



Product Performance Update
Q2 of Business Year 2024 (10/1/23 - 12/30/23)

Jan 2024 Commission Meeting

Trends - Over the Last Decade

- **Consumers have been more cautious** with their disposable income
- **Lottery sales as a share of overall Oregonian consumer spend are on the decline** - Video Lottery sales have increased 3.7% while personal income has increased 5.7% (2010-19)
- There has been a **slow erosion of the total number of retailers** impacting Lottery revenues as a share of state's All Funds budget



Lottery trends generally follow the overall economy



Population growth is a factor, but even in a zero-migration scenario, total personal income and consumer spending in Oregon will increase in the years ahead

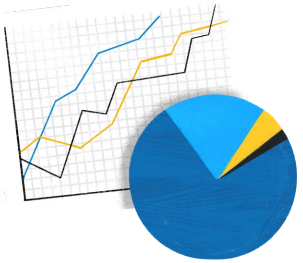


Lottery revenue is about consumer preferences for entertainment and how consumers chose to spend their disposable income

Current Outlook



- Today, Video Lottery sales as a share of personal income is at its lowest point in a decade indicating that the **post-pandemic sales peak was a temporary change** that is not sustainable and can't keep up with income gains



- Video Lottery sales will continue to grow **at a slower rate than personal income growth**



Expectations for the Future...

Outlook for Lottery revenue growth is positive based on economic forecast, but other factors could have a more negative impact:

- **Increased competition for household entertainment dollars** as gaming and overall entertainment options expand
- **Generational shifts in preferences and tastes** for gaming products



Oregon Lottery Enablers

Technology, services, products/features and game content is upgraded to keep current and meet consumer preferences



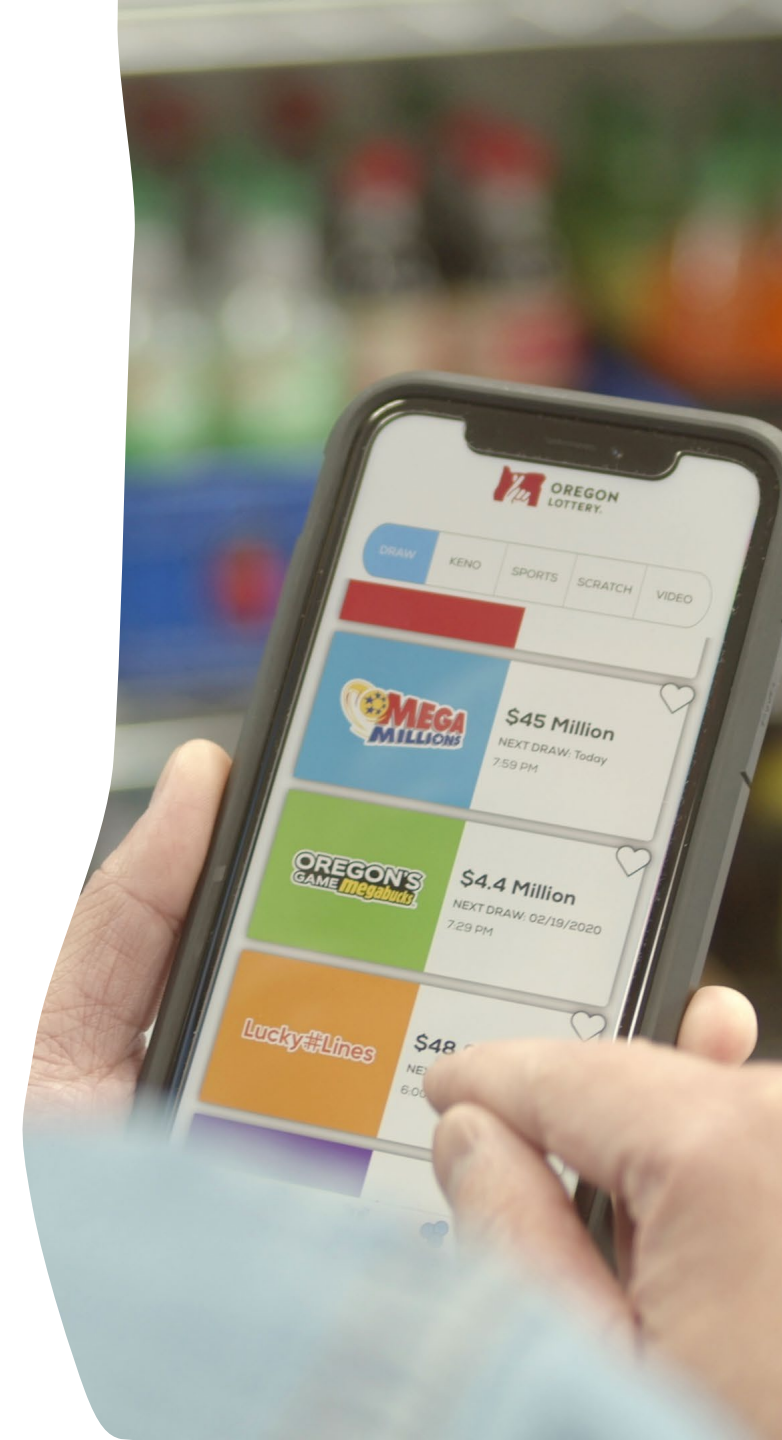
A base level of marketing and promotions



