



FISCAL YEAR 2021

ANNUAL REPORT



OUR HEROES





Commonwealth of Kentucky
OFFICE OF THE GOVERNOR

Team Kentucky:

If there was ever a time we needed the Kentucky Lottery to deliver, it was during Fiscal Year 2021. With everything happening in the world, the scholarship and grant programs so vital to Kentucky's best, brightest and most deserving students were slated to be more important than ever.

And the Lottery's retailers, staff, management and board of directors indeed delivered – and in a fashion few of us could have imagined when the year started.

Congratulations for once again shattering a sales record by finishing FY21 by selling \$1,586,325,000 in tickets. That's far and away the largest sales figure in Kentucky Lottery history and is a whopping \$382.9 million (31.8%) more than the previous record set in FY20.

The Lottery's cash transfers to the Commonwealth in FY21 were \$354.8 million, an increase of \$76.3 million (and another record). These transfers are even more impactful now, as Lottery retailers and staff worked through the heart of the pandemic to keep our essential businesses open. Thanks to that work, more money than ever is available to help our state's best, brightest and most deserving students attend college in Kentucky.

For more than two decades now, these programs have worked to help keep our students here at home to attend college and help Kentuckians return to school to get a degree in high-demand fields. Their value is more important than ever before.

Thanks to everyone involved with the Kentucky Lottery for their commitment to keep fueling imagination and funding education.



Sincerely,
Andy Beshear
Andy Beshear, Governor

ACHIEVING RECORD SALES

FY21 marks the tenth consecutive year – a full decade – that the sales record for Kentucky Lottery has been broken. This also marks the 24th year out of the past 32 that we've achieved record sales. Scratch-off tickets once again were the largest individual game category, finishing the year at \$961.7 million. This is a \$220.6 million (29.8%) increase from the previous year.

The largest percentage growth category for the year was the Lottery's internet sales. Even though the sales channel has seen steady growth over the past six years since it was launched, it's clear that consumers discovered the platform during the pandemic and have stayed there to play. Sales via this outlet finished FY21 at \$137.1 million, an increase of \$92.1 million or 204.6%. Internet sales for the year constituted 9% of total Kentucky Lottery sales.

Research conducted in FY21 showed the number one reason players said they were buying tickets was for fun and entertainment. With a range of price points and game styles, and with increased awareness of our internet channel, FY21 truly showed we have something for everyone.



Mark F. Sommer
Mark F. Sommer
Chair
Kentucky Lottery
Corporation



Mary Harville
Mary Harville
Kentucky Lottery
President and CEO

INTERNET SALES SEE EXPLOSIVE GROWTH

Sales for the Kentucky Lottery's online channel were the largest single growth category for the company in FY21. Sales via this outlet finished FY21 at \$137.1 million, an increase of \$92.1 million or 204.6%.

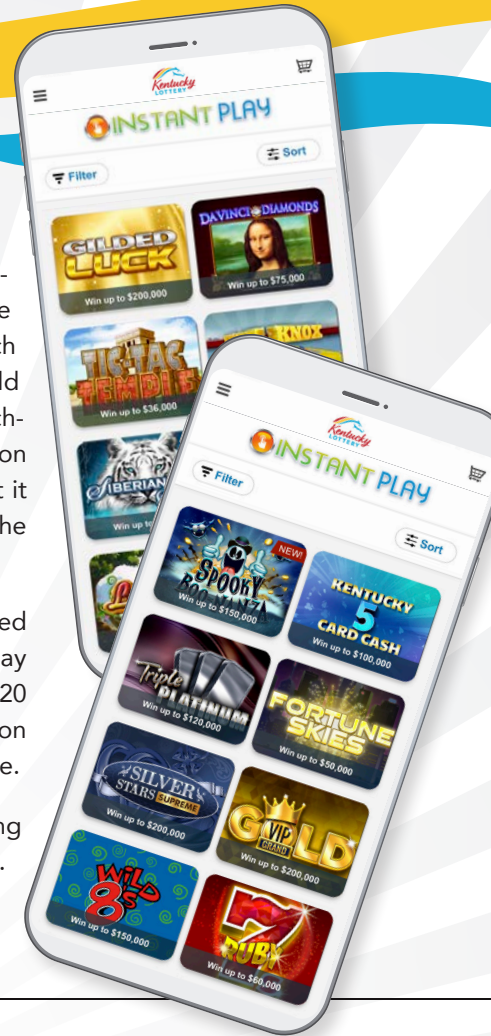
New features added to the iLottery platform helped grow sales online. These included new promotional features that enable deposit matches (deposit X receive Y) that helped drive activity, and prize payouts for some games were raised to 85%. Two new game launches were planned for each month to make sure content was fresh.

The launch of IGT Pay, a new financial system, also allowed for better player features. These included increased player security and the use of PayPal and ACH drafts for deposits.

