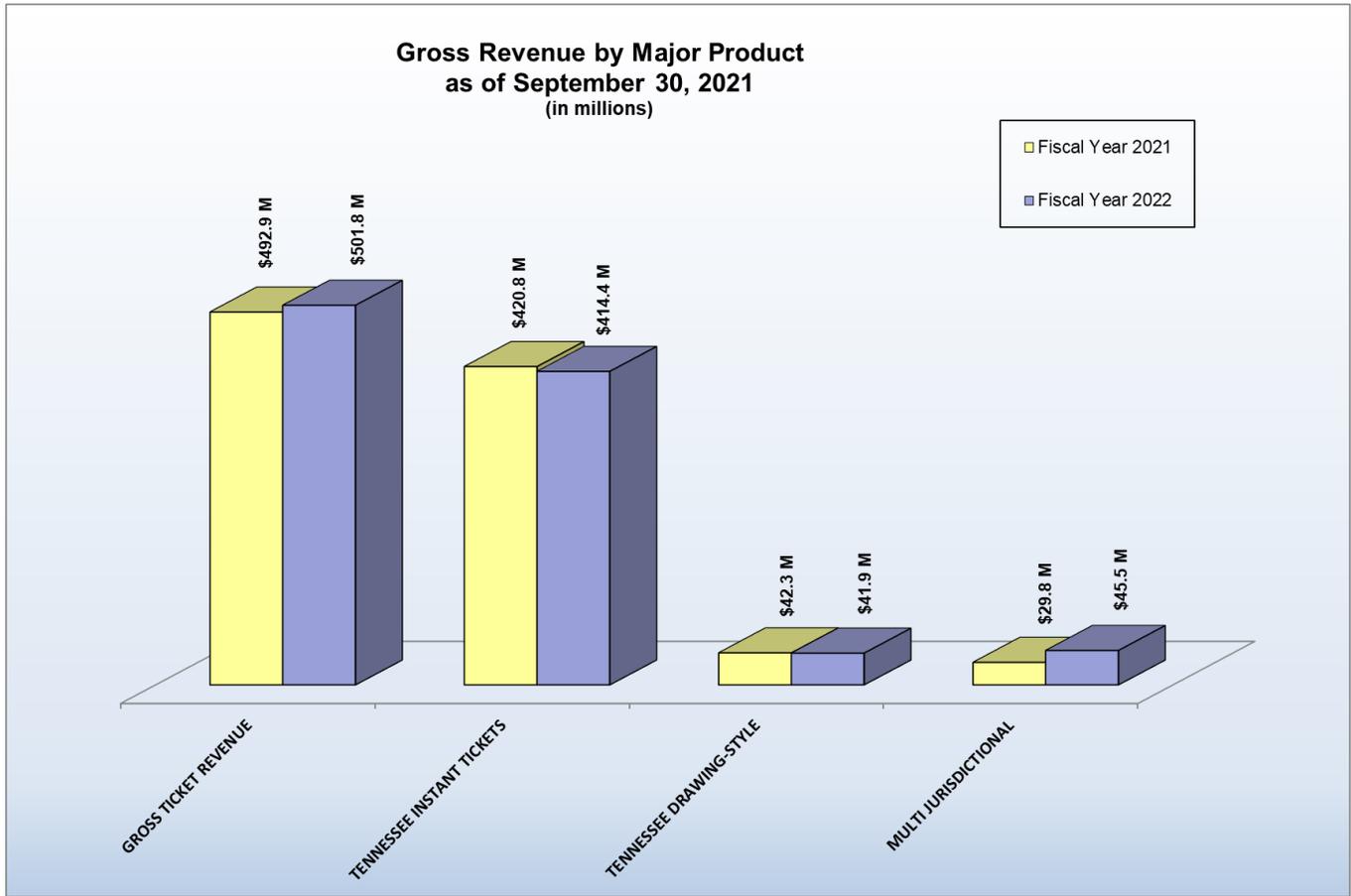


TENNESSEE EDUCATION LOTTERY CORPORATION
November 2021

ESTIMATION OF
TOTAL AND NET LOTTERY PROCEEDS
FOR FISCAL YEARS ENDING
JUNE 30, 2022, 2023, 2024, 2025 and 2026

**TENNESSEE EDUCATION LOTTERY CORPORATION
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**



- Gross Ticket Revenues of \$501.8 million through September 30, 2021 are up \$8.9 million year over year.
- *Tennessee Instant ticket* revenues are \$414.4 million compared to \$420.8 million the prior year.
- *Tennessee draw-style* games (*Cash 3, Cash 4, Tennessee Cash and Keno to Go*) revenues are \$41.9 million compared to \$42.3 million the prior year.
- Multijurisdictional games (*Powerball, Mega Millions, Cash 4 Life and Lotto America*) revenues are \$45.5 million compared to \$29.8 million the prior year.

