



December 30, 2021

The Honorable Ralph S. Northam
Governor
Commonwealth of Virginia
Patrick Henry Building, 3rd floor
Richmond, VA 23219

Re: November 2021 Lottery Results

Dear Governor Northam:

I am pleased to provide our report of monthly activities and financial update for the month of November 2021, as required in §58.1-4006 of the *Code of Virginia*.

November sales totaled \$297.8 million, up \$68.1 million (29.7%) compared to the same month last year. November profits of \$65.2 million were \$13.9 million (27.1%) higher than November 2020. Higher sales and profits are the result of efforts to strengthen our retail sales program at more than 5,200 licensed retailer locations across Virginia, as well as the continued success of our online iLottery platform. Compared to the revised forecast included in your introduced budget, sales are \$1.4 million (-0.1%) behind the forecast but profits are ahead of forecast (+5.1%) due to lower than expected prize expenses.

Through the end of November, the Lottery has made debt setoff collection payments to the Department of Taxation totaling more than \$2.2 million so far this fiscal year. Unclaimed prizes totaling nearly \$4.9 million have been transferred to the Literary Fund during the current fiscal year.

Beginning in November, the Virginia Lottery once again partnered with the National Council on Problem Gambling and the National Association of State & Provincial Lotteries in a nationwide industry campaign which encourages responsible gaming during the holiday period. The campaign reminds consumers that Virginia Lottery products are great gifts for adults but not for children younger than age 18. Our proactive messaging was directly distributed to more than 500,000 registered players in addition to prominent messages placed on our website and through all of our social media channels. We also incorporated the “Gift Responsibly” messaging on Virginia Lottery tickets printed at retail. The Virginia Lottery always has been, and will continue to be, an industry leader in promoting responsible gaming.

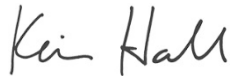
Finally, as this will be our final monthly revenue report during your Administration, I want to thank you for your continued support, as well as frequent efforts by the First Lady and your Secretary of Education, to help highlight the Virginia Lottery’s role in generating significant

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annual support for the Commonwealth's K-12 public school programs. For 33 years, the Virginia Lottery has responsibly promoted good fun for a great cause, and your Administration's support over the past four years has helped us generate record revenues for the Lottery Proceeds Fund in FY19, FY20 and FY21.

Please let me know if you have any questions, or if you would like more information.

Sincerely yours,



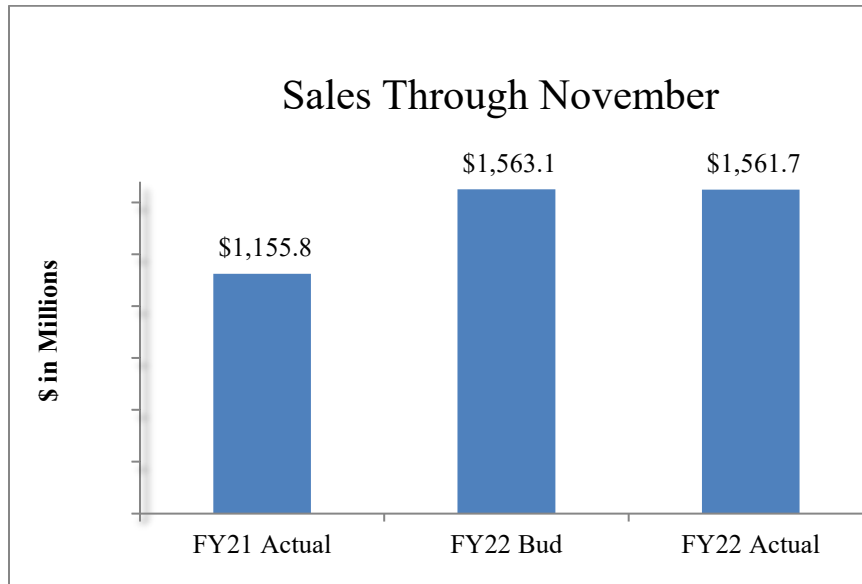
Kevin Hall

- c: The Honorable Janet D. Howell, Chairwoman, Senate Finance & Appropriations Committee
- The Honorable Luke E. Torian, Chairman, House Appropriations Committee
- The Honorable Vivian E. Watts, Chairwoman, House Finance Committee
- The Honorable Clark Mercer, Chief of Staff, Office of the Governor
- The Honorable F. Joseph Flores, Secretary of Finance
- Daniel S. Timberlake, Director, Department of Planning & Budget
- David A. Von Moll, State Comptroller
- April Kees, Director, Senate Finance & Appropriations Committee
- Anne E. Oman, Staff Director, House Appropriations Committee
- Ferhan Hamid, Chairman, Virginia Lottery Board

