



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEARS ENDED
JUNE 30, 2025 AND 2024



2025

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INTRODUCTORY SECTION

In fiscal year 2025, the Maryland Lottery and Gaming Control Agency (MLGCA) celebrated 52 years of supporting Marylanders. The MLGCA is the fifth largest revenue contributor to the State's General Fund after individual tax, corporate tax, sales and use tax, and insurance premium tax.

2025

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Maryland Lottery and Gaming Control Agency



Wes Moore, Governor • John Martin, Director

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December 19, 2025

The Honorable Wes Moore, Governor

Maryland Lottery and Gaming Control Commission

INTRODUCTION

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Maryland Lottery and Gaming Control Agency (MLGCA) for the fiscal years ended June 30, 2025 and June 30, 2024 (FY2025 and FY2024). This report has been prepared by the MLGCA's Accounting Department. Responsibility for both the accuracy of the financial data and the completeness and fairness of presentation, including all disclosures, rests solely with the MLGCA. To the best of our knowledge, information and belief, the enclosed data is accurate and is reported in a manner designed to present fairly the financial position, results of operations and cash flows of the MLGCA. All disclosures necessary to enable the reader to gain an understanding of the MLGCA's financial activities have been included.

Presented in this report is information about the MLGCA, an independent agency of the State of Maryland. The MLGCA was established by the Maryland General Assembly through the enactment of Chapter 365 of the Laws of Maryland of 1972 and the voters' approval that same year of a constitutional amendment. The amendment was ratified on November 7, 1972, and operations commenced on January 2, 1973. During the 2007 Special Session of the Maryland General Assembly, Chapter 4 was enacted relating to the legalization of Video Lottery Terminals (VLTs or slot machines) in the State and subject to the passage of a constitutional referendum. In November 2008, voters approved the installation of up to 15,000 VLTs at five casinos in the State. On August 14, 2012, Senate Bill 1 — Gaming Expansion: Video Lottery Terminals and Table Games — passed during the 2012 Second Special Session of the Maryland General Assembly. This bill contained many provisions concerning gaming operations and certain provisions that were subject to voter referendum. The provisions that were subject to voter referendum passed during the November 6, 2012 election and allowed for a sixth casino; increased the number of slot machines in the State from 15,000 to 16,500; permitted table games; and authorized 24/7 casino operations. The MLGCA's regulatory role further expanded after voters' approval to legalize sports wagering in a constitutional referendum on November 3, 2020. On April 12, 2021, the Maryland General Assembly passed House Bill 940, which created the framework for the State's sports wagering market and provided for the regulation of sports wagering and fantasy competitions. The legislation was signed into law on May 18, 2021. MLGCA began collecting tax revenue from fantasy competitions as of that date.

The MLGCA, in conjunction with the seven-member Maryland Lottery and Gaming Control Commission (MLGCC), serves as regulator of the State's casino gaming and sports wagering programs while also serving as an operator of the lottery program. MLGCC members are appointed to five-year terms by the Governor, with the advice and consent of the Maryland Senate. The MLGCA is an enterprise fund of the State, and its

activity is reported as a major fund type in the State's Annual Comprehensive Financial Report.

This letter of transmittal is designed to be read in conjunction with the complementary information offered in the Management's Discussion and Analysis (MD&A), which can be found immediately following the independent auditors' report.

The MLGCA is operated as a business enterprise within the framework of state laws and regulations. Its primary mission is to generate revenue for the State, both through the administration of the casino gaming and sports wagering programs and through the sale of traditional Lottery products. The MLGCA fulfills this mission by offering the sale of draw games, "instant" FAST PLAY games, and scratch-off games, as described further on pages 14 through 19.

Since its inception in 1973, traditional Lottery sales have exceeded \$65.0 billion and have contributed more than \$20.7 billion in revenue to the State. Most of the revenue from the traditional Lottery is contributed to the State's General Fund, which supports education, public health and safety, and many other State programs and services. In addition, the MLGCA is required by statute to contribute a defined amount of traditional Lottery revenue each year to the Maryland Stadium Authority and several other specific State funds and accounts. By statute, a portion of revenue from the Instant Ticket Lottery Machine (ITLM) program, which is exclusive to veterans' organizations, is contributed to the Maryland Veterans Trust Fund. Lotteries across the country have evolved and become more diversified, offering players a variety of choices. Today, 48 jurisdictions, which include 45 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, operate lotteries, most selling both draw games and scratch-off games. During FY2025, these lotteries generated more than \$101.7 billion in sales nationwide.

The mission of the casino gaming program is to generate revenue for the State of Maryland and to create good-paying jobs while maintaining integrity, security, transparency and fair play. From the opening of Maryland's first casino in September 2010 through the end of FY2025, slot machine and table game revenues generated by the casinos totaled nearly \$19.8 billion. Casino gaming contributions to the State through FY2025 totaled more than \$8.6 billion, including more than \$6.4 billion contributed to the Education Trust Fund. The distribution of casino gaming revenue is directed by statute and described more fully on page 40 of this report.

A U.S. Supreme Court Decision in 2018 paved the way for states to legalize sports wagering. Maryland joined a growing list of states to do so when voters approved a sports wagering referendum in November 2020. The State's first five retail sportsbooks opened in December 2021, and the first seven mobile/online sportsbooks launched in November 2022. As of June 30, 2025, there were 12 retail sportsbook facilities and 11 mobile/online sportsbooks operating in Maryland. Each retail sportsbook contributes 15% of its taxable win to the Blueprint for Maryland's Future Fund (Blueprint), which supports public education programs. Each mobile/online sportsbook contributed 15% of its taxable win to the Blueprint through May of 2025. In accordance with the budget approved by the Maryland General Assembly during the 2025 legislative session, mobile/online operators began paying 20% of their taxable win to the State in June 2025. For the month of June 2025, the entire 20% went to the Blueprint. From July 2025 onward, mobile/online operators contribute 15% of their taxable win to the Blueprint and 5% to the General Fund. In FY2025, these contributions totaled more than \$88.9 million.

As of June 30, 2025, Maryland had 15 licensed fantasy competition operators. Each operator pays 15% of its revenue to the Blueprint.

ECONOMIC OUTLOOK

The Maryland Board of Revenue Estimates (BRE) September 25, 2025 presentation indicated that the economic forecast had changed from its State revenue projections issued in March of 2025. The updated projections from the BRE — slightly higher than in March — come amid increased concern about federal budget and employment cuts. The uncertainty of federal government actions such as reductions in workforce, government contracts, grant funding, Medicaid and hospital reimbursements, etc., combined with the expected weakening of personal income tax collections attributed to the lower BRE projections for FY2026 and FY2027. The September forecast warns that Maryland could see steeper employment and tax revenues decline.

MLGCA PRODUCTS

Please see Appendix A on page 14 for MLGCA products.

HIGHLIGHTS OF FISCAL YEAR 2025

The Lottery, casinos and sports wagering combined to contribute \$1.589 billion to support the State of Maryland's good causes during FY2025, achieving the same record-setting amount as FY2023. More than \$697.9 million in casino, sports wagering, and fantasy competition revenues were targeted for education programs, including \$606.2 million in casino contributions to the Maryland Education Trust Fund and \$91.7 million in sports wagering and fantasy competition contributions to the Blueprint. Lottery and casino revenues also supported public health and safety programs; the State's horse-racing industry; the communities and jurisdictions where the State's six casinos are located; small, minority, women-owned business programs; and veterans' organizations.

TRADITIONAL LOTTERY

Lottery ticket sales totaled more than \$2.6 billion in FY2025, down 3.6% year-over-year. Profit returned to the State was \$667.2 million, down 4.6% compared to FY2024. Lottery players won \$1.7 billion in prizes during FY2025, down 2.5% from FY2024. Total player prizes averaged nearly \$4.6 million per day; there were 1,638 prizes of \$10,000 or more, including 33 prizes of at least \$1 million. The Lottery's retailers earned \$195.7 million in sales and cashing commissions, an average of more than \$45,000 per retailer. During the 2024 legislative session, the Maryland General Assembly enacted changes to Lottery retailer commissions that went into effect on June 1, 2024: Sales commissions were reduced from 6% to 5.75%, and cashing commissions were reduced from 3% to 2%.

CASINO GAMING

In FY2025, Maryland's six casinos generated nearly \$2.0 billion in gaming revenue from slot machines and table games, the third-best performance in the 15-year history of Maryland's casino program. The \$833.0 million in contributions to the State went to the following beneficiaries:

- Maryland's Education Trust Fund: \$606.2 million
- Local Aid: \$105.1 million (including local impact grants and local jurisdiction contributions)
- Maryland's Horse Racing Industry: \$95.2 million (including contributions to the Racetrack Facility Renewal Account and the Horse Racing Purse Dedication Account)
- Maryland's Small, Minority and Women-Owned Businesses Account: \$20.4 million
- Responsible Gaming Programs: \$6.1 million (includes annual VLT and table game assessments, as well as voluntary exclusion program funds)

SPORTS WAGERING AND FANTASY COMPETITIONS

Maryland's sports wagering program saw a small number of operators exit the market during FY2025. In spite of these fluctuations, the market has grown and continues to show signs of outpacing itself year-over-year. There were 12 retail sportsbook locations and 11 mobile/online sportsbook platforms active in the final month of FY2025. In FY2025, the taxable win contributions totaled \$88.9 million. Expired sports wagering prizes are contributed to the Problem Gambling Fund. Those contributions totaled \$1.3 million during FY2025. The operators of fantasy competitions (including daily fantasy sports) also contribute 15% of their revenue to the Blueprint. In FY2025, these contributions totaled \$1.1 million.

RESPONSIBLE GAMING

Maryland Lottery and Gaming continues its ongoing Agency-wide commitment to emphasizing the importance of responsible play.

In April 2025, the Lottery received the highest level of certification in the Responsible Gambling Verification Program, which is jointly sponsored by the North American Association of State and Provincial Lotteries (NASPL) and the National Council on Problem Gambling (NCPG). The program helps lotteries plan and implement effective responsible gaming procedures in all aspects of their operations. Staff from several departments spent most of 2024 compiling the submission, which includes summaries and documentation of the Lottery's responsible gaming efforts pertaining to employee training; retailer training; public education and awareness; product oversight; research; and advertising.

Prior to receiving this certification, the Lottery spent 2015-2022 progressing through all four levels of certification offered by the World Lottery Association (WLA), a separate, international responsible gaming program.

The Maryland Lottery supported the recognition of March as Problem Gambling Awareness Month with a paid advertising campaign and other messaging, and participated in NCPG's Gift Responsibly campaign, which reinforces the message that Lottery tickets are not an appropriate gift for anyone under the age of 18. The Lottery also worked with the Maryland Center of Excellence on Problem Gambling and the Maryland State Ad Agency to produce a series of four educational videos aimed at raising awareness of problem gambling among vulnerable groups, including youths, seniors, military veterans and rural communities. The videos were published on the Responsible Play page of the Lottery's website during September, which is designated by the American Gaming Association as Responsible Gaming Education Month.

Maryland Lottery and Gaming maintains its leadership role in the Maryland Alliance for Responsible Gambling, which brings together the State's gambling stakeholders and the problem gambling treatment community in a collaborative forum to enhance and develop resources. Maryland Lottery and Gaming staff continue to collaborate with the Maryland Center of Excellence on Problem Gambling, with regular meetings between MLGCA, Center of Excellence staff and others to coordinate activities and training opportunities.

FINANCIAL INFORMATION

ACCOUNTING SYSTEMS AND POLICIES

The MLGCA operates enterprise activities, which include sales of scratch-off, FAST PLAY and draw game tickets; the Instant Ticket Lottery Machine (ITLM) program available exclusively to veterans' organizations; and the oversight of gaming operations and the related support functions: personnel, finance, administration, sales, marketing, security, information technology and licensing. General government functions or operations that are managed by an entity other than MLGCA are not included in this report. The MLGCA, like a

private business, utilizes the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized at the time the related liabilities are incurred.

BUDGETARY SYSTEMS AND CONTROLS

Budgetary control for all State agencies is maintained through the governor's approval process, as well as the enactment of the State's budget by the Maryland General Assembly. Each year, the MLGCA submits its budget to the governor for approval. The budget includes the costs to operate the Lottery and to oversee casino gaming, sports wagering and fantasy competition operations. Excluded from the budget are Lottery prizes paid to winners, commissions paid to Lottery retailers, and operators' share of revenues retained by casino, sports wagering and fantasy competition operators. Lottery prizes and commissions are funded from the sale of Lottery tickets. The casino operators' share of taxable revenue is funded from slot machine and table game revenues. Sports wagering and fantasy competition operators' share of taxable revenue is funded from sports wagering and fantasy competition revenues, respectively.

