State Lottery Commission of Indiana THANK YOU FOR JOINING OUR MEETING IS SCHEDULED TO BEGIN AT 9:30 a.m.



August 16, 2022 Meeting

Preliminary Matters

- Call to Order
- Compliance with Open Door Law
- Roll Call
- Commissioner Recognition
- Approval of Minutes (by Roll Call Vote)
- Director Reports



Commission Roll Call

	Present	Absent
Chairman William Zielke		
Commissioner Norman Gurwitz		
Commissioner Andrew Mallon		
Commissioner Roger Utzinger		
Commissioner Robert Wynkoop		

Commissioner Recognition



New Commissioner: Roger Utzinger

Reappointed Commissioner: Norman Gurwitz

"Thank You" David Redden



Commission Vote to Approve Minutes

	rea	ivay
Chairman William Zielke		
Commissioner Norman Gurwitz		
Commissioner Andrew Mallon		
Commissioner Roger Utzinger		
Commissioner Robert Wynkoop		



NASPL Professional Development Seminar

















NASPL Powers Award









MUSL President's Award

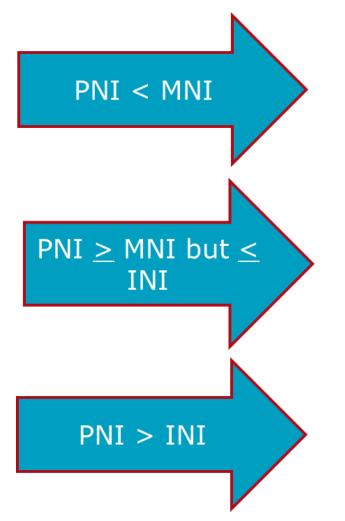




FY22 Financial Report Carrie Stroud

Chief of Staff

FY22 Net Income Thresholds



Shortfall Payment to Lottery

No Shortfall Payment to Lottery
No Incentive Compensation to IGT Indiana
Lottery retains 100% of Net Income

Incentive Compensation to IGT Indiana 50% to IGT Indiana/50% to Lottery

PNI = Provider Net Income

MNI = Minimum Net Income (\$305M - FY 22)

INI = Incentive Net Income (\$323M - FY 22)



Financial Report - FY22 YTD

Income Statement

For the Fiscal Year ending June 30 (In Thousands)
PRFI IMINARY & UNAUDITED

PRELIMINARY & UNAUDITED	FY22	FY22	Percentage	FY21	Percentage
	Actual	Budget	Variance	Actual	Variance
Revenues	\$ 1,702,856	\$ 1,595,915	6.7%	\$ 1,737,734	-2.0%
Prize Expense	1,138,516	1,060,075	7.4%	1,143,859	-0.5%
Game and Provider Expenses	 196,207	192,840	1.7%	194,021	1.1%
Provider Net Income (PNI)	368,133	343,000	7.3%	399,854	-7.9%
General and Administrative Expenses	 7,071	9,278	-23.8%	6,810	3.8%
Operating Profit	361,062	333,722	8.2%	393,044	-8.1%
Other Income	1,733	1,583	9.5%	1,997	-13.2%
Provider (Incentive)/Shortfall Payment	(18,407)	(10,000)	84.1%	(19,493)	-5.6%
Surplus Revenue to the State	344,388	325,305	5.9%	375,548	-8.3%
Fair Market Value Adjustment	(10,852)	-	0.0%	(7,035)	54.3%
Net Pension Obligation Adjustment		-	0.0%	351	-100.0%
Net Income	\$ 333,536	\$ 325,305	2.5%	\$ 368,864	-9.6%

Notes:

- 1) Revenues are \$34.8M (2.0%) less than prior year and \$106.9M (6.7%) greater than Budget
- 2) Prize Expense is 66.8% of Revenues, compared to 65.8% in prior year and 66.4% budgeted
- 3) Game and Provider Expenses are in-line with Budget and prior year as a percentage of Revenues (11.1%-12.0%)
- 4) General & Administrative Expenses are \$261K (3.8%) more than prior year and \$2.2M (23.8%) less than Budget
- 5) Surplus Revenue to the State is \$31.1M (8.3%) less than prior year and \$19.0M (5.9%) greater than Budget