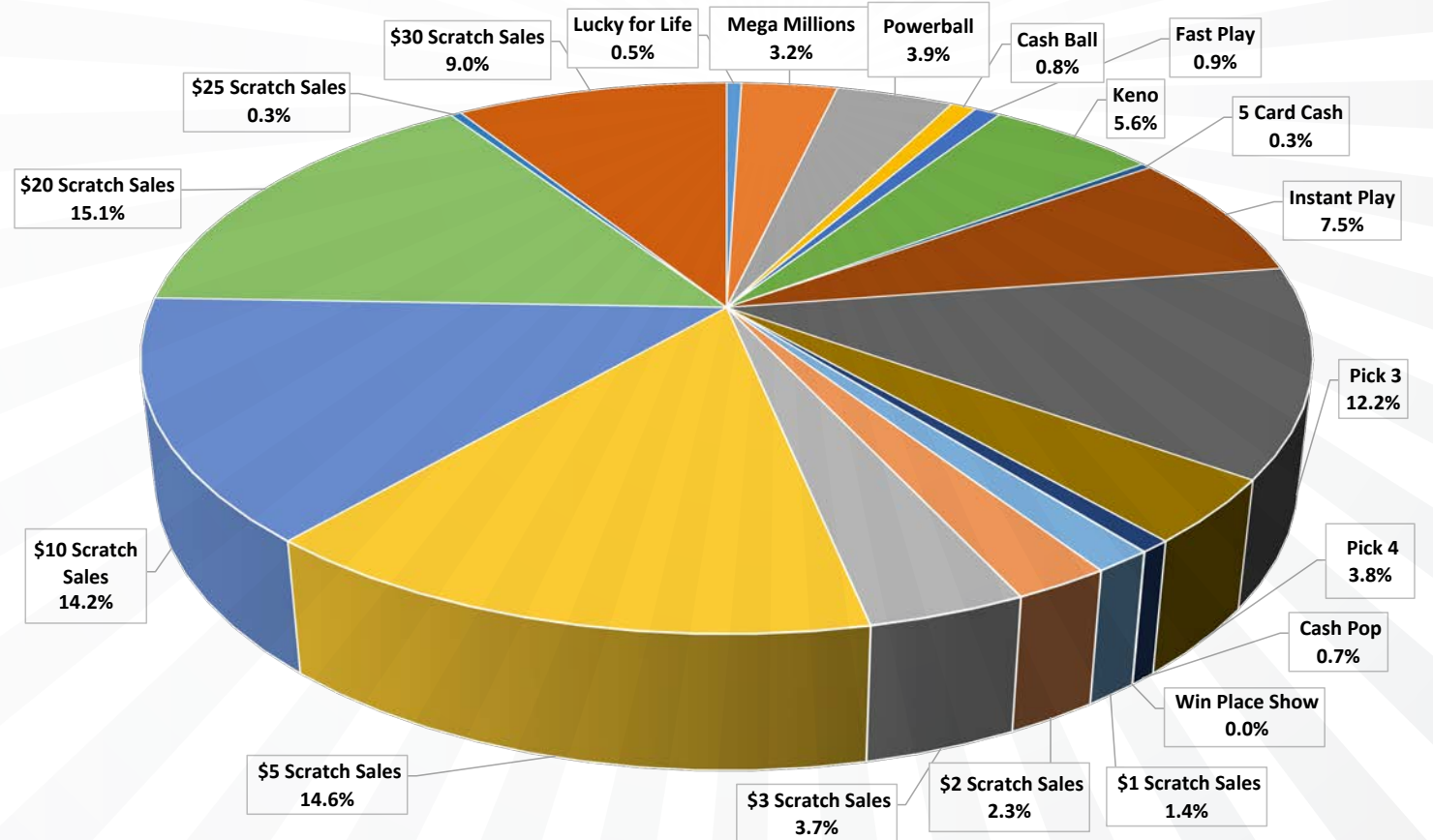
There were 69 Instant Play games available on the iLottery platform in FY21. The most popular game was Ruby 7's, which had total FY sales of \$11.7 million. Wild 8's – a fan favorite as a traditional Scratch-off ticket – debuted with an online version in March. With only 18 weeks in market it landed \$7.6 million in sales, making it the best launch of the fiscal year.

High-tier winners for the fiscal year included a \$100,000 winner on the \$10 Holiday Market game, a \$112,500 winner on the \$20 Wild 8's game, and a \$150,000 winner on the Wheel of Fortune On The Road game.

Analytics showed 83% of the play during FY21 was conducted on a mobile device.



PRODUCT SHARE FY 2021



LOTTERY SEES HIGHEST FISCAL-YEAR INCREASE IN 32-YEAR HISTORY

EVEN IN LIGHT OF AN INTERNATIONAL PANDEMIC, THE KENTUCKY LOTTERY'S FY21 SALES SHATTERED THE CORPORATION'S ALL-TIME RECORD.

Despite more Kentuckians spending time in their homes during the COVID-19 pandemic, the Lottery has posted total sales of more than \$1.586 billion, a 31.8% increase from FY20, with \$382.9 million more in revenue.

"The pandemic was the impetus to those numbers," said Mary Harville, Kentucky Lottery president and CEO. While acknowledging the pandemic's impact, Harville said many game-changing Lottery advances were already being put into place before the pandemic began in March 2020.

"Our team was so great at meeting the challenges of the pandemic and had a very strategic way of responding to what was going on, so I think we've done very well in a situation we couldn't have possibly planned for," Harville said. "There were just so many lessons learned through the pandemic. We really learned what our strengths were and how to take advantage of those."



"We have engaged retailer partners. Working through the pandemic has really highlighted the retailer/ Kentucky Lottery partnership. I think they appreciated that Lottery products were in their stores, and we of course really appreciated them. There had to be a certain element of trust there too because for part of the time we pulled all sales representatives out of the field and they could only work with the retailers by phone. And even when we put them back in the field, they were there in only a very limited capacity."

Leading the sales charge again this year were Scratch-off tickets, with a 29.8% increase totaling more than \$961.7 million in sales. Given the fact that many Lottery retailers, such as grocery and convenience stores and gas stations, did not close during the pandemic because they were considered essential businesses, they continued to stock and sell Lottery games while stay-at-home recommendations were in place.



“We really learned what our strengths were and how to take advantage of those.”

— Mary Harville
President and CEO, KY Lottery

"When players came looking for some kind of entertainment, many things they normally may have done were shut down," Harville said. "They needed entertainment, they came into these retail stores that were still open and they found great Lottery games."

A vending initiative, which added 575 new machines and cashless functionality to 1,400 vending machines, was already in the works when the pandemic hit. This increased players' ability to buy tickets easily — and without cash — on-site. Almost 2,100 vending machines are available for retail play now.

Internet sales, which began in 2016, accounted for the largest growth category. The channel has steadily grown over the past six years, but more Kentuckians discovered the platform this year, Harville said. Internet sales finished FY21 at \$137.1 million, a 204.6% increase over 2020. Internet sales constituted 9% of total Lottery sales.

"Plenty of folks discovered our internet presence during this time as well," Harville added, "so we had lottery games where people were looking for

them." Both draw games and the electronic version of Scratch-style games are available for purchase online.

The multistate Powerball and Mega Millions games also saw sales increases, due in part to jackpot runs of \$1 billion in Mega Millions and \$731 million in Powerball in January 2021. Overall, Powerball sales increased 22.8% for a total of \$61.3 million, while Mega Millions sales finished at \$50.2 million, an increase of 35.5%.

"Obviously, (players) found what they were looking for. Our games are fun. We're constantly looking at what the players want," Harville added. "We conduct focus groups and ask our players what they enjoy and the play styles that they like. We know there are games out there they find fun and entertaining. If they didn't, they wouldn't come back to buy them."

Daily draw games also increased in sales, with the daily Pick 4 game ending the year with an 18.1% sales increase over last year, ending at \$60.2 million. Pick 3 was up 16.1% at \$194.2 million. Though some stores remained shuttered throughout the pandemic,

Keno sales rose 12.4 percent to end the year with \$88.6 million.

Harville credits retailers with keeping machines and counter displays well-stocked to avoid disappointing players. Both Lottery officials and retailers are working hard to lower out-of-stocks, a lesson that has played out during the pandemic as Lottery sales have increased. "That means that the games are available for the players when they want them," Harville said. They walk into a store and they see full retail bins and the vending machines — that increases sales," as does activating new games on launch day.

