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TEXAS LOTTERY RECORDS SECOND-BEST YEAR WITH \$8.39 BILLION IN SALES FOR FY 2024

Generates \$2 billion for public education & veterans' services for second-consecutive year

AUSTIN – The Texas Lottery achieved \$8.39 billion in sales for fiscal year (FY) 2024, marking the second-best year in the agency's history. This strong performance led to the Texas Lottery generating \$2.007 billion for the State of Texas to support public education and veterans' services. This marks the second-consecutive year that the agency has transferred at least \$2 billion to its two primary beneficiaries. Despite fewer billion-dollar multi-jurisdiction jackpots and multiple major weather incidents, innovative product offerings and strong player engagement propelled the Texas Lottery to its second-best year for both scratch ticket and draw game sales. While the agency's FY 2024 sales results were consistent with the broader lottery industry, it surpassed its average sales of the last three fiscal years. The Texas Lottery has now seen sales growth of \$1.686 billion, or 25.2%, over the past five years.

"The 2024 fiscal year was a standout year for the Texas Lottery, once again showcasing its ability to develop exciting new games that captivate and engage lottery players," said Ryan Mindell, executive director of the Texas Lottery. "The Texas Lottery's staff, vendor partners and retailers showed incredible drive, resilience and ability to hold the interest of players. That hard work and enthusiasm were a catalyst for the Texas Lottery achieving its second-best year on record for both sales and revenue transferred to the State. This success is a testament to the commitment of the entire Texas Lottery team and its partners to generate important revenue for public education and veterans' services. As the new fiscal year gets underway, we're excited to build on these accomplishments to maximize support for our beneficiaries."

The \$2.007 billion revenue transfer for this fiscal year included \$1.98 billion to the Foundation School Fund and \$26.8 million to the Fund for Veterans' Assistance — the Texas Lottery's second-largest contributions to public education and veterans, respectively. The Texas Lottery has now contributed \$33.7 billion to Texas public education and more than \$248 million to Texas veterans since the dedication of such funds were directed by the Texas Legislature.

"The Texas Lottery continues to demonstrate its commitment to supporting the State of Texas," said Robert G. Rivera, Chairman of the Texas Lottery Commission. "The hard work and dedication of agency staff and vendor partners signifies tangible appreciation for the Foundation School Fund and the Fund for Veterans' Assistance. Looking ahead, the Texas Lottery is committed to building on this year's progress and further enhancing support for our state."

Sunset Review Process

In FY 2024, the Texas Lottery Commission began its Sunset Review, an independent assessment led by the Sunset Advisory Commission. This process, which will continue through the upcoming 89th Legislature, evaluates the agency's effectiveness and proposes recommendations for improvement. The agency remains prepared to implement any changes deemed necessary by the Legislature to enhance its operations and continue serving the State's needs effectively.

Responsible Gambling Efforts Recognized

In FY 2024, the Texas Lottery continued to prioritize responsible gambling (RG) as a core element of its social responsibility initiatives. The Texas Lottery's commitment was evident through its comprehensive approach, which included enhanced annual training for retailers, vendor staff and agency employees. This training was complemented by the agency's active participation in the international campaigns for Problem Gambling Awareness Month and responsible holiday gifting to educate adults about the potential harms associated with lottery play for youth, alongside consistent reminders on all products and advertising that players must be 18 years or older to purchase a ticket.

The Texas Lottery took additional steps in August 2024 by launching a focused campaign, running through early FY 2025, to reinforce that lottery tickets are not for minors. This initiative included retailer-specific messaging in newsletters and sales terminal notices. The general public was notified through social media posts, mobile app notifications, email notifications, screens at the point of purchase, and website and mobile app banners. These efforts reinforced the agency's longstanding, proactive stance in ensuring its retailers and players understand the laws prohibiting the sale of tickets to minors.

Throughout the year, the Texas Lottery maintained a steady flow of responsible play messaging through various channels, including social media, customer service on-hold messages, retailer communications and online training videos that are available 24/7. All advertising and marketing materials and self-service vending machines maintained messaging to remind customers and retailers that players must be 18 years or older to purchase lottery tickets while providing accessible information for responsible play and resources for support with problem gambling.

The Texas Lottery's RG program was recognized by North American Association of State and Provincial Lotteries (NASPL) with awards for RG communications in digital media and print. Its high standards also were confirmed by achieving three-year recertification jointly from NASPL and the National Council on Problem Gambling for its adherence to responsible gaming verification standards. Additionally, the Texas Lottery achieved Level 3 recertification from the World Lottery Association for its responsible gaming framework.

Fiscal Stewardship

In FY 2024, the Texas Lottery upheld its longstanding tradition of fiscal responsibility with remarkable efficiency. The agency's administrative expenditures totaled **\$278.6 million**, which represented only **3.32% of sales**. This rate is among the lowest in the nation for lottery jurisdictions, reflecting the Texas Lottery's commitment to optimizing financial management. This prudent budgeting ensures that the highest possible revenue is directed towards its critical mission of supporting public education and veterans' services across Texas.