Financial Report - FY22 YTD

Revenue Breakdown

For the Fiscal Year ending June 30 (In Thousands) PRELIMINARY & UI

LINAUDITED	FY22	FY22	FY21
UNAUDITED	Actual	Budget	Actual
Revenues			
Instant Tickets			
Scratch	\$1,342,882	\$ 1,263,160	\$ 1,384,469
Total Instant Tickets	1,342,882	1,263,160	1,384,469
Big Jackpot Draw Games			
Powerball (w/Double Play)	104,218	81,037	78,731
Hoosier Lotto (w/+PLUS)	40,528	38,701	40,224
Mega Millions	40,191	50,291	60,036
Total Big Jackpot Draw Games	184,937	170,029	178,991
Non-Jackpot Draw Games			
Daily 3	49,300	46,490	50,266
Daily 4	46,103	43,057	45,716
Quick Draw (w/Bullseye)	19,273	19,856	20,097
Cash 5	14,182	15,512	16,814
EZ Match	3,206	3,345	3,596
SUPERBALL	6,818	5,537	6,273
Cash4Life	6,805	6,768	7,351
Fast Play	29,350	22,161	24,161
Total Non-Jackpot Draw Games	175,037	162,726	174,274
Total Revenues	\$1,702,856	\$ 1,595,915	\$ 1,737,734

Notes:

- 1) Scratch Revenue is \$41.5M (3.0%) less than prior year and \$79.7M (6.3%) greater than Budget
- 2) Powerball Revenue is \$25.4M (32.3%) greater than prior year and \$23.1M (28.6%) greater than Budget
- 3) Hoosier Lotto Revenue is \$304K (0.7%) greater than prior year and \$1.8M (4.7%) greater than Budget
- 4) Mega Millions Revenue is \$19.8M (33.1%) less than prior year and \$10.1M (20.1%) less than Budget
- 5) Non-Jackpot Draw Games are \$762K (0.4%) greater than prior year and \$12.3M (7.5%) greater than Budget

Contract Requirements Checklist

Frequency	Deliverable	Reference	Due Date
Monthly	Costs/Expenses from Operations of Provider	O.S. 3.1.1	June 30, 2022
Quarterly	Patch Management Requirements & Needs	Security Plan, Section 13	July 1, 2022
Quarterly	MBE/WBE Plan Update	O.S. 6.1.2	July 1, 2022
Annually	SOC 1	O.S. 3.2.1	August 1, 2022
Annually	Records Retention Schedule	O.S. 1.4.2(d)	July 1, 2022
Annually	Annual Forecast of Operating & Financial Performances	O.S. 2.2.6(c)	June 30, 2022
Annually	Analysis of Compliance with Financial Stability Requirements	O.S. 2.2.6(c)	June 30, 2022
Annually	Annual Business Plan	O.S. 2.3.2	March 31, 2022
Annually	Security Plan & Internal Control	O.S. 3.2.2	June 30, 2022
Annually	Marketing Code of Conduct	O.S. 5.1.3	July 1, 2022



FY22 Business Plan Review Chuck Taylor

Director of Legal Affairs & Compliance



Consumer-Focused Segmentation

Robert Tharp

IGT Indiana

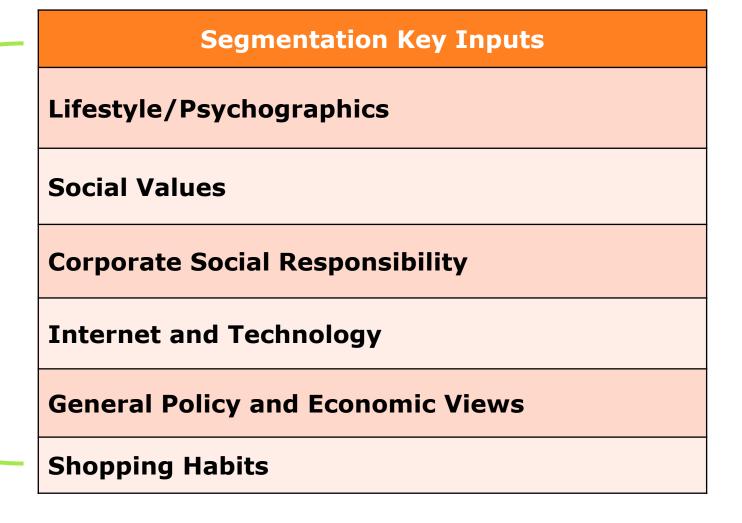
Sr. Director, Product Management & Analytics

Brittany D'Haenens

IGT Indiana
Director of Marketing

Why Segmentation? Focus on Relevancy & Reach

Gather behavioral, attitude, shopping and media consumption information to better understand audience segments beyond lottery preferences



Redefining Segmentation

- Our previous approach to segmentation was very different
 - Prior Segmentation completed in 2014
 - Segments based on Lottery behavior and perceptions and much more focused on gaming-specific motivational inputs
 - Resulted in similarities across segments that presented challenges in optimizing reach and messaging