**TENNESSEE EDUCATION LOTTERY CORPORATION
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**

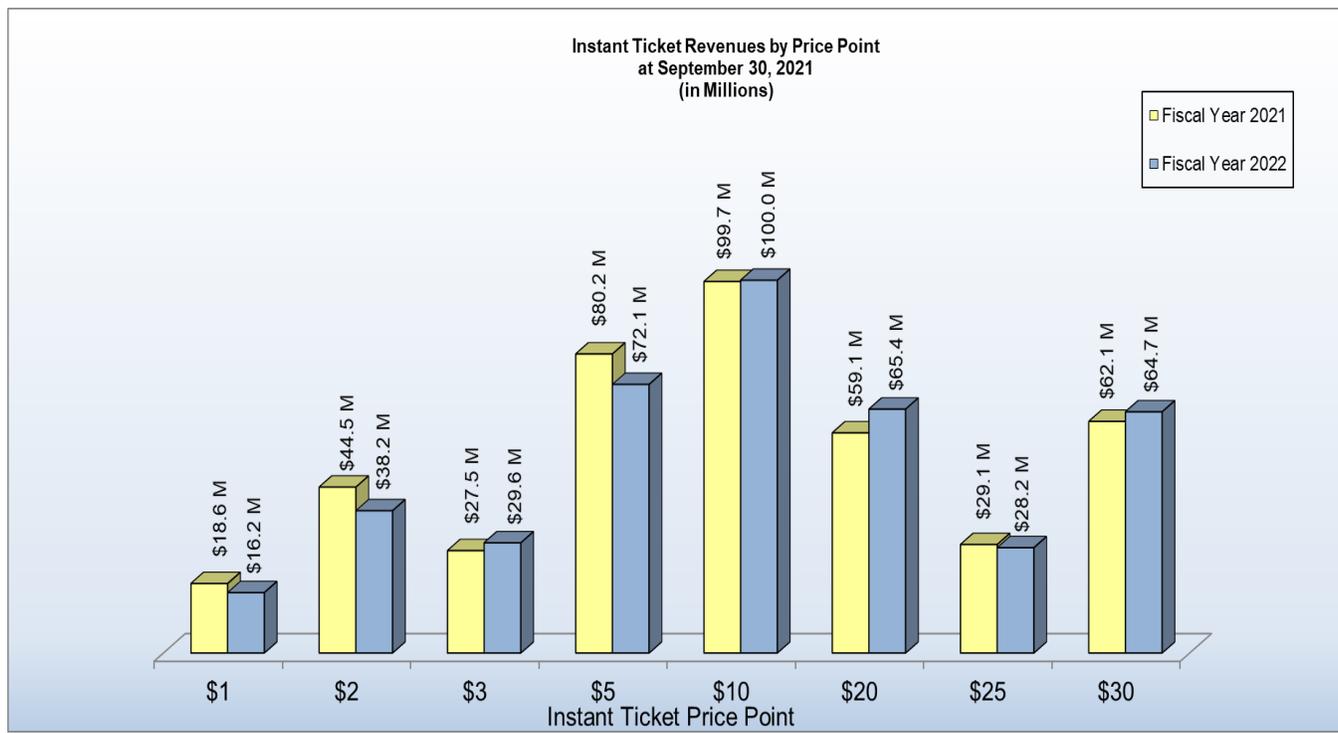
**As of
9/30/2021
(in millions)**

**FY 2022
Projected
Revenue Range
(in millions)**

INSTANT GAMES

\$ 414.4

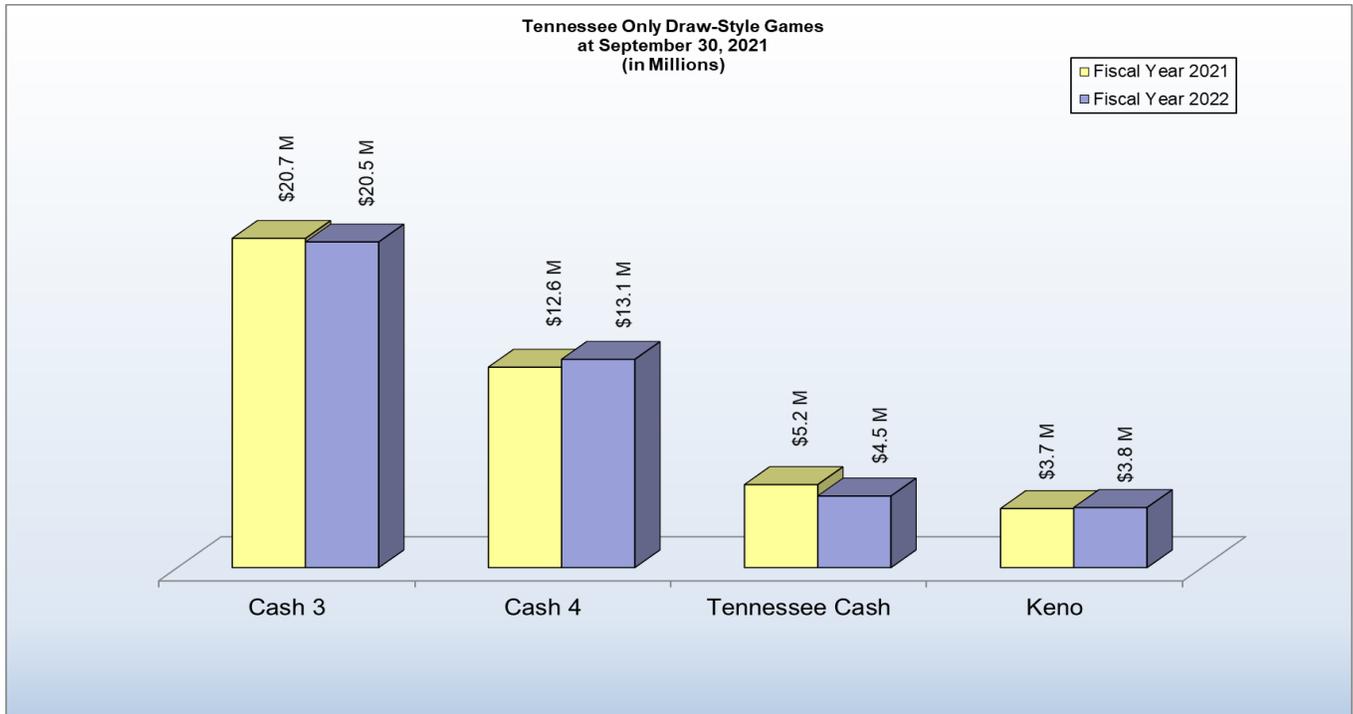
\$1,722 - \$1,786



- *Instant tickets* are 82.5% of our product mix at September 30, 2021.
- *Instant ticket* revenues were \$414.4 million or \$31.5 million per week at September 30, 2021.
- *Instant ticket* revenues are driven primarily by game design (i.e., family game offering, etc.), player price point preferences, prize payouts, and optimization our retailer distribution network.
- TEL anticipates launching approximately 55 games in this fiscal year.
- *Instant ticket* prize expense is projected at 68% for the fiscal year.

**TENNESSEE EDUCATION LOTTERY CORPORATION
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**

	As of 9/30/2021 (in millions)	FY 2022 Projected Revenue Range (in millions)
<i>TENNESSEE ONLY DRAWING-STYLE GAMES</i>	\$41.9	\$169 - \$171



Cash 3 and Cash 4

- *Cash 3* and *Cash 4* games are drawn three (3) times daily, six (6) days a week, and once on Sunday.
- TEL is projecting revenues for these two games in the range of \$135 million and \$137 million for FY 2022.