Create positive sentiment (Brand Promise) amongst Oregonians



Lottery Products Quarterly Update



Scratch-its Quarterly Performance

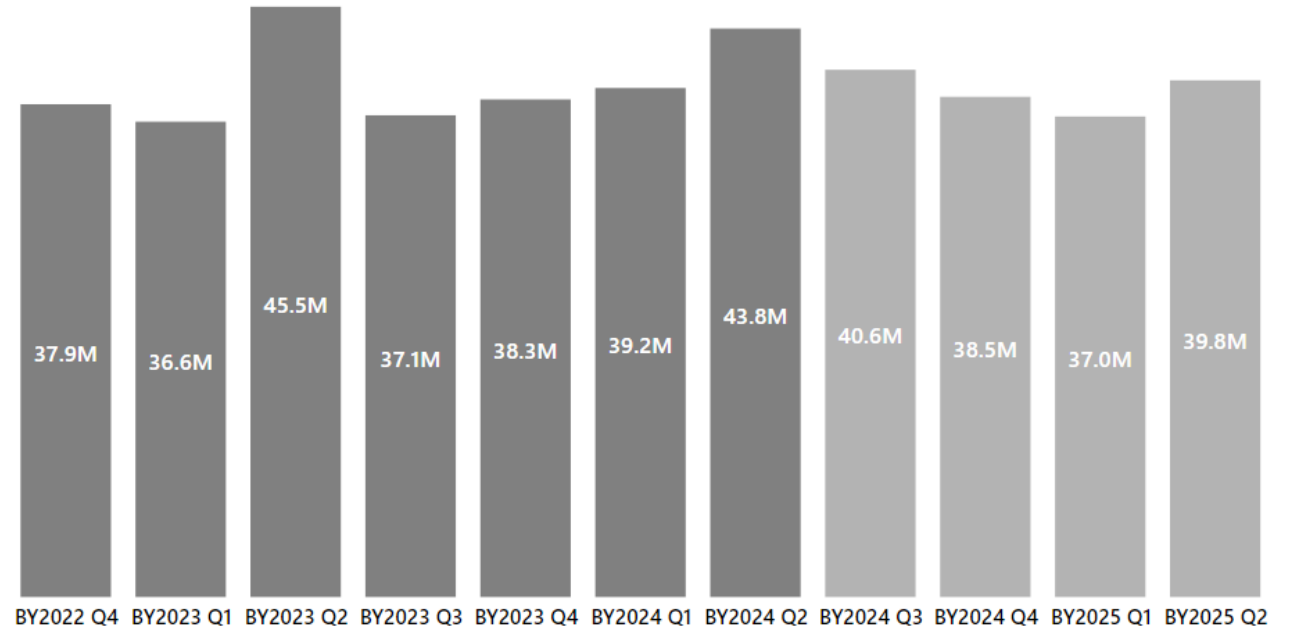
● Forecast ● Actuals

Scratch-its Highlights

- BY23Q2 and BY24Q1 had 14 weeks
- Q2 sales down -3.9% YOY
- YTD sales up 1%

Holiday Scratch-it Sales

- Christmas week total sales reached \$6.4M
- Total sales for the month of December reached \$19M
- Sales of the \$20 holiday game had the highest percentage of holiday game revenue