Limitations of a Lottery Play-based Segmentation



- 40 Years Old
- Male
- Annual Income \$50,000
- Regular \$10 Scratch Player
- Occasional Powerball

- Tech savvy
- Always connected
- Rarely watches live TV
- Primarily shops online
- Spontaneous decision maker
- Married, no children



- 40 Years Old
- Male
- Annual Income \$50,000
- Regular \$10 Scratch Player
- Occasional Powerball

- Slow adopter of tech
- Rarely online
- Only watches live TV
- Shops in-store only
- Follows set daily routine
- Married with 3 children

Overview of Segments

Segment A

Low-Price Scratch Off Jackpot Chasers Low Lottery Spending

Upholding tradition Family-oriented Keeping life simple Value routine

Traditional Television
Exercise
Use internet to stay
connected with lovedones
Reading the
Newspaper

Size of Segment 20%

Segment B

High Participation of Scratch-off play, but prefers lower price points Inexpensive games that are simple and exciting to play

They are very focused on their families and friends. They index at 102 for considering time spent with family to be the most important thing in their life, and also 102 for wishing they had more time to spend with family (the highest of any audience).

Size of Segment 20%

Segment C

Preference for Draw Games and Scratch-offs High frequency of Scratchoff play, prefer challenging and stimulating games

Over index for attendance of Country (106 index) and Classical (112 index) concerts. The also enjoy going to movies (105 index). They are also the only audience to overindex for attendance of state/county fairs (103 index).

They enjoy Barbecuing (106 index) and going to the Beach (109 index).

Size of Segment 21%

Segment D

Preference for Instant Gratification games

They are a tech-savvy audience. They index at 118 for considering the internet as their primary source of information.

They are social and like to go out, indexing at 111 for going to Bars/Nightclubs, 123 for tailgating, and 111 for concerts.

Segment E

High Participation of Scratch-off and Powerball play, but prefers higher jackpot amounts and lower price points. Inexpensive games that simple and exciting to play.

Like to be active and social, engaging in activities such as BBQing (105 index), going to bars/clubs (108 index), tailgating (106 index) and attending Country music concerts (113 index). They are also very keen on participating in Trivia, indexing at 123 (the only audience to overindex for this).

Size of Segment 27%

Size of Segment 12%

Making Segmentation Actionable



Consideration of ALJ Order



IN THE MATTER OF THE APPEAL REGARDING THE SUSPENSION OF RETAILER AGREEMENT AND CERTIFICATE OF AUTHORITY FOR: SOUTHSIDE MARATHON, LLC -RETAILER NO. 202002

