



PENNSYLVANIA LOTTERY & GAMING TRENDS

Produced by Venture Gaming

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PA LOTTERY SALES

PA Lottery continued **record-setting growth** despite Skill Game penetration, now estimated 50,000+ since 2014

PA Lottery Profit Report: “One of the best-performing lotteries in US”

- 6th in traditional ticket sales, 4th in Scratch-Off sales, and 6th in profits in 2018-19

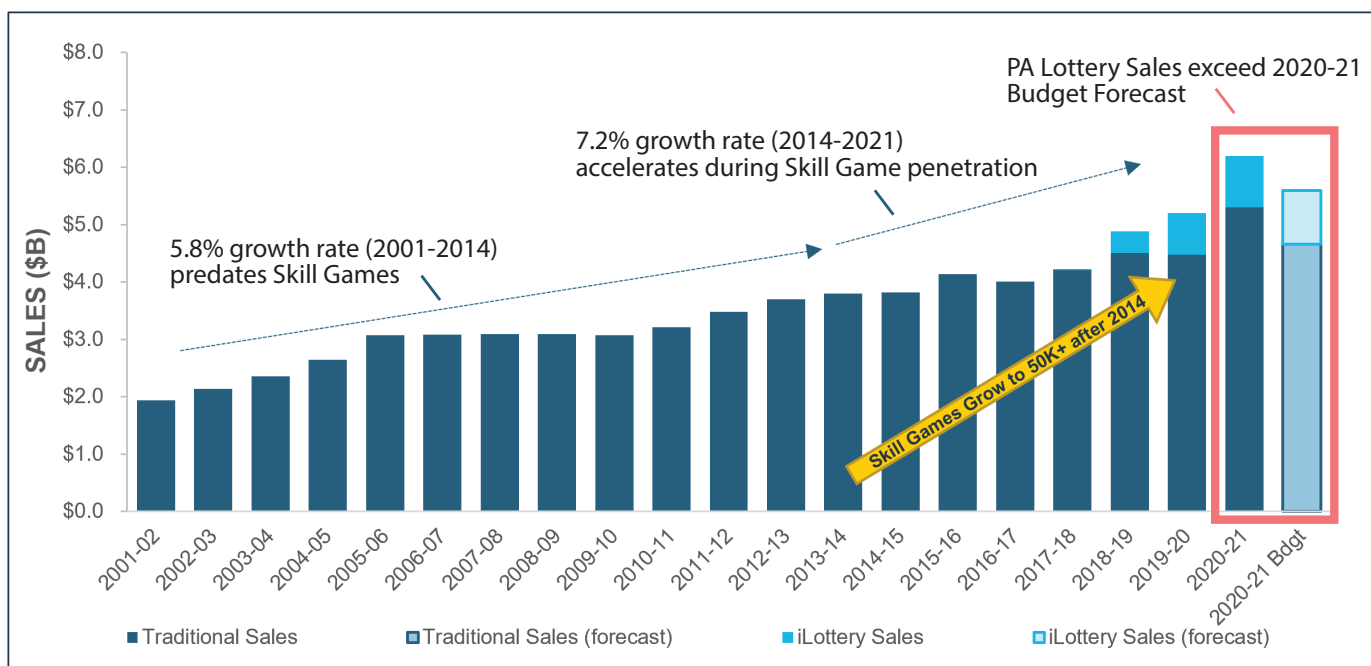
Outperformed 2020-21 goals and continued record-setting trend

- Traditional sales in 2020-21 of \$5.3B exceed goal of \$4.6B

Top-Line growth accelerates despite Skill Games

- Since 2013-14, when Skill Games first penetrated the market, total sales grew 7.2% compared to a 5.8% growth rate that predates Skill Games

LOTTERY SALES HISTORY



Sources: PA Lottery financial data sourced from: PA Lottery Annual Reports 2001-2021, PA Lottery Profit Reports 2001-2021