Scratch Ticket Sales

Backed by continued success of its Loteria-themed games, the \$100 price point and the ability to offer players unique once-in-a-lifetime opportunities through promotional second-chance drawings, the Texas Lottery's scratch ticket sales surpassed \$6.6 billion for the fourth consecutive year, as the scratch ticket portfolio totaled \$6.644 billion in sales, accounting for 79.2% of total lottery sales in the fiscal year. Despite a slight decline of 1.26% from FY 2023, the Texas Lottery led all U.S. lottery jurisdictions in scratch ticket sales for the first time in its 32-year history. In addition, the \$113.3 million in sales from \$2 Veterans-dedicated games, set a new sales record for the games that directly support the Fund for Veterans' Assistance.

Loteria-themed scratch ticket games remained popular with Texas Lottery players, generating \$1.603 billion in sales, or 24.1% of total scratch ticket sales. Of the Texas Lottery's top-15 selling scratch ticket games in FY 2024, Loteria-themed games checked in at seven spots on the list.

Two years after launching the nation's first-ever \$100 scratch ticket game, the Texas Lottery released its third \$100 game in FY 2024 – \$400 Million Mega Bucks, which was the sixth-bestselling game with \$189.6 million in total sales through 30 weeks in market. Contributing to its success, the game offers players an appealing prize structure that features four top prizes of \$5 million and nearly 350,000 \$500 prizes. The Texas Lottery's \$100 price point generated \$669.7 million, or 10.1%, of total scratch ticket sales in FY 2024. This price point saw the largest overall growth with a \$94.8 million increase, or 16.5%, over FY 2023. Following its strong launch in FY 2023, Loteria Supreme continued to be a popular \$100 game as it finished FY 2024 as the No. 2 bestselling game – up four spots from the previous year – with an impressive \$320.1 million in sales.

Scratch ticket sales in FY 2024 were led by the \$20 price point, which totaled \$1.552 billion and included three of the 15 top-selling scratch ticket games – Million Dollar Loteria (No. 1 and No. 14) with its two versions totaling more than \$461.6 million in sales and \$1,000,000 Crossword (No. 7) generating more than \$177.2 million. Enhancing the price point's strong performance was the \$1,000,000 Cash Blast game and its Space Perspective Cash Adventure second-chance promotion, making the Texas Lottery the first in the world to award flights on Space Perspective's Spaceship Neptune. This unique game and prize opportunity took the lottery playing experience to new heights, capturing player interest and earning prestigious lottery industry recognition as a NASPL Award finalist for Best New Instant Game. Overall, the \$20 price point saw an increase of \$28.7 million, or 1.9%, over FY 2023.

The \$10 price point remained a major driver of scratch ticket sales in FY 2024, generating \$1.49 billion and representing more than 22.5% of all scratch ticket sales. Notably, Mega Loteria, with its two versions, was the top-selling game at this price point, totaling \$466.7 million in sales. Also making a significant contribution to the \$10 price point's performance was Lady Luck 777, a scratch ticket game that included Lady Luck promotional second-chance drawings, which gave players an exclusive chance to win a trip to a concert event featuring Martina McBride in Pigeon Forge, Tennessee. To help create buzz for the game, the Texas Lottery, with support from its vendor partners, hosted a special event at an H-E-B Food Store in Austin to launch the game and its associated second-chance promotion. The event earned prestigious industry recognition by winning a NASPL Hickey Award in the Retail Promotion category. Overall, the game generated \$61.2 million in sales in FY 2024.

Adding to the success was \$250,000 50X Cashword – a core game that the agency keeps in market at all times to meet the continued demand of its players – that generated \$161.9 million in sales, making it the 10th bestselling game in FY 2024. The \$50, \$100 or \$500 scratch ticket game, known for its only three tiers of cash prizes indicated in its name, became a core game in FY 2024. Its success across multiple print runs in recent years contributed to the game evolving to this status. For the year, the game generated \$66.7 million in sales. Another standout in this price point in FY 2024 was The Perfect Gift, a holiday scratch ticket game. The game's eye-catching design, featuring a large bow hologram and additional holographic elements, enhanced the holiday advertising campaign and stood out to players.

The \$50 price point achieved \$996.5 million in total sales for FY 2024, with four games ranking among the Texas Lottery's top 15 bestselling games during FY 2024. Leading this price point was 500X Loteria Spectacular, with \$231.3 million in sales. Overall, the \$50 price point saw an increase of \$24.7 million, or 2.5%, over FY 2023.

New scratch ticket families also contributed to the robust sales year. The Winnings family, which features tickets at the \$1, \$5, \$10 and \$20 price points, has totaled \$221.8 million since its September 2023 launch. In January 2024, the Power Blitz family was introduced with scratch ticket price points of \$1, \$3, \$5, \$10 and \$20. This family of games generated \$280.7 million in sales, while the HIT family raked in \$148.3 million since the launch of the \$1, \$5, \$10, \$20 games in May 2024.