Kentucky Lottery officials believe sales can maintain or even increase in fiscal year 2022 with the right sales techniques, games and product buzz. "We think we can maintain these players that we've got. We know we attracted some new players, we know we've recovered some lapsed players and we know there are games that people find fun and entertaining. We are confident that we can keep that momentum going," Harville said. ●

BREAKING 'A GLASS CEILING'

GET TO KNOW KENTUCKY LOTTERY'S NEWEST PRESIDENT AND CEO

Mary Harville



In a move Kentucky Gov. Andy Beshear said has “broken a glass ceiling,” former Kentucky Lottery Corporation Senior Vice President and General Counsel Mary Harville was named the company’s newest president and CEO in September 2020. As the first woman in the position, Harville is also the first native Kentuckian to hold the role in more than 30 years.

“Mary is a homegrown hero here and has been working with the Lottery since 2004,” Beshear said in September before the start of a daily COVID-19 briefing, adding that she “has been involved in just about every iteration of the Lottery since 2004 in an area and a space that is evolving and becoming more and more important.”

Beshear added that appointing Kentuckians such as Harville to positions they’ve clearly worked to earn is a joy during troubled times.

A “proud, lifelong Kentuckian,” Harville was born in rural Morganfield and obtained her degrees as a first-generation college student from the University of Kentucky, where she also attended law school.

Before her tenure with the Lottery, Harville practiced private law with Reed Weitkamp Schell and Vice, where she focused on business litigation.

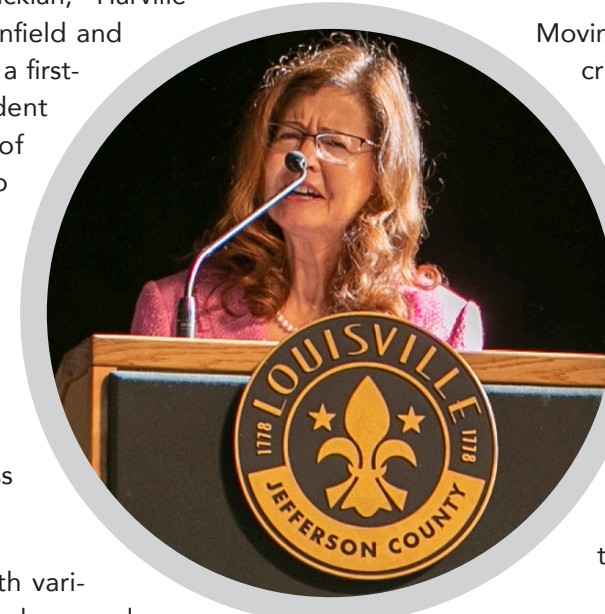
“I had been working with various state agencies, and work seemed more and more to be less litigation and more advisory,” she said. “They would ask me to work on projects much like the (Lottery’s) general counsel would, and I really enjoyed it.”

When a general counsel position opened at the Lottery, Harville found herself a perfect fit, working proactively on projects.

“We had cases that were pending when I came to the Lottery, but I thought we could do better,” Harville said. “My goal, like any in-house counsel’s going to have, was to make sure that we didn’t have litigation. ... In my opinion, you don’t reduce litigation by better ‘lawyering’ skills, because that’s not it at all. I think it requires a top-down perspective, and we wanted to put the customer first. The

retailer is first. The employees are first. My goal is to make sure everyone understands the mission of the Lottery, to personalize the Lottery and when people call in to complain about something, then you want to address that. We take that very seriously, whether (it’s) a retailer or a player.”

Harville quickly earned the title of senior vice president, where she had a voice in the future of the corporation. Now as president, she brings not only legal expertise but also a fresh outlook for the Lottery’s future as it grows.



Moving forward, Harville notes it’s critical to keep listening to the Lottery’s players and retailers “and be sure that we are responding to what they are telling us they need and what they want,” she said. “That’s going to be different than what it was before the pandemic. We know that this pandemic is having a lasting impact on consumer behaviors, so we want to be able to meet those needs.”

More competition, including other gaming options both within Kentucky and from border states, means a fight for the same small amount of post-pandemic discretionary funds, so sales and marketing will become a greater focus as well.

“We’ve studied smarter, not harder,” Harville said. “We need to use the resources we have. We do have a predictive ordering system in place that we put in a couple of years ago that helps us with delivery of our scratch product. Focusing on what that is telling us ... we can utilize the information from that system to do a better job of getting the right products to the right retailers at the right time.”

“I’ve worked to build on what we have, which is obviously a proven formula,” she said. ●



YET AGAIN, SCRATCH-OFFS BREAK RECORDS

Scratch-off tickets saw explosive growth in FY21, finishing the year at \$961.7 million in sales. This is a \$220.6 million increase from the previous year.

Sales of Scratch-off tickets nationally rose 21.3% during the fiscal year, while Kentucky saw sales jump 29.8%.

Vital to this success was having product in the field during the height of the COVID-19 pandemic. Many stores were closed, including almost all gambling outlets in Kentucky, along with malls, movie theaters and many other forms of entertainment. The overwhelming majority of Kentucky Lottery tickets, though, are sold at what were considered essential retailers, and with other forms of entertainment limited, sales exploded.

Keeping tickets in stock was key during this period, and thanks to predictive ordering through our Scientific Games cooperative services agreement, retailers were able to receive a consistent supply of tickets to help meet demand.

And those products proved popular. The first \$20 two-sided ticket ever introduced in Kentucky (Max-A-Million) quickly became a player favorite, selling an average of \$2.9 million in tickets a week for the six weeks it was available in FY21. The Lottery also launched its third \$30 ticket, Fastest Road to \$3 Million. This game was also popular, averaging \$2.5 million in sales a week for the 19 weeks it was available. This was followed by the \$10 ticket \$50-\$100-\$500 Blowout, which saw \$1.8 million in weekly sales and had to be reordered to meet customer demand.

The highest sales increase came at the \$20 ticket price point. This segment landed \$239.9 million in sales, a 56.3% increase from the previous year.

Games were specifically designed to contain strong prize structures with lots of mid-tier winning amounts (\$50 to \$600) that could be cashed at retail outlets, and players responded.

Three different families of games were launched, including one (Kentucky Jackpot) that had for the first time a progressive series of second-chance promotional drawings.

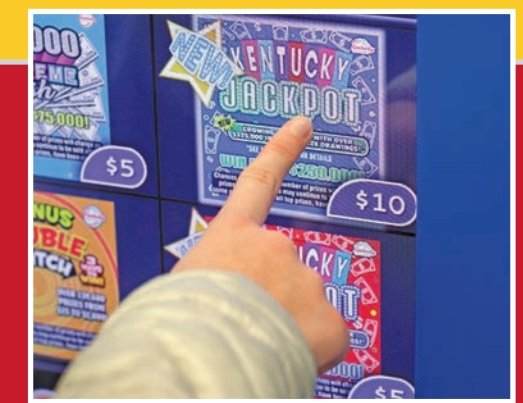
Facings (the number of ticket dispensers on the front counter of a retailer) grew by 15%. This is an important indicator of growth, as more facings directly translate into more sales.