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PA LOTTERY PROFITS

PA Lottery profits exceed \$1B for 10-straight years despite Skill Game penetration, now estimated 50,000+ since 2014

New profit record set by outperforming goals in 2020-21

- Record-setting profits in 2020-21 of \$1.3B exceed goal of \$1.2B

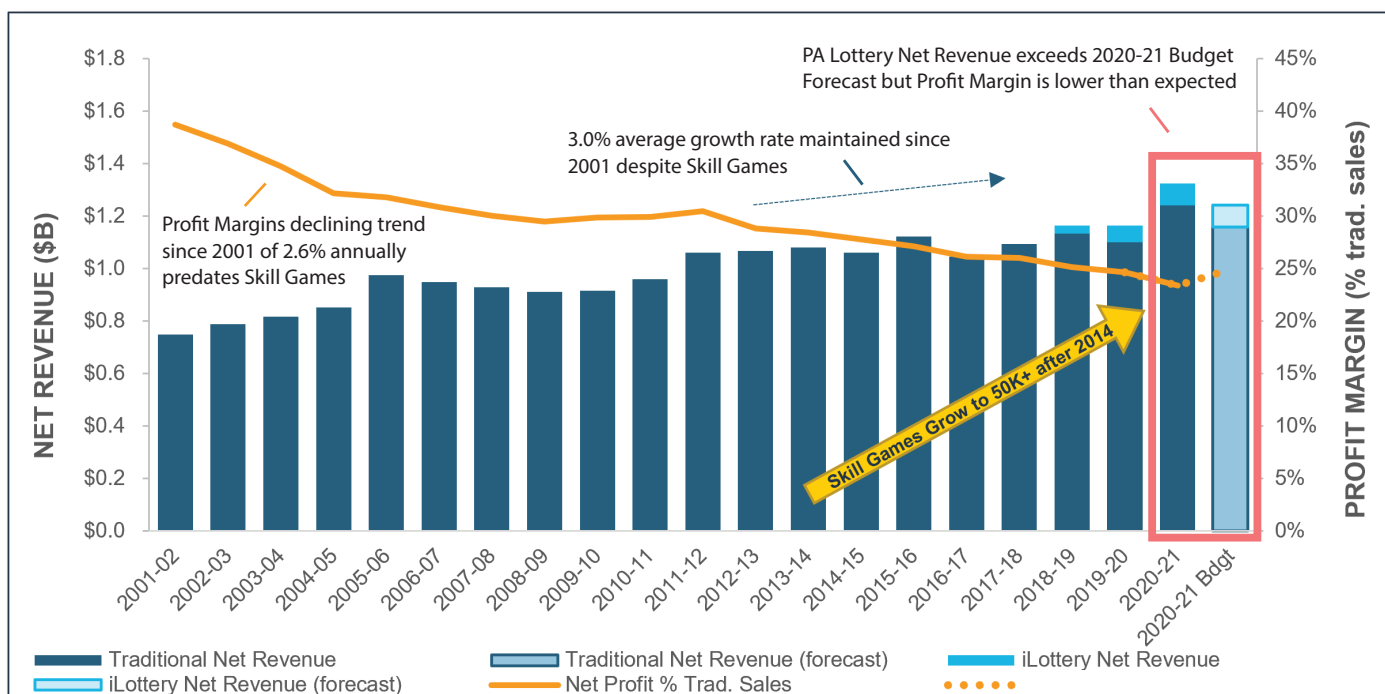
Profits continue record-setting growth despite Skill Games

- Since 2001, PA Lottery has maintained a 3.0% average growth rate in total profits

Increasing player demand for higher payout, lower margin games has driven decline in profit margins to 23.3% since 2001

- PA Lottery prefers elimination of minimum profit margin requirement currently set at 20% by ACT 97 of 2019, which lawmakers have reduced three times from 30% set at Lottery's inception

LOTTERY NET REVENUE HISTORY



Sources: PA Lottery financial data sourced from: PA Lottery Annual Reports 2001-2021, PA Lottery Profit Reports 2001-2021