The governor, in turn, submits the budget for the State (including the MLGCA's budget) to the Maryland General Assembly for enactment. The MLGCA's official budget, as enacted by the Maryland General Assembly, is divided among the various departments within the MLGCA. These departments are responsible for monitoring their expenditures to ensure those expenditures do not exceed the amount budgeted. Encumbrance accounting is utilized whereby purchase orders, contracts and other commitments are treated as expenditures for budgetary purposes. The MLGCA's Budget Department is responsible for monitoring the Agency's budget to ensure that the total expenditures (including encumbrances) do not exceed the approved budget without first obtaining the approval of the governor and the Maryland General Assembly.

DEBT ADMINISTRATION

The MLGCA's long-term liabilities are primarily payments owed to jackpot annuity and lifetime winners and employee-related payables. The payments due to winners are fully funded by amounts invested primarily in United States Government Agency Obligations (coupon bonds). Some investments are also held in annuity contracts.

INTERNAL CONTROL ENVIRONMENT

Management of the MLGCA is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft or misuse, and to ensure that the accounting system allows compilation of accurate and timely financial information. The structure is designed to provide reasonable assurance that these objectives are met.

To enhance controls over accounting procedures, the MLGCA has segregated the following functions: budget, personnel, payroll, purchasing, accounts payable, accounts receivable, gaming accounting and general ledger accounting. Data input and processing are separate from system programming, with management providing approval and oversight. In addition, an internal auditor reviews all areas of the MLGCA and reports jointly to the Director and to the MLGCC.

Since the MLGCA manages scratch-off and draw game tickets, controls the disbursement of Lottery prizes, and is responsible for the oversight of the casinos and sportsbooks, the following steps have been taken to ensure that operations remain secure and meet the highest ethical standards:

- employing specialized compliance staff who are present at the casinos 24 hours a day, 7 days a week;
- maintaining secure facilities and limiting access to them;

- performing background checks on Lottery retailers, vendors, employees and anyone requiring a gaming and/or sports wagering license;
- ensuring that Lottery tickets are printed with special security features;
- performing unannounced inspections of drawings to ensure compliance with established operating procedures;
- reprocessing daily transactional data of all Lottery vendor activity by MLGCA personnel using internal control system programs and reconciling transactions to reports generated by the Lottery vendor;
- comparing, on a daily basis, gross slot machine revenue recorded on the MLGCA's central monitoring system to gross terminal revenue reported by the casinos' slot accounting systems, and reconciling any differences;
- employing auditors to ensure table game, sports wagering and fantasy competition revenue is accurately accounted for and that the operators are adhering to the required internal controls; and
- providing a variety of access and other controls in the MLGCA's computer systems.

The MLGCA has 341 employees, including contractual employees. All Maryland Lottery draw games (Pick 3, Pick 4, Pick 5, Bonus Match 5, Multi-Match, Keno, Racetrax and CASH POP) are conducted by random number generators (RNGs). The computer-controlled RNG systems that operate Keno, Racetrax and CASH POP are maintained at a secure, multi-tenant data center located in Nevada. Pick 3, Pick 4, Pick 5, Bonus Match 5 and Multi-Match drawings are conducted by Lottery staff using an RNG system securely housed at the Maryland Lottery's facility in Baltimore. Mega Millions, Powerball and Cash4Life drawings are conducted in Georgia, Florida and New Jersey, respectively.

FUTURE PROJECTS

TRADITIONAL LOTTERY

The Cash4Life game will be discontinued in February 2026, and the Lottery is evaluating opportunities to add new draw games. Maryland is one of 10 states offering Cash4Life, and its sales and profits in Maryland have been modest. Through six fiscal years as a daily game (FY2020 through FY2025), Cash4Life averaged \$20.25 million in annual sales in Maryland and \$6.9 million in annual profit. The Lottery is working on system changes to implement a bill passed during the 2025 legislative session authorizing online sales of subscriptions. Customers will be able to order and pay for subscriptions online using a debit card or an Automated Clearing House transaction, eliminating the need to mail subscription forms and paper checks to the Lottery. There will also be an option to pay for a subscription at Lottery retailers and complete the transaction online. A pilot program providing debit card transactions at clerk-operated Lottery terminals is in progress and is expected to grow to approximately 150 retailers. Previously, debit card transactions were available only via the Lottery's self-service vending machines. In November 2025, the Lottery launched a Holiday Raffle, with four drawings held from November 24, 2025 to January 2, 2026. A total of 325,000 tickets were made available for \$20 each, with one top prize of \$1 million; 10 second-tier prizes of \$100,000; and 10,000 additional prizes of \$50, \$100 or \$500. Staff will be evaluating the raffle's performance for potential future implementation. A new \$50 scratch-off ticket with \$5 million top prizes will launch in February 2026, along with the Lottery's first scratch-off at a \$25 price point — a crossword puzzle ticket with \$1 million top prizes. Agency staff are also preparing requests for proposals (RFPs) for the Instant Ticket Lottery Machine (ITLM) program, and the production/additional services related to scratch-off tickets.

CASINO GAMING

Maryland's casinos will be looking to bounce back after a flat year-over-year performance in FY2025. As of the end of Q1 of FY2026, combined gaming revenue at the six casinos was down 3.1% and contributions to the State were down 2.3% year-over-year. Horseshoe Casino's ownership group announced during the summer of 2025 that it has resumed development along Warner Street in Baltimore, between the casino and M&T Bank Stadium. Plans include a theater, a hotel and retail space.

SPORTS WAGERING AND FANTASY COMPETITIONS

Maryland's sports wagering market showed signs of continued growth as FY2026 began, with statewide handle increasing 16.5% in Q1 compared to the same period in FY2025. September 2025 marked a single-month record for handle at more than \$650.9 million, and contributions to the State at nearly \$13.5 million. With a growing market and the increase in contributions to the State by mobile/online operators that was adopted by the Maryland General Assembly in 2025, sports wagering contributions have a chance to reach \$100 million during FY2026. Maryland Lottery and Gaming staff continue to diligently oversee the program and work with licensees and operators who are entering or exiting the market or changing partnerships or locations.

Respectfully Submitted,

MARYLAND LOTTERY AND GAMING CONTROL AGENCY



John A. Martin
Director



James Nielsen
*Deputy Director and Chief
Operating Officer*



Paula Yocum
*Managing Director and Chief
Financial Officer*

APPENDIX A: MARYLAND LOTTERY AND GAMING CONTROL AGENCY OFFERINGS

The Lottery continues to offer a variety of draw and instant-win games. Draw games allow players to pick their numbers or select a “Quick Pick.” Computerized random number generators (RNGs) are used to generate “Quick Pick” numbers when players choose not to select their own numbers. Customers receive a ticket and then wait for the drawing to determine if they have won. The Lottery also uses a computerized RNG for determining the winning numbers for our drawings. The Lottery offers two types of instant-win games that allow players to immediately determine if they’ve won by matching numbers or symbols. FAST PLAY games are printed at the time of purchase by Lottery retailer terminals and self-service vending machines. Scratch-off games are played by scratching a latex covering off a play area to reveal pre-printed combinations. If a winning combination appears, the customer is an instant winner. The Instant Ticket Lottery Machine (ITLM) program, available exclusively to veterans’ organizations, gives players an entertaining animated display of a predetermined prize amount that is triggered by scanning a pre-printed ticket.

MLGCA products offered during Fiscal Year 2025 included the following:

DRAW GAMES



FISCAL YEAR 2025 STATISTICS — PICK 3:

\$232.5 million in net sales
8.8% of total net sales
\$4.7 million decrease from Fiscal Year 2024 Pick 3 net sales

PICK 3 was the Maryland Lottery’s first draw game, introduced in July 1976. Drawings are held twice daily, seven days a week. Players choose three numbers from a range of 0 to 9. Tickets can be purchased for 50 cents or \$1, and the game has nine bet types with payouts ranging from \$25 to \$500.

FISCAL YEAR 2025 STATISTICS — PICK 4:

\$293.8 million in net sales
11.2% of total net sales
\$3.0 million decrease from Fiscal Year 2024 Pick 4 net sales

PICK 4 was introduced in April 1983. Drawings are held twice daily, seven days a week. Players choose four numbers from a range of 0 to 9. Tickets can be purchased for 50 cents or \$1, and the game has 13 bet types with payouts ranging from \$100 to \$5,000.



FISCAL YEAR 2025 STATISTICS — PICK 5:

\$68.5 million in net sales
2.6% of total net sales
\$976,062 increase from Fiscal Year 2024 Pick 5 net sales

PICK 5 made its debut on February 7, 2022. Drawings are held twice daily, seven days a week. Players choose five numbers from a range of 0 to 9. Tickets can be purchased for 50 cents or \$1, and the game has 13 bet types with payouts ranging from \$25 to \$50,000.





FISCAL YEAR 2025 STATISTICS — BONUS MATCH 5:

\$15.6 million in net sales
0.6% of total net sales
\$804,811 decrease from Fiscal Year 2024 Bonus Match 5 net sales

BONUS MATCH 5 was originally introduced in September 1995. Drawings are held nightly, and players can purchase one line of numbers for \$1; three lines of numbers for \$2; four lines of numbers for \$3; six lines of numbers for \$4; seven lines of numbers for \$5; or nine lines of numbers for \$6. For each line, players select five numbers from a range of 1 to 39. Five winning numbers are drawn from that range, followed by a Bonus Ball number drawn from the remaining 34 numbers. Players matching the five winning numbers on a single line win the top prize of \$50,000. There are additional ways to win by matching at least two of the winning numbers and the Bonus Ball, or by matching at least three of the winning numbers without the Bonus Ball, with prizes ranging from \$2 to \$600.

FISCAL YEAR 2025 STATISTICS – CASH POP™:

\$19.4 million in net sales
0.7% of total net sales
\$14.1 million increase from Fiscal Year 2024 CASH POP™ net sales

CASH POP™ was launched on May 6, 2024. **CASH POP™** drawings occur four times per day. In each drawing, one winning number is selected from a range of 1 to 15. Players can purchase a ticket with as many numbers as they wish from that range and can choose to purchase for \$1, \$2, \$5 or \$10 per number. Prize amounts are randomly generated from a pre-set range for each game played and appear on the tickets. Prizes range from \$5 to \$2,500.



FISCAL YEAR 2025 STATISTICS — CASH4LIFE®:

\$19.7 million in net sales
0.7% of total net sales
\$837,758 decrease from Fiscal Year 2024 Cash4Life® net sales

CASH4LIFE® is a multi-state game with nightly drawings, and tickets are available in 10 states. The Maryland Lottery began selling Cash4Life® tickets in January 2016. For \$2, players pick five numbers from a range of 1 to 60 and one Cash Ball from a range of 1 to 4. Players matching all five winning numbers and the Cash Ball number win the top-tier prize of \$1,000 a day for life, and players who match the five winning numbers but do not match the Cash Ball number win the second-tier prize of \$1,000 a week for life. If there are multiple top-tier winners in a single drawing, the prize is divided equally among the winners. In some cases, if there are multiple second-tier prize winners, the prize pool may also be divided equally among the winners. In addition to the top two tiers, there are seven other prize tiers ranging from \$2 to \$2,500. Cash4Life® will be retired in February 2026.

MONITOR GAMES



FISCAL YEAR 2025 STATISTICS — KENO:

\$263.6 million in net sales
10.0% of total net sales
\$8.2 million decrease from Fiscal Year 2024 Keno net sales

KENO is a draw game that is predominantly played in a social setting, and drawings are held every three and a half minutes. Keno was introduced in January 1993. In each Keno drawing, an RNG produces sets of 20 numbers from a range of 1 to 80. The numbers are displayed on video monitors at Maryland Lottery retail locations, and recaps are available on the Lottery’s mobile app and mdlottery.com. Players select up to 10 numbers from a range of 1 to 80 and win prizes ranging from \$1 to \$100,000 by matching some, all or — in some cases — none of the numbers.

KENO BONUS® is an optional feature that was introduced in April 1999 and is sold in conjunction with Keno. By doubling their base Keno wager, players have an opportunity to multiply their winnings by up to ten times. The Keno Bonus® multiplier is determined by an RNG draw immediately prior to each Keno game drawing. The maximum prize that can be won per game on any Keno ticket with the Keno Bonus® option is \$1 million.

KENO SUPER BONUS™ is an optional feature that was introduced in June 2009 and is sold in conjunction with Keno. The amount of the Keno Super Bonus™ wager is three times the amount of the base Keno wager, giving players an opportunity to multiply their winnings by up to 20 times. The Keno Super Bonus™ multiplier is determined by an RNG draw immediately prior to each Keno game drawing. The maximum prize that can be won on any Keno ticket with the Keno Super Bonus™ option is \$2 million.

