

Going Cashless, Start Now!

Pennsylvania's Cashless Solution, Pilot Program, and Rollout Plan

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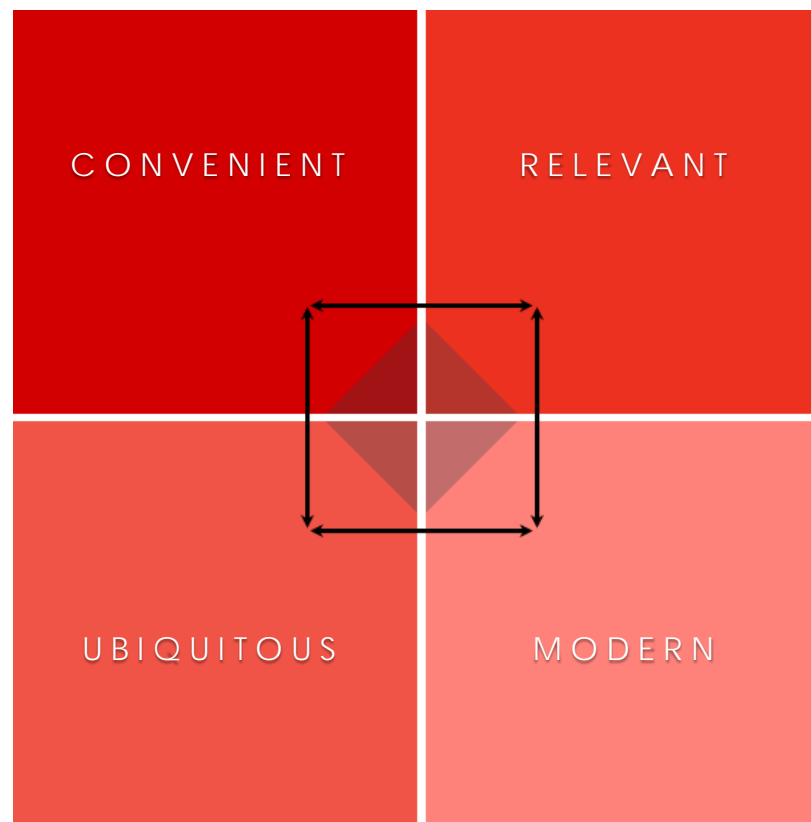
- Americans 18-35 (Millennials) are the least cash-carrying generation, with 34% indicating they generally go cashless.*
- Baby Boomers, age 55 & greater, 25% indicate they go cashless.*

*Capital One: Survey of Consumer Spending Habits 2018

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Benefits Older Pennsylvanians.
Every Day.



