

Insights and Data to Help Manage Today's Changing Consumer Environment

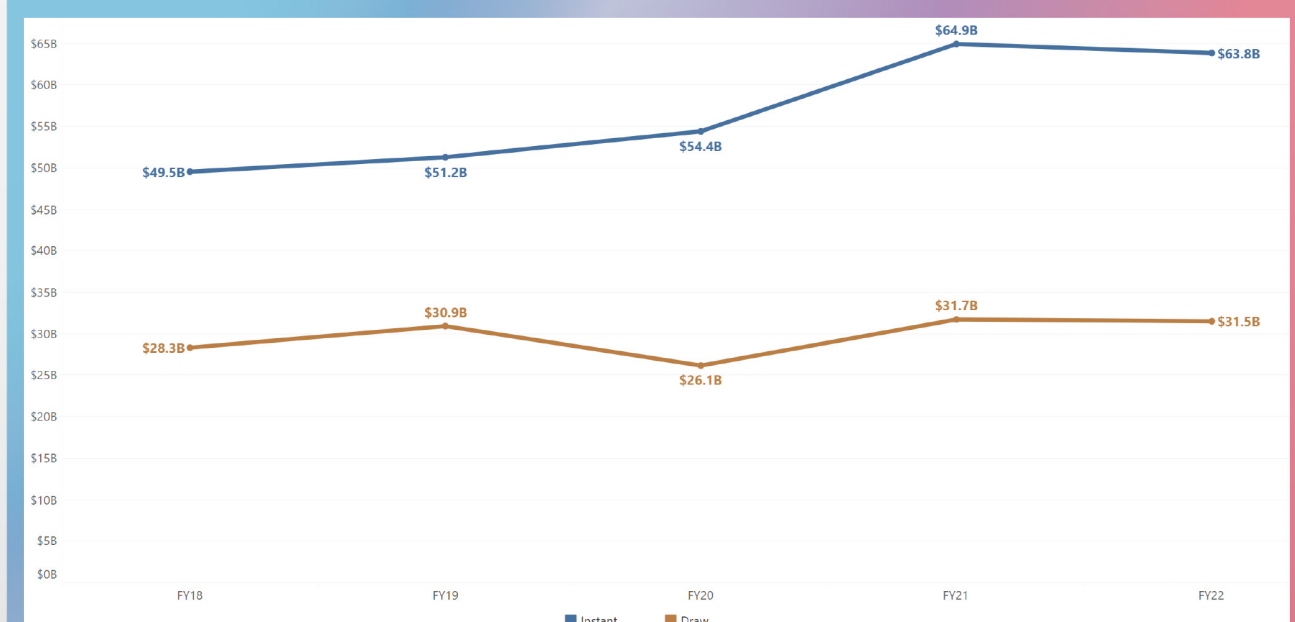
For most lotteries, June 30th marked the end of their 2022 fiscal year. Now that the numbers are in, we thought it would be a good time to share some of the year's highlights. In this edition of Data in Motion, we provide a high-level overview of aggregated sales and gross gaming revenue (GGR) for both the instant and draw categories in the U.S.

Down But Not Out

It will come as no surprise that FY 2022 numbers were down compared to the banner year of FY 2021. Full-line revenue went from \$96.6 billion to \$95.3 billion, a drop of 1.5%. Instant game sales made up 67% of net revenue for FY 2022, and draw-based games were responsible for 33%, a split that mirrored FY 2021.

Long Term Industry Sales Trends

Excluding IN (Draw), MS, WY (Draw)



When compared to FY 2021's record-breaking sales, FY 2022 revenue dipped for both Instant and Draw Game categories (down 2.0% and 0.7%, respectively). That decrease translates into a \$700 million loss in GGR across the US.

FY 2022 U.S. Lottery Sales Snapshot

- FY 2022 Instant Game Sales: \$63.8 billion, **Down (\$1.3B) (-2.0%)** over FY 2021
- FY 2022 Draw Game Sales: \$31.5 billion, **Down (\$0.2B) (-0.7%)** over FY 2021
- FY 2022 Full Line Game Sales: \$95.3 billion, **Down (\$1.5B) (-1.5%)** over FY 2021

