



FY25 ANNUAL REPORT ON
THE PRIVATE MANAGEMENT AGREEMENT

(20 ILCS 1605/9.1(p)(3))

Respectfully submitted to:

Illinois Governor JB Pritzker

Senate President Don Harmon

Senate Republican Leader John Curran

Speaker Emanuel "Chris" Welch

House Republican Leader Tony McCombie

The Illinois Lottery -- Private Management Background

In 2009, the Illinois General Assembly passed legislation requiring the State to seek a private manager for the Lottery (“Department”). Consequently, the Department engaged its first private manager pursuant to the process outlined in Section 9.1 of the Illinois Lottery Law (20 ILCS 1605). The winning bidder was Northstar Lottery Group, LLC (“Northstar”), a consortium comprising the Department’s then-current supply vendors, GTECH Corporation and Scientific Games International, Inc. The Department entered into a private management agreement with Northstar on January 18, 2011, and Northstar entered into supply agreements with GTECH and Scientific Games.

On September 18, 2015, the Department, Northstar, International Gaming Technologies (“IGT” formerly GTECH), and Scientific Games (“SGI”) entered into a Letter Agreement of Termination due to performance issues. Subsequently a Request for Proposal (“RFP”) was released for a new private management partner. Camelot Illinois (“Camelot”) was the sole bidder. The Department and Camelot entered into a new 10-year private management agreement (“PMA”) on Oct. 13, 2017.

In January 2018, Camelot replaced Northstar as private manager and completed the transition of key business functions in Q3 of FY18. A comprehensive and extensive technology transition took place in parallel and largely concluded in Q4 of FY19. The technology transition included a new central gaming system, a new instant ticket management system, a new internal control system, all new retail terminals and equipment, a new iLottery platform, website and mobile app.

In early August of Q1 FY24 Camelot Illinois rebranded 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.

Allwyn continues to perform private manager responsibilities as of the date of this report and submits an annual business plan detailing its goals and objectives for the year. The following report provides a status overview.

FY25 Updated Annual Business Plan Objectives and Initiatives

Primary FY25 Focus

1. Expand the Lottery’s product offering to address portfolio gaps and build on recent successes.
2. Improve convenience of the player experience in retail and online.
3. Continual evolution across core business areas to strengthen the Lottery’s brand appeal.

FY25 Financial Goals

1. Operating Revenue – \$3.960 billion (+2.5% FY24 Year-End Actual)
2. Operating Income – \$842 million (-4.8% FY24 Year-End Actual)
3. Instants Revenue – \$2.345 billion (+9.4% FY24 Year-End Actual)
4. Retail Draw Based Games Revenue – \$942 million (-9.5% FY24 Year-End Actual)
5. iLottery Draw Based Games Revenue – \$681 million (0% FY24 Year-End Actual)

FY25 Executive Summary

The Annual Private Management Agreement Report, per Illinois statute, is due 30 days prior to year-end. As a result, the following information is reflective of Quarters 1, 2 and 3 of FY25. A FY25 Q4 PMA report will be submitted after year end that will reflect the full fiscal year.

The FY24 Updated Annual Business Plan (Plan) sets forth Allwyn's business objectives, initiatives, and financial projections for the year. Below are details regarding Allwyn's financial performance through Q3 of FY25. Operating Revenue is \$2,835 million which is 4.31% less than Plan projections and 2.38% less than the same period in FY24. Operating Income is \$611 million, which is 2.60% less than Plan projections and 13.15% less than the same period in FY24. The following provides more detail:

Common School Fund (CSF). Through Q3 of FY25 \$590 million has been transferred to the CSF. Common School Fund transfers are down 7% from the same period in FY24. Decreased CSF transfers are due to the decrease in operating income being generated because of lower sales. Monthly CSF transfers are dependent upon available operating income and are accounted for based on the timing of the transfer.

Specialty Causes. The Department supports ten specialty causes through its specialty scratch ticket program. Through Q3 of FY25 ~\$8.5 million has been transferred to these causes due to sales of a new single joint ticket that was introduced in January 2024 to begin funding all 10 causes instead of individual tickets being issued for each cause. Program proceeds are up 26% year-over-year through Q3 of FY24 because of the change. In October 2024, a new version of the \$5 Bingo Multiplier joint ticket was released and performed better than the original one introduced in January 2024.

