

# O Canada!

## EXPLORING LOTTERY IN THE GREAT WHITE NORTH

The path to  
future growth is open

In the second largest country on the planet, Canada's \$34.5 billion gaming and lottery industry is still growing. With five major lotteries and the Interprovincial Lottery, gaming entertainment options for 38 million Canadians include instant scratch games, numbers games including national games like Lotto Max, digital games played online and on mobile, as well as sports betting, casino and iGaming.

Although lotteries date all the way back to the country's early beginnings to fund public works, the government banned gambling in 1892. Shortly afterwards, bingo and raffles were allowed to raise monies for charities, and soon horse racing followed as an acceptable form of gaming. In the late 1960s, the government began to see the value in lottery funding and amended regulations to permit lotteries for provincial and federal special projects.

In 1970, the first modern lotteries in Canada began when both Loto-Québec and Manitoba launched games. Other provinces followed quickly, establishing lotteries to generate additional public monies, and a national lottery was created to raise monies for the 1976 Olympics in Montreal.

Today, the five regional lotteries are administered by Atlantic Lottery, Loto-Québec, British Columbia Lottery Corporation (BCLC), Ontario Lottery and Gaming Corporation (OLG), and the Western Canada Lottery Corporation (WCLC). The Interprovincial Lottery Corporation (ILC) offers multi-provincial games. Like Canada's early lotteries, all profits benefit public or civil causes.

### 50 Years of History

Just last year, Loto-Québec celebrated its 50th anniversary. The Lottery's first game, *Mini*, launched in 1970 and instant games in 1984 were produced by Scientific Games. The company played a significant role in helping the Lottery become the second-largest instant game lottery in Canada.

Now with eight facilities in Canada, including a large North American instant game manufacturing facility in Montreal, Scientific Games employs more than 500 Canadians in its lottery, digital and gaming business.





Marc-Andre Doyon

“We have served the Canadian lotteries for more than five decades and we are very bullish on opportunities to help the lotteries further grow their product lines with world-class games, technologies and digital-based programs,” said Marc-Andre Doyon, VP Canadian Operations for Scientific Games. “With more than half of our Canadian employees based here in Montreal, we are deepening our work to provide top-performing instant games, including specialty products, all created based on consumer analytics and insights unparalleled in Canada to help further responsible growth.”

Doyon joined the company 20 years ago and the Montreal manufacturing facility is now under his leadership, producing up to eight billion 2x4 instant game tickets per year for Canadian lotteries and major lotteries in the U.S., Europe and Australia. In 2020, instant products manufactured at Scientific Games’ Montreal facility and exported from Canada to the U.S. and European countries had a retail value of \$11 billion CAD.

Scientific Games was actually one of the first and largest manufacturing and technology companies that invested in east Montreal in the 1990s, supporting the local economy with jobs for several generations of families, including employees who have worked up to 35-40 years for the company. The plant, known for its family-like culture, is a deeply entrenched part of the east Montreal community, with involvement in local schools, charities, events and the chamber of commerce.

With an average tenure of 20 years, Scientific Games’ Montreal employees represent a diverse range of professions from game designers to computer programmers, software engineers, quality assurance engineers, manufacturing technologists and printing specialists, as well as management, customer service, operations and accounting staff. The company also has a 13-year collaborative relationship with the union affiliated with Confédération des syndicats nationaux (CSN), the second-largest trade union federation in Québec.

### LOTO-QUÉBEC

“We have designed and manufactured an estimated more than 4,500 instant games for Loto-Québec over the last five decades, and we supply the Lottery with licensed properties like SCRABBLE™ and SLINGO®, as well as iLottery and sports betting,” said Doyon.

The company collaborated with Loto-Québec to launch its very first games, *L’inter-Loto* and the *Mini*, in 1970, and its first instant game in 1984. Since then, Scientific Games has worked with the Lottery to advance instant game innovation for the enjoyment of Québec players with unique products such as *La Poule aux Oeufs d’Or*, and *Boite Bingo*, to name a few. Recent hits have included the *YUM*® game, and the *Évasion* game which made history as the first instant game in the world produced on 100% recyclable paper stock.