Tennessee Cash

- *Tennessee Cash* is a drawing-style cash jackpot game available only in Tennessee.
- Revenues are driven primarily by the cash jackpots, with an average jackpot cycle of \$600 to \$700 thousand.
- TEL currently projects revenues in FY 2022 to be in the range of \$17 million and \$18 million.

Keno to Go

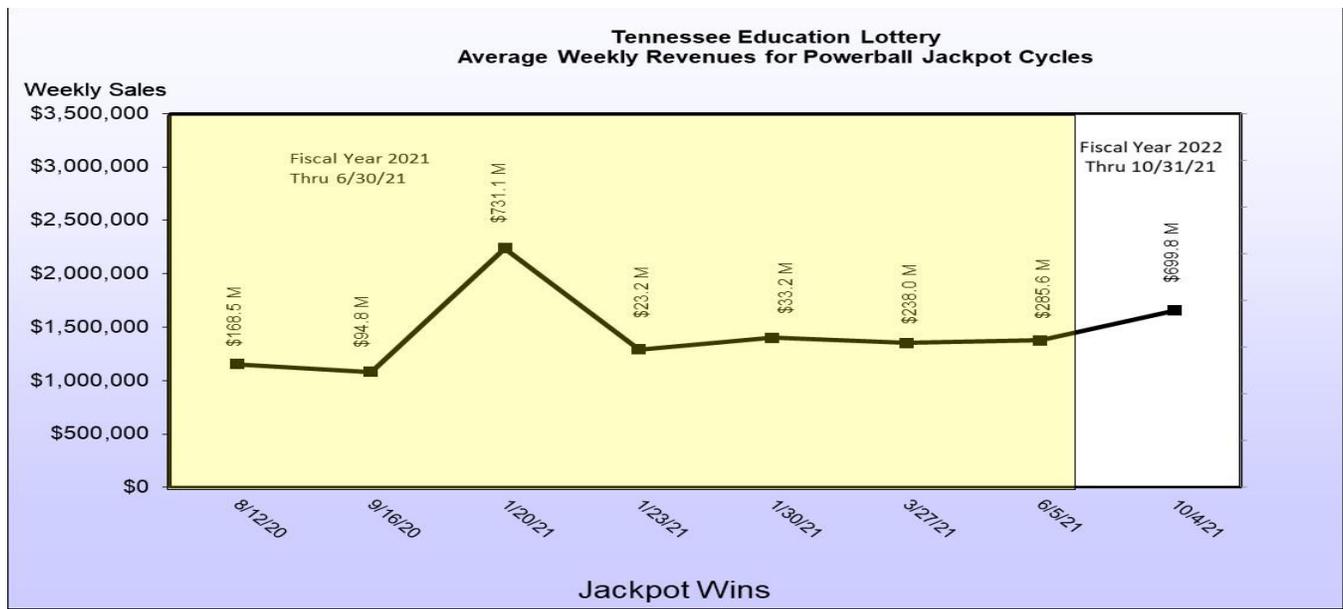
- *Keno to Go* is a draw-style game with drawings every 4 minutes.
- TEL projects revenues to be approximately \$16 million for FY 2022.

**TENNESSEE EDUCATION LOTTERY CORPORATION
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**

	As of 9/30/2021 (in millions)	FY 2022 Projected Revenue Range (in millions)
<i>MULTI-JURISDICTIONAL GAMES</i>	\$45.5	\$157 - \$159

Multi-jurisdictional game revenues, with the exception of *Cash 4 Life*, are directly impacted by the size of the games' jackpots.