Commission Vote to Adopt ALJ Order

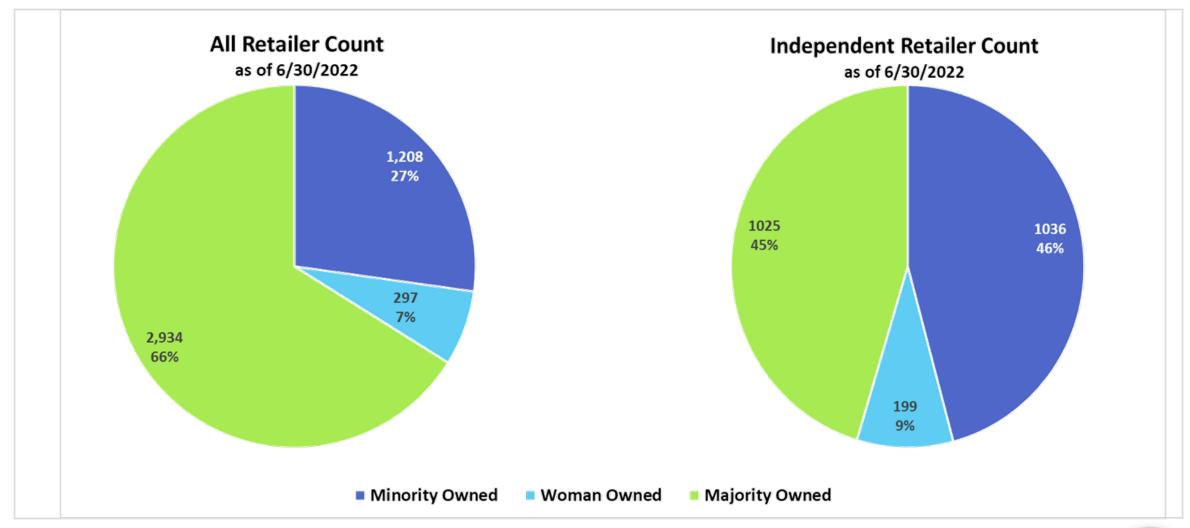


FY22 MWBE Contract Participation



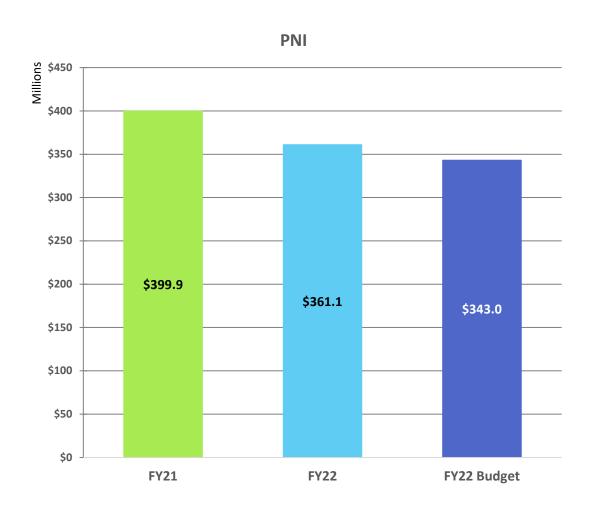
Category	Commi Performa		IGT Indiana Performance FY22				
Catego. y	MBE	WBE	MBE	WBE			
Construction	0.0%	8.6%	n/a	n/a			
Professional Services	3.4%	5.3%	n/a	n/a			
Goods & Support	0.7%	18.5%	4.3%	6.7%			
Combined MWBE	11.2%						

