# Data in Motion

Marketing & Insights

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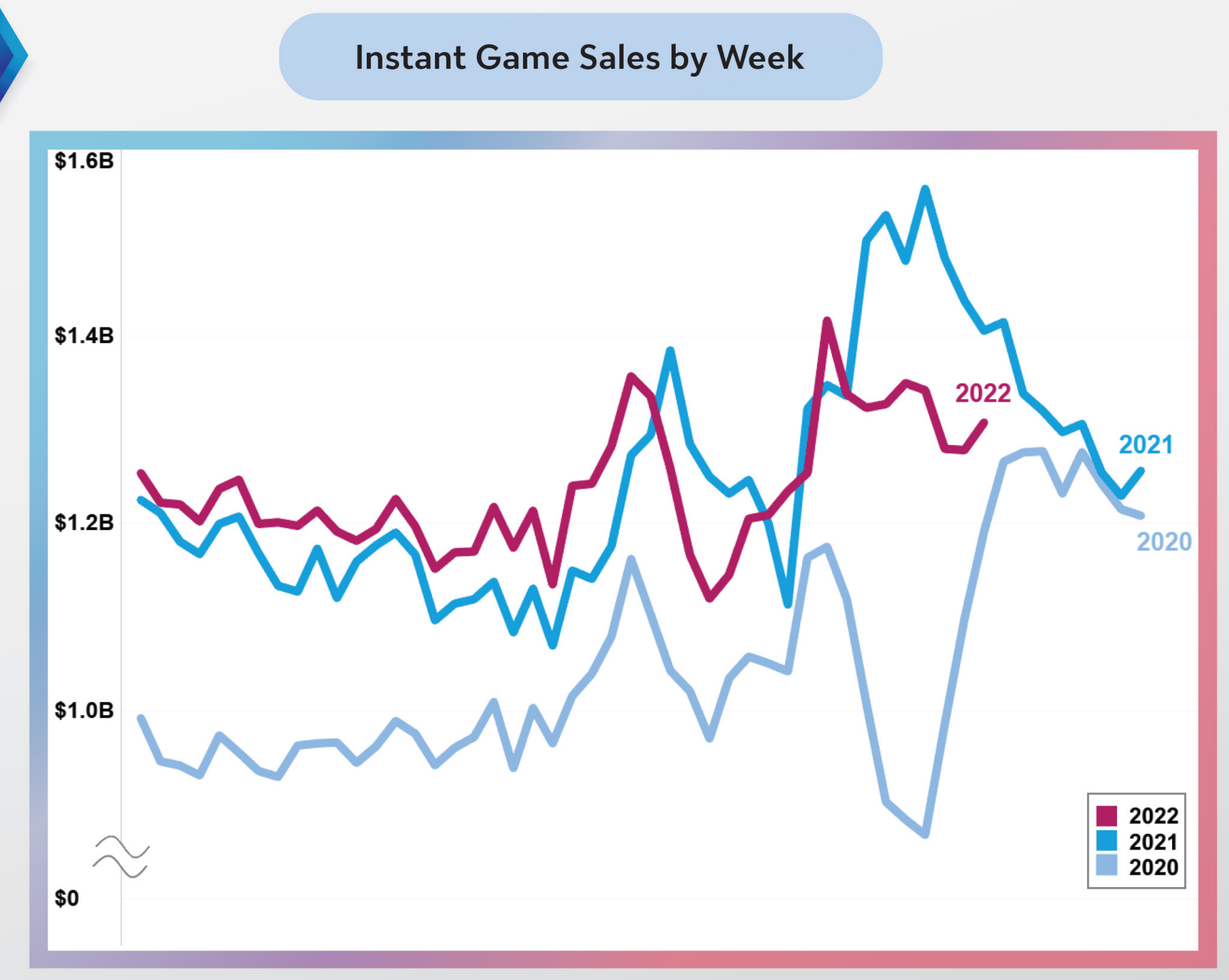
SCIENTIFIC GAMES

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

If you're like a lot of lotteries, you are currently experiencing a decline in instant game sales versus last fiscal year (FY2021). Fear not. In this issue of Data in Motion, we share some insights on why this decline may be occurring and provide some assurance that things aren't quite as dire as they may seem.

### 2020 and 2021: The 'Exceptional' Years

When we look at the chart below, which shows instant game sales by week for FY2020, FY2021, and FY2022, a couple of things jump out. First, things were tracking more or less as expected for the first 35 weeks of those fiscal years. But around Week 36 (early March), things get wonky.