## SCIENTIFIC GAMES IN CANADA

500+ Canadian employees

8 locations total

11,000-sq.-meter instant game manufacturing plant in Montreal + facilities in Burnaby, Calgary, Edmonton, Mississauga, Montreal, Richmond and St. Catherine

### Instant Games

Atlantic Lottery, ILC, Loto-Québec, OLG, WCLC

### Licensed Properties

Atlantic Lottery, BCLC, Loto-Québec, OLG, WCLC

### iLottery (incl. player subscriptions)

Atlantic Lottery, BCLC, Loto-Québec, WCLC

### Lottery Systems Technology

Atlantic Lottery, WCLC

### Sports Betting

Atlantic Lottery, BCLC, Loto-Québec, WCLC

### iGaming Content & Technology

Atlantic Lottery, BCLC, Loto-Québec, OLG

### Casino Gaming & Technology

All lotteries and private operators.



One of Doyon's best memories working with Loto Québec was creating the first *Ultime 100\$* game in 2017, which won the "Best New Instant Game" award at the North American State and Provincial Lottery Association (NASPL) annual conference in 2017.

"The game was so popular that for the first time ever, players were traveling outside the Montreal metropolitan area to find remaining *Ultime* tickets. We produced a second *Ultime* games in 2017," he shared.

In addition to *SCRABBLE* and *SLINGO*, Quebec players enjoy a variety of licensed property games featuring brands from the Scientific Games portfolio, including *THE PRICE IS RIGHT™* and Hasbro favorite *MONOPOLY™*.

Loto Québec's instant games represent just over 28% of its annual lottery sales. Its specialty instant products are produced by Scientific Games' advanced manufacturing technology and offline finishing equipment in Montreal.

Launched in 2010, Loto-Québec's digital lottery play is exploding, with more than 200% sales growth FY2021 vs. FY2020, as more players discovering the convenience of playing from home or on the go. Both Loto-Québec and Atlantic Lottery are leading digital lottery performance in Canada.

## ATLANTIC LOTTERY

The Atlantic Lottery is one of the most innovative in Canada, offering its players a wide variety of entertainment, including retail and digital instant games, numbers games, and sports betting. Here, Scientific Games technology powers the lottery ecosystem following one of the most complex systems conversions in the global industry in 2017.

At the base of the technology is a player account management platform that offers the convenience of one-wallet and limitless opportunities for players to experience cross-channel game entertainment.



Byron Bridger

"Our strong relationship with Atlantic Lottery dates back to 1983, and together we have kept pace with technology advancements. In some respects, our collaborative innovation has served as a global example of why open architecture and the agility to add multiple gaming verticals and respond quickly to marketplace changes is vital to systems technology," explained Byron Bridger, Account Manager for Scientific Games. "It's vital to a lottery's relevance and sustainability in a rapidly changing world, and to future growth."

Like Loto-Québec, Atlantic Lottery's digital lottery play is also expanding rapidly, with more than 325% sales growth FY 2021 vs. FY2020. The Lottery's team continues to drive an innovative digital program across all product verticals that leads the industry. Their recent in-house Apple and Android mobile apps are some of the best.

"Our holistic view of the Lottery's entire product portfolio has helped enhance growth across the enterprise," continued Bridger. "The retail network is very important to Atlantic Lottery. The Lottery is investing to modernize this channel leveraging digital technologies such as new terminal software, new self-serve terminals, evolved digital merchandising, and promoting its new mobile app for cross-channel player experiences."

Scientific Games is supporting these activities, including the continued evolution of the underlying PAM to enable digital transactions at retail and the delivery of *PlayCentral® HD* self-service terminals to provide more points of access for players.

"The recent launch of the *JACKPOT* family of instant games, with an integrated second-chance progressive jackpot showcasing prizes up to \$1 million CAD, highlights the Atlantic Lottery's drive to continually improve the overall player experience," shared Doyon.

As example, the Lottery featured licensed brands like *THE PRICE IS RIGHT* and *FAMILY FEUD®* from the Scientific Games portfolio on oversized *Gigantix®* instant games call *Gameshow*.

## WESTERN CANADA LOTTERY CORPORATION

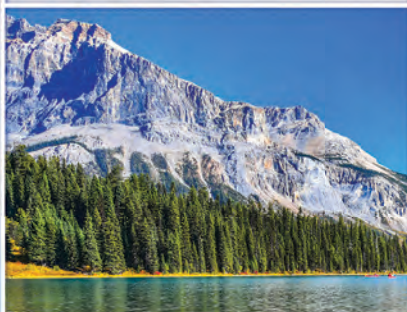
Systems technologies power the lottery world and play a crucial role of protecting funding by enabling product line expansion. And over the last decade, systems are leading the way for lotteries to meet players' increased demand for convenient access to games and payment options.