FY22 MWBE Participation

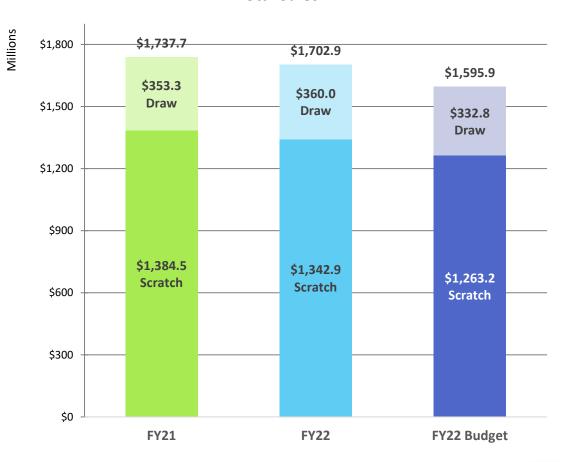


FY22 Total Sales and PNI

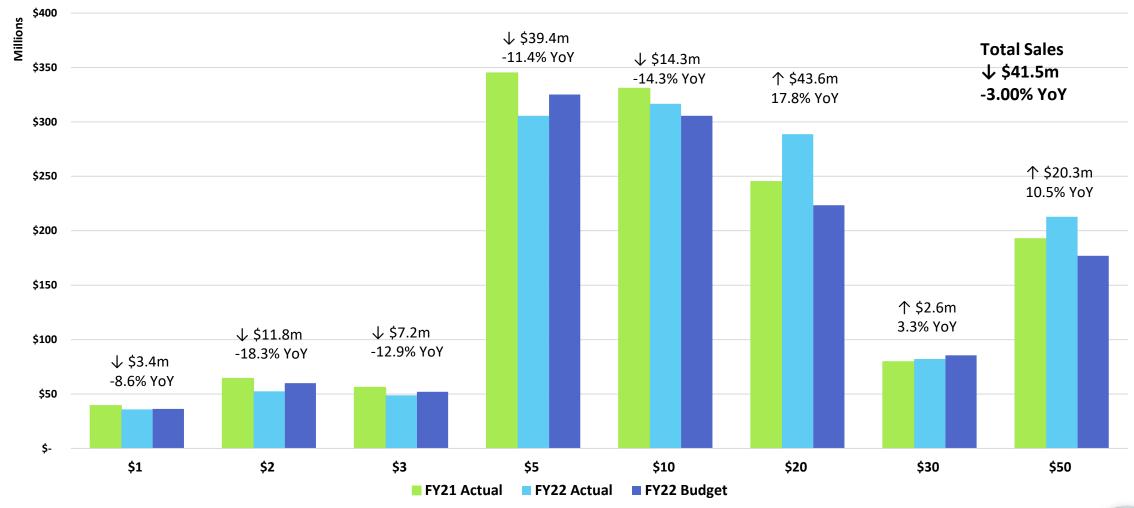
Preliminary & Unaudited



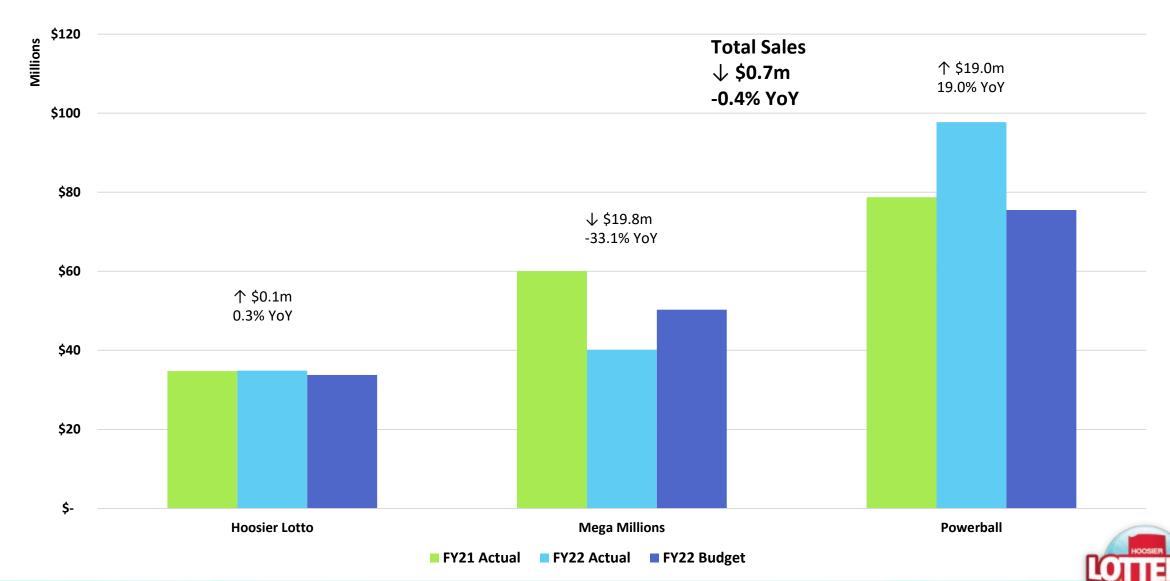
Total Sales



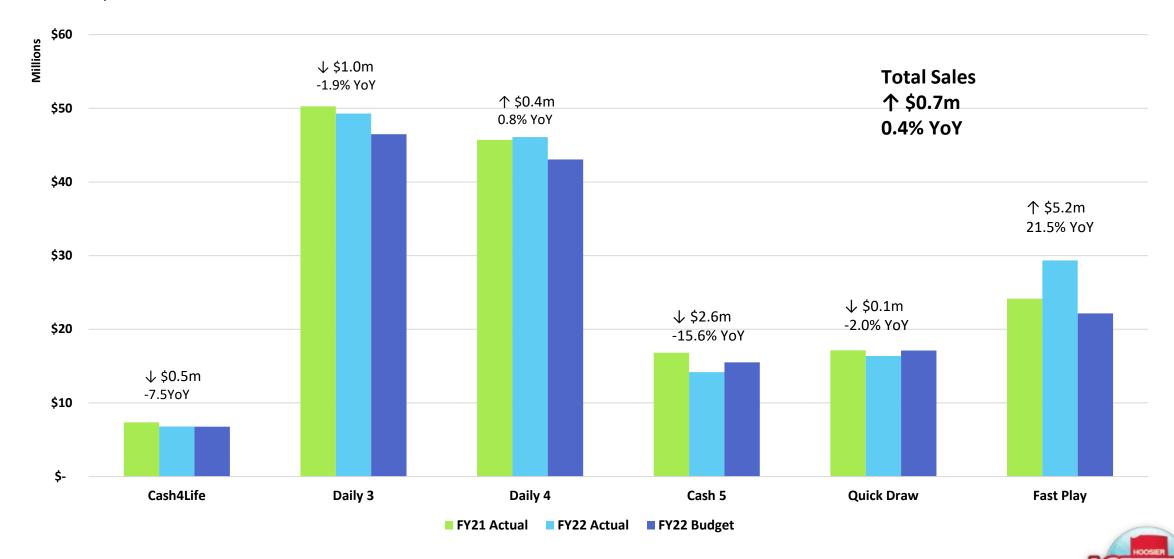
FY22 Scratch-off Sales YoY



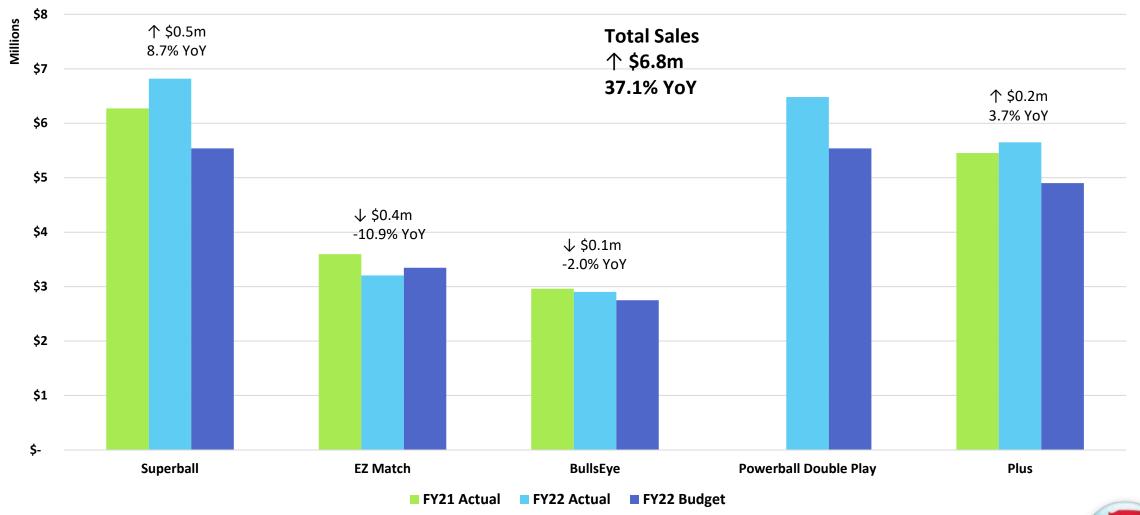
FY22 Jackpot Sales YoY



FY22 Non-Jackpot Sales YoY



FY22 Draw Add-on Sales YoY

