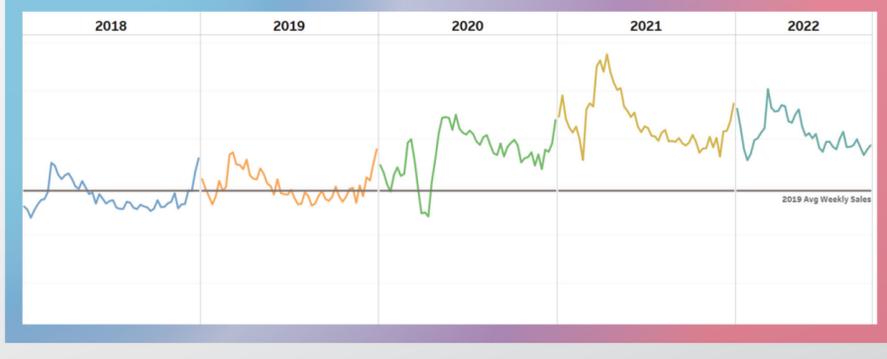


Insights and Data to Help Manage Today's Changing Consumer Environment

In honor of the World Lottery Summit happening this week in beautiful Vancouver, British Columbia, we thought we would take a more global perspective with this issue of Data in Motion. Specifically, we decided to look at instant game sales curves for a variety of countries over the past five calendar years (CY2018 – current). We were especially interested in what differences and similarities might be revealed due to the impact of COVID-19 on instant game sales, both at the height of the pandemic (2020 – 2021) and in the months that followed. Let's start by taking a look at average weekly instant game sales for the U.S. over the past five calendar years:

USA



As the above chart shows, CY2020 instant game sales started off as expected, but experienced a significant drop in early April due to COVID. This drop was temporary, however, and sales recovered fully a short time after (late May). The curve then follows a similar pattern as past years – a steady but expected decline until the holiday games hit the market. CY2021 got off to a great start, generally following the same curve as previous years, but at a higher sales volume overall, a fact that we have attributed to the unavailability of other gaming and entertainment options at this time. While CY2022 hasn't kept pace with CY2021, it does fall in line with the longer-term sales curve – generally up.

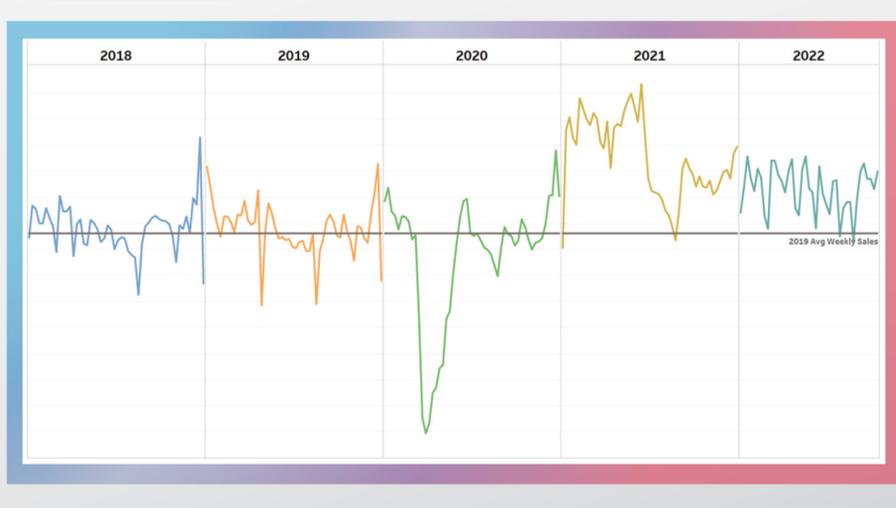
The Global Picture

We then looked at the five year sales trends for a number of other lotteries from around the world. We anonymized the data to preserve each jurisdiction's privacy and used each lottery's average weekly instant game sales for 2019 as a standard baseline for comparison. Because our primary interest was in the shape of the sales curve itself (not the absolute dollar amounts), the actual sales figures were removed. Let's take a look:

Jurisdiction A

As the chart below shows, Jurisdiction A experienced a similar sales curve as the U.S. – a significant drop when COVID hit in April, 2020, followed by a relatively fast and strong recovery. Like the U.S., Jurisdiction A also experienced an exceptionally strong CY2021. CY2022, while lagging somewhat behind CY2021, is tracking as might be expected given long-term sales trends (again, generally up).

