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TEXAS LOTTERY ECLIPSES \$8 BILLION IN SALES FOR FIRST TIME IN FY 2021

Nearly \$2 billion transferred to Texas public schools and Texas veterans, highest revenue transfer in Texas Lottery® history

(AUSTIN) – As it celebrates its 30th anniversary, the Texas Lottery crossed another major milestone, achieving \$8.107 billion in sales during its 11th-consecutive record-breaking year – resulting in a record total contribution of \$1.998 billion for Texas education and veterans. The Texas Lottery's new record sales total, a \$1.403 billion increase (20.9%) over FY 2020, was driven by a pair of independent records, as the Texas Lottery achieved its highest scratch ticket and draw game sales' totals in its nearly 30-year history.

"When then-Gov. Ann Richards purchased the first Texas Lottery scratch ticket in May 1992, no one dreamed of reaching \$8 billion in sales or contributing nearly \$2 billion in one year to our great state from the sale of lottery products," said Gary Grief, executive director of the Texas Lottery. "Not only that, the Texas Lottery has seen sales growth of more than \$3 billion – or 60 percent – over the last five years, making it one of the fastest-growing in the nation over that time span. These accomplishments are due to the great dedication, attention to detail and hard work of our employees, vendor partners and most especially our retailers, nearly all of which were deemed 'essential businesses' and have worked tirelessly to serve their communities during the COVID-19 pandemic."

This year's revenue transfer of \$1.998 billion broke the previous record revenue contribution set in FY 2020 by \$315 million, an 18.7% increase. It included \$1.974 billion to the Foundation School Fund and \$23.4 million to the Fund for Veterans' Assistance, the Texas Lottery's largest contributions to Texas education and Texas veterans. The Texas Lottery has now contributed more than \$27.6 billion to Texas public education and more than \$166 million to Texas veterans since the dedication of such funds by the Texas Legislature.

"We are thrilled to announce the Texas Lottery once again generated record revenue for Texas education and veterans during fiscal year 2021," said Robert G. Rivera, Chairman of the Texas Lottery Commission. "We want to thank all the players for supporting the Texas Lottery and for their

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participation in providing these much-needed funds for the Foundation School Fund and the Fund for Veterans' Assistance."

Record Scratch Ticket Sales

Scratch ticket sales for FY 2021 totaled \$6.617 billion, a new Texas Lottery scratch ticket sales record, accounting for 81.6% of the portfolio's total sales. The new record reflects \$1.061 billion more in sales and a 19.1% increase over FY 2020. With strategic planning that led to a robust ticket lineup, in FY 2021 the Texas Lottery reported its best 19 weeks of scratch ticket sales in Texas Lottery history, culminating in a new weekly scratch ticket sales record of \$158.7 million for the week ending Apr. 3, 2021.

Scratch ticket sales growth in FY 2021 was led by large increases at the \$50, \$20 and \$10 scratch ticket price points. Leading scratch ticket sales, the \$10 price point generated more than 25% of total scratch ticket sales, totaling \$1.695 billion for FY 2021 – an increase of \$246.5 million, or 17%, over FY 2020. The top-selling game at the \$10 price point was Mega Loteria, with its two versions totaling \$411.8 million in sales during FY 2021.

The \$20 scratch ticket price point saw a \$337.8 million increase, or 33% gains over FY 2020. Sales at the \$20 price point totaled \$1.348 billion and included four games in the top 15 – Million Dollar Loteria, \$1,000,000 Extreme Cash, 200X THE CASH and \$1,000,000 Crossword.

The \$50 price point showed gains of \$480.2 million, or 75% higher than sales in FY 2020, the largest overall growth of any price point in scratch ticket sales in FY 2021. Fifty-dollar scratch tickets held the #1, #2, #3, #9 and #10 positions of the Texas Lottery's top-15 selling games during FY 2021, led by two versions of 500X Loteria Spectacular, which combined for \$404.2 million in sales during the fiscal year.

Multicultural-themed scratch ticket games continue to soar in popularity with Texas Lottery players, generating sales of \$1.554 billion, or 23.5% of total scratch ticket sales, in FY 2021. Of the Texas Lottery's top-15 selling scratch ticket games during FY 2021, Loteria-themed games ranked #2, #4, #5, #6, #7 and #10.

The agency's core scratch ticket families also proved pivotal to the record sales year. In January 2021, the X THE CASH family was introduced with scratch ticket price points of \$1, \$3, \$5, \$10 and \$20. The family of games generated \$468.9 million in sales during the fiscal year. And the Extreme Cash family, which features tickets at the \$1, \$5, \$10 and \$20 price points, has totaled \$330.8 million since its September 2020 launch.

Record Draw Games Sales

In addition to record scratch ticket sales, a strong performance from the draw games portion of the portfolio led to a record \$1.49 billion in draw games sales for the Texas Lottery – a \$342 million increase over FY 2020, the largest year-over-year increase since lottery start-up.

Texas' in-state draw games produced \$781.4 million in sales, the highest sales total since FY 2005. This growth was led by the daily draw games, which generated \$547.6 million in sales for the fiscal year – the highest amount in Texas Lottery history and a \$52.5 million increase over the previous record of \$495.1 million set in FY 2020.