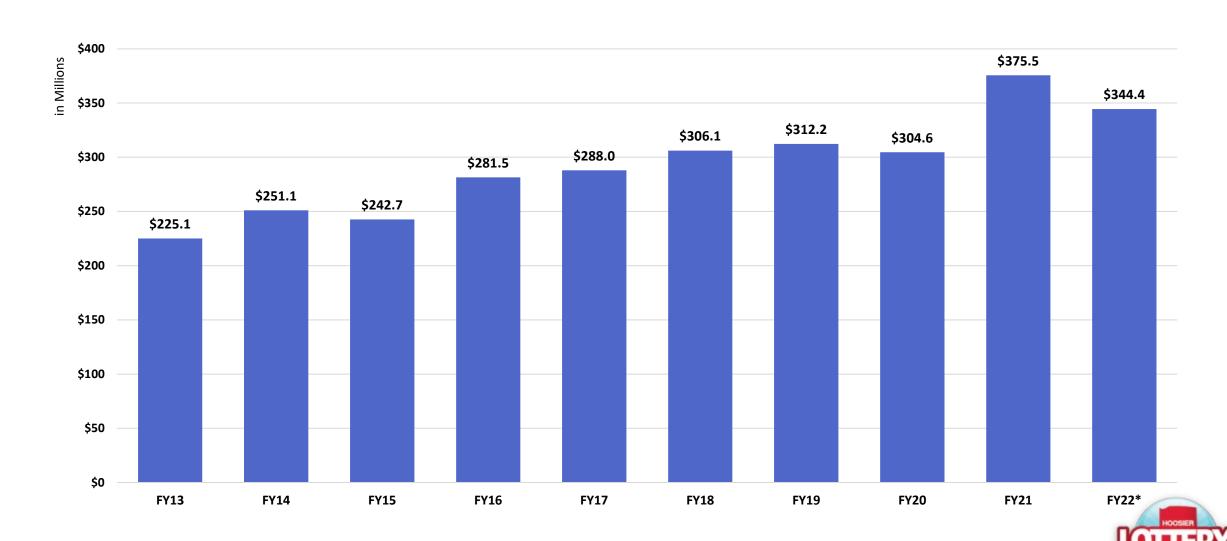


Lottery Sales Revenue-10 Year Period

* Preliminary & Unaudited



Surplus Revenue to the State-10 Year Period

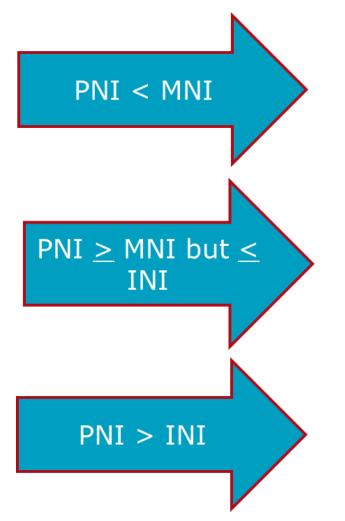




FY23 Financial Report Carrie Stroud

Chief of Staff

FY23 Net Income Thresholds



Shortfall Payment to Lottery

No Shortfall Payment to Lottery
No Incentive Compensation to IGT Indiana
Lottery retains 100% of Net Income