Type	BY24 Q2		
	Actual	Forecast	Difference
Sales	\$43,776,776	\$40,253,803	8.8%
Transfer	\$6,378,451	\$6,440,608	-1.0%

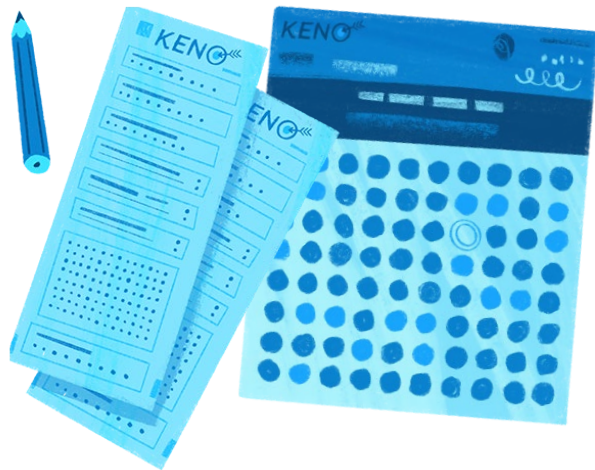
Transfer is estimate based on prize payout

Sep 2023 OEA Forecast

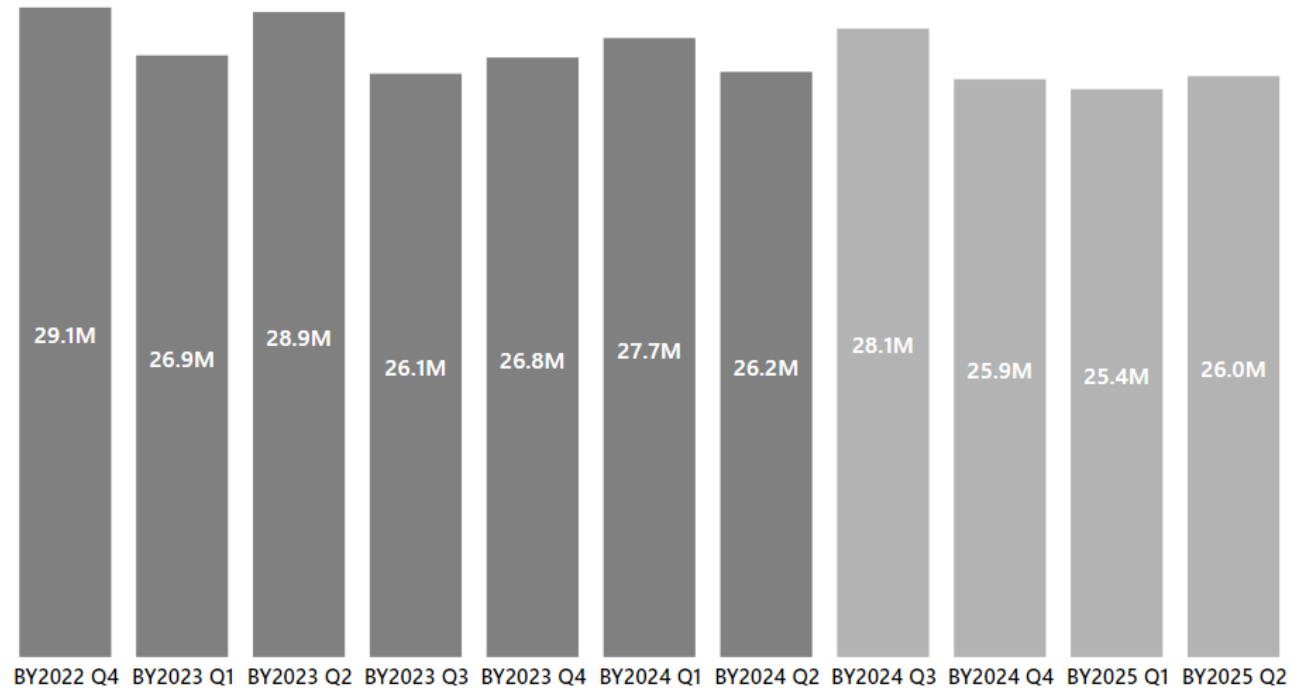
Keno Quarterly Performance

Keno Highlights:

- Sales for the quarter were \$26.2M
- YOY decrease of 10.3%
- Largest 8-Spot Jackpot \$91k
- \$1M 10-Spot Winner



● Forecast ● Actuals



Type	BY24 Q2		
	Actual	Forecast	Difference
Sales	\$26,202,920	\$26,164,094	0.1%
Transfer	\$4,192,467	\$4,186,255	0.1%

Transfer is estimate based on prize payout

Sep 2023 OEA Forecast

Jackpot Games Quarterly Performance

● Forecast ● Actuals

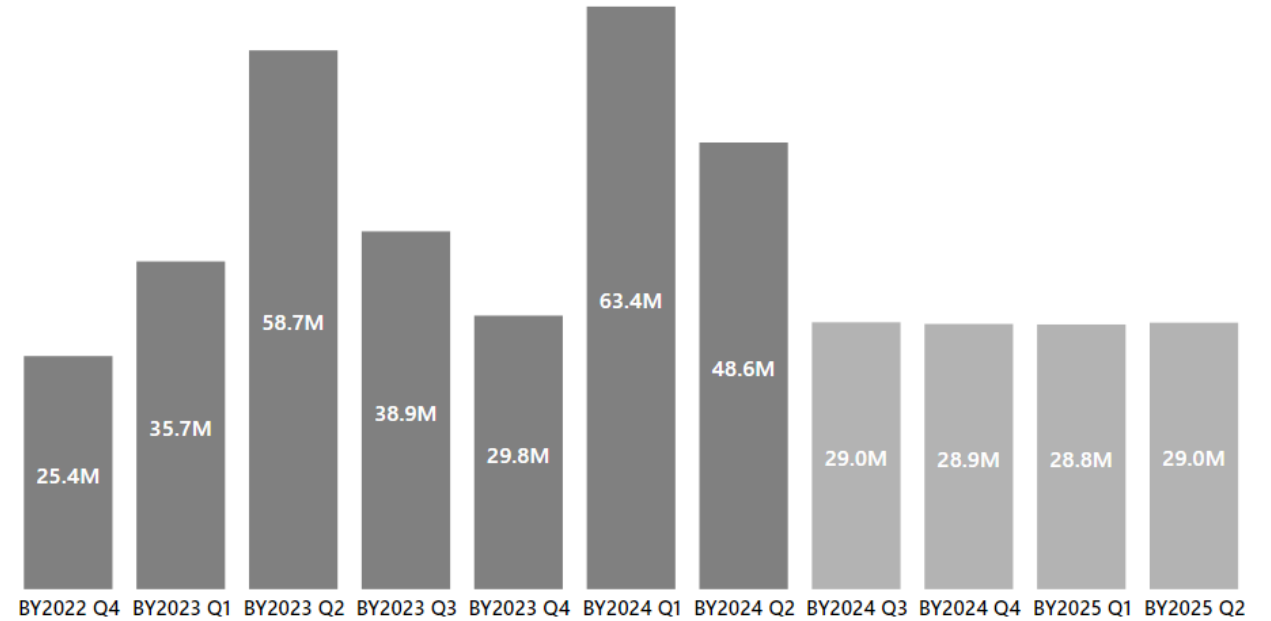
Jackpot Games Highlights:



- Climbing jackpots have contributed to increased revenue vs forecast during this last quarter



- Top Jackpots of Q2
 - Powerball: \$1.7B on 10/11
 - Mega Millions \$395M on 12/8
 - Oregon's Game Megabucks: N/A



Type	BY24 Q2		
	Actual	Forecast	Difference
Sales	\$48,623,155	\$26,968,888	80.3%
Transfer	\$14,617,835	\$7,605,235	92.2%

Transfer is estimate based on prize payout

Sep 2023 OEA Forecast



Video Products Quarterly Update

Video Lottery Quarterly Performance

Video Lottery Highlights:

- Year-to-date actual vs. forecast -0.1%
- Video Lottery ecosystem updates

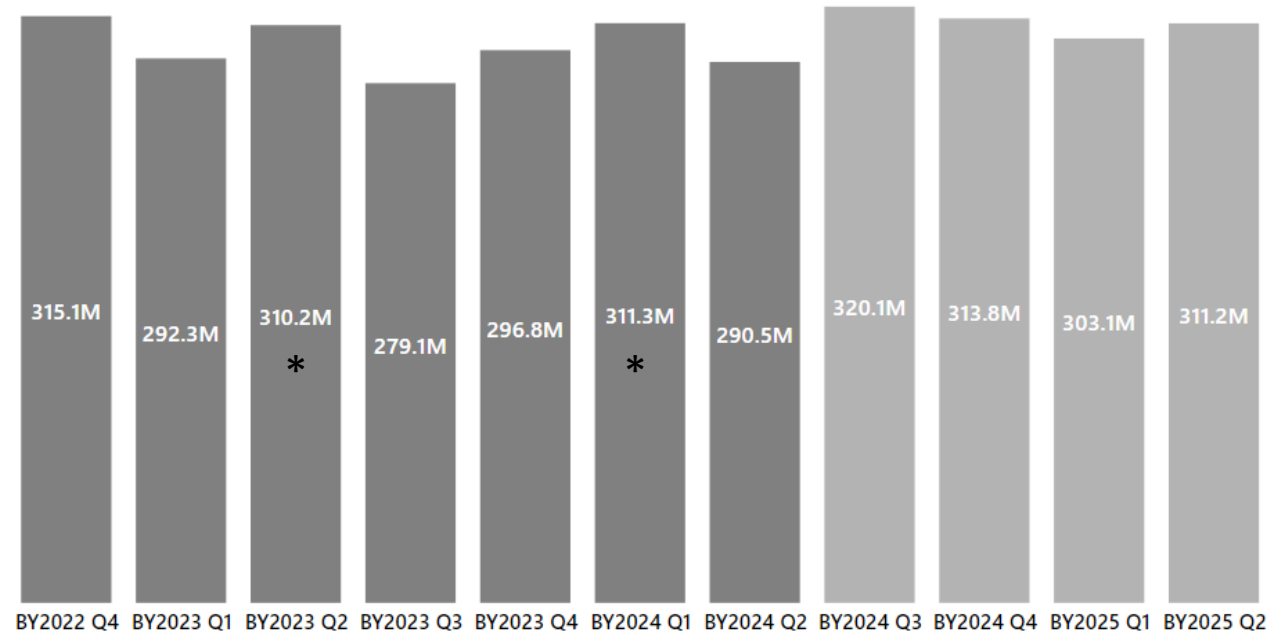


Systems + Equipment



Games + Content Management

● Forecast ● Actuals



*BY23Q2 and BY24Q1 had 14 weeks vs. 13 weeks

Type	BY24 Q2		
	Actual	Forecast	Difference
Sales	\$290,468,257	\$295,906,640	-1.8%
Transfer	\$189,385,304	\$192,931,129	-1.8%

Transfer is estimate based on prize payout

Sep 2023 OEA Forecast

Video Lottery Ecosystem Highlights

VLT Replacements

- Annual base budget of \$20M
- Replaced 32% of E20 VLTs YTD
- Overall, retailers that received the new Cascada VLT showed a **3.42% improvement** in net sales vs. those that did not over the 100 day field trial.