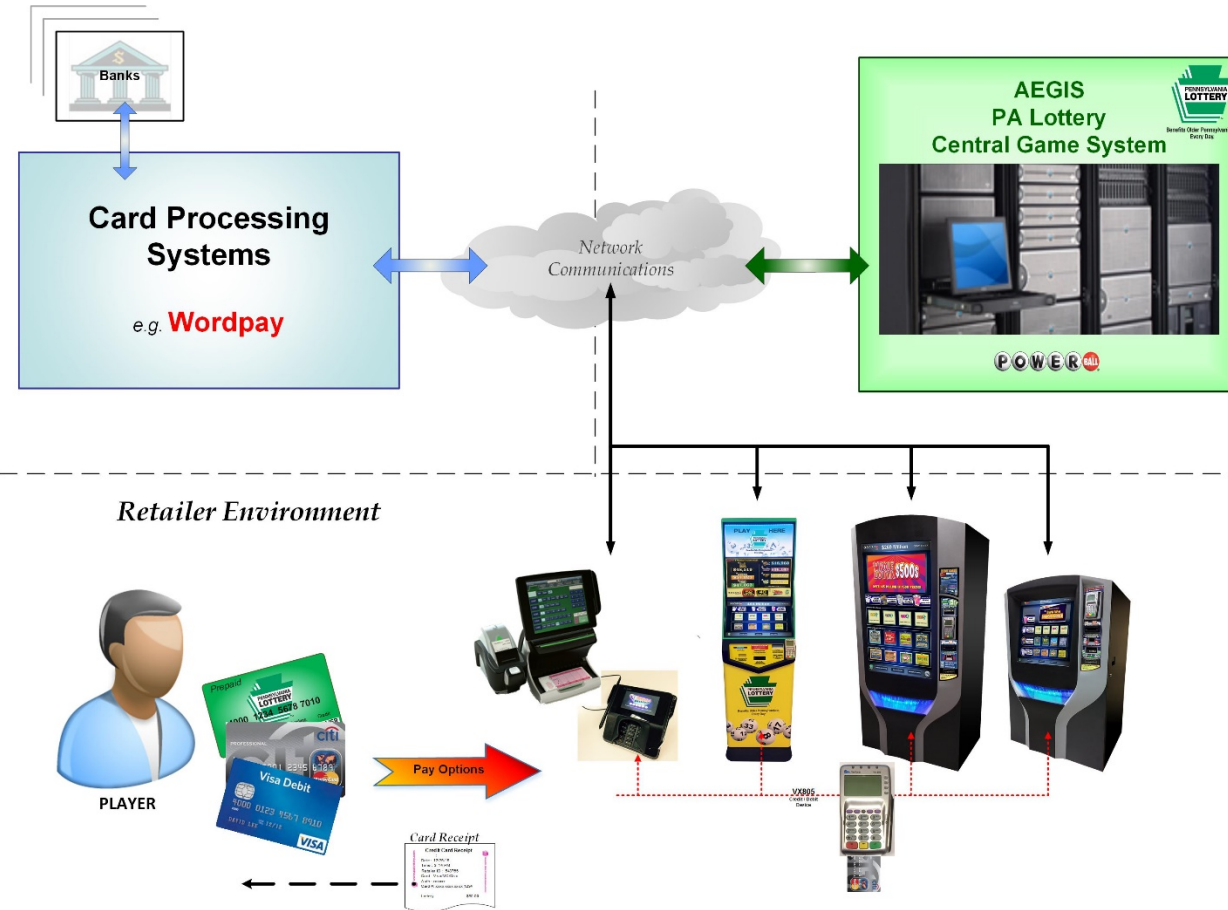
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Known unknowns

- Costs
- Opportunity cost
- Consumer friction
- Responsible gaming
- Staffing expertise required
- Retailer friction
- Security

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• Scientific Games PA Solution

- Shopping cart
- Wave POS
- New generation vending
- Debit/Credit/Digital Wallet
- Secure
- Simple retailer accounting
- Minimize cost

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Pilot Program Part I - February 2016

- 75 locations
- Wave terminal only
- No advertising support
- No min or max purchase values
- Accepted debit and credit
- Small sample size
- Need more data
- Increased player spend
- Spend was incremental
- Technical solution and retailer accounting was proven
- Decided to expand pilot

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Pilot Program Part II – March 2017

- Program now includes 250 locations.
- Added vending equipment sales.
- First vending cashless sale occurred on March 7, 2017.
- Credit basket size was slightly larger than the debit basket.
- No red flags presented
- Very low adoption rate
- Increased player spend
- Spend was incremental
- Decided to expand pilot

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Pilot Program Part III – June 2017

- Changed to debit only.
- Expanded to 1,500 locations.
- Included all of one sales territory and the key high population centers in Philadelphia and Pittsburgh.
- All new self-service equipment installed able to accept cashless payments.
- Zero transaction locations
- Corporates/chains
- No responsible gaming concerns
- Full market expansion would likely create incremental sales of \$145 Million
- Decided to rollout to full network

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Full Network Rollout

- **September 2017.** Decision to rollout, when resources are available to rest of network. Program now included roughly 1700 waves and 400 self-service.
- **December 2017.** Ended year with approximately 2,100 locations (Wave) and about 500 self-service machines.
- **December 2018.** Ended year with approximately 2,200 locations (Wave) and about 1,100 self-service machines. (retrofitted owned EX machines)
- **May 2019.** 3,200 locations with Waves and 1,500 self-service.

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Full Network Rollout

- 95% acceptance rate
- Credit – growth opportunity
- Basket size consistent
- Estimate 15-20% of total revenue
- Weekly sales
- Large jackpots

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- Why start now?
 - The retail landscape has already changed.
 - Consumer behavior continues to trend toward going cashless, especially Millennials.
 - Millennials are aging into consumers of lottery products.

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Thank You!

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