Incentive Compensation to IGT Indiana 50% to IGT Indiana/50% to Lottery

PNI = Provider Net Income

MNI = Minimum Net Income (\$311M - FY 23)

INI = Incentive Net Income (\$329M - FY 23)

Financial Report - FY23 YTD

Income Statement

For the One Month ending July 31 (In Thousands)
PRELIMINARY & UNAUDITED

		FY23	FY23	Percentage	FY22	Percentage
		Actual	Budget	Variance	Actual	Variance
Revenues	\$	140,696	\$ 138,313	1.7%	\$ 139,718	0.7%
Prize Expense		91,287	92,384	-1.2%	93,071	-1.9%
Game and Provider Expenses		16,302	16,856	-3.3%	16,135	1.0%
Provider Net Income (PNI)		33,107	29,073	13.9%	30,512	8.5%
General and Administrative Expenses	1	535	753	-29.0%	493	8.5%
Operating Profit		32,572	28,320	15.0%	30,019	8.5%
Other Income		176	137	28.5%	145	21.4%
Provider (Incentive)/Shortfall Payment		(917)	(917)	0.0%	(833)	10.1%
Surplus Revenue to the State		31,831	27,540	15.6%	29,331	8.5%
Fair Market Value Adjustment			-	0.0%	-	0.0%
Net Income	\$	31,831	\$ 27,540	15.6%	\$ 29,331	8.5%

Notes:

- 1) Revenues are \$978K (0.7%) greater than prior year and \$2.3M (1.7%) greater than Budget
- 2) Prize Expense is 64.8% of Revenues, compared to 66.6% in prior year and 66.8% budgeted
- 3) Game and Provider Expenses are in-line with Budget and prior year as a percentage of Revenues (11.5%-12.2%)
- 4) General & Administrative Expenses are \$42K (8.5%) more than prior year and \$218K (29.0%) less than Budget
- 5) Surplus Revenue to the State is \$2.5M (8.5%) greater than prior year and \$4.3M (15.6%) greater than Budget

Financial Report - FY23 YTD

Revenue Breakdown

For the One Month ending July 31 (In Thousands) PRELIMINARY & UNA

IAUDITED		FY23 Actual	FY23 Budget	FY22 Actual		
Revenues						
Instant Tickets						
Scratch	\$	90,203	\$ 111,181	\$ 111,406		
Total Instant Tickets		90,203	111,181	111,406		
Big Jackpot Draw Games						
Powerball (w/Double Play)		6,988	6,894	5,706		
Hoosier Lotto (w/+PLUS)		4,424	3,397	4,189		
Mega Millions		24,058	3,655	3,171		
Total Big Jackpot Draw Games		35,470	13,946	13,066		
Non-Jackpot Draw Games						
Daily 3		4,169	3,647	4,325		
Daily 4		3,983	3,397	3,939		
Quick Draw (w/Bullseye)		1,541	1,383	1,682		
Cash 5		1,422	1,380	1,304		
EZ Match		298	229	281		
SUPERBALL		593	479	593		
Cash4Life		567	504	605		
Fast Play		2,450	2,167	2,517		
Total Non-Jackpot Draw Games	_	15,023	13,186	15,246		
Total Revenues	\$	140,696	\$ 138,313	\$ 139,718		

Notes:

- 1) Scratch Revenue is \$21.2M (19.0%) less than prior year and \$20.9M (18.9%) less than Budget
- 2) Powerball Revenue is \$1.2M (22.4%) greater than prior year and \$94K (1.3%) greater than Budget
- 3) Hoosier Lotto Revenue is \$245K (5.8%) greater than prior year and \$1.0M (30.2%) greater than Budget
- 4) Mega Millions Revenue is \$20.8M (658.7%) greater than prior year and \$20.4M (558.2%) greater than Budget
- 5) Non-Jackpot Draw Games are \$223K (1.4%) less than prior year and \$1.8M (13.9%) greater than Budget

Financial Report - FY23 Forecast

Income Statement

For the Twelve Month Period ending June 30 (In Thousands)

PRELIMINARY & UNAUDITED	FY23	FY23	Percentage	
	Forecast	Budget	Variance	
Revenues	\$1,670,327	\$1,686,647	-1.0%	
Prize Expense	1,118,380	1,130,820	-1.1%	
Game and Provider Expenses	200,947	204,827	-1.9%	
Provider Net Income (PNI)	351,000	351,000	0.0%	
General and Administrative Expenses	9,736	9,955	-2.2%	
Operating Profit	341,264	341,045	0.1%	
Other Income	1,692	1,651	2.5%	
Provider (Incentive)/Shortfall Payment	(11,000)	(11,000)	0.0%	
Surplus Revenue to the State	331,956	331,696	0.1%	
Fair Market Value Adjustment			0.0%	
Net Income	\$ 331,956	\$ 331,696	0.1%	