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PA CASINO REVENUE

Casino gaming revenues **continued steady growth** despite Skill Games growing to 50,000+ since 2014

PA casino revenues accelerated growth despite Skill Games

- Since 2013-14, when Skill Games first penetrated the market, total casino gaming revenues grew 3.7% vs. a 2.3% growth rate before Skill Games

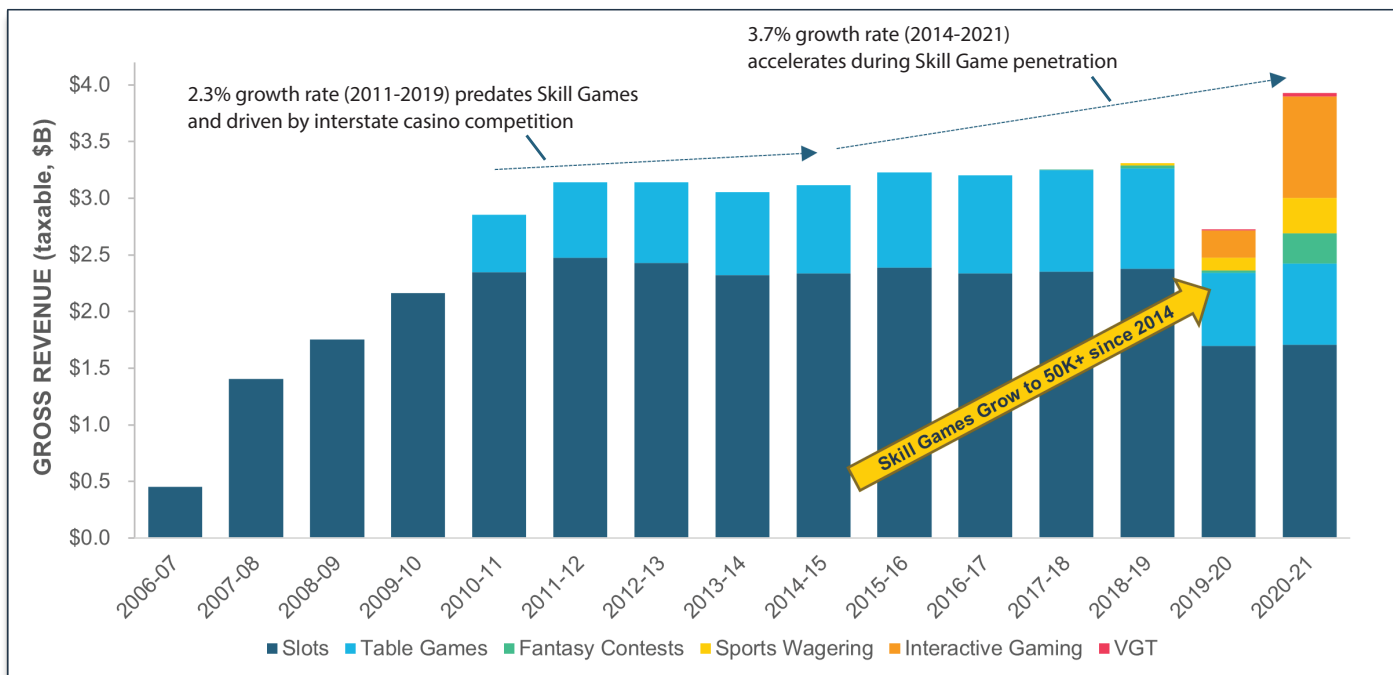
Interstate casino competition impacted PA gaming revenue trends

- PA operates in fiercely competitive Northeast & Mid-Atlantic markets and gaming expansion in surrounding states since 2011 continues to direct gaming revenues out of PA¹

Gaming revenues reached new highs as casinos offered new options for patrons to “play anywhere”

