

LIGHT Comments on August DGE Report

For immediate release

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Comments from Jane Bokunewicz, faculty director of the Lloyd D. Levenson Institute of Gaming, Hospitality and Tourism (LIGHT), Stockton University School of Business, on August 2022 numbers released today by the Division of Gaming Enforcement:

With the release of August 2022 data from the New Jersey Division of Gaming Enforcement (DGE), we get our first good look at the performance of the 2022 summer season in terms of gross gaming revenues (GGR). For nongaming activity and traffic into the city via the Pleasantville Toll Plaza we will need to wait a bit longer until those reports are released by the DGE and the South Jersey Transportation Authority, respectively.

August, traditionally one of the strongest months for Atlantic City's casino industry, especially regarding brick-and-mortar gaming revenues, put in a solid showing for 2022. Brick and mortar GGR for the month outperformed 2021 (4.4% increase) and though it fell short of pre-pandemic 2019 it beat out every other August since 2015.

Although it did not surpass August 2019, August 2022's strong brick-and-mortar results, when combined with July 2022's, offset the summer's slow start to deliver a solid performance that is an encouraging sign for continued post-COVID recovery for the city's casino industry. June 2022 brick-and-mortar revenues lagged both June 2019 and May 2022 leading to concerns that gas prices and inflation would negatively impact the summer season. Despite these concerns, the three months ended August 2022, outpaced the same period in pre-pandemic 2019 by a narrow margin of 0.3% in brick-and-mortar revenues.

Total GGR positioned August 2022 as one of the strongest Augusts in recent history outperforming 2019 (27.8%), 2021 (8.9%) and setting a new near-term record for August monthly revenues.

The three months ended August 2022 surpassed 2019 total GGR by a significant margin of 34.4%. Gains in total GGR for the period are largely attributable to the contributions of internet gaming. In the three months June through August 2022, internet gaming accounted for 31.8% of total GGR compared to 12.6% for the same period in 2019.

It is difficult to say with certainty that any observed trends in recent data will last due to the variability of the local gaming industry's performance. Some direct and indirect

impacts on the industry include regional gaming expansion, economic conditions and the lingering effects of the COVID-19 pandemic.

The relatively slow growth of brick-and-mortar gaming revenues compared to the increasing contribution of internet gaming to total revenue could potentially suggest a change in consumer behavior that doesn't cannibalize in-person gaming but includes significant internet gaming activity.

Brick-and-mortar operations will still represent the greater share of overall activity, and also generate complementary revenues from nongaming operations. A decreased reliance on exclusively in-person gaming activity has the potential to keep the New Jersey casino industry competitive with its neighbors and make it more resilient to market disruptions that might potentially occur in the future.

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