March 27, 2024

CY2023 Sales Summary

As the first quarter of CY2024 comes to a close, we thought it would be a good time to share some sales highlights of CY2023. Total U.S. lottery sales for CY2023 were almost 2% above CY2022, equating to an additional $1.9 billion in annual sales. Terminal Based Game sales were the primary driver of this growth, making up $1.6 billion of the total sales lift. Instant Scratch Game sales were generally flat, growing by less than 1%. Despite this, CY2023 was the second-highest year of Instant Scratch Game sales in the industry's history, exceeded only by the post-COVID blowout year of CY2021.

In this issue of Data in Motion, we take a closer look at CY2023 Instant Scratch Game sales and gross gaming revenue (GGR, or sales minus payout) by price point and CY2023 Terminal Based Game sales and GGR by category.

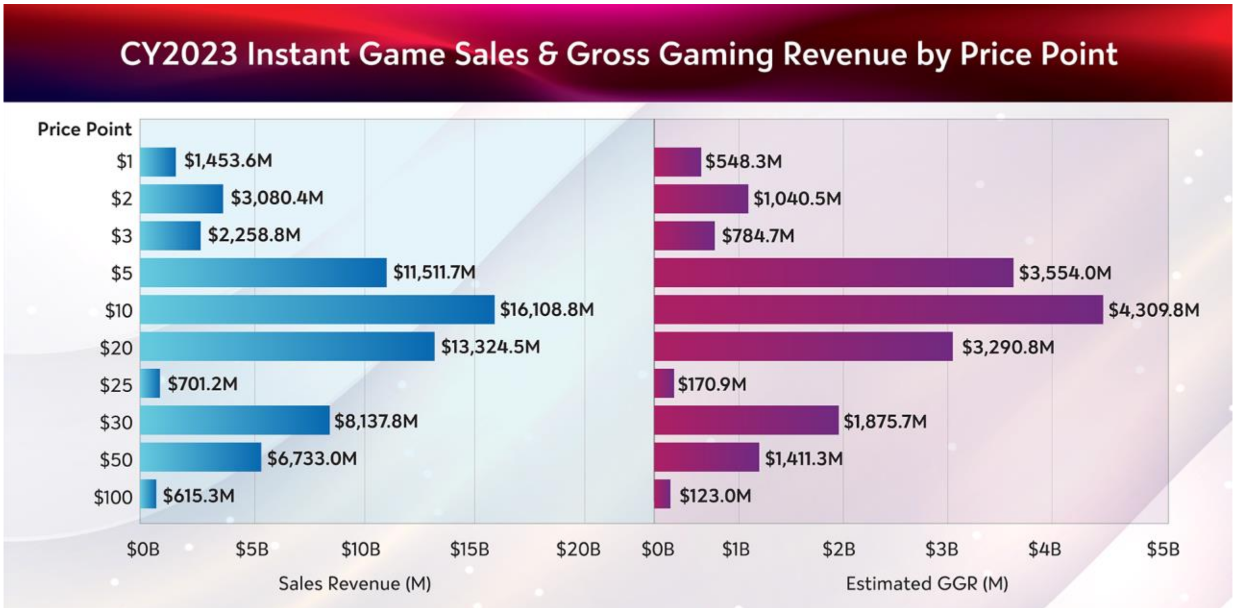
Instant Scratch Games and GGR

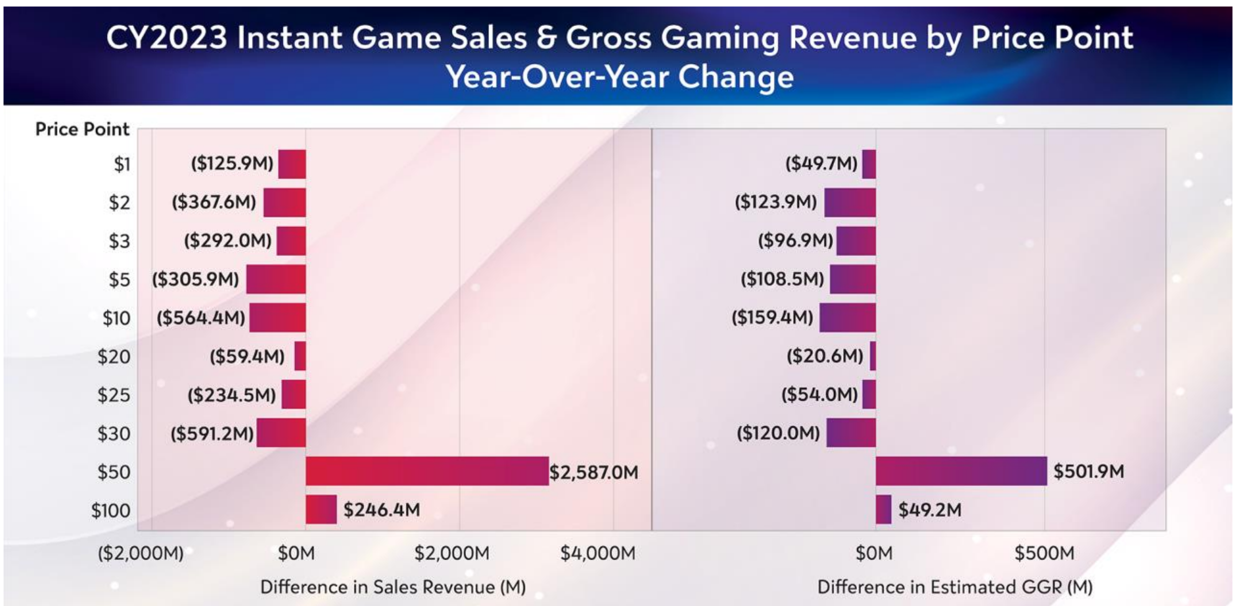
As noted above, CY2023 Instant Scratch Game sales were essentially flat compared to CY2022 with sales coming in at $64 billion, a slight increase over CY2022. GGR was down 1%, coming in at $17.1 billion, or $200 million less than CY2022.

Higher price point instant scratch games continued to gain ground in CY2023, with sales growth coming solely from the $50 and $100 price points. The remaining price points saw decreased sales vs. CY2022, driven largely by fewer games in market as lotteries added more high- (or, more accurately, "ultra-high") priced games to their launch schedule.

Sales at the $50 price point were by far the primary area of Instant Scratch Game growth, increasing yearly sales by 62.4% to $6.7 billion in CY2023. It's worth noting that between CY2021 and CY2023, twenty-one lotteries introduced their first $50 ticket (or

49% of reporting lotteries). In fact, half of the lotteries that ranked in the top 10 for instant sales growth in CY2023 also introduced their first $50 ticket in that same year.