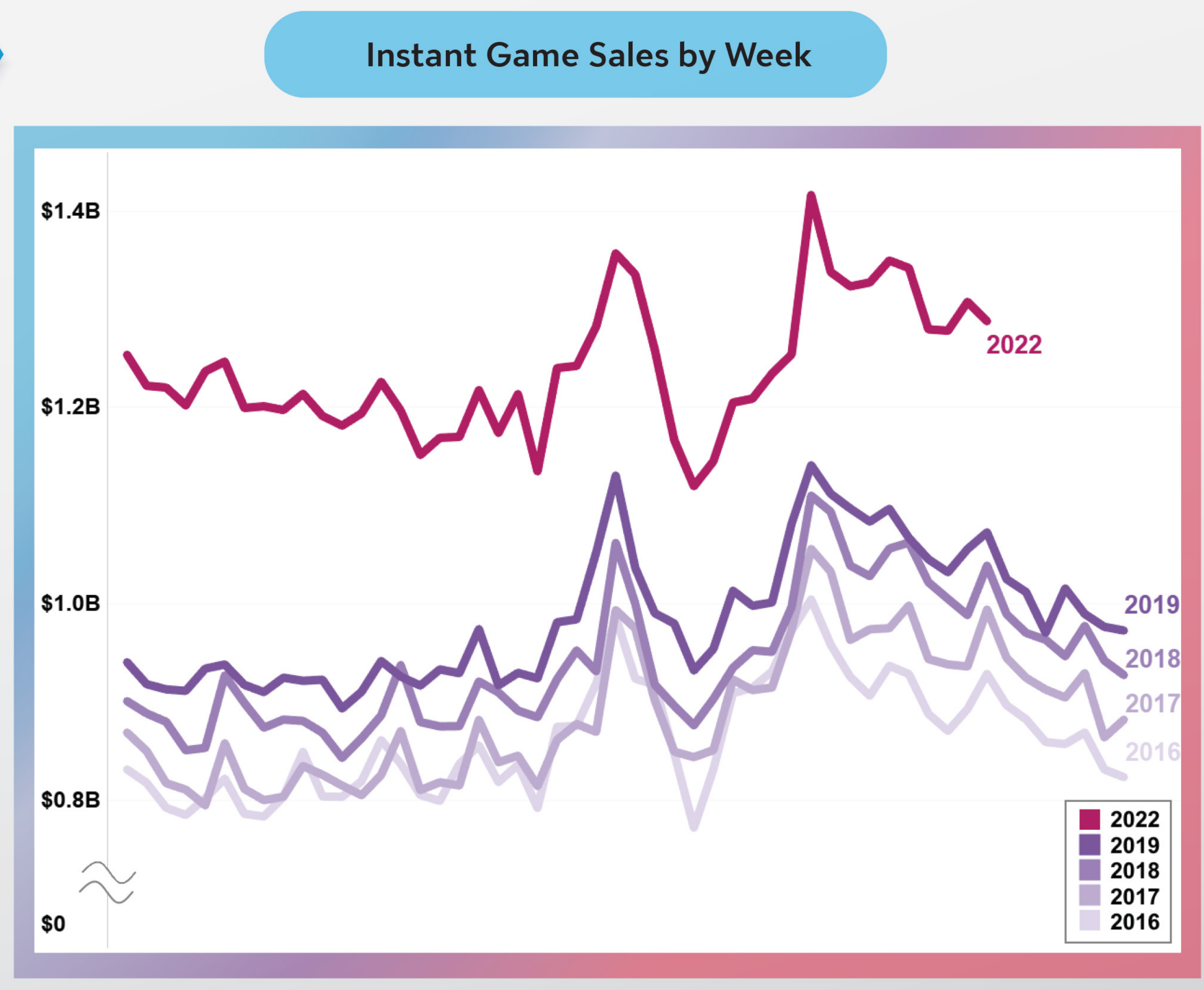



For FY2020, this was right about when COVID went from being in a few scattered markets to being a nationwide health crisis. Things shut down. People stayed in. So that sharp decline we see at Week 36 makes sense given the timeframe and the circumstances. Flash forward 12 months to Week 36 of FY2021. This coincided with a brief, but somewhat sweet spot in the COVID timeline – hospitalizations and deaths were on the decline, so things were just starting to open back up. This could explain (at least partially) the spike we see in instant game sales at this time. The omicron variant hit shortly thereafter and we saw a retreat, which could explain the decline we see starting around Week 42.

The point being that FY2020 and FY2021 were both extraordinarily exceptional years for different (albeit related) reasons. When we take this in to consideration, FY2022 is really tracking rather normally, essentially splitting the difference between FY2020 when COVID hit and FY2021 when we experienced a brief respite from the many restrictions in place.