Of these daily games, Pick 3[™] plus FIREBALL and Daily 4[™] plus FIREBALL set a new record with \$452.1 million in combined total sales – more than 30% of total draw sales. Daily 4 generated \$141.8 million in sales, a new lottery record, and Pick 3 reached \$310.3 million in sales, the highest total for that game since FY 2008. Pick 3 reported a sales increase of \$30.1 million, its largest sales growth in game history.

The other two daily draw games, Cash Five® and All or Nothing™, both reached their highest sales marks since FY 2015. Cash Five generated sales of \$51.5 million and All or Nothing totaled \$43.9 million in sales during the fiscal year.

Texas' in-state jackpot games also saw great growth during FY 2021. Lotto Texas with Extra![®] generated \$167.3 million in sales, the highest amount since FY 2013. Of that, Extra! – the game's add-on feature – set a new record with \$38.3 million in total sales. And Texas Two Step[®] produced \$66.6 million in sales, the game's highest sales total since FY 2004.

Propelled by large, dueling jackpots in January 2021, the multi-state games Powerball[®] and Mega Millions[®] generated a combined \$708.8 million in sales. Of that, Powerball sales totaled \$328.2 million; Mega Millions' sales total of \$380.6 million – a \$148.7 million increase over FY 2020 – marks the Texas Lottery's largest sales increase since it started offering the game in 2003.

Record Year for Retailers

FY 2021 was a record year for the Texas Lottery's **20,434 retailers** across the state. Retailer commissions totaled **\$405.8 million**, **the highest payment to retailers** in Texas Lottery history. In all, **\$434.1 million was paid to retailers in commissions, incentives and through the retailer bonus program** – a new Texas Lottery record, and **an average payment of \$19,832** for each of the Texas Lottery's retail partners.

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Record Year for Prizes Paid to Players

FY 2021 was also a big year for Texas Lottery players. The agency paid **\$5.492 billion in payments to prize winners** – the highest prize payment in Texas Lottery history, and an increase of \$968.4 million in prizes paid to players from the year before.

Responsible Gambling Efforts Recognized

While achieving another year of record sales growth, the Texas Lottery remained laser focused on social responsibility by enhancing implementation of its responsible gambling initiatives. The agency continued awareness training for retailers, vendor staff and agency employees, participated in the international campaigns for Problem Gambling Awareness Month and responsible holiday gifting and made PLAY RESPONSIBLY campaign information widely available to players and retailers. During FY 2021, the Texas Lottery was certified by the National Council on Problem Gambling (NCPG) and the North American Association of State and Provincial Lotteries (NASPL) for meeting the NASPL/NCPG Responsible Gaming Verification Standards at the Implementation Level. The Texas Lottery previously achieved and holds international recognition by the World Lottery Association (WLA) at Level 3 of the WLA Responsible Gaming Framework.

Fiscal Stewardship

The Texas Lottery continued to adhere to its conservative budgeting approach in FY 2021, as it kept its administrative expenditures to \$286.8 million, or 3.54% of sales – one of the industry's lowest administrative expenditure rates in the country.

FY 2021 by the Numbers

- If it were a publicly traded company, \$8.107 billion in annual sales would place the Texas
 Lottery at No. 372 on the 2021 Fortune 500 list, behind Hershey and ahead of other well known brands including J.M. Smucker, Intuit, Citizens Financial Group and Foot Locker.
- This is the 18th consecutive year that the Texas Lottery generated more than \$1 billion in revenue for Texas, with a record, total contribution to the state of \$1.998 billion.
- 97.7% of Texas Lottery sales are returned in the form of contributions to the Foundation School Fund, the Fund for Veterans' Assistance and other state programs, and through prizes, retailer commissions, and incentives.

The Beneficiaries: Texas Education and Texas Veterans

The Foundation School Fund, administered by the Texas Education Agency, funds the operational needs and special program services for Texas school districts, including teacher salaries, utilities, equipment, bilingual education, special education, gifted and talented education, and career and technical education.

The Texas Veterans Commission Fund for Veterans' Assistance makes grants available to eligible charitable organizations, local government agencies, and Veterans Service Organizations that provide direct services to Texas veterans and their families. With 1.7 million veterans spread across the state, these programs provide financial assistance, transportation services, Post-Traumatic Stress Disorder counseling and housing assistance.

About the Texas Lottery

Beginning with the first ticket sold in 1992, the Texas Lottery has generated \$33.6 billion in revenue for the state and distributed \$71 billion in prizes to lottery players. Since 1997, the Texas Lottery has contributed \$27.6 billion to the Foundation School Fund, which supports public education in Texas. As authorized by the Texas Legislature, certain Texas Lottery revenues benefit state programs including the Fund for Veterans' Assistance. Since the first veterans' themed scratch ticket game was launched in 2009, the Texas Lottery has contributed more than \$166 million for programs supporting Texas veterans.

The Texas Lottery provides several entertaining games for lottery players including Powerball[®], Mega Millions[®], Lotto Texas[®], All or Nothing[™], Texas Two Step[®], Pick 3[™], Daily 4[™], Cash Five[®] and scratch ticket games. For more information visit us on Facebook, Twitter, Instagram, YouTube or at www.texaslottery.com. PLAY RESPONSIBLY.

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