FY 2022 U.S. Lottery Gross Gaming Revenue (GGR) Snapshot

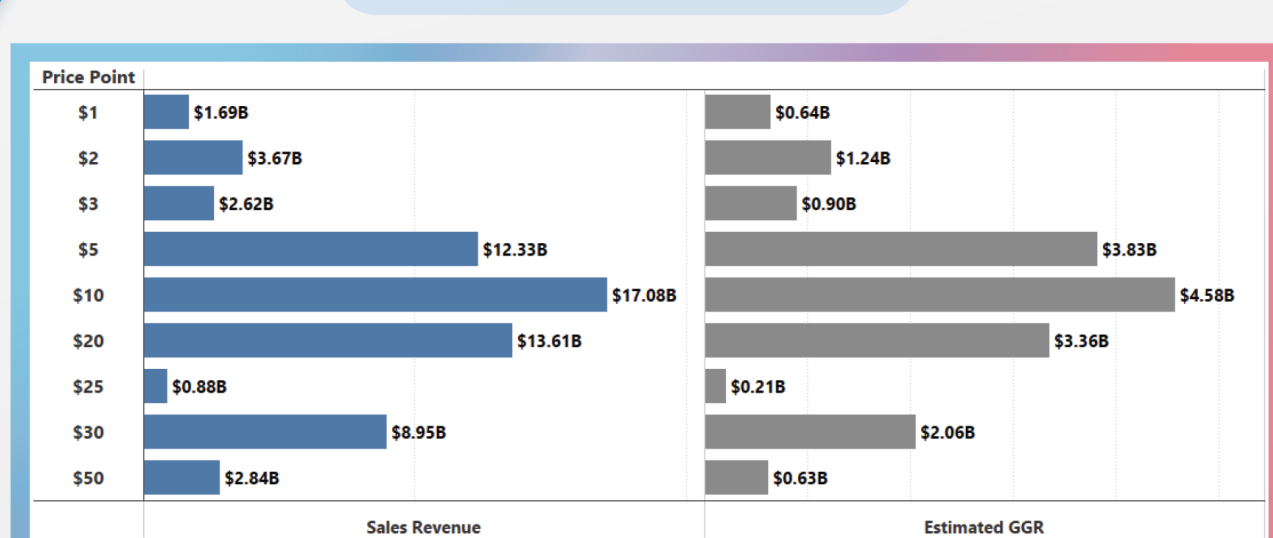
- FY 2022 Instant Game Sales: \$17.5 billion, **Down (\$0.6B) (-3.1%)** over FY 2021
- FY 2022 Draw Game Sales: \$15.1 billion, **Down (\$0.1B) (-0.9%)** over FY 2021
- FY 2022 Full Line Game Sales: \$32.6 billion, **Down (\$0.7B) (-2.1%)** over FY 2021

Instant Games

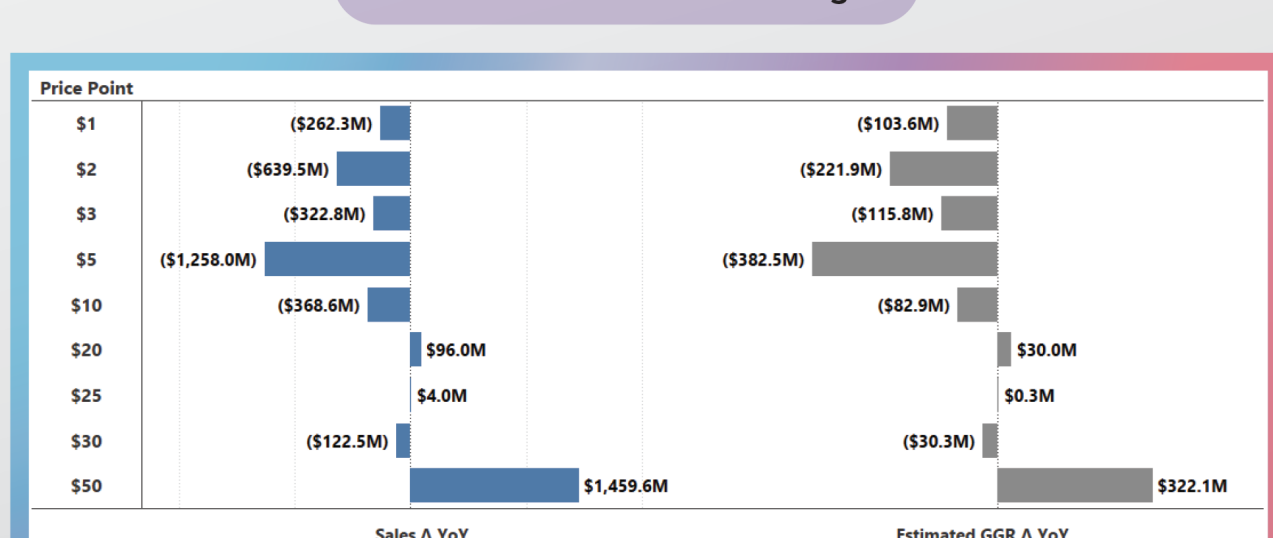
Instant Game sales for FY 2022 were once again driven by the \$5, \$10, and \$20 price points. But for the first time in lottery history, \$20 game sales outpaced \$5 game sales (\$13.6 billion vs. \$12.3 billion). In fact, only the \$20, \$25, and \$50 price points grew year-over-year. While the absolute number of instant games launched grew by less than 1%, the \$50 price point, which increased sales by \$1,459.6 million and GGR by \$322.1 million, was introduced in an additional six states.