Draw Games Sales

The Texas Lottery's draw games portfolio in FY 2024 achieved \$1.745 billion in sales, the second-highest mark for that category of games in agency history. Texas' in-state draw games accounted for \$810.1 million in sales during the year, representing 46.4% of the portfolio's total draw sales.

The Texas Lottery's four daily games played a pivotal role in the success of in-state draw games, making up a substantial 32.3% of total draw sales for the fiscal year with \$559.04 million in sales, which was a 2.1% increase from FY 2023. Within the daily games category, Pick 3[™] plus FIREBALL and Daily 4[™] plus FIREBALL combined for \$454.3 million in total sales, which was a year-over-year increase of 2.2% and accounted for 26% of total draw sales. Since its introduction in 2008, Daily 4 has seen a year-over-year sales increase every year, including FY

2024 with a record \$156.2 million in sales. Pick 3 realized its first year-over-year sales increase since FY 2021 and contributed \$298.1 million in sales, representing 17.1% of total draw game sales for the fiscal year. Additionally, Cash Five® and All or Nothing™ contributed to the daily games category with slight increases over the previous year, having \$51.5 million and \$53.3 million in sales, respectively.

Texas' in-state jackpot games were also vital to the overall sales, as Lotto Texas with Extra!® generated \$185.7 million – representing 10.6% of the Texas Lottery's total draw game sales in FY 2024. Texas' original jackpot game experienced notable activity with three significant jackpot runs during the fiscal year. The Dec. 30, 2023, drawing featured an impressive estimated \$34 million prize, followed by an estimated \$17.5 million jackpot for the March 9 drawing and an estimated \$29 million jackpot for the drawing held on June 24. Lotto Texas with Extra!'s continued popularity and robust jackpots has helped the Texas Lottery see a 13.3% increase for the game over the last two years.

Texas Two Step®, known for creating the most jackpot winners in Texas each year, had an outstanding year with 32 jackpots hit in FY 2024. Among these, the jackpot for the Oct. 12, 2023, drawing stood out, with an estimated \$2.25 million prize – the game's largest jackpot since 2006 and the second largest in its history. The game generated \$65.4 million in sales during the fiscal year, showing a slight increase over the previous year and demonstrating its continued appeal among Texas Lottery players.

Following a year with a record four multi-state draw game jackpots reaching the billion-dollar mark, FY 2024 realized only three jackpots crossing this threshold. Even so, Powerball® and Mega Millions® maintained popularity among players, generating a combined \$935.2 million in Texas sales in FY 2024. Of that total, Powerball accounted for \$558.6 million and Mega Millions sales totaled \$376.6 million. FY 2024 was also marked by a notable Mega Millions jackpot-winning ticket worth an advertised \$360 million, sold in San Angelo for the Oct. 6, 2023, drawing. Additionally, a total of 35 Texas Lottery players won second-tier Powerball and Mega Millions prizes, each worth \$1 million or more.

Record Year for Retailers

The Texas Lottery's network of over 21,000 retailers across the state earned more than \$420 million in commissions from ticket sales, marking the second-highest payout ever to Texas Lottery retailers. In total, more than \$448.5 million was paid to retailers in commissions, incentives and rewards from the retailer bonus program, representing the second-best total in Texas Lottery history. For the year, each retailer received an average of \$20,935 in compensation, reflecting the Texas Lottery's strong support for its retail partners.

Prizes Paid to Players

With 106 players claiming prizes of \$1 million or more, FY 2024 was a big year for Texas Lottery players. For the Oct. 6, 2023, Mega Millions jackpot worth an advertised \$360 million, the winner chose the cash value option and a remarkable \$157,367,045 prize was paid out to the Blue Yucca Trust - the largest unshared prize ever paid out to a Texas Lottery player at that time. In total, players collected **\$5.736 billion in prizes**, the second-highest prize payment in Texas Lottery history, representing **68.37%** of total sales.

FY 2024 by the Numbers

- This is the **fourth consecutive year** the Texas Lottery generated more than \$8 billion in sales.
- If it were a publicly traded company, \$8.39 billion in annual sales would place the Texas Lottery at
 No. 450 on the 2024 Fortune 500 list, behind J.M. Smucker and ahead of well-known brands including
 Foot Locker, Sketchers U.S.A. and Williams-Sonoma.
- With a total contribution of \$2.007 billion to the State, this is the 21st consecutive year that the Texas Lottery generated more than \$1 billion in revenue for Texas and the second-straight year it has transferred more than \$2 billion.
- 97.6% of Texas Lottery sales were 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 retailer 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.

<u>The Texas Veterans Commission Fund for Veterans' Assistance</u> 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 1.5 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 more than \$39 billion in revenue for the state and distributed more than \$88 billion in prizes to lottery players. Since 1997, the Texas Lottery has contributed more than \$33.7 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 \$248 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, X, Instagram, LinkedIn, YouTube or at <u>texaslottery.com</u>. PLAY RESPONSIBLY.