



## **QUARTERLY REPORT ON THE PRIVATE MANAGEMENT AGREEMENT**

*Fiscal Year 2024 Quarter 2 (October 1, 2023 – December 31, 2023)  
(20 ILCS 1605/9.1)*

*Respectfully submitted to:*

**Illinois Governor JB Pritzker  
Senate President Don Harmon  
Senate Republican Leader John Curran  
House Speaker Emanuel "Chris" Welch  
House Republican Leader Tony McCombie**

## **The Illinois Lottery – Private Management Current Status**

In early August of Q1 FY24 Camelot Illinois rebranded themselves as Allwyn North America as a result of the acquisition of Camelot Illinois in December 2022 by the European lottery operator, Allwyn. Allwyn North America (“Allwyn”) will replace all references of Camelot Illinois (“Camelot”) moving forward.

In FY24, Allwyn’s approved Annual Business Plan (“Plan”) projected Operating Revenue of \$3.698 billion and Operating Income of \$840 million. The Operating Revenue projection is a 2.3% increase from the \$3.614 billion generated in FY23. The Operating Income projection is a 4.7% decrease from the \$881.6 million generated in FY23 and is reflective of an anticipated increase of our higher prize payout games in FY24.

Q2 FY24 Operating Revenue was \$934.0 million which was .4% lower than the Q2 FY23 Operating Revenue of \$937.8 million and 2.8% higher than the Q2 FY24 Plan target of \$919.1 million. A decrease in Mega Millions and Powerball game sales of approximately \$49 million was offset by increase in Fast Play of approximately \$26 million. There were fewer large jackpots for those games in FY24 compared to FY23 which has affected sales.

Q2 FY24 Operating Income was \$213.2 million, which was 9.4% lower than the Q2 FY23 Operating Income of \$235.5 million, and 2.8% higher than the Plan target of \$207.4 million. Q2 Operating Income was lower than prior year mostly due to draw-based game sales being lower, particularly Mega Millions and Powerball which had a very strong Q2 in FY23 . Operating Income is performing slightly better than the Plan projection as GGR was up \$20 million from Plan.

Q2 FY24 iLottery sales were \$159.1 million, which was 17.2% higher than Q2 FY23 iLottery sales of \$135.8 million and 9.6% higher than the Plan target of \$145.2 million. Sales are higher than the Plan mostly due to Powerball performance. Total Powerball sales through Q2 were approximately \$40 million higher than Plan and Fast Play sales were approximately \$3 million lower than Plan. Our Pick games were \$4 million lower than Plan, and Mega Millions was approximately \$4 million lower than Plan.

Common School Fund transfers for Q2 FY24 were \$205 million, which was 36.6% higher than Q2 FY23 transfers of \$150.0 million. Specialty cause transfers were \$1.8 million, 1.4% higher than FY23 Q2 transfers of \$1.7 million.

Marketing tactics shifted in FY24 to focus more on instants. 44% of our budget for paid media for the first half of FY24 is dedicated to instants. Fast Play is a close second with 38% of paid media spend. Specifically, in-store and shopper media are significantly increased. The shopper marketing plan focuses on the shoppers throughout their purchase journey in-store. Much of Q2 marketing was focused on developing the new “Scratch Away” instant ticket campaign with the first spot to be a holiday commercial followed by a Monopoly commercial for Q3.

Along with our sponsorships of the Chicago Sky and Fire which began in Q1, we began our

sponsorships again for the Chicago Bulls and Chicago Blackhawks. Several sweepstakes took place during Q2 related to the teams and focused on Lottery and non-Lottery players who engage with these sports. A sweepstakes related to our Monopoly ticket was also executed.

Two experiential activations took place in Q2: The Magnificent Mile Lights Fest and our Holiday Toy Drives.

**The three FY24 core objectives of the business plan are:**

1. Modernize the product offering to capitalize on market opportunities and recent successes.
2. Grow and diversify the player base through engaging, data-driven marketing activities.
3. Evolve the in-store lottery experience for retailers and customers.

In delivering these objectives, Allwyn aims to maximize net Income for the Common School Fund and good causes. The Department and Allwyn utilize the Plan’s core objectives to guide decision making throughout the year.

**Total Sales and Transfers to Good Causes**

<b>FY24</b>	<b>Sales Revenue</b>	<b>Transfers to the Common School Fund<sup>1</sup></b>	<b>Transfers to Special Causes</b>
Q1	\$966,121,106	\$215,000,000	\$2,349,406
Q2	\$933,780,172	\$205,000,000	\$1,771,730
Q3			
Q4			
<b>Total</b>	<b>\$1,899,901,278</b>	<b>\$420,000,000</b>	<b>\$4,121,136</b>

<sup>1</sup> Transfers to the Common School Fund (CSF) are made based upon net Income available to transfer.