The \$10 price point still contributed the highest percentage of overall revenue at 26.8% for FY 2022. But the additional 45 games in market at this price point weren't enough to prevent a 2.1% decrease in sales versus FY 2021.

FY 2022 Instant Sales & GGR



FY 2022 Instant YoY Change



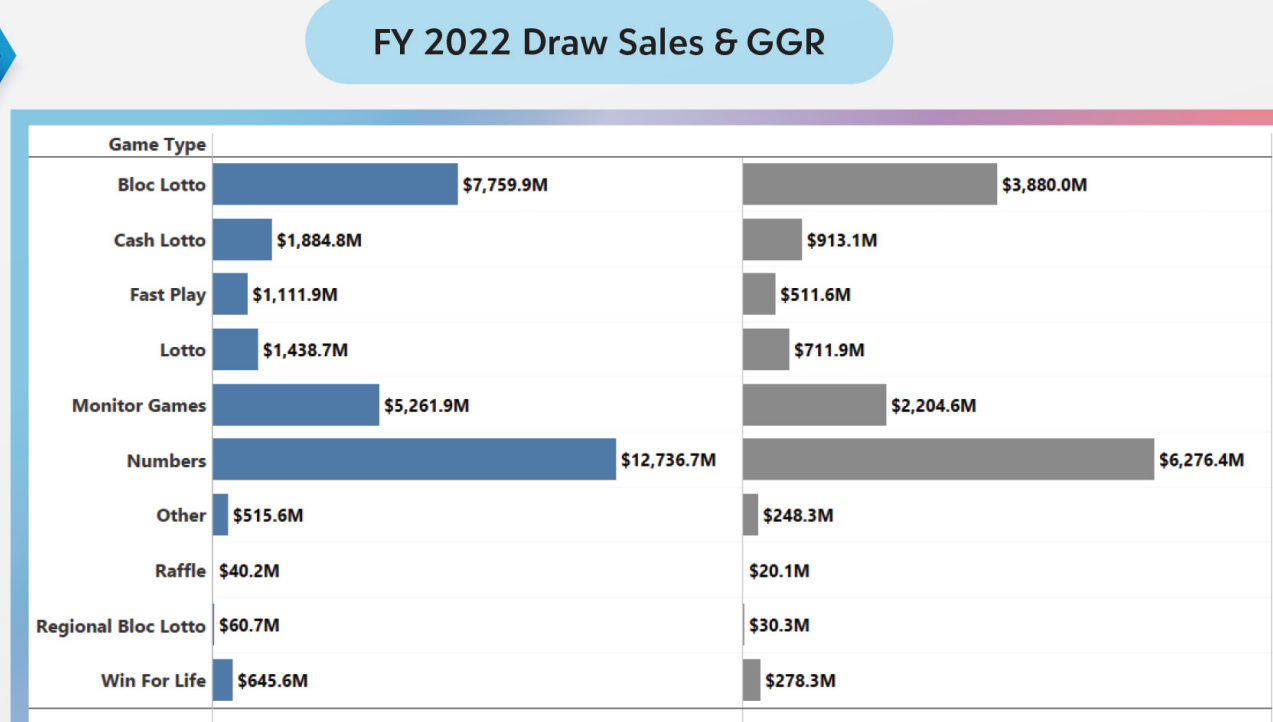
Extended Play sales dropped by 5.4%, driven by a decline in the \$2, \$3 and \$5 Extended Play price points. These decreases were somewhat offset by a bottom-line increase in Extended Play offerings at the \$10 price point which added \$65.1 million more to sales and \$14.3 million more to GGR than last fiscal year. The \$10 price point now accounts for roughly 30% of sales and GGR for the Extended Play category.

