



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

*Fiscal Year 2024 Quarter 3 (January 1, 2024 – March 31, 2024)  
(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.

Q3 FY24 Operating Revenue was \$1,003.2 million which was 6.7% higher than the Q3 FY23 Operating Revenue of \$940.5 million and 4.6% higher than the Q3 FY24 Plan target of \$958.9 million. Sales increased for both instant tickets and draw based games from Q4 FY23. Illinois’ first \$50 instant ticket generated sales around \$87 million in Q3.

Q3 FY24 Operating Income was \$233.2 million, which was .9% higher than the Q3 FY23 Operating Income of \$231.0 million, and 7.1% higher than the Plan target of \$217.6 million. Operating Income hasn’t increased at the same rate as Operating Revenue due to an increase in sales of our higher payout games such as Fast Play and the \$50 instant ticket. This increases our prize expense at a higher rate, outpacing the corresponding % increase in sales. Sales have increased ~7%, but our prize expense has increased 10% year over year.

Q3 FY24 iLottery sales were \$179.0 million, which was 21.1% higher than Q3 FY23 iLottery sales of \$147.8 million and 21.0% higher than the Plan target of \$147.9 million. All games on the iLottery platform performed better than Plan. iLottery sales continued to increase year over year primarily due to the continued popularity of our Fast Play games.

Common School Fund transfers for Q3 FY24 were \$215 million, 15.6% higher than Q3 FY23 transfers of \$186.0 million. Specialty cause transfers were \$2.6 million, 54.7% higher than FY23 Q3 transfers of \$1.7 million. The increase in the Common School Fund transfers is mostly because FY23 was the year a historical reconciliation of lottery transfers took place leading to increased income. It should also be noted that a new joint ticket supporting the Specialty Ticket program was launched in Q3 FY24. The program now has one, larger ticket that will support all ten specialty causes instead of smaller individual tickets.

Marketing tactics shifted in FY24 to focus more on instants and the upcoming 50<sup>th</sup> anniversary of the Illinois Lottery. Much of Q3 was spent planning for the upcoming 50<sup>th</sup> anniversary which launched in May 2024. The launch began with paid and owned media tactics.

We continued our sponsorships for the Chicago Bulls and Chicago Blackhawks and began sponsorships with the Chicago White Sox and Chicago Cubs.

Several sweepstakes took place during Q3 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.

**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	\$1,002,038,998	\$215,000,000	\$2,609,780
Q4			
<b>Total</b>	<b>\$2,901,940,276</b>	<b>\$635,000,000</b>	<b>\$6,730,916</b>

**Specialty Cause Detail**

<b>Specialty Ticket Cause</b>	<b>FY24 Transfers thru Q3</b>
Veterans	\$1,145,242
Ticket for the Cure	\$598,548
Red Ribbon Cash	\$705,753
The MS Project	\$433,218
Special Olympics	\$491,928
Police Memorials	\$571,980
Homelessness Prevention	\$795,639

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

Alzheimer’s Awareness	\$1,161,280
UNCF	\$411,164
DREAM	\$416,164
<b>Total</b>	<b>\$6,730,916</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 iLottery channel is important to grow a modern and sustainable lottery and continue to focus on growth in this area.

iLottery sales through FY24 Q3 were over \$503 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	\$174,229,342	\$4,758,788	<b>\$178,988,130</b>
Q4			
<b>Total</b>	<b>\$489,198,683</b>	<b>\$14,628,020</b>	<b>\$503,826,703</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 30% 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 \$10,957,356 for FY24. Allwyn's BEP spend in FY23 Q1 was \$2,985,802 and the spend in Q2 was \$3,019,830 and the spend in Q3 was \$2,539,016. Therefore, Allwyn has achieved approximately 78% 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	\$2,539,016
Q4	
<b>Total</b>	<b>\$8,544,648<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