FISCAL YEAR 2025 STATISTICS — RACETRAX®:

\$334.5 million in net sales
12.7% of total net sales
\$19.4 million increase from Fiscal Year 2024 Racetrax® net sales

RACETRAX® is a computer-animated virtual horse-racing game that offers the thrill of horse racing with advanced 3-D graphics that are displayed on monitors at Maryland Lottery retail locations. The game launched in August 2006 and is predominantly played in a social setting. Races begin approximately every 4 minutes and 10 seconds with each race lasting up to one minute. Winning numbers are randomly generated. The game offers thirteen different types of bets, with players selecting from a range of horses numbered 1 to 12, and prizes ranging from \$1.20 to \$650,248, depending on the bet type.

RACETRAX® BONUS is an optional feature that launched in August 2009 and is sold in conjunction with Racetrax®. By doubling their base Racetrax® wager, players have an opportunity to multiply their winnings by up to ten times. The multiplier is determined by a computer-generated random draw immediately prior to the start of each race. The maximum prize that can be won per game on any Racetrax® ticket with the Racetrax® Bonus option is \$6,502,480.



JACKPOT GAMES



FISCAL YEAR 2025 STATISTICS — MEGA MILLIONS®:

\$102.0 million in net sales
3.9% of total net sales
\$29.5 million decrease from Fiscal Year 2024 Mega Millions® net sales

MEGA MILLIONS® is a multi-state jackpot game, with drawings conducted each Tuesday and Friday night. The Maryland Lottery began selling Mega Millions® tickets in September 1996, and the game is available in 47 U.S. states and jurisdictions. In April 2025, Mega Millions® implemented changes to its price and prize structure. The price of tickets increased from \$2 to \$5 per play. Each \$5 play includes a built-in randomly generated multiplier of up to 10 times that is printed on each ticket. The minimum prize for any winning ticket increased from \$2 under the old format to \$10 under the new format. The starting jackpot amount increased from an annuitized value of \$20 million to \$50 million. The jackpot grows based on ticket sales until a jackpot-winning ticket is sold. Players choose a total of six numbers from two fields: five numbers from a range of 1 to 70 and one Mega Ball number from a range of 1 to 24. Players matching all six numbers win the jackpot. If there are multiple jackpot winners, the jackpot prize is divided evenly among them. The probability of winning the jackpot is approximately 1 in 290 million under the format that launched in April 2025, compared to approximately 1 in 302 million under the old format. There are also eight other prize tiers ranging from \$10 to as much as \$10 million.

FISCAL YEAR 2025 STATISTICS — MULTI-MATCH®:

\$30.1 million in net sales
1.1% of total net sales
\$4.5 million increase from Fiscal Year 2024 Multi-Match® net sales

MULTI-MATCH® is a Maryland-only jackpot game that was introduced in February 2006, replacing Lotto, the Maryland Lottery’s original in-state jackpot game. Drawings are held each Monday and Thursday evening. For each \$2 play, Multi-Match® players receive three lines of six numbers from a range of 1 to 43. Players can select the first line of numbers themselves or select a Quick Pick. The second and third lines of all Multi-Match® tickets are randomly generated by the computer. Players matching all six winning numbers on a single line win the jackpot, which starts at an annuitized value of \$500,000 and increases after each drawing until a jackpot-winning ticket is sold. If there are multiple jackpot winners, the jackpot is evenly divided by the number of winners. The probability of winning the jackpot is approximately 1 in 2 million for each \$2 play. Players can also win fixed prizes ranging from \$2 to \$2,000 by matching three or more numbers on a single line or five or more numbers using all three lines combined.



INSTANT GAMES

FISCAL YEAR 2025 STATISTICS — SCRATCH-OFFS:

\$1.06 billion in net sales
40.2% of total net sales
\$2.9 million decrease from Fiscal Year 2024 scratch-off net sales

SCRATCH-OFF games were first introduced in 1976. Tickets are pre-printed, and players reveal pre-determined outcomes by scratching a play area covered with a latex coating. From 1976 to 1985, a limited number of scratch-off games were launched. The Maryland Lottery began launching scratch-offs on a more frequent basis in 1986, and in recent years new tickets have been launched monthly. During Fiscal Year 2025, the Maryland Lottery launched 50 new scratch-off games, with price points of \$1, \$2, \$3, \$5, \$10, \$20, \$30 and \$50. Each scratch-off game has multiple prize tiers, with prizes ranging from \$1 to \$5 million.



FISCAL YEAR 2025 STATISTICS – FAST PLAY:

\$84.1 million in net sales
3.2% of total net sales
\$1.8 million increase from Fiscal Year 2024 FAST PLAY net sales

FAST PLAY games were introduced on February 10, 2020. The games are printed by Lottery retailer terminals and self-service vending machines at the time of purchase, and players find out immediately if they've won by looking to see if their numbers or symbols match the winning numbers or symbols. Like scratch-offs, FAST PLAY tickets feature a variety of themes and play styles and have multiple prize tiers, with price points ranging from \$1 to \$30. Some of the games have fixed top prizes, while others have progressive jackpot top prizes, which grow with the purchase of each ticket until a jackpot-winning ticket is sold. During Fiscal Year 2025, the Maryland Lottery launched 21 new FAST PLAY games.

FISCAL YEAR 2025 STATISTICS — INSTANT TICKET LOTTERY MACHINES:

\$16.9 million in net sales
0.6% of total net sales
\$661,436 increase from Fiscal Year 2024 ITLM net sales

INSTANT TICKET LOTTERY MACHINES (ITLMs) were introduced in September 2014 and placed at qualified veterans' organizations, in accordance with statute. ITLMs are electronic devices that dispense pre-printed instant scratch-off tickets and utilize a touchscreen monitor to display an entertaining animated display of the predetermined prize. The devices accumulate winnings for players and print out vouchers at the conclusion of play that can be redeemed for cash or inserted into another ITLM for continued play. There were a combined 396 ITLMs operating at 90 qualified locations as of the end of Fiscal Year 2025.



MARYLAND CASINOS

Maryland Lottery and Gaming is the regulator of licensed casinos, which offered the following during Fiscal Year 2025:



FISCAL YEAR 2025 STATISTICS — VIDEO LOTTERY TERMINALS:

\$1.4 billion in gross terminal revenue

9,724 slot machines as of June 30, 2025

\$20.4 million increase from Fiscal Year 2024 gross terminal revenue

VIDEO LOTTERY TERMINALS (VLT) were approved during the 2007 special session of the Maryland General Assembly and subsequently approved by voters via referendum in the November 2008 General Election. Maryland's six casinos opened between September 2010 and December 2016.

FISCAL YEAR 2025 STATISTICS — TABLE GAMES:

\$606.4 million in revenue

556 total table games as of June 30, 2025

\$19.4 million decrease from Fiscal Year 2024 table game revenue

TABLE GAMES were approved for all six Maryland casinos after voters approved a gaming expansion referendum in the November 2012 General Election. Casinos began launching table game operations during Fiscal Year 2013.



MARYLAND SPORTS WAGERING AND FANTASY COMPETITIONS

Maryland Lottery and Gaming is the regulator of licensed retail and mobile sports wagering operators and authorized online fantasy competition operators.



FISCAL YEAR 2025 STATISTICS — SPORTS WAGERING:

\$6.2 billion in handle
\$577.7 million in taxable win
\$88.9 million in contributions to the State
\$175.6 million increase from Fiscal Year 2024 taxable win

Maryland’s **SPORTS WAGERING** market continued to grow in Fiscal Year 2025. Statewide handle increased by nearly \$844.7 million year-over-year, and contributions to the State jumped from \$60.3 million in FY2024 to \$88.9 million in FY2025. There were 12 retail locations and 11 mobile platforms operating as of the end of FY2025. Mobile wagering accounted for 97.4% of the handle during the fiscal year. Through May 2025, all retail and mobile sports wagering operators paid 15% of their taxable win to the Blueprint for Maryland’s Future Fund (Blueprint), which supports public education. In accordance with legislation approved by the Maryland General Assembly in 2025, the mobile operators began paying 20% of their taxable win to the State. For the month of June 2025, the entire 20% went to the Blueprint. From July 2025 onward, mobile operators contribute 15% of their taxable win to the Blueprint and 5% to the General Fund. Retail operators continue to pay 15% to the Blueprint.

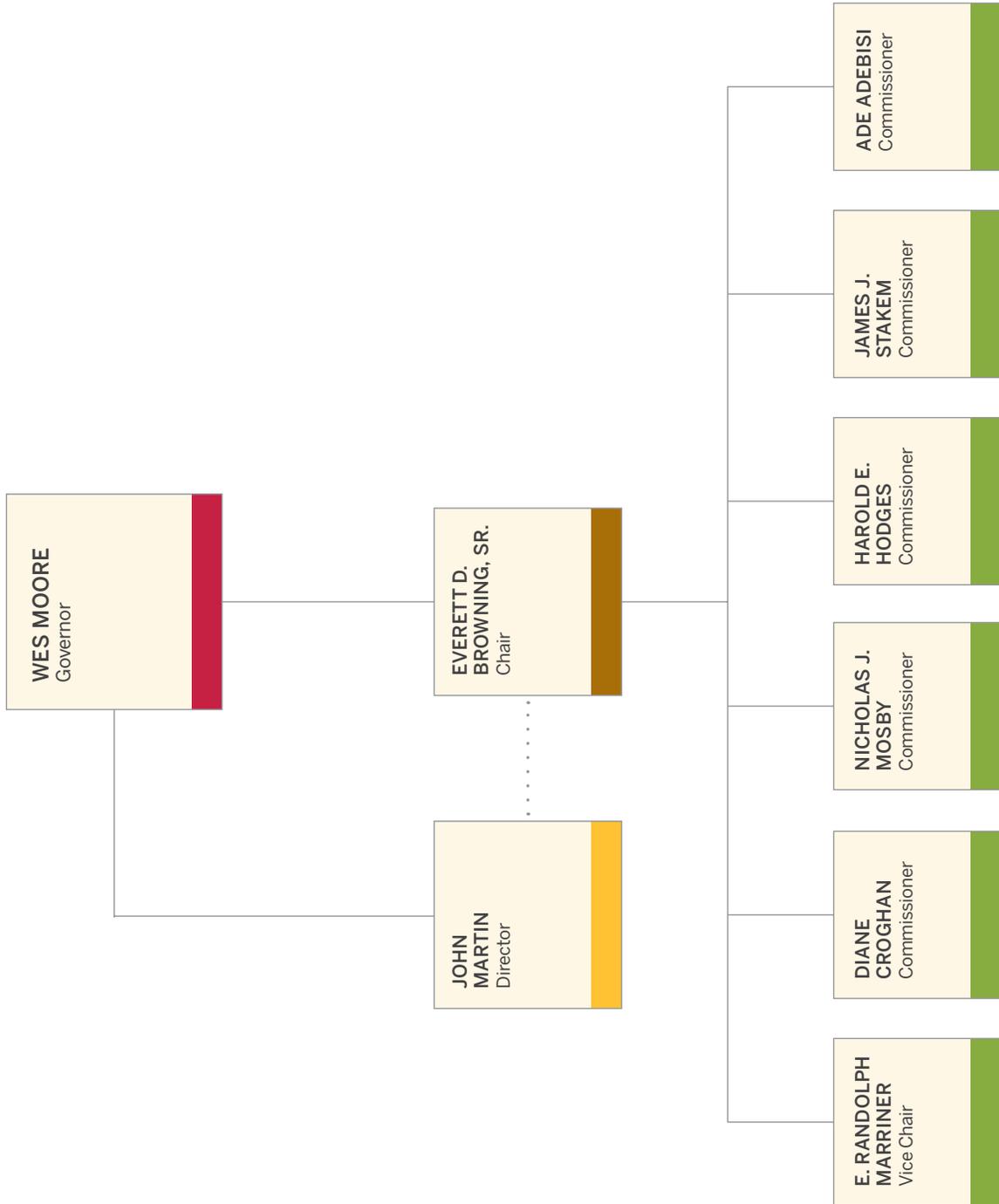
FISCAL YEAR 2025 STATISTICS — FANTASY COMPETITIONS:

\$7.0 million in revenue
\$1.0 million in contributions to the State
\$437,525 increase from Fiscal Year 2024 revenue