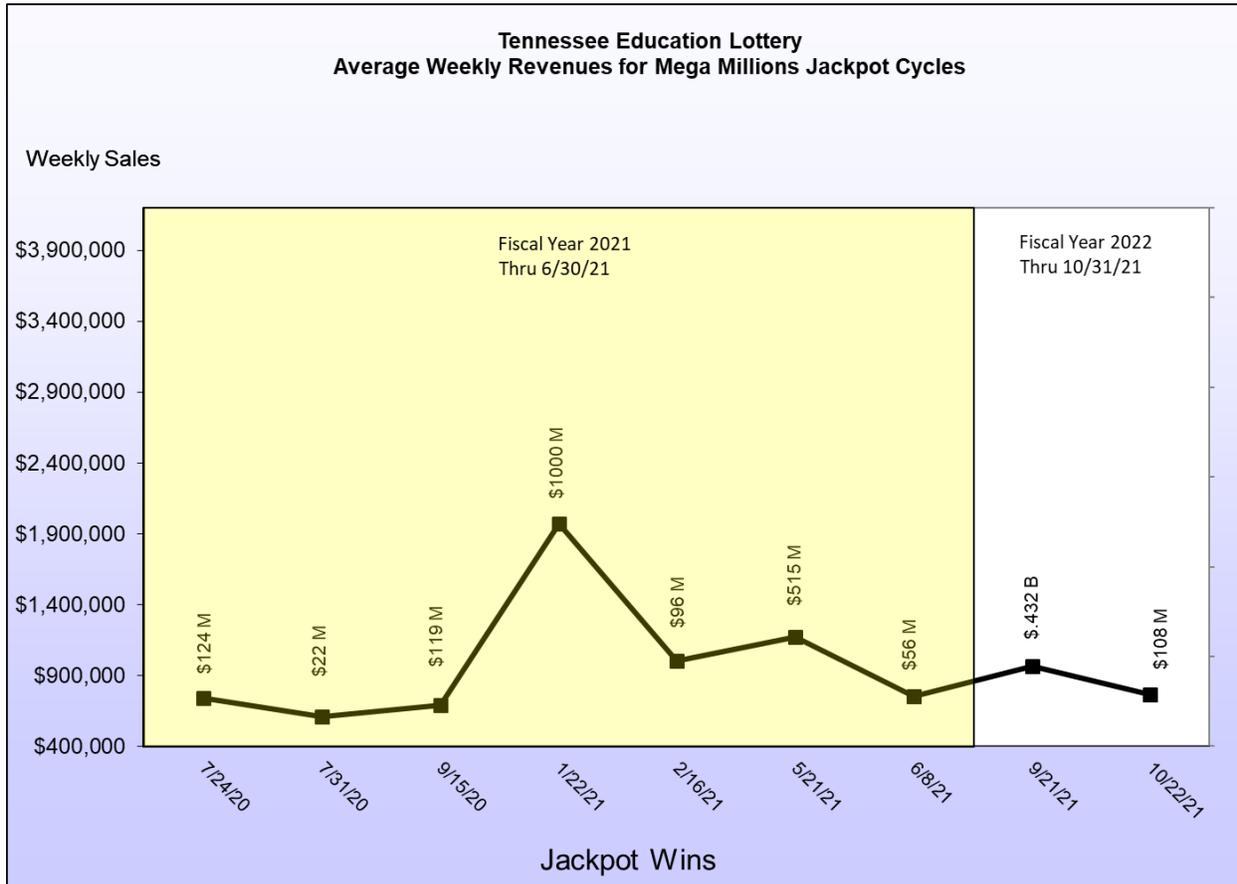
Powerball



- *Powerball* is a draw-style annuity jackpot game with expected jackpot cycles in the range of \$300 million to \$450 million.
- *Powerball* is currently sold in 48 jurisdictions, including the District of Columbia, Puerto Rico and U.S. Virgin Islands.
- In August 2021, *Powerball* added a third drawing on Monday to compliment the Wednesday and Saturday drawings. In addition, a Double Play feature was launched, providing a second drawing win opportunity. Early indication is the added draw and Double Play feature will generate incremental sales over time at similar size jackpot cycles.
- TEL projects revenues in FY 2022 to be in the range of \$84 million and \$85 million.