For the year, the \$20 ticket 200X sold the most in terms of sales dollars (\$81.3 million), while the \$1 Wild 8's ticket sold the largest number of physical tickets in FY21 at 6.6 million tickets. ●



VENDING MACHINE UPGRADES HELP SPUR SALES

An increased emphasis on vending machines in retail continued in FY21. From July through November 2020, more than 400 new touch-screen vending machines that could sell a variety of draw games and contained 28 bins for Scratch-off tickets were deployed into the field. Once that wrapped up, a project started to convert existing machines into ones that had cashless functionality. Debit and credit card readers and other hardware were installed on 1,238 vending machines during the remainder of FY21.



RECORDS BROKEN IN FY21

The list of records shattered in FY21 is long; here are the all-time highs the Kentucky Lottery achieved during the fiscal year:

- SALES RECORDS – highest ever level in:**
- Total sales – year, quarter, month and week
 - Scratch-off – year, quarter, month and week
 - Pick 3 – year, quarter and day
 - Pick 4 – year, week and day
 - Internet instant play games – year, quarter, month, week and day
 - Internet channel – year, quarter, month, week and day
- OTHER RECORDS:**
- Net income – year, quarter and month
 - Dividends transfers – highest annual and month cash transfers
 - Total prize expense – highest annual amount paid
 - Payments to retailers – highest annual amount paid

In addition to these all-time highs, the Kentucky Lottery also achieved an all-time low – the lowest operating expense as a percentage of sales ever. Just 2.1% of Lottery sales were used for expenses.



DRAW GAMES RECAP



DRAW GAME SALES CLOSED THE YEAR AT **\$506.0 MILLION** (WHICH INCLUDES \$18.5 MILLION IN DRAW-GAME INTERNET SALES). THIS IS A 17.9% INCREASE (\$76.9 MILLION) FROM FY20.

PAYMENTS TO RETAILERS SET RECORD

Retailers qualified for a record **\$90.6 million** in commissions and bonuses, up \$19.6 million or 27.5% from the previous year. These higher payments – along with higher sales and dividends back to the Commonwealth – were in part driven by an “Excellence in Execution” bonus program launched in FY19. Stores were able to earn additional sales incentive funds by following Lottery best practices in areas such as facings and point-of-sales displays.



POWERBALL:

After two years of declining sales, Powerball sales roared back to finish the FY at \$61.3 million, up \$11.4 million or 22.8% from the previous fiscal year. This was driven in large part by a Powerball jackpot run in January which saw the top prize grow to \$731 million. While Kentucky did not have a jackpot winner in FY21, one lucky player matched all of the white ball winning numbers but not the Powerball to win the game’s second prize of \$1 million. Another matched all white ball winning numbers and not the Powerball but had purchased the Power Play option, multiplying the prize to \$2 million. Another 26 lucky players matched four of the white ball winning numbers and the Powerball to win the game’s \$50,000 third prize – and three of those 26 players purchased the Power Play option, meaning that prize was multiplied even higher.

MEGA MILLIONS:

Much like Powerball, Mega Millions saw a resurgence in FY21 due to a January jackpot run that grew the game’s top prize all the way to \$1 billion. Sales of this game increased 35.5% from \$37.0 million in FY20 to \$50.2 million in FY21. Kentucky still has not seen a Mega Millions jackpot winner, but five players won the game’s second prize of \$1 million in FY21.

PICK 3 AND PICK 4:

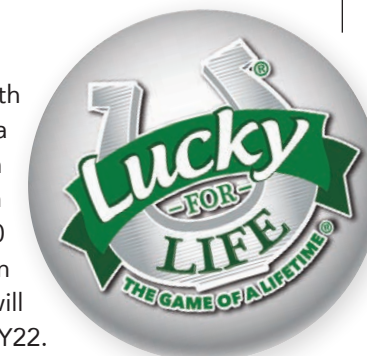
Pick 3, which far and away continues to be the most widely played Kentucky Lottery draw game (more than doubling sales of any other terminal-based game), posted a 16.1% sales increase from the previous year. Sales for the game ended FY21 at \$194.2 million, a \$26.9 million increase. Pick 4 sales increased for the same period, ending up 18.1% at \$60.2 million. That’s a \$9.2 million increase from FY20.

CASH BALL 225:

Cash Ball 225 finished the year with \$13.3 million in sales, a slight 2.7% decrease (\$364,000) from the previous year. There were 11 players who won the game’s top prize of \$225,000 in FY21.

LUCKY FOR LIFE:

Lucky For Life finished FY21 with \$7.8 million in sales. That’s a \$595,000 increase (8.3%) from FY20. Kentucky had 36 players win the game’s third prize of \$25,000 in FY21. Lucky For Life was drawn two nights a week in FY21 and will move to seven nights a week in FY22.



5 CARD CASH:

Sales of the 5 Card Cash game ended the year at \$5.0 million. This was a \$352,000 (6.5%) decrease from FY20. There were 11 winners of the game’s \$5,000 Instant Win prize for the period.

KENO:

Even in light of losing some retailers in the social environment due to the COVID-19 pandemic, Keno sales saw a healthy 12.4% sales increase for the year. FY21 sales for the game were \$88.6 million, growing from \$78.8 million in FY20. There were no top prize winners in FY21; however, there were 21 winners of more than \$10,000 in the game, including four \$50,000 winners and one \$125,000 winner.

CASH POP:



In its first full year of sales, the Cash Pop game put together \$11.5 million in sales. Drawings for the game take place every four minutes between each Keno drawing. Like Keno, players choose how many Cash Pop number(s) they want to play from 1 through 15, or they can choose “Cover All” to play all 15 numbers for a guaranteed win.

Tickets print with a player’s number(s) and corresponding computer-selected prize amounts. There were 46 winners of the game’s \$2,500 top prize in FY21.

FAST PLAY:

After one year in the marketplace, Fast Play games saw a slight sales decrease. With Fast Play games, there is no drawing to wait for – players know immediately if they’ve won a prize based on the how to play information printed on each ticket. The game also has a rolling jackpot feature which increases every time a Fast Play game is purchased until the jackpot is won. The game saw sales of \$13.6 million, which is a 5.8% (845,000) drop from the previous year. FY21 saw the game reach its largest jackpot ever, reaching nearly \$500,000 before getting hit by a player who purchased a \$5 game and subsequently won 50% of the jackpot. There were 15 jackpot winners for the year who claimed top prizes from \$26,915 to \$272,049.



WINNERS WINNERS EVERYWHERE

THE KENTUCKY LOTTERY AWARDED A RECORD **\$1.07 BILLION** IN PRIZES IN FY21, THE FIRST TIME EVER THAT PRIZES HAVE REACHED THE BILLION-DOLLAR THRESHOLD. THIS IS \$266.2 MILLION (33.2%) MORE THAN THE PREVIOUS YEAR. HERE ARE JUST A FEW OF THE THOUSANDS AND THOUSANDS OF WINNING MOMENTS WE CREATED.