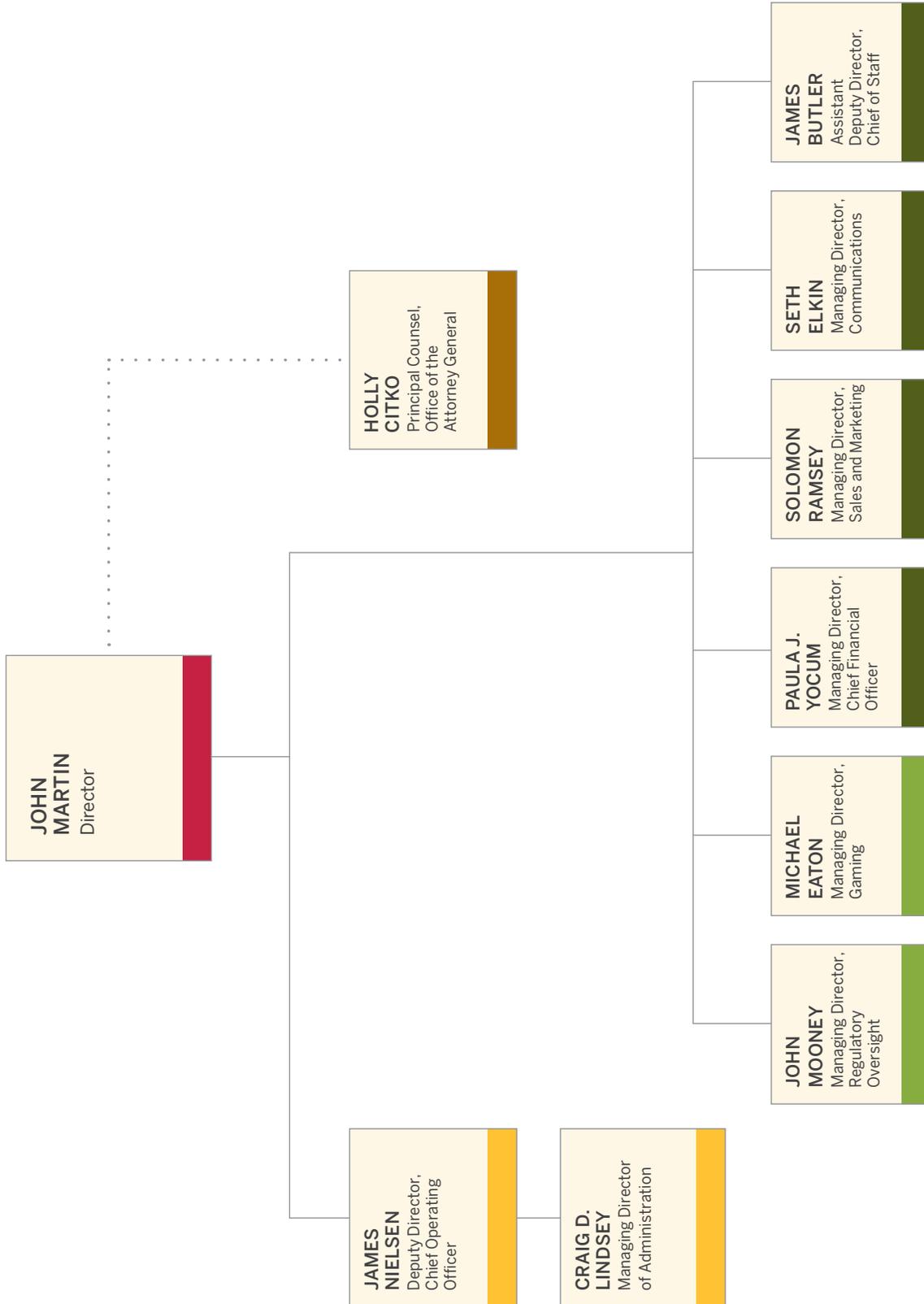
As of the end of Fiscal Year 2025, Maryland had 15 licensed fantasy competition operators. Each operator pays 15% of its taxable revenue to the Blueprint, which supports public education.



Commission Organization as of June 30, 2025



Executive Organization Chart



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FINANCIAL SECTION

In fiscal year 2025, the MLGCA contributed \$1.6 billion to the State of Maryland. \$667.2 million from the Lottery, \$833.0 million from casino gaming, \$88.9 million from sports wagering, and \$1.1 million from fantasy gaming competitions.

2025

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INDEPENDENT AUDITORS' REPORT



To the Maryland Lottery and Gaming Control Agency:

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying financial statements of the business-type activities of the Maryland Lottery and Gaming Control Agency (an agency of the State of Maryland) (Agency), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Agency, as of June 30, 2025 and 2024, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINION

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note 1 to the financial statements, in 2025, the Agency adopted new accounting guidance, Government Accounting Standards Board (GASB) No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

EMPHASIS OF MATTER

As discussed in Note 1, the financial statements of the Agency are intended to present the financial position, the changes in financial position and cash flows of the business-type activities of the Agency. They do not purport to, and do not, present fairly the financial position of the State of Maryland as of June 30, 2025 and 2024, the changes in its financial position or cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Maryland Lottery and Gaming Control Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Maryland Lottery and Gaming Control Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Maryland Lottery and Gaming Control Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison and changes in net pension liability, contributions and related ratios and employer contributions for other postemployment benefit plan on pages 30 through 45 and 73 through 76, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing

standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2025 on our consideration of the Maryland Lottery and Gaming Control Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Maryland Lottery and Gaming Control Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Maryland Lottery and Gaming Control Agency's internal control over financial reporting and compliance.

SC+H Attest Services, P.C.

December 4, 2025

Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) provides an overview of the Maryland Lottery and Gaming Control Agency's (Agency) performance for the fiscal years ended June 30, 2025 and 2024. As you read the MD&A, 2025 refers to the fiscal year ended June 30, 2025; 2024 refers to the fiscal year ended June 30, 2024; and 2023 refers to the fiscal year ended June 30, 2023. The information contained in the MD&A should be read in conjunction with the information contained in the financial statements and notes to the financial statements, which begins on page 46.

FINANCIAL HIGHLIGHTS

- Net sales for scratch-off games were \$1.06 billion, the fourth consecutive year of sales surpassing \$1 billion.
- Gross video lottery terminal (VLT) revenue totaled \$1.36 billion in 2025, an increase of \$20.43 million or 1.53% compared to \$1.34 billion in 2024, a decrease of \$9.84 million or 0.73% compared to \$1.35 billion in 2023.
- Sports wagering revenue contributed \$88.92 million to the State of Maryland in 2025, an increase of 47.44% compared to \$60.31 million contributed to the state in 2024.
- Mobile sports wagering contributions to the State of Maryland totaled \$87.35 million in 2025, an increase of \$29.28 million or 50.42% compared to \$58.07 million in 2024, which was the first full fiscal year mobile sports wagering was active.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Maryland Lottery and Gaming Control Agency is an independent agency of the State of Maryland (the State) that was created to generate revenue through the operation of a lottery. As of June 30, 2025, the lottery has 4,309 retailer locations, 457 Expanded Cashing Authority Program (XCAP™) retailers, and 7,169 terminals. On November 4, 2008, a constitutional amendment was approved by voters which set up broad parameters for the operations of VLTs and the establishment of five casinos in the State. During the 2012 Second Special Session of the Maryland General Assembly, legislation passed, subject to voter referendum, that allowed, among other things, the implementation of table games as well as a sixth casino. During the November 2012 General Election, voters approved both table games and the sixth casino. The Agency is responsible for regulating the operations of the casinos. As of June 30, 2025, there were six casinos operating in the State with 9,724 VLTs and 556 table games. Effective May 18, 2021, legislation was passed that establishes and implements sports wagering in the State and provides for regulation of sports wagering and fantasy gaming competitions. The regulation of fantasy gaming competitions became effective immediately; however, the Agency had not yet established control processes in fiscal year 2021. Therefore, the revenue from fiscal year 2021 was not booked until processes were established in fiscal year 2022. As of June 30, 2025, sports wagering was in operation at five casinos, seven retail locations and 11 mobile operators as well as 15 fantasy operators.

The Agency is accounted for as a proprietary-type enterprise fund using the accrual basis of accounting, similar to a private business entity.

Management's Discussion and Analysis

FINANCIAL STATEMENTS

The financial statements included in this report are the statements of net position; statements of revenues, expenses, and changes in net position; and statements of cash flows. The statements of net position present the assets and deferred outflows of resources, and liabilities and deferred inflows of resources of the Agency with the difference being reported as net position. The statements of revenues, expenses, and changes in net position report the revenues and expenses of the Agency and are used to measure the success of its operations for a given period of time as it relates to contributions to the State of Maryland and other government agencies. The statements of cash flows reconcile the changes in cash and cash equivalents with the activities of the Agency for the periods presented. The activities are classified as operating, noncapital financing, capital and related financing, and investing.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 49 to 72 of this report.

Management's Discussion and Analysis

FINANCIAL ANALYSIS

Table 1 is the summarized version of the statements of net position as of June 30, 2025, 2024 and 2023. The table reflects the Agency's overall change in financial resources and claims on those resources. The majority of the assets consist of cash held by the State Treasury, investments, accounts receivable, and net capital and right-of-use assets. The Agency's investments and the majority of accounts receivable, as well as the majority of cash held by the State Treasury, are used to pay lottery winners or are transferred as income to the State of Maryland and other government agencies. Most liabilities represent prize awards payables, annuities payable, amounts due to the State of Maryland, amounts due to other government agencies, lease liabilities, and pension obligations.

TABLE 1 - NET POSITION (IN THOUSANDS)

FISCAL YEAR	2025	Difference between 2025 and 2024		2024	Difference between 2024 and 2023		2023 (Restated)
		\$	%		\$	%	
Current Assets	\$ 337,346	\$ (6,492)	-1.89%	\$ 343,838	\$ (183,390)	-34.78%	\$ 527,228
Other Non-Current Assets	17,502	(2,404)	-12.08%	19,906	(2,986)	-13.04%	22,892
Capital and Right-of-Use Assets, Net	22,989	(3,190)	-12.19%	26,179	22,904	699.36%	3,275
Total Assets	\$ 377,837	\$ (12,086)	-3.10%	\$ 389,923	\$ (163,472)	-29.54%	\$ 553,395
Deferred Outflows of Resources	\$ 20,701	\$ 2,067	11.09%	\$ 18,634	\$ 304	1.66%	\$ 18,330
Total Assets and Deferred Outflows	\$ 398,538	\$ (10,019)	-2.45%	\$ 408,557	\$ (163,168)	-28.54%	\$ 571,725
Current Liabilities	\$ 330,664	\$ (2,087)	-0.63%	\$ 332,751	\$ (181,621)	-35.31%	\$ 514,372
Non-Current Liabilities	46,128	(2,100)	-4.35%	48,228	19,397	67.28%	28,831
Net Pension Liability	43,979	8,301	23.27%	35,678	4,623	14.89%	31,055
Total Liabilities	\$ 420,771	\$ 4,114	0.99%	\$ 416,657	\$ (157,601)	-27.44%	\$ 574,258
Deferred Inflows of Resources	\$ 6,509	\$ (3,123)	-32.42%	\$ 9,632	\$ (3,496)	-26.63%	\$ 13,128
Total Liabilities and Deferred Inflows	\$ 427,280	\$ 991	0.23%	\$ 426,289	\$ (161,097)	-27.43%	\$ 587,386
Net Position							
Net Investment in Capital Assets	\$ 110	\$ (929)	-89.41%	\$ 1,039	\$ 331	46.75%	\$ 708
Unrestricted	(28,852)	(10,081)	53.71%	(18,771)	(2,402)	14.67%	(16,369)
Total Net Position	\$ (28,742)	\$ (11,010)	62.09%	\$ (17,732)	\$ (2,071)	13.22%	\$ (15,661)

CURRENT ASSETS

The Agency's current assets decreased by \$6.49 million or 1.89% in 2025 compared to 2024, which had decreased by \$183.39 million or 34.78% in 2024 compared to 2023.

Cash held with the State Treasury increased by \$9.23 million or 3.89% in 2025 compared to 2024, which decreased by \$199.41 million or 45.68% in 2024 compared to 2023. At the end of each of 2025 and 2024, there were three months of lottery income and one month of gaming revenue and sports wagering waiting to be transferred. At the end of 2023, there were six months of lottery income and one month of gaming revenue waiting to be transferred.

Management's Discussion and Analysis

CURRENT ASSETS – (continued)

Accounts receivable decreased by \$15.26 million or 15.72% in 2025 compared to 2024, which had increased by \$17.39 million or 21.83% in 2024 compared to 2023. Accounts receivable is primarily comprised of amounts due from lottery retailers from the sale of lottery tickets and revenue due from the casino operators.

Accounts receivable from lottery retailers decreased by \$12.10 million or 15.63% in 2025 compared to 2024, which had increased by \$8.98 million or 13.12% in 2024 compared to 2023. On a weekly basis, amounts due from retailers are collected electronically from the lottery retailers' bank accounts. In 2025, one day of sales activity had not yet been collected. In 2024, seven days of sales activity had not yet been collected. In 2023, five days of sales activity had not yet been collected.