**TENNESSEE EDUCATION LOTTERY CORPORATION
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**

Mega Millions



- *Mega Millions* is a draw-style annuity jackpot game with expected jackpot cycles in the range of \$250 million to \$350 million.
- *Mega Millions* is currently sold in 47 jurisdictions, including the District of Columbia and U.S. Virgin Islands.
- TEL projects revenues in FY 2022 to be in the range of \$52 million and \$53 million.

**TENNESSEE EDUCATION LOTTERY CORPORATION
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**

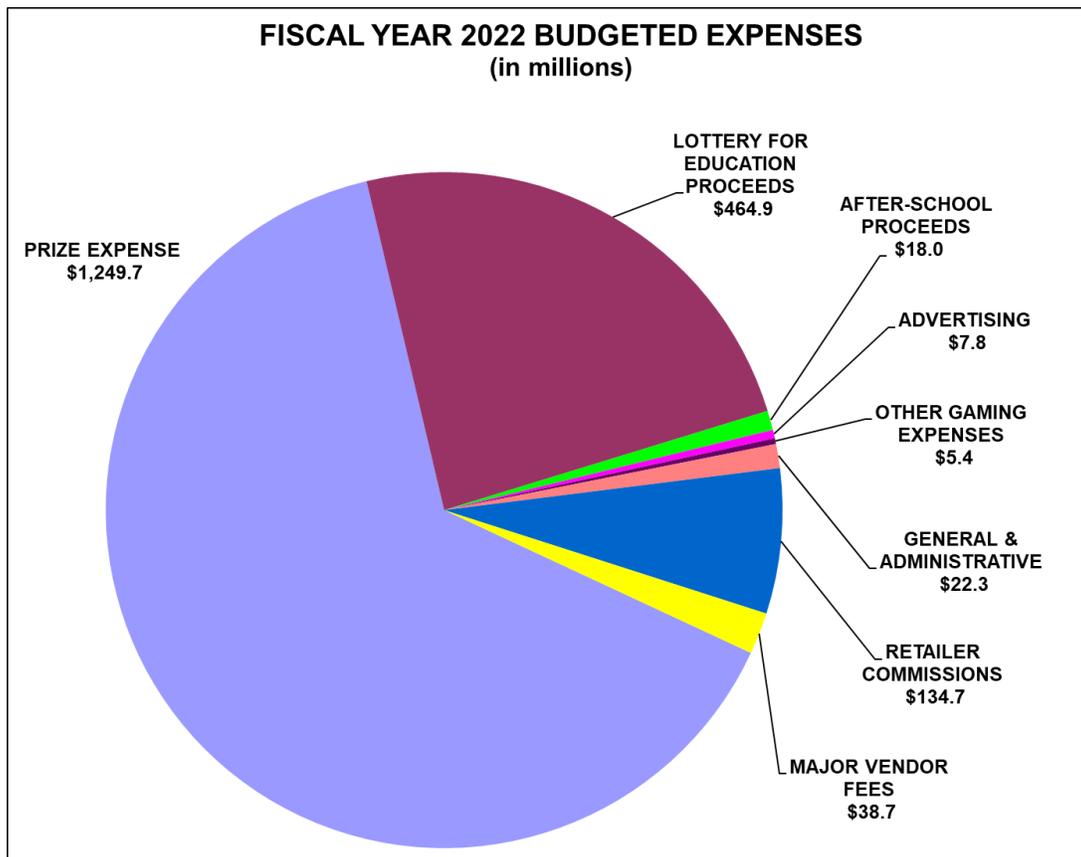
Lotto America

- Jackpots for this draw-style game start at \$2 million, with drawings held Wednesday and Saturday.
- *Lotto America* is currently sold in 13 jurisdictions.
- TEL projects revenues in FY 2022 to be approximately \$8 million.

Cash 4 Life

- *Cash 4 Life* is drawn 7 days per week.
- The game is the only drawing-style game that provides two opportunities for a lifetime prize:
 - * Top Prize is \$1,000 dollars a day for life.
 - * Second Prize is \$1,000 dollars a week for life.
- *Cash 4 Life* is currently sold in 9 jurisdictions.
- TEL projects revenues in FY 2022 to be approximately \$13 million.