Fueling Imagination.
Funding Education.



Terry Pollard of Owensboro, KY - \$80,000 - Big Cash Riches

“All I see is eighty dollars and then I scratched off more zeroes. This is wild.”

Princeton, KY man - \$2,000,000 - Powerball

“I got a text from someone telling me to check my Powerball ticket. So that’s what I did. I looked at it and sure enough, it was a winner. The rest is history, I thought I was having a heart attack.”



Morehead, KY man - \$1,000,000 - 200X

“This has set me for the rest of my days. I don’t have to worry about anything, everything is paid off.”

Louisville, KY man - \$1,000,000 - Mega Millions

“I checked the ticket on the lottery’s website the morning after the drawing. My mouth probably dropped open.”



Caneyville, KY man - \$150,000 - \$10 Wheel of Fortune On The Road Instant Play

“It wasn’t until I received an email from the lottery letting me know I’d won. That’s when I realized I’d actually won \$150,000.”



Robert Wolfe II of Winchester, KY - \$500,000 - \$20 Kentucky Jackpot

“I’ve worked hard all of my life, so I never expected anything like this. This is a blessing. Everything is paid off. I am debt free.”



Rita Bailey of Perryville, KY - \$100,000 - \$30 Break Fort Knox

“I don’t usually play scratch-offs but on this particular day I thought, I’m going to do this. I was just so excited knowing what I was going to use it (winnings) for.”



Tawnya Kingsley of Sidney, KY - \$63,668.60 - Kentucky Jackpot 2nd Chance Promo

“When the staff member told me I was the Kentucky Jackpot promotion winner and I had won \$63,668.60, I couldn’t believe it.”



Frankfort, KY man - \$225,000 - Cash Ball 225

“I always look at the Cash Ball number first and sure enough I matched. I blinked my eyes and looked at the last number realizing I had all of the numbers.”



FUELING
Imagination.

FUNDING
Education.



Kentucky Lottery surpasses the
\$4 BILLION
mark in funding college scholarship
and grant programs.

Kentucky Lottery proceeds fund a variety of college scholarship and grant programs. The most notable among them is the Kentucky Educational Excellence Scholarship (KEES) program, which for 22 years has been solely funded by Lottery proceeds.

These proceeds also pay for the need-based College Access Program (CAP) and the Kentucky Tuition Grants (KTG) initiatives. In addition, Lottery proceeds fund the Work Ready KY Scholarship which helps students go to college to study in-demand professions, and the Dual Credit Program which allows students to earn college credits while still in high school.

Here are just a few examples of the impact made by these dollars over the last two decades.

Robert Jones

FRANKFORT

BELLARMINE RECENT GRADUATE

SPORTS/BUSINESS ADMINISTRATION MAJOR

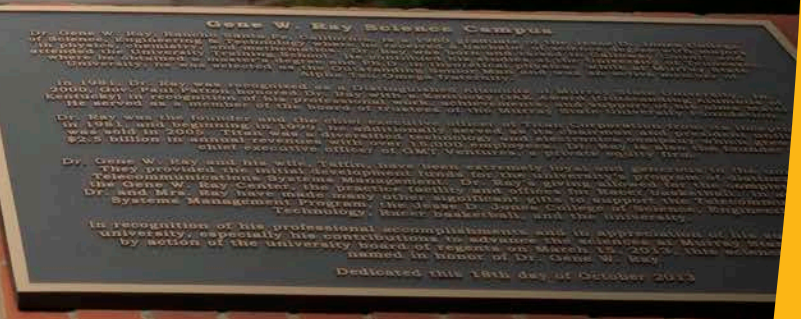
KEES RECIPIENT

PLANS AFTER COLLEGE:

INTERNING AS A FINANCIAL
PLANNING REPRESENTATIVE.



Hannah Eriksen
 CRESTWOOD
 SOPHOMORE,
 MURRAY STATE
 KEES RECIPIENT
 ELEMENTARY EDUCATION
PLANS AFTER COLLEGE:
 AFTER I GRADUATE FROM
 MURRAY STATE, I WANT TO BE
 A KINDERGARTEN TEACHER.



“
 I’m so incredibly grateful
 for my KEES award. It has
 eased the financial stress
 of attending college,
 allowing me to graduate
 debt free.
 ”



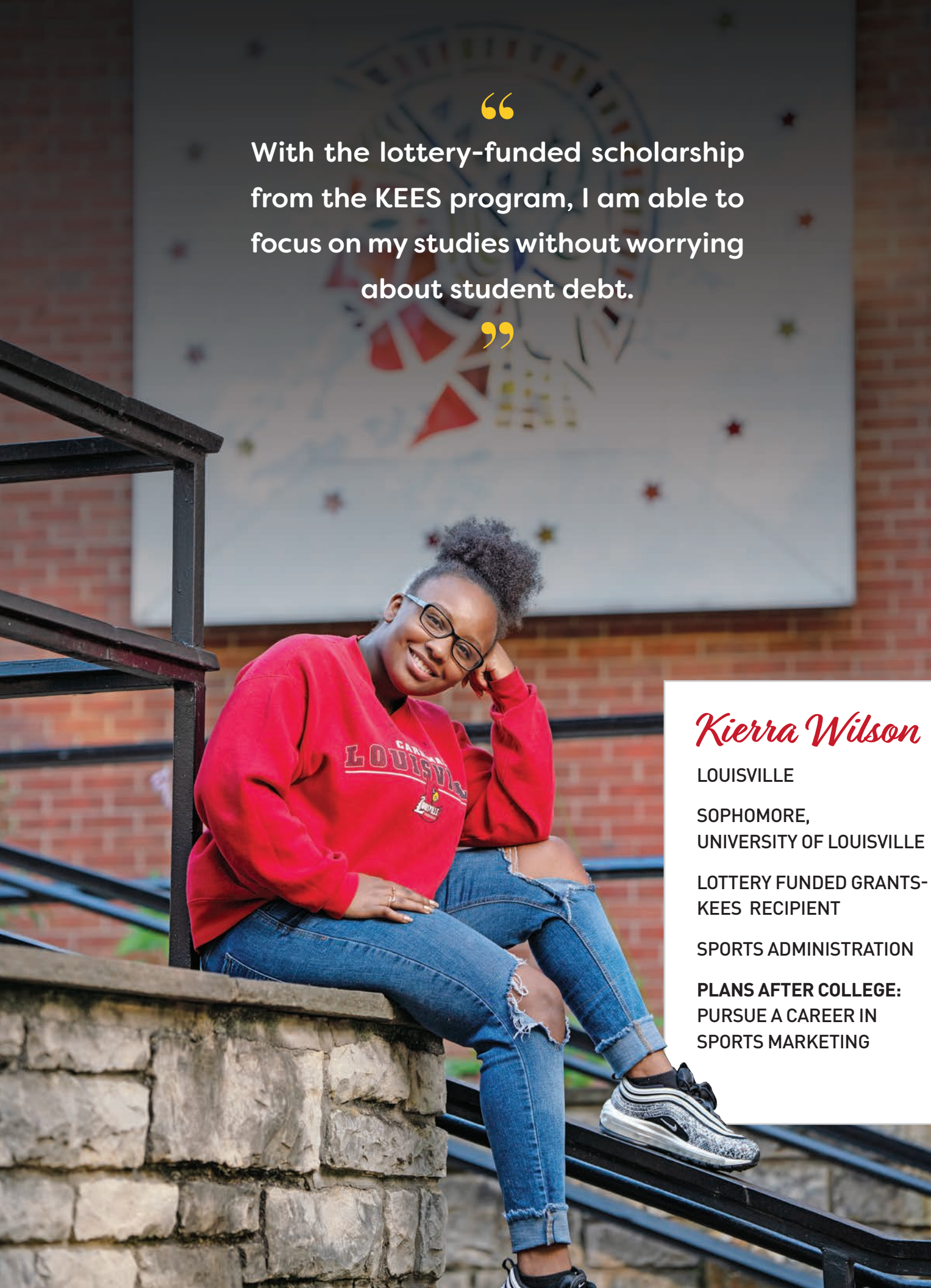
“The KEES scholarship has
 saved me from having to
 take out loans to get through
 school. I can attribute
 the lottery-funded KEES
 Scholarship as a big part of
 not owing any money and
 being financially stable as I
 progress through college.”