Accounts receivable from casino operators decreased by \$6.90 million or 50.38% in 2025 compared to 2024, which had increased by \$5.57 million or 68.65% in 2024 compared to 2023. Gross terminal revenue is electronically transferred to the Agency on a daily basis, and table game revenue is electronically transferred to the Agency every two days. Corresponding increases and decreases in accounts receivables from casino operators are a function of the change in gaming revenue for the last days of the fiscal year and timing of when the revenue is received.

Accounts receivable from sports wagering and fantasy gaming were new in 2022, and mobile sports wagering was new in 2023. Accounts receivable from sports wagering increased by \$3.70 million or 63.77% in 2025 compared to 2024, which had increased by \$2.84 million or 96.22% compared to 2023. As the sports wagering program has matured and additional operators have begun operations, the accounts receivable for sports wagering has increased.

NON-CURRENT ASSETS

The Agency's non-current assets consist of investments for annuity payments, net of current portion and capital and right-of-use assets, net of depreciation and amortization. Non-current assets decreased by \$5.59 million or 12.14% in 2025 compared to 2024, which increased by \$19.92 million or 76.12% compared to 2023.

Right-of-use assets, net of amortization, decreased by \$2.88 million or 11.51% in 2025 compared to 2024, which had increased by \$22.34 million or 819.38% in 2024 compared to 2023. The decrease was due to the Agency's accumulated amortization in 2025 compared to 2024 and the increase in 2024 compared to 2023 was due to the Agency's additional right-of-use asset related to the new office and warehouse lease that was effective January 1, 2024.

The Agency's investments for annuity payments, net of current portion, decreased by \$2.40 million or 12.08% in 2025 compared to 2024, which had decreased by \$2.99 million or 13.04% in 2024 compared to 2023. The decreases resulted from fewer winners using annuities as a payment option in the preceding years.

DEFERRED OUTFLOWS OF RESOURCES

Deferred pension outflows represent the Agency's contributions subsequent to the measurement date and the difference between expected and actual experience of the State Retirement and Pension Funds total pension liability and the changes in actuarial assumptions as described in Note 10 to the financial statements. Deferred outflows increased by \$2.07 million or 11.09% in 2025 compared to 2024, which had increased by \$304,000 or 1.66% in 2024 compared to 2023. The increase in 2025 compared to 2024 was because of the change in assumptions and the difference between expected and actual experience. The increase in 2024 compared to 2023 was due to earnings on investments and the difference between projected and actual experience. See Note 10.

Management's Discussion and Analysis

CURRENT LIABILITIES

Current liabilities decreased by \$2.09 million or 0.63% in 2025 compared to 2024, which had decreased by \$181.62 million or 35.31% in 2024 compared to 2023. The change between years is mostly related to changes in the amount of lottery income due to the General Fund at year-end and increases in prize awards payable.

Amounts due to the General Fund decreased by \$1.34 million or 0.81% in 2025 compared to 2024, which had decreased by \$174.33 million or 51.42% in 2024 compared to 2023. The change in amounts due to the General Fund was a result of three months, three months, and six months of state share being outstanding as of June 30, 2025, 2024 and 2023, respectively.

Prize awards payable decreased by \$3.91 million or 6.45% in 2025 compared to 2024, which had decreased by \$8.41 million or 12.18% in 2024 compared to 2023. The decreases in 2025 and 2024 are related to less overall sales.

NON-CURRENT LIABILITIES

Non-current liabilities decreased by \$2.10 million or 4.35% in 2025 compared to 2024, which had increased by \$19.40 million or 67.28% in 2024 compared to 2023.

Net pension liability increased by \$8.30 million or 23.27% in 2025 compared to 2024, which had increased by \$4.62 million or 14.89% in 2024 compared to 2023. The net pension liability represents the Agency's proportionate share of the State of Maryland's total net pension liability. The changes between the years are primarily the result of the changes in the Agency's proportionate share of the State Retirement and Pension Fund's overall pension liability.

In addition, the annuity prizes payable liability decreased by \$2.95 million or 12.92% in 2025 compared to 2024, which had decreased by \$2.68 million or 10.51% in 2024 compared to 2023.

The non-current portion of lease liability decreased by \$1.29 million or 5.62% in 2025 compared to 2024, which had increased by \$21.83 million or 2,072.30% compared to 2023. The decrease in 2025 compared to 2024 is primarily due to lease payments made in accordance with the lease agreement. The increase in 2024 compared to 2023 was due to the Agency's new office and warehouse lease effective January 1, 2024.

DEFERRED INFLOWS OF RESOURCES

Deferred inflows decreased by \$3.12 million or 32.42% in 2025 compared to 2024, which had decreased by \$3.50 million or 26.63% in 2024 compared to 2023. The decreases are due to the amortization of the deferred inflows in 2025 and 2024 as described in Note 10 to the financial statements.

NET POSITION

Net position decreased by \$11.01 million or 62.09% in 2025 compared to 2024, which had decreased by \$2.07 million or 13.23% in 2024 compared to 2023. Because the Agency is required by law to transfer its entire budgetary basis net position to the State of Maryland and its gaming and sports wagering revenues to various government agencies, changes in net position do not reflect the results of the Agency's operating activities. Rather, changes in net position reflect differences between budgetary basis net income and net income in accordance with accounting principles generally accepted in the United States and the unclaimed prize fund.

Management's Discussion and Analysis

RESULTS OF OPERATIONS

A summary of the Agency's change in net position is present in Table 2 below.

TABLE 2 - REVENUES, EXPENSES, AND CHANGES IN NET POSITION (IN THOUSANDS)

FISCAL YEAR	Difference between 2025 and 2024			Difference between 2024 and 2023			2023 (Restated)
	2025	\$	%	2024	\$	%	
Revenue							
Jackpot games	\$ 225,703	\$ (115,422)	-33.84%	\$ 341,125	\$ 7,502	2.25%	\$ 333,623
Draw games	649,531	5,662	0.88%	643,869	(25,384)	-3.79%	669,253
Monitor games	598,139	11,159	1.90%	586,980	(17,316)	-2.87%	604,296
Instant games	1,142,581	(1,185)	-0.10%	1,143,766	1,596	0.14%	1,142,170
ITLMs	16,947	662	4.07%	16,285	1,248	8.30%	15,037
Total sales	\$ 2,632,901	\$ (99,124)	-3.63%	\$ 2,732,025	\$ (32,354)	-1.17%	\$ 2,764,379
Gaming revenue - gross terminal revenue	\$ 1,358,450	\$ 20,433	1.53%	\$ 1,338,017	\$ (9,836)	-0.73%	\$ 1,347,853
Gaming revenue - state grant	11,328	1,331	13.31%	9,997	4,325	76.25%	5,672
Gaming revenue - table games	606,367	(19,421)	-3.10%	625,788	(86,665)	-12.16%	712,453
Gaming revenue - facility applicants	4,182	1,680	67.15%	2,502	(722)	-22.39%	3,224
Gaming revenue - machine assessments	4,446	(28)	-0.63%	4,474	(7)	-0.16%	4,481
ITLM lease revenue	5,438	552	11.30%	4,886	375	8.31%	4,511
Gaming revenue - sports wagering	578,487	175,400	43.51%	403,087	219,047	119.02%	184,040
Gaming revenue - fantasy gaming	6,996	437	6.66%	6,559	(1,245)	-15.95%	7,804
Total revenue	\$ 5,208,595	\$ 81,260	1.58%	\$ 5,127,335	\$ 92,918	1.85%	\$ 5,034,417
Cost of sales	\$ 3,555,846	\$ 77,404	2.23%	\$ 3,478,442	\$ 111,653	3.32%	\$ 3,366,789
Gross profit	\$ 1,652,749	\$ 3,857	0.23%	\$ 1,648,892	\$ (18,736)	-1.12%	\$ 1,667,628
Operating expenses	\$ 71,487	\$ 9,484	15.30%	\$ 62,003	\$ 4,135	7.15%	\$ 57,868
Income from operations	\$ 1,581,262	\$ (5,628)	-0.35%	\$ 1,586,890	\$ (22,870)	-1.42%	\$ 1,609,760
Non-operating revenues (expenses)							
Investments income (loss)	\$ 1,242	\$ 767	161.47%	\$ 475	\$ 1,066	-180.37%	\$ (591)
Amortization of discount for annuity prize liabilities	(679)	96	-12.39%	(775)	119	-13.31%	(894)
Voluntary exclusion program	850	656	338.14%	194	41	26.80%	153
Payments to State of Maryland General Fund	(518,990)	133,716	-20.49%	(652,706)	(1,092)	0.17%	(651,614)
Payments to Other Government Funds/Agencies	(1,074,695)	(138,546)	14.80%	(936,149)	18,374	-1.92%	(954,523)
Total non-operating expenses	\$ (1,592,272)	\$ (3,311)	0.21%	\$ (1,588,961)	\$ 18,508	-1.15%	\$ (1,607,469)
Change in net position	\$ (11,010)	\$ (8,939)	431.63%	\$ (2,071)	\$ (4,362)	-190.40%	\$ 2,291
Total net position — beginning of year	\$ (17,731)	\$ (2,071)	13.22%	\$ (15,660)	\$ 2,291	-12.76%	\$ (17,951)
Total net position — end of year	\$ (28,742)	\$ (11,011)	62.10%	\$ (17,731)	\$ (2,071)	13.22%	\$ (15,660)

Management's Discussion and Analysis

SALES

Lottery sales are categorized as jackpot games, draw games, monitor games, instant games, and instant ticket lottery machine sales (ITLMs). Net lottery sales were \$2.63 billion in 2025, a decrease of \$99.12 million or 3.63% compared to \$2.73 billion in 2024, a decrease of \$32.35 million or 1.17% compared to \$2.76 billion in 2023. The decrease in lottery sales in 2025 compared to 2024 was primarily due to fewer occurrences of higher-tier (in excess of \$1 billion) multi-state jackpots. The largest product sales increase in 2025 of \$19.40 million or 6.16% over 2024 was due to Racetrax player promotions.

TABLE 3 - NET SALES BY CATEGORY AND GAME

FISCAL YEAR	2025	Difference between 2025 and 2024		2024	Difference between 2024 and 2023		2023
		\$	%		\$	%	
JACKPOT GAMES							
Mega Millions ¹	\$ 102,043,929	\$ (29,460,372)	-22.40%	\$ 131,504,301	\$ (15,467,933)	-10.52%	\$ 146,972,234
Multi-Match [®]	30,051,509	4,482,955	17.53%	25,568,554	(3,246,929)	-11.27%	28,815,483
Powerball ^{®2}	93,607,189	(90,444,947)	-49.14%	184,052,136	26,217,093	16.61%	157,835,043
Jackpot Games Total	\$ 225,702,627	\$ (115,422,364)	-33.84%	\$ 341,124,991	\$ 7,502,231	2.25%	\$ 333,622,760
DRAW GAMES							
Pick 3	\$ 232,496,904	\$ (4,698,606)	-1.98%	\$ 237,195,510	\$ (12,627,584)	-5.05%	\$ 249,823,094
Pick 4	293,829,839	(3,044,347)	-1.03%	296,874,186	(21,278,773)	-6.69%	318,152,959
CASH POP	19,403,037	14,071,835	263.95%	5,331,202	5,331,202	-	-
Bonus Match 5	15,629,524	(804,811)	-4.90%	16,434,335	(1,306,124)	-7.36%	17,740,459
Cash4Life	19,720,656	(837,758)	-4.08%	20,558,414	350,915	1.74%	20,207,499
Pick 5	68,451,142	976,062	1.45%	67,475,080	36,181,444	57.13%	63,328,884
Draw Games Total	\$ 649,531,102	\$ 5,662,375	0.88%	\$ 643,868,727	\$ (25,384,168)	-3.79%	\$ 669,252,895
MONITOR GAMES							
Keno ³	\$ 263,648,142	\$ (8,238,461)	-3.03%	\$ 271,886,603	\$ (11,930,788)	-4.20%	\$ 283,817,391
Racetrax ^{®4}	334,490,834	19,397,792	6.16%	315,093,042	(5,385,119)	-1.68%	320,478,161
Monitor Games Total	\$ 598,138,976	\$ 11,159,331	1.90%	\$ 586,979,645	\$ (17,315,907)	-2.87%	\$ 604,295,552
INSTANT GAMES							
Scratch-offs	\$ 1,058,446,895	\$ (2,946,749)	-0.28%	\$ 1,061,393,644	\$ (1,654,597)	-0.16%	\$ 1,063,048,241
FAST PLAY	84,133,994	1,761,135	2.14%	82,372,859	3,250,674	4.11%	79,122,185
Instant Games Total	\$ 1,142,580,889	\$ (1,185,614)	-0.10%	\$ 1,143,766,503	\$ 1,596,077	0.14%	\$ 1,142,170,426
ITLM	\$ 16,946,927	\$ 661,436	4.06%	\$ 16,285,491	\$ 1,248,320	8.30%	\$ 15,037,171
TOTAL SALES	\$ 2,632,900,521	\$ (99,124,836)	-3.63%	\$ 2,732,025,357	\$ (32,353,447)	-1.17%	\$ 2,764,378,804

¹The Mega Millions category includes Mega Millions and Megaplier products for the purposes of this chart.