Finally, the popularity of Multiplier games – or “X games” – continued in FY 2022, increasing their market share lead of game families to 37.5%. That's a 10% increase over the past two years!

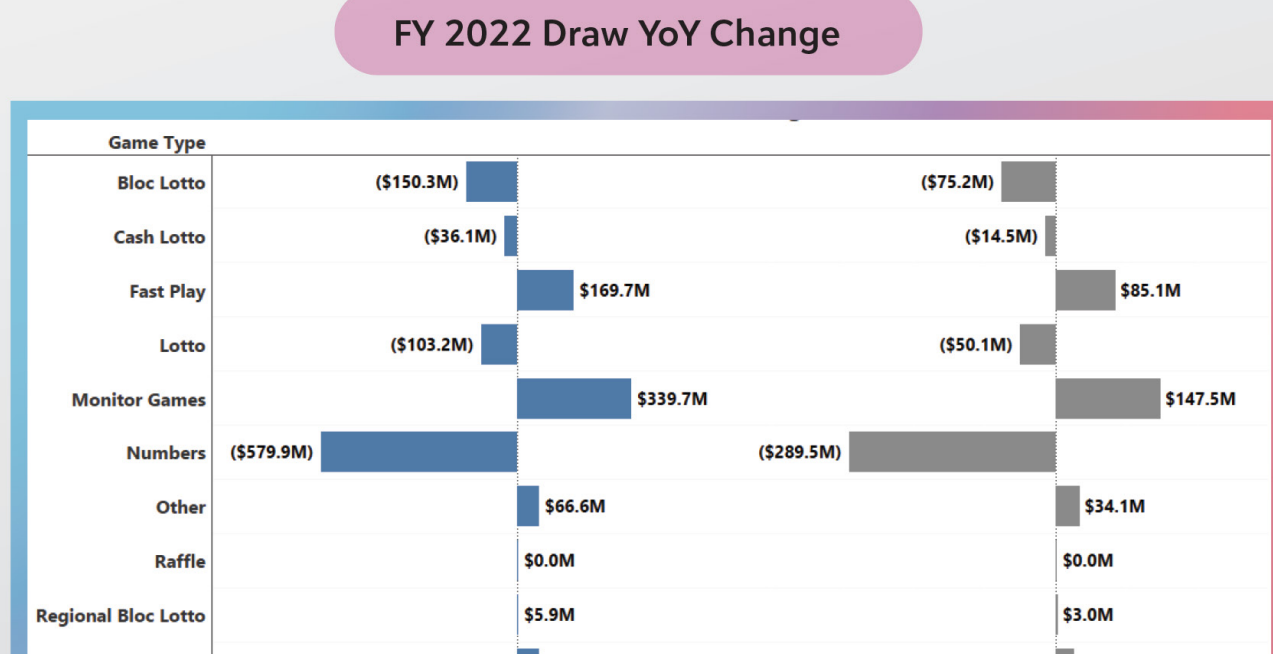
Draw Games

Across all draw-based games, Numbers games were down the most in FY 2022, with a decrease of \$579.9 million (-4.5%). Despite this dip, the category still contributed the lion's share of Draw Game sales at 40.5%. Bloc Lotto, which contributed 24.7% to total Draw Game sales, was down 1.9% with neither Mega Millions nor Powerball having record-breaking jackpots in FY 2022. With the reopening of social establishments, Monitor games were up 6.9% and were responsible for 16.7% of Draw Game sales.

FY 2022 Draw Sales & GGR



FY 2022 Draw YoY Change



Final Thoughts

As an industry that prides itself on historical upward sales trends, the above data points may seem discouraging. But when compared to pre-COVID numbers, FY 2022 was actually a pretty good year. In fact, if we removed the unprecedented (and largely COVID-driven) sales spike of FY 2021, FY 2022 would have been the highest sales year on record for both Instant and Draw Games.

That doesn't mean we should rest easy of course. Economists continue to warn that ongoing inflation is causing consumers to adjust their spending habits and these external market pressures are sure to affect lottery play. As Scientific Games devises strategies to ensure our lottery partners' success for FY 2023 and beyond, it has become clear that retaining new players who entered the market over the past two years will be critical. With this in mind, we continue to conduct the research and analyses necessary to design products that will keep these new players engaged. We look forward to sharing these efforts with you in future editions of Data in Motion and at upcoming industry events.