Garrett Clem
 STANFORD
 SENIOR, UNIVERSITY OF
 LOUISVILLE
 LOTTERY FUNDED GRANTS-
 KEES RECIPIENT
 MECHANICAL ENGINEERING
PLANS AFTER COLLEGE:
 ATTAIN A POSITION AT A
 COMPANY WHERE I CAN USE
 MY DEGREE AS A MECHANICAL
 ENGINEER.

“

With the lottery-funded scholarship from the KEES program, I am able to focus on my studies without worrying about student debt.

”



Kierra Wilson

LOUISVILLE

SOPHOMORE,
UNIVERSITY OF LOUISVILLE

LOTTERY FUNDED GRANTS-
KEES RECIPIENT

SPORTS ADMINISTRATION

PLANS AFTER COLLEGE:
PURSUE A CAREER IN
SPORTS MARKETING

Nadya Cournoyer

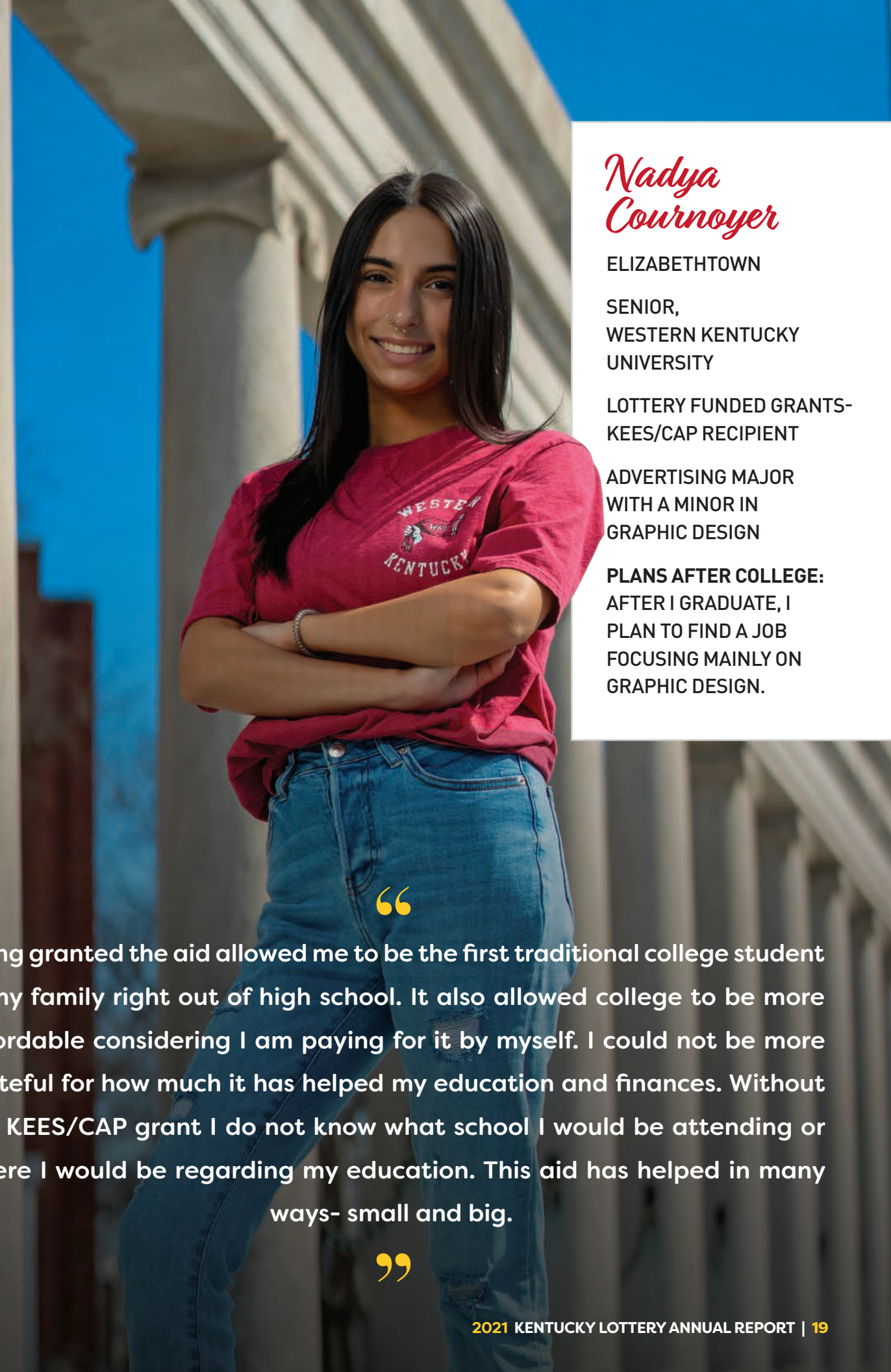
ELIZABETHTOWN

SENIOR,
WESTERN KENTUCKY
UNIVERSITY

LOTTERY FUNDED GRANTS-
KEES/CAP RECIPIENT

ADVERTISING MAJOR
WITH A MINOR IN
GRAPHIC DESIGN

PLANS AFTER COLLEGE:
AFTER I GRADUATE, I
PLAN TO FIND A JOB
FOCUSING MAINLY ON
GRAPHIC DESIGN.