²The Powerball category includes Powerball, Power Play and Double Play for the purposes of this chart.

³The Keno category includes Keno, Keno Bonus and Keno Super Bonus for the purposes of this chart.

⁴The Racetrax[®] category includes Racetrax[®] and Racetrax[®] Bonus for the purposes of this chart.

Sales for Jackpot games decreased by \$115.42 million or 33.84% in 2025 compared to 2024, which had increased by \$7.50 million or 2.25% in 2024 compared to 2023. In April 2025, Mega Millions made changes to the game. Changes included an increase in ticket price from \$2 to \$5 and an increase in the starting jackpot from \$20 million to \$50 million. Sales for Powerball and Mega Millions decreased due to fewer \$1 billion jackpots in 2025 compared to 2024.

Management's Discussion and Analysis

SALES – (continued)

Sales for Draw games increased by \$5.66 million or 0.88% in 2025 compared to 2024, which had decreased by \$25.38 million or 3.79% in 2024 compared to 2023. CASH POP was added in May 2024, making 2025 the first full fiscal year that CASH POP was active.

Sales for monitor games increased by 11.16 million or 1.90% in 2025 compared to 2024, which had decreased by \$17.32 million or 2.87% in 2024 compared to 2023. The increase in 2025 compared to 2024 was due to the increased popularity of Racetrax. The decrease in 2024 compared to 2023 was due to the decrease in sales of Racetrax and Keno.

ITLMs were first introduced in September 2014 and under law are allowed only in veterans' organizations in certain counties in Maryland. An ITLM is an electronic device that dispenses pre-printed scratch-off tickets and utilizes a touch screen monitor to display the results in an entertaining manner. The device accumulates winnings and prints out a voucher at the conclusion of play. ITLM sales (which are accounted for as amount bet less amount won) increased by \$0.66 million or 4.06% in 2025 compared to 2024, which had increased by \$1.25 million or 8.30% in 2024 compared to 2023.

Instant games sales decreased by \$1.19 million or 0.10% in 2025 compared to 2024, which had increased by \$1.60 million or 0.14% compared to 2023. Included in 2023 was the introduction of a \$50 ticket. Scratch-off sales have been in excess of \$1 billion over the past several years due to improved inventory management, an aggressive planning and development schedule and increased advertising. By closing older games and replenishing inventory with newer games, retailer and player interest and enthusiasm remained high throughout the past years. In addition, a strategic approach to invest in more advertising on the scratch-off product category has been essential to the sales growth.

TABLE 4 - NET SALES OF SCRATCH-OFF TICKETS BY PRICE POINT (IN THOUSANDS)

FISCAL YEAR	2025	Difference between 2025 and 2024		2024	Difference between 2024 and 2023		2023
		\$	%		\$	%	
\$1	\$ 16,770	\$ (968)	-5.46%	\$ 17,738	\$ (2,478)	-12.26%	\$ 20,216
\$2	31,425	(317)	-1.00%	31,742	(876)	-2.69%	32,618
\$3	30,390	(5,192)	-14.59%	35,582	(1,001)	-2.74%	36,583
\$5	219,521	(13,966)	-5.98%	233,487	(8,186)	-3.39%	241,673
\$10	321,414	11,381	3.67%	310,033	(41,031)	-11.69%	351,064
\$20	203,417	3,834	1.92%	199,583	39,612	24.76%	159,971
\$30	117,789	5,017	4.45%	112,772	(35,730)	-24.06%	148,502
\$50	117,721	(2,736)	-2.27%	120,457	48,036	66.33%	72,421
Total	\$ 1,058,447	\$ (2,947)	-0.28%	\$ 1,061,394	\$ (1,654)	-0.16%	\$ 1,063,048

Management's Discussion and Analysis

GAMING REVENUE

Gaming revenue consists of gross terminal revenue, table games, state grant, facility applicants, machine assessments, sports wagering and fantasy gaming.

Table 5A below reflects when the casinos opened for VLTs and the number of VLTs for each casino as of June 30, 2025.

TABLE 5A - GROSS TERMINAL REVENUE CASINO INFORMATION

Casino	Date Opened	Machines as of June 30, 2025
Hollywood Casino Perryville	September 27, 2010	734
Casino at Ocean Downs	January 4, 2011	891
Live! Casino	June 6, 2012	3,826
Rocky Gap Casino and Resort	May 22, 2013	642
Horseshoe Casino Baltimore	August 24, 2014	1,359
MGM National	December 8, 2016	2,272
	Total VLTs	9,724

Gaming revenue – gross terminal revenue (GTR) increased by \$20.44 million or 1.53% in 2025 compared to 2024, which had decreased by \$9.84 million or 0.73% in 2024 compared to 2023. Table 5B below shows the GTR for 2025, 2024, and 2023.

TABLE 5B - GROSS TERMINAL REVENUE STATISTICS

Casino	2025 GTR (in millions)	Difference between 2025 and 2024		2024 GTR (in millions)	Difference between 2024 and 2023		2023 GTR (in millions)
		\$	%		\$	%	
Hollywood Casino Perryville	\$ 75.99	\$ 1.12	1.50%	\$ 74.87	\$ 0.69	0.93%	\$ 74.18
Casino at Ocean Downs	85.32	0.22	0.26%	85.10	(4.19)	-4.69%	89.29
Live! Casino	518.34	4.70	0.92%	513.64	14.84	2.98%	498.80
Rocky Gap Casino and Resort	47.11	(3.63)	-7.15%	50.74	(6.47)	-11.31%	57.21
Horseshoe Casino Baltimore	121.03	(2.67)	-2.16%	123.70	(11.64)	-8.60%	135.34
MGM National	510.66	20.70	4.22%	489.96	(3.07)	-0.62%	493.03
Total	\$ 1,358.45	\$ 20.44	1.53%	\$ 1,338.01	\$ (9.84)	-0.73%	\$ 1,347.85

Management's Discussion and Analysis

GAMING REVENUE – (continued)

Table 6A below reflects when the casinos opened for table games and the number of table games for each casino as of June 30, 2025.

TABLE 6A - TABLE GAME CASINO INFORMATION

Casino	Date Opened	Number of Tables as of June 30, 2025
Hollywood Casino Perryville	March 6, 2013	23
Casino at Ocean Downs	December 29, 2017	19
Live! Casino	April 11, 2013	179
Rocky Gap Casino and Resort	May 22, 2013	12
Horseshoe Casino Baltimore	August 24, 2014	115
MGM National	December 8, 2016	208
	Total Tables	556

Table game revenue decreased by \$19.42 million or 3.10% in 2025 compared to 2024, which had decreased by \$86.66 million or 12.16% in 2024 compared to 2023. The decrease was primarily MGM National and Horseshoe Casino Baltimore, both of which had decreased by more than \$6 million in 2025 compared to 2024. The decrease in 2024 compared to 2023 was due to a decrease in revenues from MGM National and Horseshoe Casino Baltimore totaling \$68.86 million and \$12.80 million, respectively.

Table 6B below shows the table game revenue for each casino.

TABLE 6B - TABLE GAME REVENUE

Casino	2025 GTR (in millions)	Difference between 2025 and 2024		2024 GTR (in millions)	Difference between 2024 and 2023		2023 GTR (in millions)
		\$	%		\$	%	
Hollywood Casino Perryville	\$ 12.64	\$ (0.61)	-4.60%	\$ 13.25	\$ (0.42)	-3.07%	\$ 13.67
Casino at Ocean Downs	8.43	(1.44)	-14.59%	9.87	0.21	2.17%	9.66
Live! Casino	201.51	(4.65)	-2.26%	206.16	(3.99)	-1.90%	210.15
Rocky Gap Casino and Resort	5.16	(0.41)	-7.36%	5.57	(0.80)	-12.56%	6.37
Horseshoe Casino Baltimore	50.93	(6.25)	-10.93%	57.18	(12.80)	-18.29%	69.98
MGM National	327.70	(6.06)	-1.82%	333.76	(68.86)	-17.10%	402.62
Total	\$ 606.37	\$ (19.42)	-3.10%	\$ 625.79	\$ (86.66)	-12.16%	\$ 712.45

Management’s Discussion and Analysis

GAMING REVENUE – (continued)

For the gaming operations, the GTR and table game revenue is required to be transferred to specified Government agencies to be used for certain purposes or is retained by the casinos and the Agency to assist in covering the costs of the operations. Changes in the distribution of gaming proceeds occurred in 2023. On the 10-year anniversary of its opening, Rocky Gap’s allocations changed. The casino’s share decreased by 2% to 58%, their Purse Dedication Account increased to 6.00% from 2.50%, their Small, Minority, and Women-Owned Businesses Account allocation increased from 0.75% to 1.50%, their Local Impact Grants allocation increased from 3.75% to 5.50%, their Racetrack Facility Renewal Account allocation increased to 1.00% from 0.00% and their Maryland Education Trust Fund allocation decreased from 32.00% to 27.00%. Effective July 1, 2023, the VLT proceeds allocations for Hollywood Casino Perryville and Horseshoe Casino Baltimore increased the casinos’ share from 39% to 42% and from 46% to 47%, respectively, and decreased the Education Trust Fund allocation by 3% and 1%, respectively.

Overall, the gaming revenue disbursements increased by \$1.01 million or 0.05% in 2025 compared to 2024, which had decreased by \$96.53 million or 4.69% in 2024 compared to 2023. The decrease in 2024 was due primarily to the Casino Operator decrease of \$72.13 million or 6.00%. Table 7 shows the gaming revenue disbursements/allocations for 2025, 2024 and 2023.

TABLE 7 - GAMING REVENUE DISBURSEMENTS/ALLOCATIONS

Fund	2025 Disbursements (in millions)	Difference between 2025 and 2024		2024 Disbursements (in millions)	Difference between 2024 and 2023		2023 Disbursements (in millions)
		\$	%		\$	%	
Casino Operators	\$ 1,124.36	\$ (6.58)	-0.58%	\$ 1,130.94	\$ (72.13)	-6.00%	\$ 1,203.07
Maryland Education Trust Fund	606.23	5.53	0.92%	600.70	(22.06)	-3.54%	622.76
Horse Racing	95.16	1.41	1.50%	93.75	1.54	1.67%	92.21
Local Impact Grants	74.78	1.11	1.51%	73.67	0.32	0.44%	73.35
Local Jurisdictions	30.32	(0.97)	-3.10%	31.29	(4.33)	-12.16%	35.62
Maryland Lottery and Gaming	13.57	0.21	1.57%	13.36	(0.10)	-0.74%	13.46
Small, Minority and Women-Owned Businesses	20.39	0.30	1.49%	20.09	0.23	1.16%	19.86
Total	\$ 1,964.81	\$ 1.01	0.05%	\$ 1,963.80	\$ (96.53)	-4.69%	\$ 2,060.33

Gaming revenue – state grant represents funds received from the State of Maryland to help pay for the costs of the gaming operations. Gaming revenue – state grant increased by \$1.33 million or 13.31% in 2025 compared to 2024, which had increased by \$4.32 million or 76.25% in 2024 compared to 2023. In addition to the state grant, the Agency receives 1% of the gross gaming revenue from the VLTs to help fund its gaming operations. In 2025, the amount of VLT revenue received by the Agency increased by \$210,000 or 1.57% compared to 2024, which had decreased by \$100,000 or 0.74% compared to 2023.

Management's Discussion and Analysis

GAMING REVENUE – (continued)

Gaming revenue – facility applicants represents money received to perform background investigations on applicants who have applied for a gaming and/or sports wagering license. Gaming revenue – facility applicants in 2025 increased by \$1.68 million or 67.18% compared to 2024, which had decreased by \$722,000 or 22.39% compared to 2023. This account fluctuates based on the number of license applications received and since 2022 it has also included sports wagering facility applicants.

Gaming revenue – machine assessments represents assessments made to casino operators based on the maximum number of VLTs and table games on the floor during the fiscal year. In accordance with the law, casino operators are assessed a yearly fee of \$425 per VLT and \$500 per table. These funds are collected by the Agency and subsequently remitted to the Maryland Department of Health's Problem Gambling Fund. VLT machine assessments decreased by \$28,000 or 0.62% in 2025 compared to 2024, which had decreased by \$7,000 or 0.16% in 2024 compared to 2023. Assessments fluctuate based on the number of VLTs and table games that are on the casino floor during the year.