Instant Tickets. Instant ticket sales through Q3 FY25 were \$1.615 billion, 8.13% below Plan and 1.30% higher than the same period in FY24. Instant sales are down from Plan primarily due to underperformance against Plan targets in the \$10, \$30 and \$50 price points. Overall Instant sales are slightly higher year-over-year through Q3 FY24 because of a full year of accounting of \$50 ticket sales for FY25 vs. only a 4-month accounting of \$50 ticket sales in FY24. The Department is closely monitoring the performance of the higher price points (\$20 – \$50) because although sales are growing, gross gaming revenue (sales – prizes) has decreased year over year. This effectively means that despite bringing in slightly more sales, the amount returned to the bottom line has decreased slightly. The Department believes that this industry-wide trend will be a concern moving forward as lotteries across the country attempt to adjust to changing player preferences toward higher price point and payout games.

Draw-Based Games (DBGs). DBG sales through Q3 were \$1.215 billion and were 1.17% more than Plan but 7.06% lower than DBG sales generated during the same period of FY24. FY25 saw fewer \$1 billion+ jackpots in Mega Millions and Powerball compared to FY24 and overall jackpot levels are down. Higher jackpots drive higher sales and revenue. These multi-state games make up a greater percentage of our Gross Gaming Revenue than our other games and thus have bigger impact on our bottom line when they overperform. With only one \$1 billion+ jackpot between both games in FY25 thus far vs. 5 in the previous year, the impact can be seen in our proceeds.

iLottery. iLottery sales are a subset of total DBG sales, given only DBGs can be sold online. Total iLottery sales through Q3 were \$536 million, 6.47% more than the same period in FY24 and 5.65% more than Plan. Fast Play is our biggest game category online, representing 68.65% of total iLottery sales and 45% of the gross gaming revenue (sales-prizes) it generates. There was a 20% increase in Fast Play sales online through Q3 FY25 year-over-year and 89% of total Fast Play sales come from the iLottery platform.

Despite solid Instant's performance due to the \$50 ticket category and continued growth of the Fast Play category online, the Department believes that even if we have a strong Q4 that Allwyn is not likely to meet their Plan's Operating Revenue and Operating Income targets for FY25.

FY25 Financial Performance Summary Detail through Q3

Total	FY24 Actual	FY25 Actual	FY25 Actual v. FY24 Actual		FY25 Business Plan Targets	FY25 Actual v. FY25 Plan	
Operating Revenue	\$2,904,004,522	\$2,834,991,351	\$(69,013,171)	-2.38%	\$2,962,626,039	\$(127,634,688)	-4.31%
Operating Income	\$703,727,512	\$611,164,906	\$(92,562,606)	-13.15%	\$627,467,387	\$(16,302,481)	-2.60%
Instant Ticket Sales	\$1,594,558,009	\$1,615,374,329	\$20,816,320	1.31%	\$1,758,276,896	\$(142,902,567)	-8.13%
DBG Sales	\$1,307,656,349	\$1,215,309,642	\$(92,346,707)	-7.06%	\$1,201,306,440	\$14,003,202	1.17%
Digital Sales	\$503,409,825	\$535,960,297	\$32,550,473	6.47%	\$499,796,841	\$36,163,456	7.24%
CSF Transfers	\$635,000,000	\$589,621,071	\$(45,378,929)	-7.15%			
Specialty Ticket Transfers	\$6,730,916	\$8,477,979	\$1,747,063	25.96%			

Table 1 – FY25 Financial Targets and Results through Q3

Specialty Causes Detailed Transfers

Specialty Ticket Cause	FY25 Transfers Through Q3
Veterans	\$848,204
Ticket for the Cure	\$837,929
Red Ribbon Cash	\$847,708
The MS Project	\$852,704
Special Olympics	\$847,703
Police Memorials	\$852,741
Homelessness Prevention	\$847,711
Alzheimer's Awareness	\$842,371
UNCF	\$848,204
DREAM	\$852,704
Transfers to Specialty Causes	\$8,477,979

Table 2 – FY25 Specialty Ticket Proceeds through Q3

The Department funded 10 specialty causes in FY25. The Department was successful in FY23 in passing a new law that streamlined the program by allowing one joint ticket to be sold to support all 10 causes. The new law will improve the administration of the program, enable better financial planning for the causes, and broaden the appeal of the program. Changes to the program will also help improve the overall health of the \$2 – \$3 – \$5 category of our instant ticket portfolio as the number of individual specialty tickets being issued had almost doubled in recent years. 20 ILCS 1605/21.4 went into effect on Jan 1, 2024.