“

Being granted the aid allowed me to be the first traditional college student in my family right out of high school. It also allowed college to be more affordable considering I am paying for it by myself. I could not be more grateful for how much it has helped my education and finances. Without the KEES/CAP grant I do not know what school I would be attending or where I would be regarding my education. This aid has helped in many ways- small and big.

”



“ KEES money from the Kentucky Lottery hasn't only made college more affordable for my family and I but it also encouraged me to do the best I could in high school knowing I was getting paid for good work. ”

Kennedy Blackburn

LEXINGTON/ LOUISVILLE

SOPHOMORE,
EASTERN KENTUCKY UNIVERSITY

LOTTERY FUNDED GRANTS/
SCHOLARSHIPS- KEES RECIPIENT

CONSTRUCTION MANAGEMENT

PLANS AFTER COLLEGE:
WORK AT A COMMERCIAL
CONSTRUCTION COMPANY



GET A SHOT, GET ANOTHER SHOT AT
\$225,000

In May 2021, the Kentucky Lottery launched a program through which anyone 18 or older who got a first or second COVID-19 vaccination dose at a more than 170 Kroger or Walmart locations received a coupon for a free Lottery ticket. There were 225,000 free Kentucky Cash Ball tickets produced for the promotion. The promotion was announced at news conferences in Louisville and Lexington.

This premise of using state lottery promotional resources and tickets was first done in Kentucky, and it quickly became a national model.

“We hope that by literally injecting a little fun into the process, more people will get vaccinated,” said Kentucky Lottery President and CEO Mary Harville. “This is good for Kentucky’s businesses, it’s good for

the Kentucky Lottery, and it’s good for Kentucky college students counting on us through the scholarship and grant programs funded by our proceeds.”

“I hope this shot at \$225,000 will be the incentive needed for more Kentuckians to get a vaccine,” said Kentucky Gov. Andy Beshear. “Helping keep our Kentucky communities safe and a free chance at winning hundreds of thousands of dollars is a win-win for everyone involved. Thank you, Kentucky Lottery, Walmart and Kroger, for this fantastic example of Team Kentucky spirit.”

More than 11,000 of the Kentucky Cash Ball tickets were redeemed as a result of the promotion. And the story spread quickly via media, landing more than 141 radio and TV stories all across the nation heard or seen by more than 5.2 million listeners or viewers. ●



CORPORATE SOCIAL RESPONSIBLY

The Kentucky Lottery is a founding member of the Kentucky Council on Problem Gambling (KYCPG). The council was formed in 1995 to educate the community about problem and compulsive gambling, offer training to counselors interested in treating gambling disorders and offer financial assistance for treatment to those wanting help.

Managed in conjunction with the KYCPG, the 1-800-GAMBLER hotline is staffed 24/7 by professionals trained in problem and compulsive gambling issues. Anyone with any sort of gambling problem can call the number for information, guidance and referrals

to treatment programs and Gamblers Anonymous. If people don't want to speak with someone for more information, they can send a text to 1-800-GAMBLER to interact with a counselor. They can also go to the Lottery's website at www.kylottery.com, click on the "Play Responsibly" button at the bottom of the page, and be taken to a link where they can conduct an online chat with a counselor. These services are available 24 hours a day, seven days a week.

The Kentucky Lottery was the first U.S. lottery to hold all three responsible gambling certifications offered in the worldwide industry.

PLAY RESPONSIBLY BILLBOARDS:

The Kentucky Lottery continued the "Play Responsibly" billboard campaign in FY21. Billboards across the Commonwealth shared the message along with the 1-800-GAMBLER phone number. In total, the 40 boards received 16,026,163 impressions. The campaign is slated to be continued in FY22.



KLC RECOGNIZED 27TH STRAIGHT YEAR FOR FINANCIAL EXCELLENCE

Kentucky Lottery Corporation
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the Years Ended June 30, 2021 and 2020
(dollars in thousands)

For 27 consecutive years, the KLC has achieved the highest form of recognition in governmental accounting and financial reporting. The KLC once again earned in FY21 the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada. The award recognizes organizations that demonstrate a spirit of full disclosure and clearly communicate their financial story. The KLC was the second lottery in North America to receive this award, and only one other U.S. lottery has received this designation more often than the KLC.

FINANCIAL STATEMENTS

Kentucky Lottery Corporation STATEMENTS OF NET POSITION June 30, 2021 and 2020 (dollars in thousands)