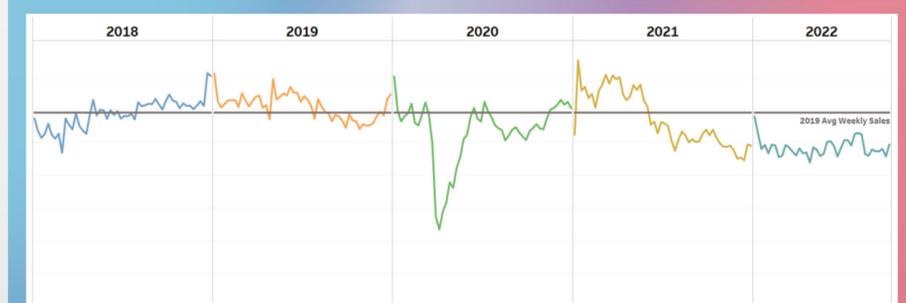
Jurisdiction A



Jurisdictions B and C

Unfortunately, the post-pandemic increases experienced by the U.S. and Jurisdiction A weren't universal. As the charts below show, both Jurisdictions B and C saw that same precipitous drop in sales as the rest of the world did in April of 2020. And both saw a rather quick recovery that sustained itself for the rest of the calendar year and even in to the early months of CY2021. But since early- to mid-CY2021 – and unlike the U.S. and Jurisdiction A above – sales have declined and are currently lower than pre-pandemic levels.

Jurisdiction B



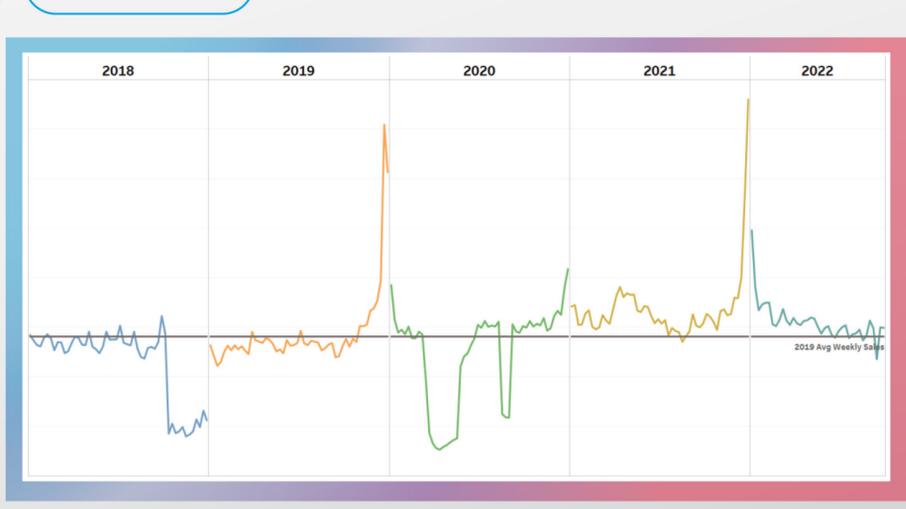
Jurisdiction C



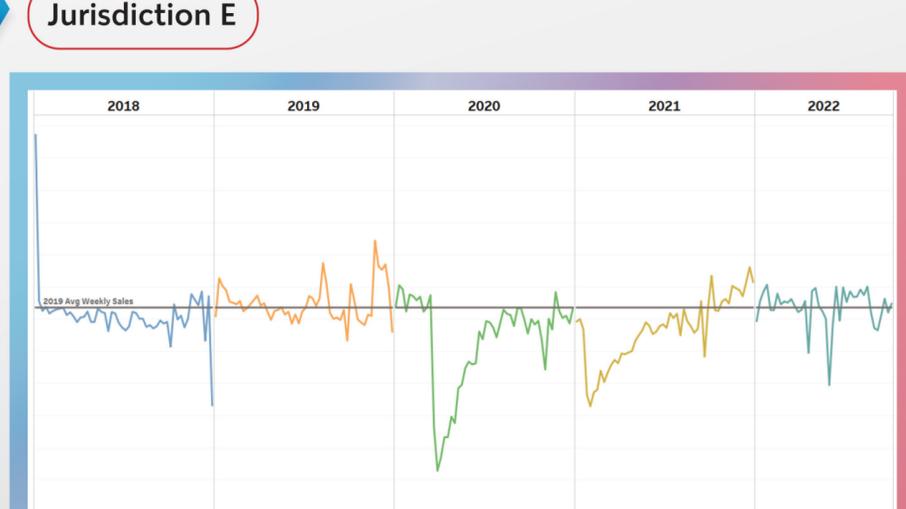
Jurisdictions D and E

As might be expected, there are any number of jurisdictions that haven't experienced the post-COVID increases of the US and Jurisdiction A nor the post-COVID declines of Jurisdictions B and C. As the charts below show, Jurisdictions D and E have essentially returned to pre-COVID sales levels.

Jurisdiction D



Jurisdiction E



Final Word

While this is just a sampling of instant game sales performance trends from around the world, we chose them specifically because they illustrate that there was no real common global experience we can refer to. Every lottery was impacted by COVID-19, but the degree of that impact and the extent to which sales have recovered has varied widely from jurisdiction to jurisdiction. The full gamut of effects over the past 2+ years may take time to fully understand as every country had different policies in place which changed at different rates over the course of the pandemic. To further complicate matters, both global supply chain issues and downward economic pressures created some difficult-to-measure headwinds. We have no doubt that these conversations are taking place at WLS as we speak and we look forward to learning more about these important topics from our colleagues around the world.