ITLM lease revenue increased by \$553,000 or 11.31% in 2025 compared to 2024, which had increased by \$375,000 or 8.31% in 2024 compared to 2023. ITLM lease revenue represents the amount collected from the veterans' organizations that is used to pay the machine fees to the ITLM vendor.

Beginning in 2022, sports wagering and fantasy gaming were included in the total gaming revenue. In 2025, sports wagering revenue totaled \$578.49 million compared to \$403.09 million in 2024 and \$184.04 million in 2023. This included license fees for the retail and mobile operators. The tax revenue to the State, excluding license fees, totaled \$88.92 million in 2025 compared to \$60.31 million in 2024 and \$25.26 million in 2023. This was an increase of \$28.61 million or 47.44% in 2025 compared to 2024. Effective June 1, 2025, the sports wagering mobile operator's share was decreased from 85% to 80%. The revenue from this program is required to be transferred to specified Government agencies to be used for certain purposes or is retained by the sports wagering licensee or the Agency to assist in covering the costs of the operations. See Table 8 below for sports wagering information.

Management's Discussion and Analysis

TABLE 8 - SPORTS WAGERING

FISCAL YEAR

		<u>Handle</u>	<u>Prizes Paid</u>	<u>Hold %</u>	<u>Promotion Play</u>	<u>Other Deductions</u>	<u>Taxable Win</u>	<u>Contributions to the State</u>	<u>Expired Prizes</u>
2025	RETAIL	\$ 160,161,163	\$ 149,196,694	6.85%	\$ 150,580	\$ 404,722	\$ 10,500,587	\$ 1,575,088	\$ 811,240
	MOBILE	6,058,670,242	5,371,114,441	11.35%	105,762,713	14,679,664	567,179,435	87,348,484	518,003
	COMBINED	\$ 6,218,831,405	\$ 5,520,311,135	11.23%	\$ 105,913,293	\$15,084,386	\$ 577,680,022	\$ 88,923,572	\$ 1,329,243
2024	RETAIL	\$ 180,622,269	\$ 165,387,494	8.43%	\$ 152,377	\$ 446,434	\$ 14,947,998	\$ 2,242,200	\$ 985,862
	MOBILE	5,193,494,183	4,637,771,123	10.70%	167,099,784	12,321,453	387,128,374	58,069,256	-
	COMBINED	\$ 5,374,116,452	\$ 4,803,158,617	10.62%	\$ 167,252,161	\$ 12,767,887	\$ 402,076,372	\$ 60,311,456	\$ 985,862
2023	RETAIL	\$ 246,642,079	\$ 215,432,916	12.65%	\$ 119,486	\$ 667,588	\$ 30,422,089	\$ 4,563,314	\$ 2,091,753
	MOBILE	2,644,735,545	2,290,119,470	13.41%	211,430,976	5,216,259	137,968,840	20,695,326	-
	COMBINED	\$ 2,891,377,624	\$ 2,505,552,386	13.34%	\$ 211,550,462	\$ 5,883,847	\$ 168,390,929	\$ 25,258,640	\$ 2,091,753

- **Handle** is the amount of wagers made by players during the reporting period, including promotional play, if any.
- **Hold Percentage** is determined based on wagers that were placed during the reporting period even if the sporting event has not concluded. As a result, the reported Hold will change as wagers are settled in future periods.
- **Other Deductions** include adjustments, federal excise taxes paid, and loss carryforwards.
- **Taxable Win** is handle less prizes paid less promotional play redeemed less other deductions. A negative taxable win (a loss) is reflected as \$0 taxable win. Losses may be carried forward and deducted from taxable win within the subsequent three months.
- **Contributions to the State** represent funds payable to the Blueprint for Maryland's Future.
- **Expired Prizes** are included in the Prizes Paid total in the month they expire. Funds are transferred to the Problem Gambling Fund.

\$ DIFFERENCE BETWEEN 2025 AND 2024:

	<u>Handle</u>	<u>Prizes Paid</u>	<u>Hold %</u>	<u>Promotion Play</u>	<u>Other Deductions</u>	<u>Taxable Win</u>	<u>Contributions to the State</u>	<u>Expired Prizes</u>
RETAIL	\$ (20,461,106)	\$ (16,190,800)	20.87%	\$ (1,797)	\$ (41,712)	\$ (4,447,411)	\$ (667,112)	\$ (174,622)
MOBILE	865,176,059	733,343,318	15.24%	(61,337,071)	2,358,211	180,051,061	29,279,228	518,003
COMBINED	\$ 844,714,953	\$ 717,152,518	15.10%	\$ (61,338,868)	\$ 2,316,499	\$ 175,603,650	\$ 28,612,116	\$ 343,381

% DIFFERENCE BETWEEN 2025 AND 2024:

RETAIL	-11.33%	-9.79%	304.86%	-1.18%	-9.34%	-29.75%	-29.75%	-17.71%
MOBILE	16.66%	15.81%	134.27%	-36.71%	19.14%	46.51%	50.42%	-
COMBINED	15.72%	14.93%	134.44%	-36.67%	18.14%	43.67%	47.44%	34.83%

\$ DIFFERENCE BETWEEN 2024 AND 2023:

RETAIL	\$ (66,019,810)	\$ (50,045,422)	24.20%	\$ 32,891	\$ (221,154)	\$ (15,474,091)	\$ (2,321,114)	\$ (1,105,891)
MOBILE	2,548,758,638	2,347,651,653	7.89%	(44,331,192)	7,105,194	249,159,534	37,373,930	-
COMBINED	\$ 2,482,738,828	\$ 2,297,606,231	7.46%	\$ (44,298,301)	\$ 6,884,040	\$ 233,685,443	\$ 35,052,816	\$ (1,105,891)

% DIFFERENCE BETWEEN 2024 AND 2023:

RETAIL	-26.77%	-23.23%	191.22%	27.53%	-33.13%	-50.86%	-50.86%	-52.87%
MOBILE	96.37%	102.51%	58.85%	-20.97%	136.21%	180.59%	180.59%	-
COMBINED	85.87%	91.70%	55.88%	-20.94%	117.00%	138.78%	138.78%	-52.87%

* Totals above do not include license fees. License fees are included in gaming revenue - sports wagering on the statements of revenues, expenses, and changes in net position and totaled \$0 and \$25,000 for the years ended June 30, 2025 and 2024, respectively.

Management's Discussion and Analysis

GAMING REVENUE – (continued)

Fantasy gaming revenue totaled \$7.00 million in 2025, which increased by \$437,000 or 6.67% compared to 2024, which decreased by \$1.24 million or 15.95% compared to 2023. The revenue from this program is required to be transferred to specified Government agencies to be used for certain purposes or is retained by the fantasy gaming operators.

COST OF SALES

Cost of sales consists of lottery prize expense, lottery retailer commissions, casino operator share, sports wagering operator share, and fantasy operator share. Cost of sales increased by \$77.40 million or 2.23% in 2025 compared to 2024, which had increased by \$111.65 million or 3.32% in 2024 compared to 2023.

Prize expense decreased by \$39.34 million or 2.29% in 2025 compared to 2024, which had decreased by \$14.02 million or 0.81% in 2024 compared to 2023. There is a direct correlation between prize expense and sales. Typically, increases and decreases in prize expense are a function of sales. As such, the decreases in 2025 and 2024 were the result of the corresponding sales decreases in 2025 and 2024.

Commissions paid to lottery retailers decreased by \$24.53 million or 11.14% in 2025 compared to 2024, which had increased by \$392,000 or 0.18% in 2024 compared to 2023. Typically, increases and decreases in commission are a function of sales, as retailers receive a percentage of all tickets sold and cashed at their location. However, the decrease in commissions in 2025 was due to the changes enacted by the Maryland General Assembly in which sales commissions were reduced from 6.00% to 5.75% and cashing commissions were reduced from 3.00% to 2.00%. The changes went into effect June 1, 2024.

Casino operators share decreased by \$6.58 million or 0.58% in 2025 compared to 2024, which had decreased by \$72.13 million or 6.00% in 2024 compared to 2023. The decrease in casino operator share in 2025 and 2024 were the result of lower overall gaming revenues. The larger decrease in 2024 compared to 2023 was primarily due to decreases in table game revenue at MGM National and Horseshoe Casino Baltimore, which had decreased \$68.86 million and \$12.80 million, respectively. The table game revenue directly affects the casino operator share.

Sports wagering operator share increased by \$147.00 million or 43.01% in 2025 compared to 2024, which had increased by \$198.63 million or 138.78% in 2024 compared to 2023. As noted previously, sports wagering and fantasy competitions were new in 2022, and mobile sports wagering was new in 2023. Fantasy competitions increased in 2025 compared to 2024, which decreased compared to 2023. The decrease in 2024 was due to the implementation of mobile sports wagering resulting in a decrease in the fantasy operator share.

OPERATING EXPENSES

Operating expenses increased by \$9.48 million or 15.30% in 2025 compared to 2024, which had increased by \$4.14 million or 7.15% in 2024 compared to 2023.

Salaries, wages, and benefits increased by \$7.06 million or 19.23% in 2025 compared to 2024, which had increased by \$4.47 million or 13.86% compared to 2023. Advertising and promotions decreased by \$219,000 or 1.12% in 2025 compared to 2024, which had decreased by \$543,000 or 2.72% compared to 2023. Fluctuations between advertising expenses are related to changes in the advertising budget and encumbrances.

Management's Discussion and Analysis

Depreciation and amortization increased by \$529,000 or 19.88% in 2025 compared to 2024, which had increased by \$413,000 or 18.39% compared to 2023. Other general and administrative expenses increased by \$2.11 million or 66.90% in 2025 compared to 2024, which had decreased by \$206,000 or 6.11% compared to 2023. Fluctuations are related to changes in pension expense.

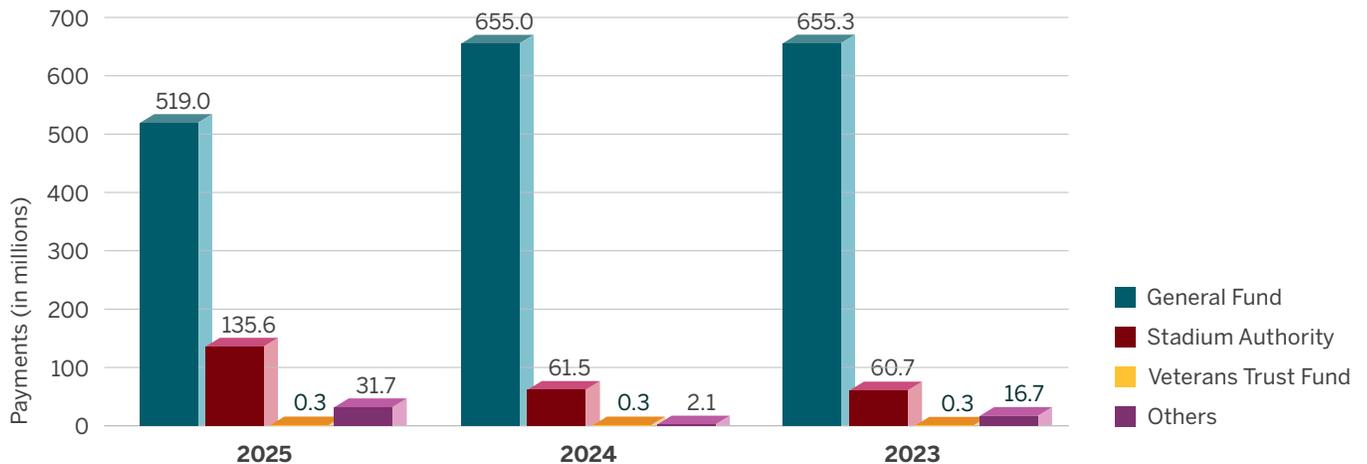
NON-OPERATING REVENUE (EXPENSES)

Non-operating expenses increased by \$3.31 million or 0.21% in 2025 compared to 2024, which had decreased by \$18.51 million or 1.15% in 2024 compared to 2023. Non-operating expenses primarily consist of unrealized gains or losses on investments held to fund obligations to annuitants, and payments to the State of Maryland General Fund and Other Government Funds/Agencies. The Agency expects to realize the face value of its investments, since it holds these investments until maturity. Therefore, any interim unrealized gains or losses on investments will reverse. The change in fair value of the investments held by the Agency is discussed in more detail in Note 3.

Payments to the State of Maryland decreased by \$135.98 million or 20.76% in 2025 compared to 2024, which had decreased by \$421,000 or 0.06% compared to 2023. Payments to Other Governmental Funds/Agencies increased by \$103.71 million or 162.37% in 2025 compared to 2024, which had decreased by \$13.83 million or 17.80% compared to 2023. The decrease in payments to the State of Maryland is due to the increase in payments to the Maryland Stadium Authority. Table 9 below provides a breakdown of the various accounts for Lottery revenues whereas Table 10 provides a breakdown for sports wagering and fantasy competitions revenue allocations.