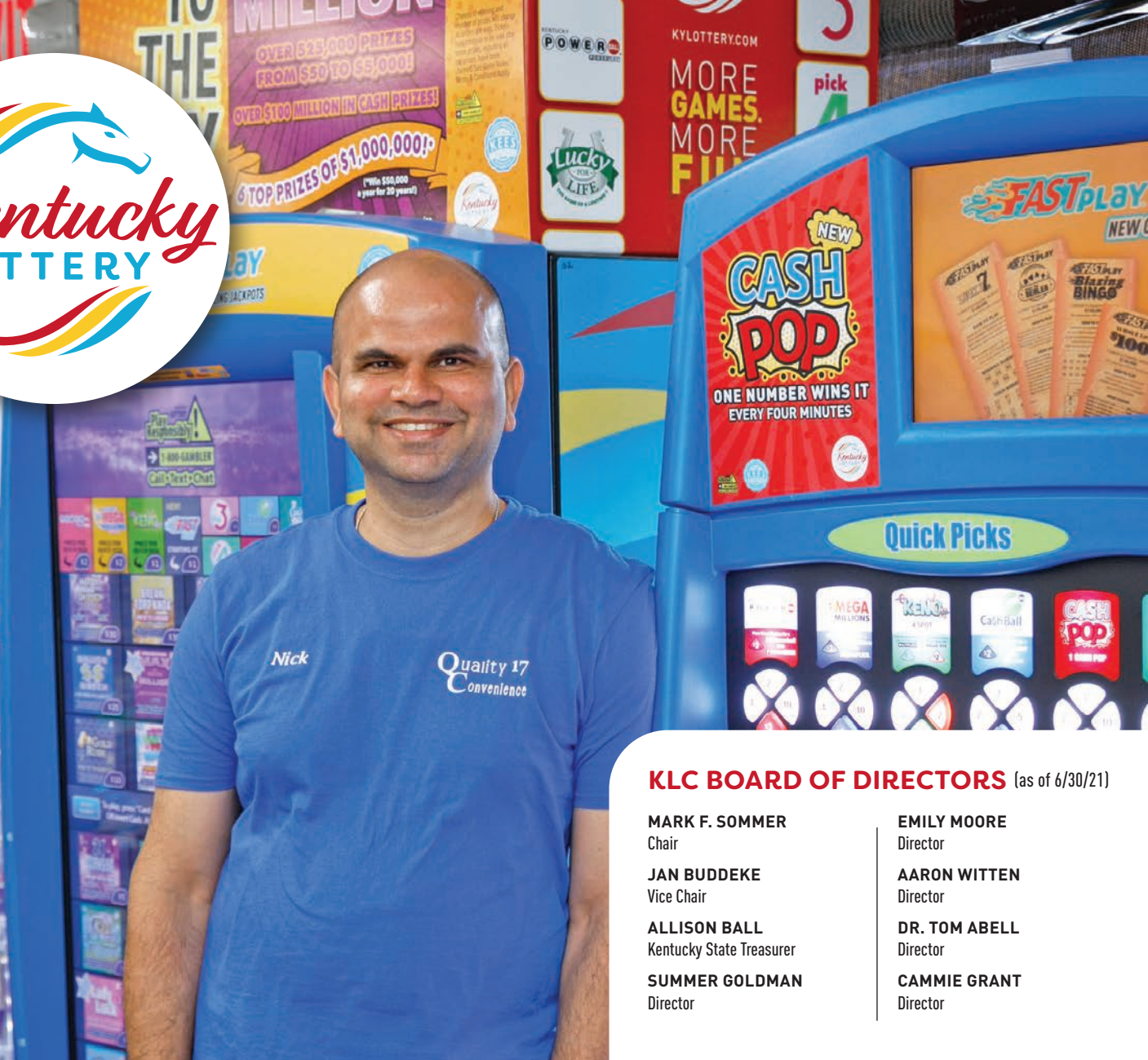
	2021	2020
ASSETS		
Current Assets		
Cash and equivalents	\$29,143	\$17,458
Cash and equivalents, annuities	2,600	2,600
Investments at fair value, current portion	1,383	2,203
Accounts receivable, net	65,193	56,862
Other assets	1,096	824
Total current assets	<u>99,415</u>	<u>79,947</u>
Noncurrent Assets		
Investments at fair value, less current portion	7,068	7,701
Capital assets, net	5,212	5,592
Deposits with Multi-State Lottery Association	5,582	5,951
Total noncurrent assets	<u>17,862</u>	<u>19,244</u>
Total assets	<u>117,277</u>	<u>99,191</u>
LIABILITIES		
Current Liabilities		
Accounts payable, accrued expenses, and compensated absences, current portion	13,359	8,946
Due to the Commonwealth of Kentucky	11,030	10,693
Estimated prize liability, current portion	64,447	49,928
Total current liabilities	<u>88,836</u>	<u>69,567</u>
Noncurrent Liabilities		
Accrued compensated absences, less current portion	512	399
Estimated prize liability, less current portion	9,764	10,553
Total noncurrent liabilities	<u>10,276</u>	<u>10,952</u>
Total liabilities	<u>99,112</u>	<u>80,519</u>
NET POSITION		
Net investment in capital assets	5,212	5,592
Unrestricted	<u>12,953</u>	<u>13,080</u>
Net position	<u>\$18,165</u>	<u>\$18,672</u>

	2021	2020
Operating revenues		
Instant games	\$961,683	\$741,063
Draw games	506,009	429,116
iLottery instant play games	118,633	33,263
Total operating revenues	<u>1,586,325</u>	<u>1,203,442</u>
Direct costs		
Prize expense		
Instant games	682,351	523,684
Draw games	285,195	251,615
iLottery instant play games	99,900	25,942
Total prize expense	<u>1,067,446</u>	<u>801,241</u>
Payments to retailers	90,606	71,045
Draw game and iLottery vendor expense	24,275	15,473
Instant ticket costs	15,820	10,706
Total direct costs	<u>1,198,147</u>	<u>898,465</u>
Operating revenues net of direct costs	<u>388,178</u>	<u>304,977</u>
Operating expenses		
Advertising and promotion	11,166	11,561
Salaries, wages, and benefits	17,091	16,268
Contracted and professional services	1,997	2,196
Depreciation	1,159	1,108
Other general and administrative	1,812	1,957
Total operating expenses	<u>33,225</u>	<u>33,090</u>
Operating income	<u>354,953</u>	<u>271,887</u>
Non-operating revenue (expense)		
Payments to the Commonwealth of Kentucky	(355,100)	(272,223)
Investment (loss)/income	(67)	872
Interest expense	(421)	(495)
Other income	128	200
Total non-operating expense	<u>(355,460)</u>	<u>(271,646)</u>
Change in net position	<u>(507)</u>	<u>241</u>
Net position at beginning of year	<u>18,672</u>	<u>18,431</u>
Net position at end of year	<u>\$18,165</u>	<u>\$18,672</u>

The Corporation has adopted GASB Statement 72, which requires investments to be presented at fair value, resulting in a decrease in income of approximately \$507 in 2021 and an increase in income of \$241 in 2020, when compared to the historical cost method.

The above financial information was derived from the annual financial statements. The financial audit for the year ended June 30, 2021 was performed by MCM CPAs and Advisors LLP. A copy of the completed annual report can be downloaded at www.kylottery.com or obtained by writing: Kentucky Lottery Corporation, PR Dept., 1011 W Main Street, Louisville, KY 40202 or by calling (502) 560-1677.

* Payments to the Commonwealth of Kentucky include both payments made and payments accrued for transfer to the Commonwealth as of June 30, 2021 and June 30, 2020.



KLC BOARD OF DIRECTORS (as of 6/30/21)

MARK F. SOMMER
Chair

JAN BUDDEKE
Vice Chair

ALLISON BALL
Kentucky State Treasurer

SUMMER GOLDMAN
Director

EMILY MOORE
Director

AARON WITTEN
Director

DR. TOM ABELL
Director

CAMMIE GRANT
Director

KLC EXECUTIVE STAFF: (as of 6/31/21)

MARY HARVILLE
President & CEO

MARGARET "MARTY" GIBBS
Executive Vice President & COO

HOWARD B. KLINE
Executive Vice President & CFO

BILL HICKERSON
Senior Vice President of Security

GARY RUSKOWSKI
Senior Vice President of Information Technology

CHIP POLSTON
Senior Vice President of Communications,
Public Relations & Social Responsibility

JENNIFER LUHRS
Vice President, General Counsel
& Corporate Secretary

AMY DROOKER
Vice President of Sales

EDIE FRAKES
Vice President of Marketing

MAGGIE GARRISON
Vice President & Corporate Controller

RICK KELLEY
Vice President of Finance and Administration

T.H. MORRIS
Vice President of Systems Development

INGRAM QUICK
Vice President of Internal Audit

PETE RAMSEY
Vice President of Corporate Accounts
& Business Development

MICHELE SULLIVAN
Vice President of Human Resources

BRENDA WILKERSON
Vice President of IT Operations



KYLOTTERY.COM

HEADQUARTERS:

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