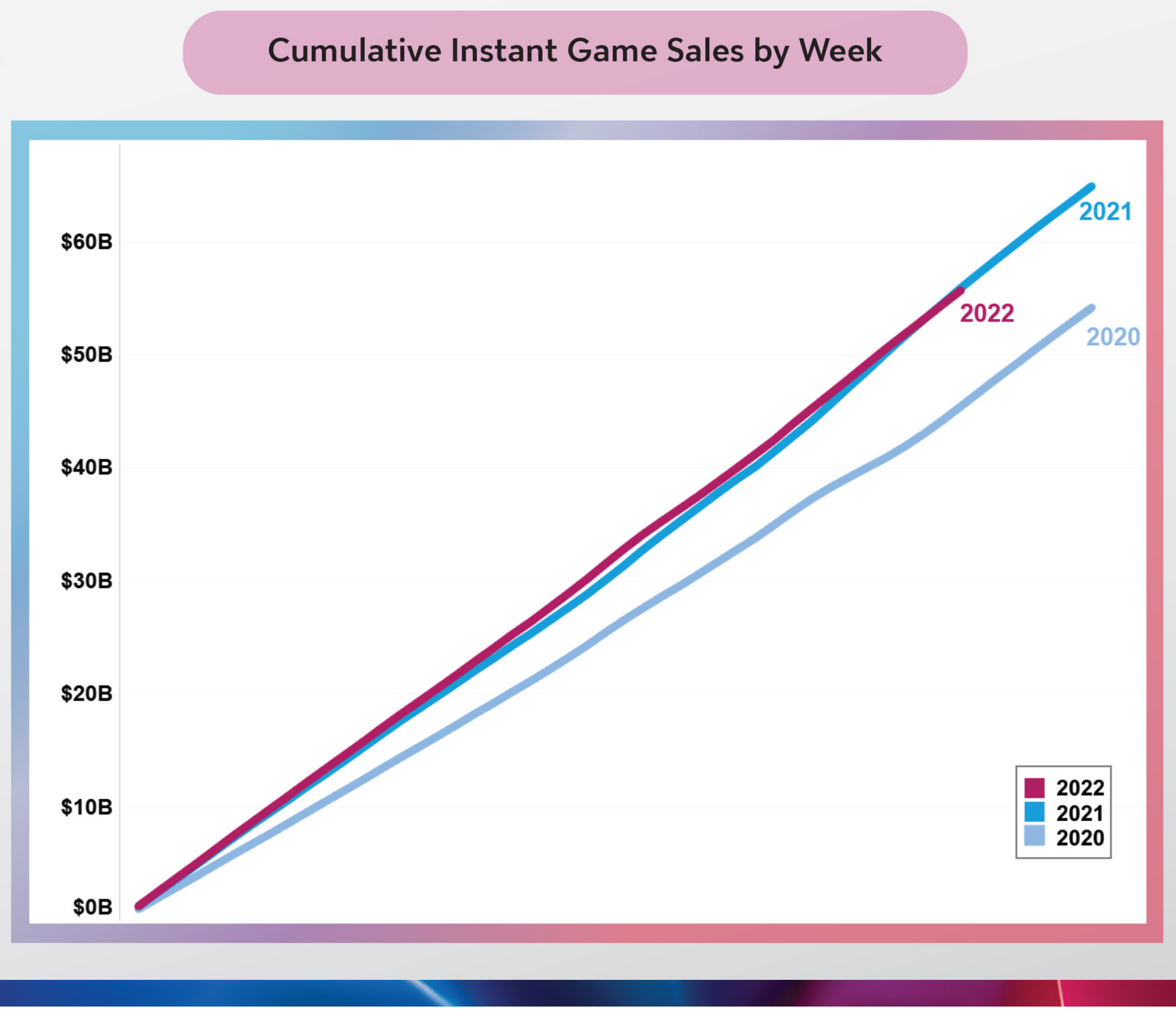
### Look Familiar?

To confirm that FY2022 sales aren't tracking as negatively as it might seem, we took out the 'exceptional years' (2020 and 2021) and compared FY2022 to FY2016 – FY2019. As the chart below shows, FY2022 is tracking remarkably close to those fiscal years (although at increased volume), with all the seasonal spikes and valleys we've come to expect. This also underscores what anomalies FY2020 and FY2021 were. Simply put, we are pretty much where we might expect to be as we enter the last quarter of FY2022.




### Cumulative Sales

Need further proof that things aren't quite as bad as they might seem at the moment? When we look at cumulative sales for FY2020, FY2021, and FY2022 (chart below), we see that, as of this issue, instant game sales are at $50.25 billion versus $50.30 billion this time last year. So roughly flat. It would be better to be 'up' obviously, but the situation isn't as bleak as the recent dip in year-over-year numbers might suggest.




### Final Thoughts

All healthy businesses strive to do better from one year to the next and the lottery industry is no exception. And we are by no means suggesting complacency as we emerge from the COVID cloud that has hung over the world for the past two plus years. We simply want to suggest that the past two years were exceptional in more ways than one and we should consider the unique circumstances that made them exceptional when assessing our current performance.

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Source: Infuse, Scientific Games' Business Intelligence Platform