iLottery Program

Fiscal Year	Internet Sales	Subscription Sales	Total iLottery Sales	% of DBG Sales	% of Total Sales
2018 ¹	\$27,611,697	\$15,926,818	\$43,538,515	4.2%	1.5%
2019 ²	\$39,864,695	\$17,870,795	\$57,735,490	5.2%	1.9%
2020	\$72,236,397	\$13,988,021	\$86,224,418	9.0%	3.0%
2021	\$153,710,298	\$16,360,434	\$170,070,732	13.7%	4.9%
2022	\$261,466,730	\$17,280,757	\$278,747,487	22.5%	8.2%
2023	\$498,795,112	\$18,817,190	\$517,612,302	33.0%	14.3%
2024	\$662,466,389	\$19,418,260	\$681,884,649	39.8%	17.7%
2025 Q1-Q3	\$521,900,140	\$14,060,158	\$535,960,297	44.1%	18.9%

Table 3 – iLottery Sales

The Department’s iLottery (internet) program was expanded in FY20 by House Bill 3661 which was signed into law by Gov. JB Pritzker on June 28, 2019. The bill extended the iLottery program by three years, through 2022, and allowed the Department to sell all its draw-based games (DBGs) through the iLottery program without a subscription. Previous legislation only allowed the sale of Mega Millions, Powerball, and Lotto without a subscription online. Lottery players were able to take advantage of these new capabilities in the beginning of FY20 which help fuel iLottery’s meteoric rise over the past 3 years. Allwyn’s iLottery mobile app and website interface that went live in Q3 of FY19 leveraged the new capabilities of the law and were supported by new game development, innovation and various marketing efforts which were designed to build awareness and widen the base of players who play online. On April 19, 2022, Gov. JB Pritzker signed House bill 4700 which extended the iLottery program through FY25. Efforts continue to extend the iLottery program for at least another 3 years.

FY25 Q1-Q3 iLottery sales were almost \$536 million which is a 6% increase over FY24 Q1-Q3 sales. iLottery sales account for approximately 44% of all draw-based games sales and 19% of total sales in FY25 Q1-Q3.

Responsible Gaming

The Illinois Lottery is committed to responsibly growing sales and revenue in an ethical and socially responsible way for the benefit of K-12 schools and the specialty causes we support, while providing players with tools and resources to support responsible play.

Certifications

To ensure the continuous improvement of responsible gaming efforts consistent with industry best practices, the Illinois Lottery maintains nationally and internationally recognized responsible gaming certifications. The Illinois Lottery maintains the highest level of responsible gaming certification from the World Lottery Association. To qualify for Level 4 certification under the rigorous standards, the Illinois Lottery demonstrates an ongoing commitment to incorporate and continuously improve responsible gaming practices in day-to-day operations. Level 4 certification has been maintained for

¹ FY18 was a partial year for Allwyn who assumed private management responsibilities in Q3.

² The Department transitioned to the Allwyn’s iLottery platform in late Q3 2019

3 years and we are in the process of re-certifying at Level 4 for another 3 years in FY26.

Additionally, the Illinois Lottery maintains the highest level of responsible gaming verification– Sustaining Level–from the North American Association of State and Provincial Lotteries and the National Council on Problem Gambling by demonstrating strong leadership in responsible gaming efforts.

Research

Positive Play Study

During the year, the biennial Positive Play Study (PPS) was performed in partnership with international research provider Gamres Limited to measure responsible gaming-related beliefs and behaviors among Illinois Lottery players. Findings from the study showed that:

- Overall, most respondents who gamble in Illinois hold positive play beliefs and engage in positive play behaviors.
- Illinois Lottery players scored highest in the category of Personal Responsibility - the extent to which they believe they should take ownership of their gambling behavior.
- Illinois Lottery players scored lowest in the category of Gambling Literacy - the extent to which they have an accurate understanding about the nature of gambling.
 - While the 2024 PPS scores were very similar to the findings from 2023 and 2020, Gambling Literacy scores have decreased in each wave of data collection. The research indicates that this is due to the increase in online sports gambling in-state, following legislation changes in 2019.
 - Following the 2024 PPS study, the Lottery will explore further initiatives to educate Illinois Lottery players on Gambling Literacy.
- Illinois' 2024 findings are consistent with Gamres Limited's findings in other U.S. states.