VIRGINIA LOTTERY
Report to the Governor and
Selected Members of
the General Assembly
As of November 30, 2021

Sales

Lottery sales for the fiscal year totaled \$1,561.7 million through November. This represents an increase of \$405.9 million (35.1%) compared to the prior year and \$1.4 million (-0.1%) lower than forecast. Scratcher sales of \$595.6 million were \$98.1 million (19.7%) higher than last year and \$3.5 (-0.6%) lower than the forecast. Sales of daily games (Pick 3, Pick 4, and Cash 5) totaled \$327.8 million, a decrease of \$2.2 million (-0.7%) from last year and \$0.3 million higher (0.1%) than forecast. Sales in the jackpot games category (Mega Millions, Powerball, Cash for Life and Bank a Million) totaled \$113.7 million, an increase of \$33.7 million (42.1%) compared to last year but \$3.2 million (-2.7%) lower than forecast. Sales of Print n' Play, KENO and iLottery Instants games totaled \$524.6 million, \$276.2 million (111.2%) higher than last year and \$5 million (1.0%) ahead of forecast.



Expenses

The overall prize expense rate (prizes as a percent of sales) for the year to date was 70.2%, higher than last year's rate of 67.0% but lower than the forecasted rate of 70.7%. The increase in the prize expense rate is attributable to the higher percentage of total sales from iLottery games, which are designed to have higher prize payout rates. The scratcher prize rate of 71.3% was higher than last year's rate of 70.9%, but slightly lower than the 71.5% forecast rate, as players continue to choose higher price tickets with higher prize payout rates. The daily games prize rate of 48.7% was lower than last year's rate of 51.3% and lower than the forecasted rate of 51.2%. It is important to note that significant fluctuations in prize expense rates occur during

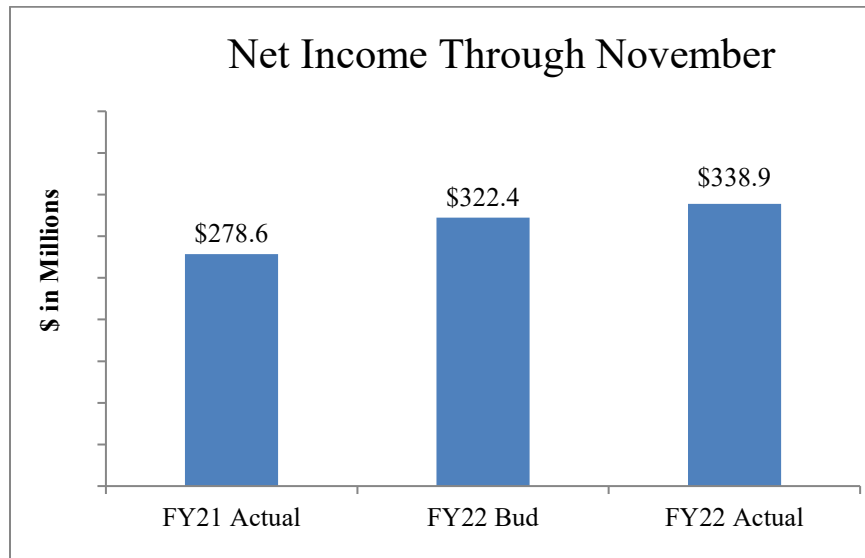
the short term, especially for games that have fixed prizes; however, overall long-term prize rates reflect outcomes more in line with statistical expectations.

With higher sales, and key incentive programs in place to support retailer sales and earnings, retailers earned almost \$8 million or 15% more in commissions and incentives than last year, for a total \$60.7 million in earnings.

Administrative operating costs, including gaming, ticket printing and distribution expenses, were 4.3% of sales, slightly lower than last year's 4.4% rate and lower than the forecasted rate of 4.7%.

Net Income

Strong sales in both retail products and iLottery Instants led to profits of \$338.9 million, an increase of \$60.3 million (21.6%) compared to last year and \$16.5 million (5.1%) ahead of our forecast year to date.



CONTRIBUTIONS TO DEBT SETOFF & LITERARY FUND

Through the end of November, the Lottery made debt setoff collection payments to the Department of Taxation totaling \$2,270,707. Also, unclaimed prizes totaling \$4,869,362 were transferred to the Literary Fund through November this year.

MEETINGS

The next meeting of the Board will be on January 12, 2022, in Richmond.