

THE QUIARTER



**\$50 500X
SUCCESS**

KENTUCKY 5 RETAILER PROMOTION

KLC-BRANDED ITEMS REMINDER

THE PRESIDENT'S CORNER

The Year of the Jackpot

Friends in Chinese Culture deemed 2023 “The Year of the Rabbit” and celebrated in late January and into February of this calendar year. The Year of the Rabbit is said to be a time of peace, harmony, and comfort. The rabbit is a gentle and nurturing symbol, bringing good luck and prosperity to those born under the sign. Long a symbol of luck, it’s hard not to draw a parallel between the rabbit and the tremendous jackpots we’ve experienced in fiscal year 2023.

In November, Powerball grew to over \$2 Billion, the largest single jackpot ever. Then just after the holidays, the Mega Millions jackpot grew to over \$1 Billion before it was won on Friday, January 13. Surprisingly, in February, Powerball grew again and sparked attention rolling to \$747 Million. As you, our fantastic retailer partners know, nothing generates excitement in our business, by regular and occasional players alike, than the dream of a life-changing sum of money.

You, our retail partners, together with our sales team, have been able to capitalize on the new players that big jackpots bring into your stores. But that’s not all. We have our Kentucky-only jackpot game, Kentucky 5, and other draw games, Fast Play games, and a wide variety of scratch-off games ranging in offerings from just \$1, up to the 500X \$50 ticket, that you will read about as our cover story this quarter. We offer players entertaining and meaningful games of chance that ultimately fuel imagination and fund education, benefiting all Kentuckians. Keep up the fantastic effort. We appreciate each and every one of you, all across the Commonwealth!

All the best,



Mary Harville
Kentucky Lottery
President and CEO



KLC IMPLEMENTS CORE VALUES

By the KLC Executive Team

The Kentucky Lottery recently defined and implemented a set of core values. Core values are what we stand for as a company and are the foundation for which we expect employees to work and represent themselves. They provide expectations around the behaviors we are expected to exhibit to meet our strategic goals. These core values will be woven into everything we do at the lottery including recruiting, employee recognition, performance evaluations and more. We are committed to exhibiting these core values to each other, our players, vendors and our retail partners like you.



Integrity

We do the right thing.



Accountability

We are accountable to the Governor, the General Assembly, the people of the Commonwealth and to each other.



Social Responsibility

We are a good corporate citizen, giving back to the community.



Diversity, Equity & Inclusion

We value and respect our colleagues, our customers, and the communities we serve.



Teamwork

We believe in collaboration and the strength of people coming together to achieve something great.



Innovation

We embrace innovation, working to proactively see opportunities.



Fun

We have fun at work and enjoy a positive work environment.

CORE VALUE: DIVERSITY, EQUITY, AND INCLUSION

In this Quarter, we'd like to highlight the KLC's support of its Diversity, Equity, and Inclusion (DE&I) core value.

The KLC created a DE&I Committee to help keep DE&I top-of-mind when making decisions about operations, workplace culture, and employee development. The DE&I Committee works to champion the diverse identities and perspectives that make the KLC's overall mission possible.

To date, the DE&I committee has worked to recognize Juneteenth as an official KLC holiday, supported minority and women-owned businesses during Black history month, and prioritize planning for women's history month. These events and policies help increase awareness about the contributions of all the backgrounds represented in our KLC family.

We know that DE&I is more than just holidays, programs, and policies. Moreover, we also know that diverse teams achieve great results, but that can only happen if they coexist in an inclusive environment where everyone feels comfortable and safe to express themselves. To help the KLC achieve its goal, the DE&I committee created the following vision and mission statement:

MISSION

Our mission is to build a diverse, equitable and inclusive environment where everyone is valued. We're all winners when we embrace our differences.

VISION

We have a high-performing workforce that demonstrates respect, embraces differences, and fosters a feeling of belonging. We leverage our internal diversity to provide products that meet the needs of our customers and communities.

Please join us as we seek to promote self-confidence, encourage collaboration within teams, bring awareness about culture differences that ultimately leads to creation of an overall healthy and efficient working environment.

\$50 - 500X

FOR RETAILERS, PLAYERS AND

By Rhonda Zimmerman, Director, Scratch Games

The KLC'S first \$50 game, 500X, has been a huge success for the first 17 weeks of sales and we couldn't be more thrilled that our retail partners and their players love the game and keep coming back for more! Gross sales now (at the time of print) total over \$49.2 million, which breaks down to a weekly average of \$2.9 million and is currently running at 15.47% ahead of quota. Additionally, sales from this game alone equate to over 11% of total Scratch-off sales since launch, with 93% of our retailers selling the game. Of the 200 or so retailers that did not carry the game initially, approximately 50 of them have now come on board as a result of player demand.

Players are winning big time on this game as well! To date, over \$36.5 million in prizes have been awarded, including two of the four \$1,000,000 top prizes! Multiple \$10,000 winners are claimed daily with over half of the available 1,088 already claimed, and multiple \$50,000 winners are being claimed on a weekly basis. Not to worry though, there are still millions of dollars in prizes remaining. You'll continue to enjoy the sales and reap the benefits of the increased foot traffic this game drives into your stores as well as the incremental commissions and cashing bonuses with over \$2.6 million paid in retailer commissions thus far.



SUCCESS

KENTUCKY COLLEGE STUDENTS



Additionally, our ongoing research tracking report for FYQ2 on the \$50 game included some great consumer insights, further supporting our decision to launch this new price point. Per Greg Wood, our Market Research Strategy Director, some of those findings include:

- The \$50 game over-indexed for both Men and Women 18-34 (meaning that both men and women 18-34 were more likely to purchase the ticket than the average lottery player). This younger demographic is exactly the audience we strive reach, so our efforts are definitely working.
- The \$50 game over-indexed for higher income players (\$70k or more), even higher than the number for the \$20/\$30 price points.
- The price of the game didn't scare players away, as the % of "Never Played" for the quarter was lower than the previous years' % of "Never Played" for the \$30 game.
- While 500X has the highest payout % of any scratch game (79.90%), **it also has the highest % satisfaction as reported by players (78%). That's huge!!!**

KLC has been an early adopter of the \$50 price point as there are only eleven states currently selling one, and ten of those, including KY, launched in CY21 and CY22, and the above metrics, indicate that our market is ready and willing to support this price point moving forward. Stay tuned for what's next!