Equipment Management

- VLT additions at 125 highest performing retailers
 - **7.6% increase**
 - **\$3.5M** in additional transfers
- VLT removals at 25 lowest performing retailers
 - **4.5% decrease**
 - **\$34k** in reduced transfers

New Retailers

- Resumed processing new retailer applications in July 2023
- 343 interested applicants August 2022-January 2024
- 292 (**85%**) have been addressed or are in progress
- 51 remain on waitlist

Content Management

- Continuing to build game libraries and launch new content regularly
- Will launch new games across **multiple products** going into spring seasonal peak

NOTE: Video Lottery Retailer and VLT counts have remained flat since last year

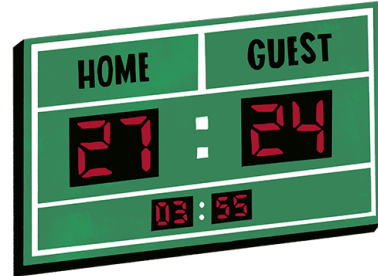
Sports Betting Product Quarterly Update



Sports Betting Quarterly Performance

Sports Betting Highlights:

- Over \$213M in Turnover
- Gross Gaming Revenue \$25.6M



Year over year growth

- # of Bets: +34.8%
- Turnover\$: +25.2%
- Gross Gaming Revenue: +37%

What is driving product growth? - Continuous user growth

- New player registrations are consistently increasing overall player base Q2: Just under 18,000 new registrations
- Distinct Active Bettors within Q2: 83,521

Primary Sports of Q2

- Football, Basketball, Table Tennis, MMA



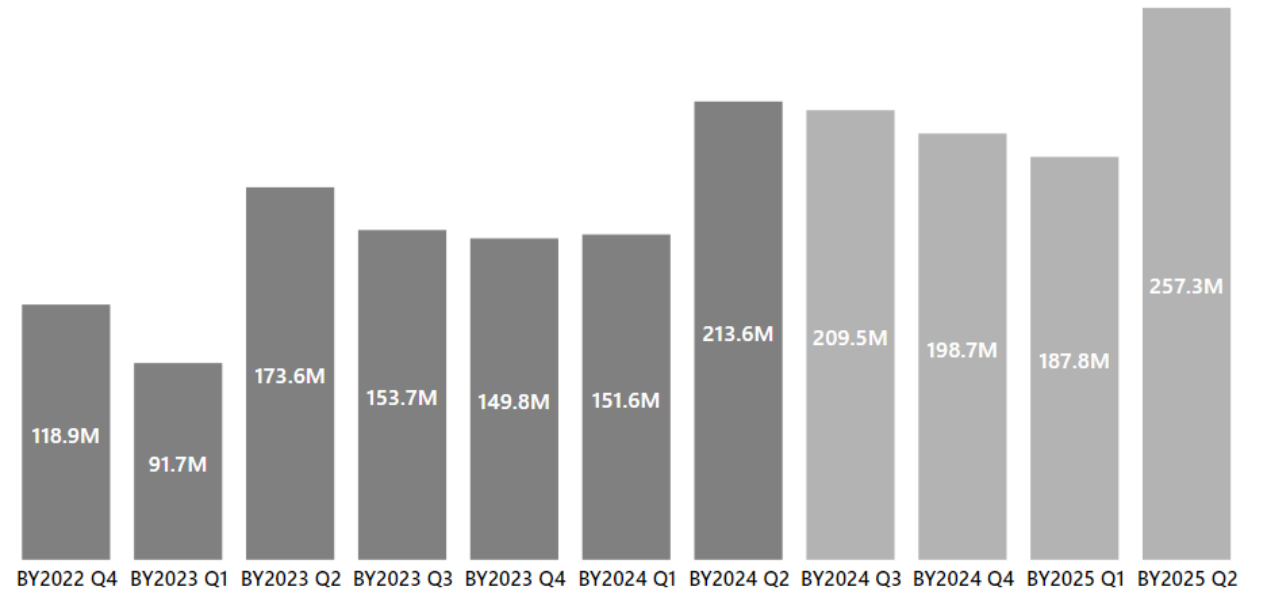
Looking to Q3 – lots of sports activity ahead

- NFL Playoffs and Super Bowl LVIII

Winner Stories

- In NFL, a customer placed a \$20 parlay on 8 selections to win \$17,662
- In NHL, a customer placed a \$5 parlay with 5 selections to win \$9,731

● Forecast Turnover ● Actuals Turnover



Type	BY2024 Q2		
	Actual	Forecast	Difference
GGR	\$25,619,618	\$20,753,430	23.4%
Turnover/Handle	\$213,584,017	\$197,427,960	8.2%

OSL Internal forecast September 2023

Thank You



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LOTTERY®**

Together, we do good things.