- Online Interactive Slot & Table games, Fantasy Contests, and Sports Wagering enabled casinos to boost total PA gaming revenues to record of \$3.9B in 2020-21

PA GAMING GROSS REVENUES



Sources: PA gaming financial data sources: PA Gaming Control Board Revenue Reports 2006-2021; ¹American Gaming Association “State of the States”



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PA VGT EXPANSION

Over **\$1B** in total PA state and local VGT gaming income can be created with the expansion of VGT legislation

VGTs replace over 50,000 Skill Games

- Unregulated Skill Games are estimated to have grown to more than 50,000 in PA and do not generate gaming income for state and local governments

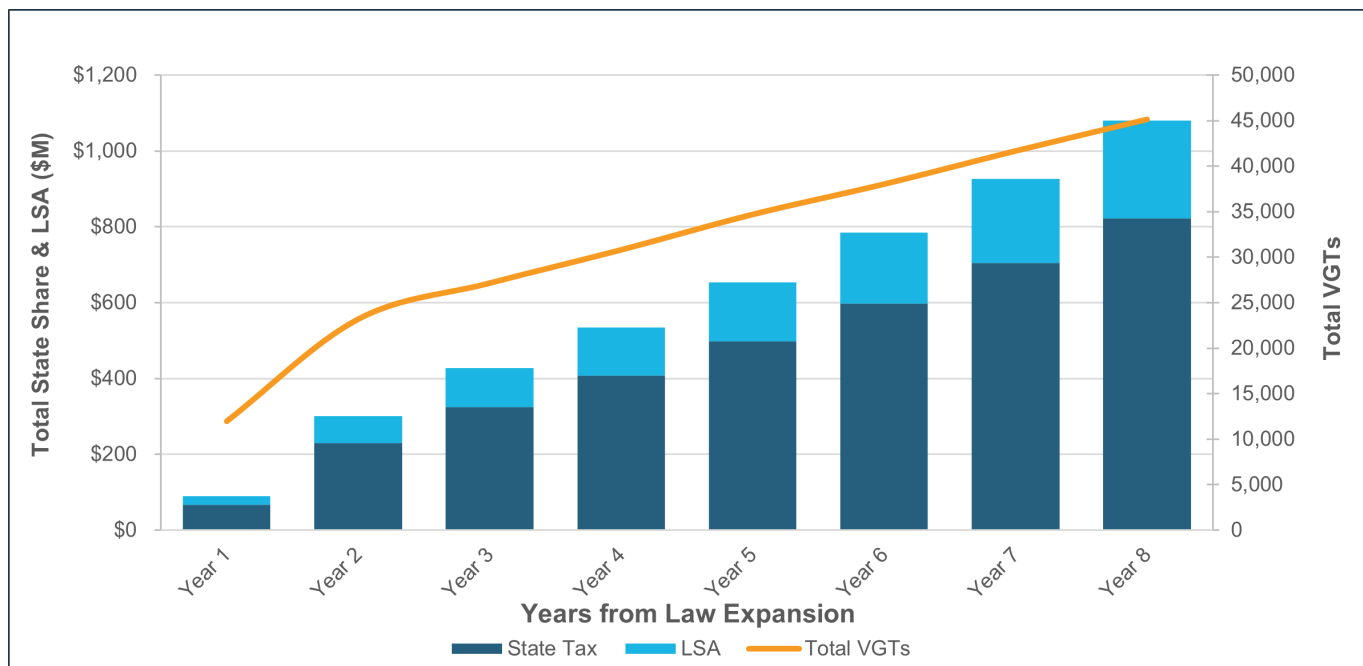
PA state share from VGTs projected to exceed \$800M

- 45,000 VGTs create an opportunity comparable to the \$800M average state share from casino gaming since 2006

Local municipalities also benefit over \$200M with VGT Share

- VGT Local Share Assessment (LSA) would exceed the benefits received by local municipalities from casino gaming (\$113M) in 2021