**TENNESSEE EDUCATION LOTTERY CORPORATION
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**



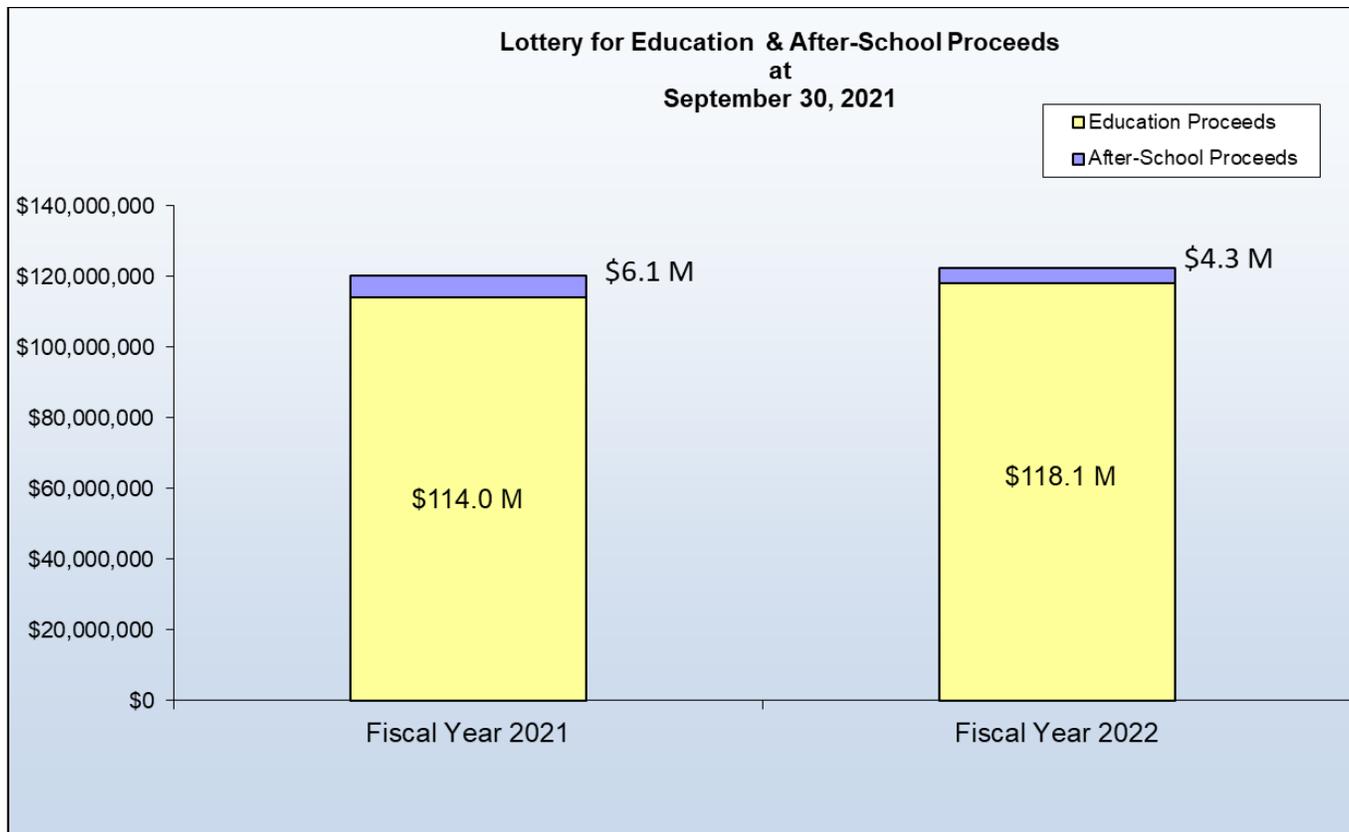
Direct Gaming-Related Expenses

- Aggregate Prize Expense for all Games is budgeted at **\$1.25 billion** or **60.5%** of Total Revenues.
 - *Instant Games* aggregated prize expense is budgeted at **\$1.09 billion** or **68%** of Total Revenues.
 - *Drawing-style Games* aggregated prize expense is budgeted at **\$159.4 million** or **50.4%** of Total Revenues.
- Retailer commissions are budgeted at **\$134.7 million**.
- Major gaming vendors' fees are budgeted at **\$38.7 million**.