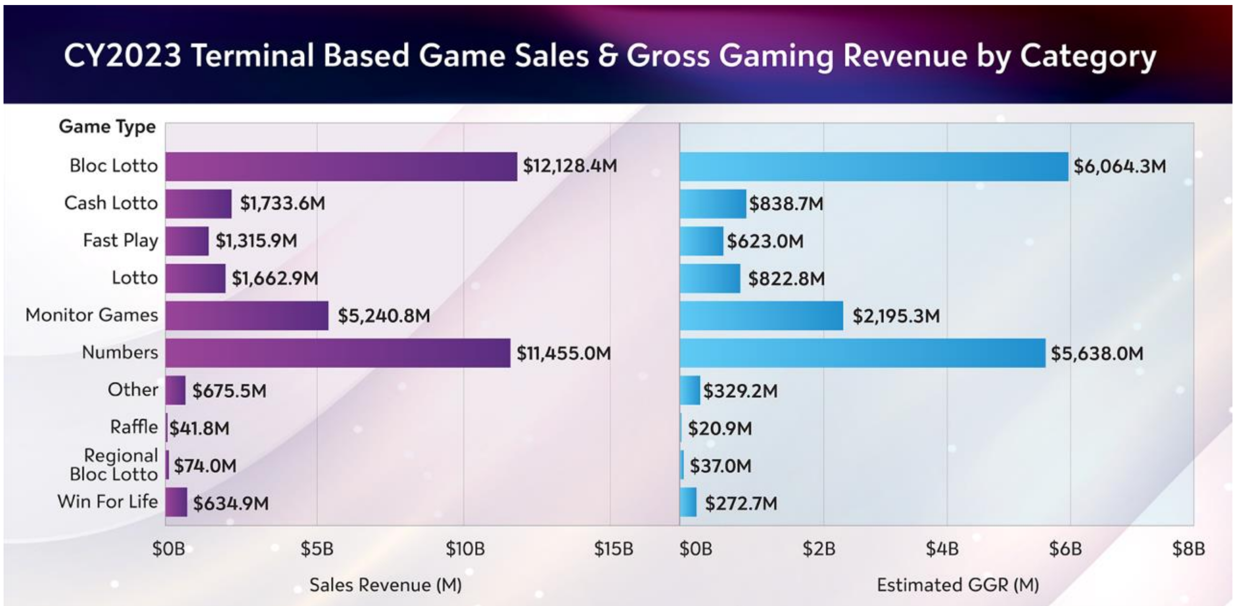
Terminal Based Game Sales and GGR

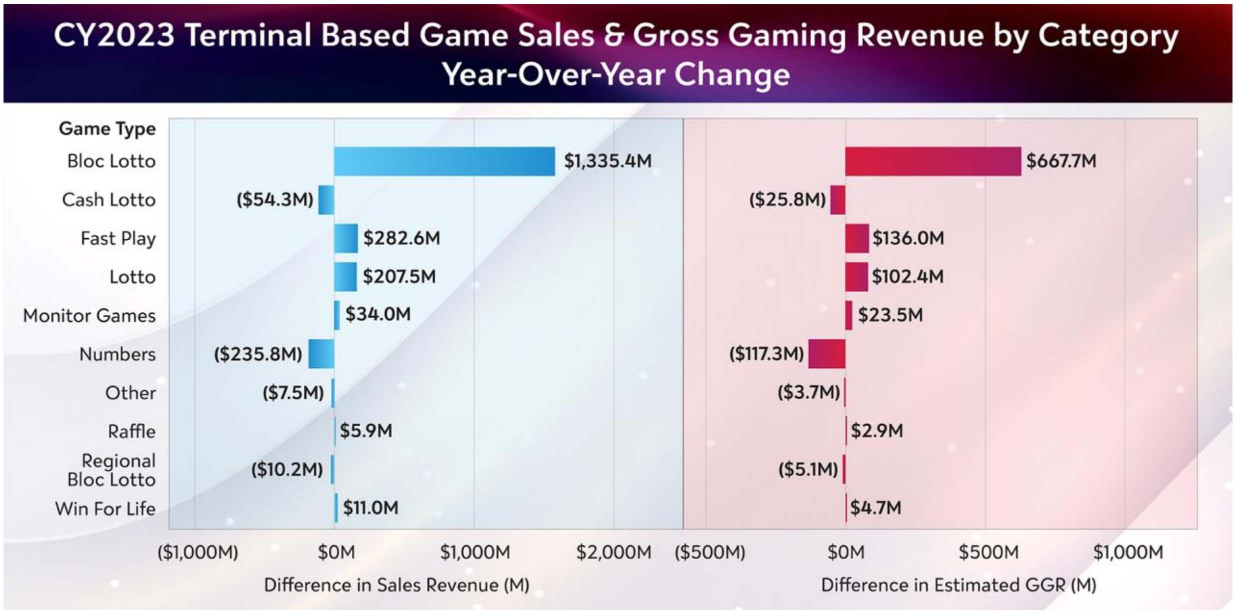
Six out of the ten Terminal Based Game categories grew sales in CY2023, but none more than Bloc Lotto which added over $1.3 billion in sales vs. CY2022. The remaining five categories grew by less than half that amount collectively. Bloc Lotto also ranked number one in overall Terminal Based Game sales surpassing Numbers games and marking their first calendar year as the market share leader at 34.7%.

Numbers games experienced the largest decline in CY2023 coming in $235.8 million shy of CY2022 sales. Fast Play saw the largest percentage growth with an increase of 27.4% in annual sales.

Eighty-six percent of reporting jurisdictions (37 of 43) grew Terminal Based Game sales in CY2023. Bloc Lotto was the primary driver of growth for these lotteries. In fact, 98% of lotteries grew Bloc Lotto sales in CY2023 and 67% of lotteries grew the category by double-digit percentages.

Numbers game sales grew in 20 out of 43 jurisdictions but still, as noted above, came in almost $236 million less than CY2022.





Final Word

While Q1 CY2024 sales are still coming in, it appears we have some ground to make up in the coming months. A rough estimate based on the data we currently have on hand indicates that Instant Scratch Game sales are down almost 5% compared to this time last year and Terminal Based Game sales are down approximately 2.7%. We will continue to track sales of both and will revisit these numbers in a future edition of Data in Motion when the fiscal year ends (July 2024 for most lotteries).

Source: *Infuse*™, Scientific Games' Business Intelligence Platform

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