VGT EXPANSION PROJECTIONS: STATE GAMING & LOCAL SHARE ASSESSMENT (LSA) INCOME



Sources: PA VGT projections underpinned by Illinois Gaming Board and West Virginia Lottery VGT data



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PA VGT EXPANSION

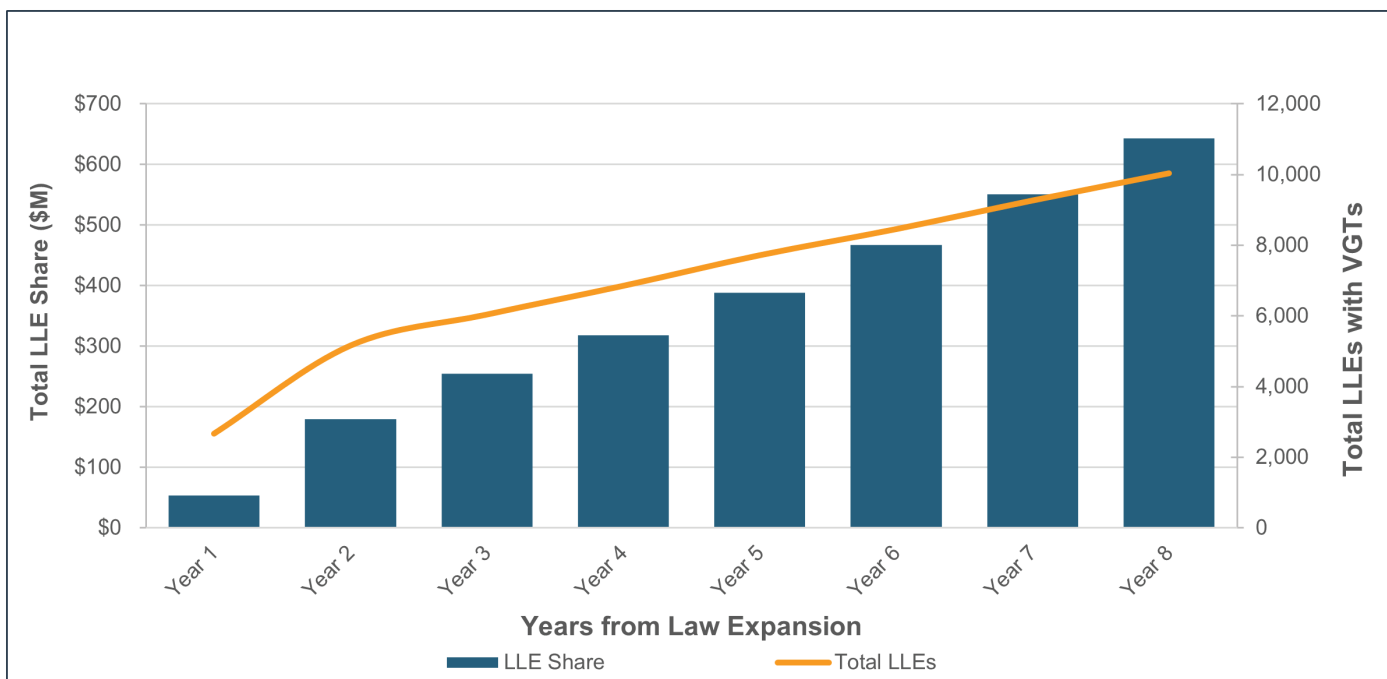
Liquor Licensed Establishments (LLEs) can **benefit over \$640M** with the expansion of VGT legislation

VGTs can generate over \$64K annually for over 10,000 small businesses

Unlike VGTs, casinos are not required by law to provide a share of gaming profits to local economies

VGT expansion is an innovative stimulus approach to drive sustainable, in-state, employment and investments in local communities

VGT EXPANSION PROJECTIONS: LIQUOR LICENSED ESTABLISHMENT (LLE) SHARE



Sources: PA VGT projections underpinned by Illinois Gaming Board and West Virginia Lottery VGT data



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