legal proceeding to assess whether an estimate of the possible loss or range of possible loss can be made.

For the matter described below, management is unable to provide a meaningful estimate of the possible loss or range of possible loss because, among other reasons: (i) the proceeding is in its early stages; (ii) damages are unsupported and/or exaggerated; (iii) there is uncertainty as to the outcome of pending appeals or motions; (iv) there are significant factual issues to be resolved; and/or (v) there are novel legal issues or unsettled legal theories to be presented. For this matter, however, management does not believe, based on currently available information, that the outcome of this proceeding will have a material adverse effect on our financial condition, though the outcome could be material to our operating results for any particular period, depending, in part, upon the operating results for such period.

#### **Todd L. Anderson. vs. Rush Street Gaming, LLC and Rush Street Interactive, LLC**

A complaint in the case *Todd L. Anderson. vs. Rush Street Gaming, LLC and Rush Street Interactive, LLC*, Case Number # 120CV04794 that was filed in the U.S. District Court for the Northern District of Illinois, was served on us on August 18, 2020 and was subsequently amended and served on us on September 15, 2020. The amended complaint alleges that Todd Anderson was offered a 1% equity stake in RSILP in 2012 that was never issued and asserts claims of breach of contract, promissory estoppel, constructive fraud, conversion, breach of fiduciary duty and unjust enrichment. On October 13, 2020, RSILP filed a motion to dismiss all the alleged claims asserted in the complaint. On September 28, 2021, the court entered an order granting in part and denying in part RSILP's motion to dismiss, dismissing Mr. Anderson's constructive fraud, breach of fiduciary duty and unjust enrichment claims, but allowing his remaining claims to proceed. On October 19, 2021, RSILP filed an answer to the amended complaint. We believe we have multiple defenses against the remaining claims and intend to defend the case vigorously.

#### **Other**

In addition to the above actions, we are subject to various other legal proceedings and claims that arise in the ordinary course of business. In our opinion, the amount of ultimate liability with respect to any of these actions is unlikely to materially affect our financial condition, results of operations or liquidity, though the outcomes could be material to our operating results for any particular period, depending, in part, upon the operating results for such period.

### **Item 1A. Risk Factors**

There have been no material changes to the risk factors disclosed under the heading "Risk Factors" in our Amended Annual Report.

**Item 6. Exhibits.**

The following exhibits are being filed or furnished, as applicable, herewith:

| <b>Exhibit<br/>Number</b> | <b>Description</b>                                                                                                                                              |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 31.1*                     | <a href="#">Certifications of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>                                            |
| 31.2*                     | <a href="#">Certifications of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>                                            |
| 32.1**                    | <a href="#">Certifications of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>                                            |
| 32.2**                    | <a href="#">Certifications of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>                                            |
| 101.INS*                  | Inline XBRL Instance Document—the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH*                  | Inline XBRL Taxonomy Extension Schema.                                                                                                                          |
| 101.CAL*                  | Inline XBRL Taxonomy Extension Calculation Linkbase.                                                                                                            |
| 101.DEF*                  | Inline XBRL Taxonomy Extension Definition Linkbase.                                                                                                             |
| 101.LAB*                  | Inline XBRL Taxonomy Extension Label Linkbase.                                                                                                                  |
| 101.PRE*                  | Inline XBRL Taxonomy Extension Presentation Linkbase.                                                                                                           |
| 104.1                     | Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit).                                                            |

Filed herewith.

This exhibit is furnished herewith and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

November 10, 2021

RUSH STREET INTERACTIVE, INC.

By: /s/ Kyle Sauers

Kyle Sauers

Chief Financial Officer

*(Principal Financial Officer and Principal Accounting Officer)*

**Certification of Principal Executive Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a)  
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Richard Schwartz, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Rush Street Interactive, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2021

/s/ Richard Schwartz

Richard Schwartz  
Chief Executive Officer and Director  
(Principal Executive Officer)

**Certification of Principal Financial Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a)  
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Kyle Sauers, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Rush Street Interactive, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2021

/s/ Kyle Sauers

Kyle Sauers

Chief Financial Officer

(Principal Financial Officer)

**Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Richard Schwartz, Chief Executive Officer and Director of Rush Street Interactive, Inc. (the “Company”), hereby certify, that, to my knowledge:

1. The Quarterly Report on Form 10-Q for the period ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 10, 2021

/s/ Richard Schwartz

Richard Schwartz

Chief Executive Officer and Director

(Principal Executive Officer)

**Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Kyle Sauers, Chief Financial Officer of Rush Street Interactive, Inc. (the “Company”), hereby certify, that, to my knowledge:

1. The Quarterly Report on Form 10-Q for the period ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 10, 2021

/s/ Kyle Sauers

Kyle Sauers

Chief Financial Officer

(Principal Financial Officer)