FY22	Percentage
Actual	Variance
\$1,702,856	-1.9%
1,138,516	-1.8%
196,207	2.4%
368,133	-4.7%
7,071	37.7%
361,062	-5.5%
1,733	-2.4%
(18,407)	-40.2%
344,388	-3.6%
(10,852)	-100.0%
\$ 333,536	-0.5%



Indiana Retired Teachers Assn Summer Assembly CASA Volunteer Awards - June 8



El Dia De La Familia Indianapolis June 24



Three Rivers Festival Fort Wayne July 16





being shot off of three buildings in downtown Fort Wayne, for miles around, people can enjoy lighting up the night sky.

Indiana Black Expo Summer Celebration











Summer Baseball









Indiana State Fair















Retailer Update & Around The Corner

Flora Jones

Director of Operations

August 16, 2022

Retailer Update

Retailer Count			
SIC Description	FY21	FY22	
Bowling Center	16	14	
Convenience Stores	227	227	
Convenience Stores w\ Gas	2,858	2,871	
Dollar Stores	2	2	
Drinking Places	18	19	
Drug Stores	43	41	
Grocery Stores	505	496	
Liquor Store	501	491	
Other	18	17	
Restaurant	4	3	
Tobacco Store	254	258	
Grand Total	4,446	4,439	

Attrition Tracking	FY18	FY19	FY20	FY21	FY22
Year Ending Retailer Count	4,460	4,369	4,397	4,446	4,439
Non-Change of Ownership Termination Totals	237	227	141	110	106

Top Termination Reasons

Insufficient Sales to Cover Costs	41	21	16	11	15
Store Closed	88	85	56	54	26
Excessive NSF	29	40	14	5	4
COO Planned	41	19	23	5	3
Other Retailer Concern	9	12	16	16	20
Security Concerns	2	3	2	3	6
Too Much Effort	7	5	7	7	4

On Sale: Now



















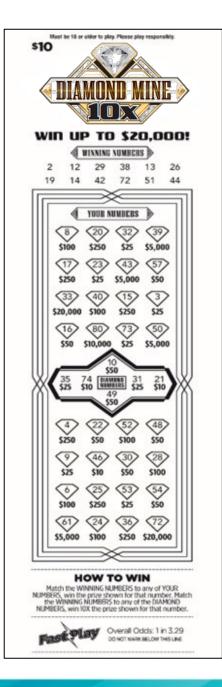
Launching September 6th



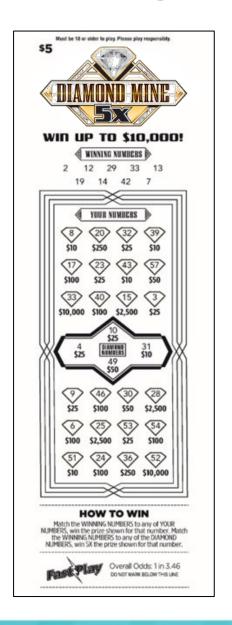


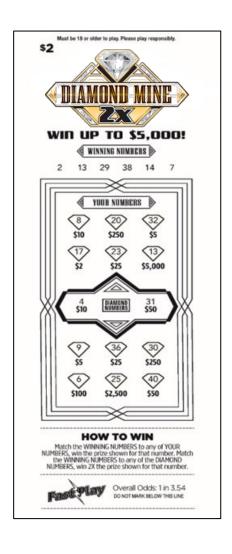






Launching September 18th







CALL NUMBERS

48 58 41 60 70 62 72 73 74

Match the CALL NUMBERS to the numbers on your CARDS.

Complete a WINNING PATTERN, win the prize for that

pattern! CORN symbols are free spaces.

Only the highest winning prize on each CARD will be paid. Each CARD is played separately.

Page Play Overall Odds: 1 in 3.10

22 14 24 34 17 54 19 29

40 32 42 52 53 63 64 56





Launching October 4th















End of Presentation

August 16, 2022

Commission Vote to Adjourn

	Yea	Nay
Chairman William Zielke		
Commissioner Norman Gurwitz		
Commissioner Andrew Mallon		
Commissioner Roger Utzinger		
Commissioner Robert Wynkoop		

Questions?



All media requests may be forwarded to:

Dennis Rosebrough
Public Relations
derosebrough@hoosierlottery.in.gov