Non-Direct Expenses

- Non-direct expenses are budgeted at **\$35.5 million** or **1.8%** of Gross Revenues.
 - Advertising expenses are budgeted at **\$7.8 million**.
 - Other Gaming expenses are budgeted at **\$5.4 million**.
 - General and Administrative expenses are budgeted at **\$22.3 million**.
- Actual non-direct expenses have trended between \$32 million and \$34 million annually over the last five years.

**TENNESSEE EDUCATION LOTTERY CORPORATION
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**



Lottery for Education Proceeds

- \$118.1 million as of 9/30/2021
- \$114.0 million as of 9/30/2020

Projected Fiscal Year 2022

\$468 million - \$483 million

After-School Program Proceeds

- \$4.3 million as of 9/30/2021
- \$6.1 million as of 9/30/2020

Projected Fiscal Year 2022

\$17 million - \$18 million

After-School Programs Proceeds are projected based on the TEL's five-year historical unclaimed prize experience of slightly less than 1.5% of prize expense.

Unclaimed proceeds are significantly impacted by the timing of instant games' closings and large drawing-style game prizes not claimed.

**TENNESSEE EDUCATION LOTTERY CORPORATION
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**

		FY 2022 Approved Budget	FY 2022 Low Projections	FY 2022 High Projections
	FY 2021 Actuals			
Instant Ticket Games	\$ 1,736,563,781	\$ 1,747,000,000	\$ 1,722,280,000	\$ 1,786,622,000
Tennessee Only Draw-Style Games	\$ 171,739,726	\$ 169,577,000	\$ 168,888,000	\$ 170,900,000
Multi Jurisdictional Games	\$ 175,569,827	\$ 147,000,000	\$ 157,521,000	\$ 158,359,000
GROSS TICKET REVENUES	\$ 2,083,873,334	\$ 2,063,577,000	\$ 2,048,689,000	\$ 2,115,881,000
Less: Tickets Provided as Prizes	\$ (145,398,964)	\$ (143,833,000)	\$ (142,011,000)	\$ (147,229,000)
Net Ticket Revenues	\$ 1,938,474,370	\$ 1,919,744,000	\$ 1,906,678,000	\$ 1,968,652,000
Other Revenues	4,365,019	3,925,000	3,925,000	3,925,000
TOTAL LOTTERY PROCEEDS	\$ 1,942,839,389	\$ 1,923,669,000	\$ 1,910,603,000	\$ 1,972,577,000
EXPENSES				
Prize Expense	\$ 1,253,820,848	\$ 1,249,726,000	\$ 1,234,881,000	\$ 1,276,383,000
Retailer Commissions	135,957,165	134,751,000	133,729,000	138,103,000
Vendor Fees	38,811,515	38,755,000	38,376,000	39,700,000
Direct Expense	\$ 1,428,589,528	\$ 1,423,232,000	\$ 1,406,986,000	\$ 1,454,186,000
Non-Direct Expenses	\$ 31,933,506	\$ 35,480,000	\$ 35,480,000	\$ 35,480,000
TOTAL EXPENSES	\$ 1,460,523,034	\$ 1,458,712,000	\$ 1,442,466,000	\$ 1,489,666,000
LOTTERY FOR EDUCATION PROCEEDS	\$ 482,316,355	\$ 464,957,000	\$ 468,137,000	\$ 482,911,000
AFTER SCHOOL PROGRAM PROCEEDS	\$ 17,569,000	\$ 18,000,000	\$ 18,000,000	\$ 18,000,000

FISCAL YEARS ENDING JUNE 30, 2023, 2024, 2025 and 2026

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
Total Lottery Proceeds	\$1,872- \$1,944 Million	\$1,905- \$1,987 Million	\$1,938- \$2,032 Million	\$1,972- \$2,078 Million
Lottery for Education Proceeds	\$476 - \$493 Million	\$485 - \$505 Million	\$493 - \$516 Million	\$502 - \$528 Million
After-School Programs Proceeds	\$18 Million	\$18 Million	\$18 Million	\$18 Million