WCLC serves Alberta, Saskatchewan and Manitoba, Yukon, the Northwest Territories and Nunavut. An advanced gaming system is at the core of generating sales for the Lottery's retail instant and numbers games, digital games and sports betting.

The Lottery's vision for its digital channel is clear with the recent launch of *Subscription Spot*, a new program powered by Scientific Games and accessible via the WCLC website. It is the Lottery's first true digital offering for players. Allowing online purchase of lottery games, *Subscription Spot* is creating a pathway to digital modernization with a larger online presence for the Lottery.

At the foundation of the Lottery's new digital initiative is Scientific Games' player account management platform and purchase-enabled





web-services. Players may purchase subscriptions for LOTTO MAX, LOTTO 6/49, DAILY GRAND, WESTERN MAX, WESTERN 649 and EXTRA games for up to 104 drawings through *Subscription Spot*. The subscription can be set up in minutes, allowing the player to participate immediately. The Company's software offers geo-fencing, age verification and alignment with other rules and regulations.



The subscription allows WCLC to connect to their players directly with marketing and promotions, while offering self-service, which has emerged as a valuable sales channel when access to retail stores becomes a challenge.

"We were extremely pleased to evolve our lottery systems and services in a manner that supports WCLC's long-term strategic plan and facilitates continued, responsible growth across its business to generate maximum proceeds for the governments it serves. This is another great example of omni-channel solutions that modernize the way lottery products are sold," said Bridger.

WCLC more than doubled the number of players participating in two months after launching *Subscription Spot*.

In addition to the subscription services, Scientific Games is working closely with WCLC to advance its sports betting applications. This work will provide the WCLC team with the tools and data feeds necessary to continue evolving the player experience both digitally and at retail while preparing for the potential for single event sports wagering in Canada.

The company has collaborated with WCLC since the 1980s when it began producing its instant lottery games. In March 2020, Scientific Games created and produced WCLC's *Alberta Gold* game featuring the popular Scientific Games' slots brand, and the game reached over 90% sold in under six months. Most recently, WCLC and Scientific Games are collaborating on a proprietary play action game called *Block-O™* which will launch in Q3 this year. The Lottery also adds exciting licensed brands

from the Scientific Games portfolio to its products, including *THE PRICE IS RIGHT* and *UNO*®.

## BCLC

Serving players in British Columbia in western Canada, BCLC is the third largest lottery in the country in terms of total sales. Scientific Games began its relationship with BCLC in the 1980s as its instant game provider. Today, the company provides the Lottery with licensed properties like *BATTLESHIP™* and *THE PRICE IS RIGHT*, as well as iLottery and sports betting solutions.

"Scientific Games and BCLC have enjoyed a tremendously successful relationship for more than a decade in the digital lottery and gaming space. This has fueled BCLC to be one of the highest growth digital operators in Scientific Games' global network," said Bridger. "The continued willingness, on both sides, to take risks and drive mutual value is at the core of what makes this a special relationship," shared Bridger.



In 2009, the company began delivering BCLC's Player Account Management system that has proven to be a secure backbone for the digital ecosystem. Collectively, this ecosystem has evolved and grown over the years to become one of the most successful iGaming models in the world.

"Our work with BCLC is results-driven and based on strategic growth planning," said Bridger.



# CANADA'S FAVORITE LICENSED BRANDS FOR LOTTERY GAMES

**BATTLESHIP**<sup>TM</sup>

**CLUE**<sup>TM</sup>

**DEAL OR NO DEAL**<sup>TM</sup>

**MONOPOLY**<sup>©/SM</sup>

**MEMORIAL LAMPOON'S  
CHRISTMAS VACATION**<sup>TM</sup>

**SCRABBLE**<sup>©/SM</sup>  
Crossword Game

**SLINGO**<sup>®</sup>  
★★★★★

the Game of **LIFE**

**the price  
is Right**<sup>TM</sup>

**UNO**<sup>®</sup>

## ONTARIO LOTTERY & GAMING CORPORATION

OLG is the largest lottery corporation in Canada, operating in the most populous province of 13 million people. In 2020-2021, the Lottery's retail sales topped \$4 billion, with its instant games portfolio representing 35% of sales.