Employee Program

Marketing Code of Conduct Refresher Training

In October 2024, a bespoke responsible gaming training was provided to the Marketing and Public Relations teams and key marketing agency partners to ensure these teams are well-versed in responsible gaming considerations and advertising best practices. The training covered the Marketing Code of Conduct, specifically those sections that provide guidance on responsible gaming; diversity, equity, inclusion, and accessibility; and placement of the odds language. Feedback received from training participants was positive.

Responsible Gaming Refresher Training

As part of the 2025 Problem Gambling Awareness Month (PGAM) campaign efforts, a virtual responsible gaming refresher training was offered to all employees in March. The training provided a refresher on the ways in which the Illinois Lottery promotes a fun and healthy gaming environment for players. 80 employees participated in the optional training, with 96% reporting that the training increased their knowledge of responsible gaming.

Lottery Sales Representatives RG Training

In February 2025, specialized responsible gaming training was developed and provided to the Illinois Lottery sales representatives to ensure that they are well-equipped to support retailers in creating a safer gaming environment for players. The training covered information to support positive play at retail, including the age verification process, problem gambling warning signs, and the responsible gaming and problem gambling support resources available to players.

Player and Retailer Education

Gift Responsibly and PGAM Campaigns

The Illinois Lottery launched two statewide responsible gaming campaigns to promote positive play. Throughout November and December 2023, a “Gift Responsibly” message was widely promoted to remind adults that lottery tickets are not suitable gifts for children. During March 2024, which is recognized throughout the U.S. as problem gambling awareness month, the Illinois Lottery helped to raise awareness of problem gambling and available treatment services. Efforts for both campaigns included social media messaging, radio public service announcements, messaging on customer-facing screens in lottery retail locations, advertisements, and media releases.

Social Media Responsible Gaming Awareness

To support the Illinois Lottery’s jackpot awareness efforts and to promote responsible gaming education, dedicated responsible gaming social media assets were created to share with players through the Lottery’s social media platforms. The social media posts highlight useful responsible gaming information and tips, including reminding players to set a limit on the amount of money and time they spend on playing the Lottery.

Stakeholder Engagement

Problem Gambling Support Sponsorships

The Illinois Lottery was an Impact-level sponsor at the Way Back Inn’s Annual Rebuilders Dinner. The Way Back Inn is a non-profit organization in Illinois that supports individuals recovering from drug, alcohol, and gambling use disorders, and the funds raised from the dinner support addiction treatment services in Illinois.

The Illinois Lottery sponsored the 2nd Annual Latinx Conference on Problem Gambling in September. The conference was organized by the Illinois Council on Problem Gambling (ICPG) and aimed to raise awareness about problem gambling and its impact on individuals and families within the Latinx community, and to initiate conversations on effective prevention and support strategies.

In February, the Illinois Lottery sponsored the 2nd 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.

Stakeholder Education

A representative from the Illinois Lottery’s responsible gaming program presented at the ICPG’s Responsible Gifting webinar in mid-November for problem gambling providers in Illinois. Information about the Lottery’s commitment to responsible gaming and 2024 Gift Responsibly campaign efforts were shared as part of the presentation.

Reporting

To promote the transparency of the Illinois Lottery’s responsible gaming efforts and encourage stakeholder feedback on opportunities to advance the responsible gaming program, the Illinois Lottery’s published its annual responsible gaming report covering activities from calendar year 2024. The report was shared with representatives from key stakeholders and made publicly available on the Our Commitment responsible gaming webpage on IllinoisLottery.com.

BEP Spending

The Private Management Agreement (PMA) encourages Allwyn to maintain a goal that awards at least 20 percent of the company’s spend in marketing, advertising, and shipping/freight to State of Illinois BEP-certified minority owned businesses. Although the PMA only encourages 20%, Allwyn’s efforts have been in support of the new 30% goal as stated in (30 ILCS 575/) the Business Enterprise for Minorities, Women, and Persons with Disabilities Act.

For FY25, the total budgeted spend by Allwyn in these areas was anticipated to be \$38,800,000 resulting in a 30% BEP spending goal of \$11,640,000 for FY25. Allwyn’s BEP spend in FY25 through Q3 was \$7,808,395. Therefore, Allwyn has achieved approximately 67% of their BEP spending goal for FY25 and 20% of total spend thus far.

FY25	BEP Spend
Q1	\$2,794,167
Q2	\$2,777,820
Q3	\$2,215,919
Q4	Q4 not completed
Total	\$7,808,395

Table 4 – BEP Spend by Quarter