## **Specialty Cause Detail**

<b>Specialty Ticket Cause</b>	<b>FY24 Transfers thru Q2</b>
Veterans	\$498,610
Ticket for the Cure	\$467,053
Red Ribbon Cash	\$705,753
The MS Project	\$ 17,054
Special Olympics	\$ 75,764
Police Memorials	\$570,735
Homelessness Prevention	\$795,639
Alzheimer’s Awareness	\$990,528
<b>Total</b>	<b>\$4,121,136</b>

## **iLottery Program**

HB 4700 passed the Legislature in spring 2022 and was signed by Gov. JB Pritzker on April 19, 2022. The bill extends the iLottery program to July 1, 2025. The Department and Allwyn believe that the iLottery channel is important to grow a modern and sustainable lottery and continue to focus on growth in this area.

iLottery sales through FY24 Q2 were over \$324 million.

<b>FY24</b>	<b>Internet Sales</b>	<b>Subscription Sales</b>	<b>Total iLottery Sales</b>
Q1	\$160,599,457	\$5,093,182	<b>\$165,692,639</b>
Q2	\$154,369,885	\$4,776,050	<b>\$159,145,935</b>
Q3			
Q4			
<b>Total</b>	<b>\$314,969,341</b>	<b>\$9,869,232</b>	<b>\$324,838,573</b>

## **Responsible Gaming**

Throughout the third quarter of fiscal year 2024, the Illinois Lottery continued to focus on supporting and strengthening its responsible gaming program consistent with best practices recommended by the World Lottery Association and the National Council on Problem Gambling.

### **Stakeholder Engagement**

In March 2024, the Illinois Lottery published its third annual responsible gaming report to promote the transparency of positive play efforts and solicit feedback from interested stakeholders on opportunities for future improvement. A copy of the report was shared with key stakeholders, including the National Council on Problem Gambling, the Illinois Council on Problem Gambling, and the Illinois Alliance on Problem Gambling. Illinois Lottery employees and retailers received information about the report, which is also publicly available at:

<https://www.illinoislottery.com/about-the-games/responsible-and-safe-play/our-commitment>.

### **Employee Education**

A responsible gaming training was developed and included in the onboarding manual for Illinois Lottery sales representatives (LSRs). The training provides an overview of the Illinois Lottery's responsible gaming commitment and practices, problem gambling warning signs and support resources, and responsible gaming resources and materials available to all Illinois Lottery retailers, players, and LSRs.

### **Player and Retailer Education**

Throughout March, the Illinois Lottery again joined with the National Council on Problem Gambling to raise awareness of problem gambling and available support resources. Campaign efforts included:

- The player-tested slogan: "Help and hope are here: call 1-800-GAMBLER."
- A media release issued jointly with the Illinois Council on Problem Gambling (ICPG). The release earned 11 media placements with an audience reach of over 6.2 million.
- 20 posts across Lottery's social media channels earning over 30,000 impressions.
- Print and digital advertisements displayed by Lottery's multicultural media partners, including media outlets representing the African American Community Market, Hispanic Community Market, and Asian Community Market.
- Messaging displayed on customer-facing Horizon / ESMM screens at retail.
- Messaging to retailers via the Photon terminals, Lottery Lowdown, and digital newsletter.
- Messaging to employees through the monthly newsletter, LinkedIn post, and internal communication channels.
- Dedicated PGAM messaging appearing on the front of draw game tickets during the month of March.
- Assisting ICPG's campaign participation by creating and providing email signature block emblems and a website banner.

### **Stakeholder Engagement**

The Illinois Lottery sponsored the 1st Annual African American / Black Conference on Problem Gambling to raise awareness about problem gambling in the African American / Black community

and initiate conversations on effective prevention and support strategies. The event was organized by the Illinois Council on Problem Gambling, and representatives from the Illinois Lottery’s responsible gaming program were in attendance.

**Business Enterprise Program (BEP) Spending**

The Private Management Agreement encourages Allwyn to maintain a goal that awards at least 20% of the company’s spend in marketing, advertising, and shipping/freight to State of Illinois BEP-certified minority owned businesses.

For FY24, the total budgeted spend by Allwyn in these areas was anticipated to be \$36,524,519 resulting in a BEP spending goal of \$7,304,903 for FY24. Allwyn’s BEP spend in FY23 Q1 was \$2,985,802 and the spend in Q2 was \$3,019,830. Therefore, Allwyn has achieved approximately 82% of their BEP spending goal for FY24 thus far.

<b>FY23</b>	<b>BEP Spend</b>
Q1	\$2,985,802
Q2	\$3,019,830
Q3	
Q4	
<b>Total</b>	<b>\$6,005,632<sup>2</sup></b>

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<sup>2</sup> This is the amount that has presently been confirmed by subcontractors recorded by the Business Enterprise Program’s BEP Compliance Module as of 12-1-2023