OLG continues to innovate products for its players with an eye to creating world-class entertainment experiences in and out of the retail environment. In January, the Lottery launched an instant game featuring the *PLINKO*<sup>®</sup> brand from the Scientific Games licensed properties portfolio. The game is the most successful instant product launch in OLG's history, exceeding sales of the popular *THE BIG SPIN* game. A player purchases the game at retail and, if a *CHIP* prize is won an animated chip drop occurs on the lottery terminal screen when validated. If the prize won on the animated chip drop is *PLINKO*, the player attends the OLG prize center in Toronto to drop a chip on a real *PLINKO* board to win a prize from \$100,000 to \$500,000.

**PLINKO**<sup>®</sup>

*PLINKO* is the most successful instant product launch in OLG's history, exceeding sales of the popular *THE BIG SPIN* game.



Now another world-first is on the horizon for OLG with an add-on game for instant tickets. *INSTANT TOP UP* launches in June, giving players a chance to win a growing jackpot in store if added to their instant game purchase. OLG projects this new game will be popular with both new and existing lottery players.

Scientific Games has worked with OLG since 1984, and today produces a number of the Lottery's instant games, providing popular licensed brands from its portfolio including *DEAL OR NO DEAL™*, *UNO*, Hasbro's *MONOPOLY* and *BATTLESHIP*, and the holiday-themed *NATIONAL LAMPOON'S CHRISTMAS VACATION™*.

## GROWTH OPPORTUNITIES

Is there a clear opportunity to maximize revenue and profit growth in Canada, an historically draw-based lottery market?

Doyon believes growth is possible through the economies and efficiencies of the *Scientific Games Enhanced Partnership* program used by five of the top six performing instant game lotteries in the U.S.

The program, called *SGEP*, is in place with more than 20 lotteries globally - including a number of top-performers - and manages all aspects of a lottery's instant products including game planning, analytics and insights, advanced logistics, warehousing, distribution and retailer services.

"We truly believe that vendor partnerships are the the path to responsibly growing Canadian retail lottery sales as well as digital sales," Doyon explained. "This growth has been happening in the U.S. for quite some time driven by public/private lottery partnerships and there is great potential in Canada. Investment drives growth."

Bridger agrees. "It's untapped potential. There is definitely a lot of room to grow the instant product category. This can be accomplished by leveraging deeper partnerships, like we do in the digital lottery space," he explained. "The *SGEP* program, provides a great example from our U.S. customers of the potential impact a partnership like this can have in Canada.

"Canadian Lotteries have embraced this concept for digital endeavors but still have strong reservations in the traditional Lottery space. Perceptions remain that vendors are aiming to take over the traditional lottery scheme while eliminating jobs. That's just so far from the reality. The true goal of a program like *SGEP* is to leverage each party's inherent skills to maximize profitable growth."

*SGEP* is powered by the patented *SciTrak™* system, which includes *OrderCast™* predictive ordering technology to distribute instant games produced by Scientific Games and by other vendors. The analytics-based program also features retailer and digital services.

The technologies have continually improved over the years. *OrderCast* keeps games rolling into the company's warehouses where they're packaged for distribution. This ensures that the right

games are going out in the right quantities to the right retailers in the lottery's network.

"By virtue of Canada's diverse make-up of neighborhoods, cities, towns and regions where player preferences can vary significantly, *SGEP* has the potential to make a demonstrable impact on growth in Canada, perhaps much like the double-digit instant product growth it is currently driving in the U.S.," shared Doyon.



The *SGEP* program optimizes the potential of the category, digging deep into all aspects of the product portfolio and making data-driven decisions on the right mix of price points, play styles, product enhancements like specialty inks and paper and finishing options. Game launch schedules are precise and business analytics keep the lottery informed on sales in real time.

"As an example, just across the national border in Ohio and Pennsylvania, which just experienced record years, instant games make up approximately 55% and 71% of the product portfolio respectively. Both lotteries are in the Top 10 in the U.S. and Top 20 globally for total instant game sales and both participate in the *SGEP* program," said Doyon.

While Scientific Games' manufacturing facility in Canada serves more than the Canadian lotteries, Doyon explained that Canada comes first.

"In the plant we have more than 250 Canadians who are very proud to take part in producing a popular consumer product that their friends and families play," said Doyon. "When you come to work every day, it is truly a source of pride to create something that makes a positive impact in communities throughout Canada."

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