The Agency is required by State law to transfer its budgetary basis net income to the State of Maryland and various other governmental funds/agencies from its lottery operations. Furthermore, it is required to transfer revenue from its gaming and sports wagering operations to various government agencies. Accordingly, the Agency's success can be measured by the income it transfers.

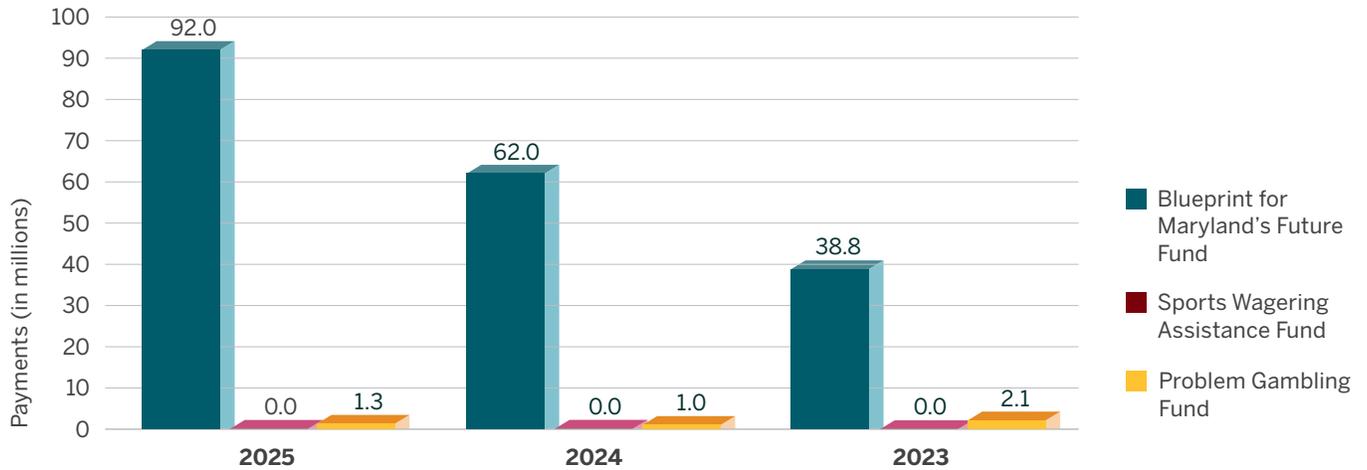
TABLE 9 - LOTTERY PAYMENTS TO THE STATE OF MARYLAND (in millions)



Management's Discussion and Analysis

NON-OPERATING REVENUE (EXPENSES) – (continued)

TABLE 10 - SPORTS WAGERING AND FANTASY COMPETITIONS PAYMENTS TO THE STATE OF MARYLAND (in millions)



CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Agency's financial activity for those interested in the Agency's operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Paula Yocum, Chief Financial Officer, Maryland Lottery and Gaming Control Agency, 1800 Washington Boulevard, Suite 330, Baltimore, Maryland 21230.

Statements of Net Position

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Assets:		
Current assets:		
Cash and cash equivalents	\$ 3,596,741	\$ 2,880,523
Cash and cash equivalents – gaming escrow	–	40,768
Cash and cash equivalents – gaming licensing deposits	1,917,105	3,076,950
Cash and cash equivalents – agent	97,637	257,637
Cash held with State Treasury	246,317,658	237,086,669
Accounts receivable – lottery	65,299,419	77,396,070
Accounts receivable – fantasy gaming	190,518	160,031
Accounts receivable – casino operators	6,786,644	13,678,593
Accounts receivable – sports wagering	9,500,621	5,801,101
Prepaid commissions	73,538	74,403
Current portion of investments for annuity payments	3,566,243	3,385,749
Total current assets	<u>337,346,124</u>	<u>343,838,494</u>
Non-current assets:		
Capital assets, net of accumulated depreciation	808,393	1,114,261
Right-of-use assets, net of accumulated amortization	22,180,389	25,064,438
Investments for annuity payments, net of current portion	17,502,107	19,906,399
Total non-current assets	<u>40,490,889</u>	<u>46,085,098</u>
Total assets	<u>377,837,013</u>	<u>389,923,592</u>
Deferred Outflows of Resources:		
Deferred pension outflows	20,700,869	18,633,522
Total deferred outflows of resources	<u>20,700,869</u>	<u>18,633,522</u>
Total assets and deferred outflows of resources	<u>\$ 398,537,882</u>	<u>\$ 408,557,114</u>
Liabilities:		
Current liabilities:		
Current portion of annuity prizes payable	\$ 3,568,124	\$ 3,404,087
Current portion of employee related payables	3,386,724	2,205,077
Current portion of lease and subscription liabilities	1,285,773	2,261,033
Transfer due to State of Maryland General Fund	163,364,192	164,706,366
Transfer due to other government agencies	79,118,772	79,332,520
Transfer due to local jurisdictions	8,592,690	8,717,121
Prize awards payable	56,777,241	60,689,279
Accounts payable and accrued expenses	6,074,047	2,230,230
Gaming licensing deposits	1,670,989	2,858,863
Gaming payable	–	40,768
Agent payable	97,637	257,637
Unearned revenue	1,925,356	2,037,179
Taxes and other liabilities	4,802,848	4,010,645
Total current liabilities	<u>330,664,393</u>	<u>332,750,805</u>
Non-current liabilities:		
Annuity prizes payable, net of current portion	19,894,338	22,844,901
Employee related payables, net of current portion	4,640,881	2,504,684
Lease and subscription liabilities, net of current portion	21,592,948	22,878,722
Pension liability	43,978,742	35,677,645
Total non-current liabilities	<u>90,106,909</u>	<u>83,905,952</u>
Total liabilities	<u>420,771,302</u>	<u>416,656,757</u>
Deferred Inflows of Resources:		
Deferred pension inflows	6,509,031	9,632,063
Total deferred inflows of resources	<u>6,509,031</u>	<u>9,632,063</u>
Total liabilities and deferred inflows of resources	<u>427,280,333</u>	<u>426,288,820</u>
Commitments and contingencies (Note 8)		
Net Position:		
Net investment in capital assets, in right-of-use assets	110,061	1,038,944
Unrestricted	(28,852,512)	(18,770,650)
Total net position	<u>(28,742,451)</u>	<u>(17,731,706)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 398,537,882</u>	<u>\$ 408,557,114</u>

The accompanying notes are an integral part of these financial statements.

Statements of Revenues, Expenses, and Changes in Net Position**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
Revenue:		
Draw games	\$ 1,557,506,699	\$ 1,654,346,222
Scratch-off games	1,058,446,895	1,061,393,644
ITLMs	16,946,927	16,285,491
Total sales	<u>2,632,900,521</u>	<u>2,732,025,357</u>
Gaming revenue – gross terminal revenue	1,358,450,290	1,338,017,265
Gaming revenue – state grant	11,328,251	9,996,667
Gaming revenue – table games	606,366,494	625,787,596
Gaming revenue – facility applicants	4,182,422	2,501,743
Gaming revenue – machine assessments	4,446,150	4,473,725
ITLM lease revenue	5,438,273	4,885,687
Gaming revenue – sports wagering	578,486,492	403,087,234
Gaming revenue – fantasy gaming	6,996,417	6,559,092
Total revenue	<u>5,208,595,310</u>	<u>5,127,334,366</u>
Cost of sales:		
Prize expense	1,676,210,275	1,715,553,744
Retailer commissions	195,722,294	220,248,905
Casino share	1,124,359,625	1,130,939,671
Sports wagering operators share	488,756,449	341,764,916
Fantasy operator share	5,946,870	5,574,973
Gaming vendor and data processing fees	56,294,344	55,572,959
Instant ticket printing and delivery	8,556,082	8,786,500
Total cost of sales	<u>3,555,845,939</u>	<u>3,478,441,668</u>
Gross profit	1,652,749,371	1,648,892,698
Operating expenses:		
Salaries, wages and benefits	43,793,990	36,731,435
Advertising and promotions	19,235,407	19,453,982
Depreciation and amortization	3,189,917	2,660,811
Other general and administrative expenses	5,268,388	3,156,646
Total operating expenses	<u>71,487,702</u>	<u>62,002,874</u>
Income from operations	1,581,261,669	1,586,889,824
Non-operating revenues (expenses):		
Investment income	1,242,397	474,683
Amortization of discount for annuity prize liabilities	(679,669)	(774,950)
Voluntary exclusion program	849,860	194,310
Payments to State of Maryland General Fund	(518,990,117)	(652,706,365)
Payments to Other Governmental Funds/Agencies	(1,074,694,885)	(936,148,867)
Total non-operating expenses	<u>(1,592,272,414)</u>	<u>(1,588,961,189)</u>
Change in net position	(11,010,745)	(2,071,365)
Total net position – beginning of year	<u>(17,731,706)</u>	<u>(15,660,341)</u>
Total net position – end of year	<u>\$ (28,742,451)</u>	<u>\$ (17,731,706)</u>

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Receipts from customers	\$ 5,223,742,080	\$ 5,109,430,447
Payments to suppliers	(90,018,470)	(92,952,519)
Payments to employees	(34,254,709)	(34,557,065)
Payments to agents	(1,814,775,667)	(1,698,450,559)
Prize payments/awards to players	(1,679,330,111)	(1,724,718,113)
Net cash and cash equivalents provided by operating activities	<u>1,605,363,123</u>	<u>1,558,752,191</u>
Cash flows from noncapital financing activities:		
Transfers to the State of Maryland General Fund and Stadium Authority	(554,119,735)	(861,500,257)
Transfer to DHMH	(5,079,513)	(5,460,878)
Transfers to other government agencies	(1,035,316,247)	(889,674,122)
Prize payments/awards	(3,466,195)	(3,333,196)
Net cash and cash equivalents used in noncapital financing activities	<u>(1,597,981,690)</u>	<u>(1,759,968,453)</u>
Cash flows from investing activities:		
Proceeds from matured annuities and bonds	<u>3,466,195</u>	<u>3,333,196</u>
Net cash and cash equivalents provided by investing activities	<u>3,466,195</u>	<u>3,333,196</u>
Cash flows from capital and related financing activities:		
Payments of lease liabilities	(2,261,034)	(2,156,811)
Purchase of equipment for cash	-	(834,731)
Net cash and cash equivalents used in capital and related financing activities	<u>(2,261,034)</u>	<u>(2,991,542)</u>
Net increase (decrease) in cash and cash equivalents	8,586,594	(200,874,608)
Cash and cash equivalents, beginning of year	<u>243,342,547</u>	<u>444,217,155</u>
Cash and cash equivalents, end of year	<u>\$ 251,929,141</u>	<u>\$ 243,342,547</u>
Noncash investing and financing activities:		
Acquisition of right-of-use assets through lease liabilities	-	24,730,098
Change in fair value of investments	<u>\$ 562,728</u>	<u>\$ (300,267)</u>
Reconciliation of operating income to net cash and cash equivalents provided by operating activities:		
Operating income	\$ 1,581,261,669	\$ 1,586,889,824
Adjustments to reconcile operating income to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	3,189,917	2,660,811
Deferred inflows pension expense	(3,123,032)	(3,496,118)
Deferred outflows pension expense	(2,067,347)	(302,996)
Effect of changes in operating assets and liabilities:		
Accounts receivable	15,258,593	(17,390,077)
Prepaid commissions	865	32,527
Accounts payable and accrued expenses	2,455,175	(5,101,276)
Employee related payables	3,317,844	514,816
Taxes and other liabilities	792,203	(749,817)
Prize awards payable	(3,912,038)	(8,414,552)
Unearned revenue	(111,823)	(513,842)
Pension liability	8,301,097	4,622,891
Net cash and cash equivalents provided by operating activities	<u>\$ 1,605,363,123</u>	<u>\$ 1,558,752,191</u>

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

LEGISLATIVE ENACTMENT

The Maryland Lottery and Gaming Control Agency (Agency) was established by the Maryland General Assembly enactment of Chapter 365 of Laws of Maryland of 1972, and the voters' approval that same year of a constitutional amendment to allow the lottery. The amendment was ratified on November 7, 1972, and the Agency commenced operations on January 2, 1973.

The mandate of the law was to establish a State-operated lottery, under the immediate supervision of a Director and the guidance of a Commission, for the purpose of producing revenue for the State. The Governor, with the advice and consent of the Senate of Maryland, appoints the Director and the Commission members.

During the 2007 special session of the Maryland General Assembly, Chapter 4 was enacted relating to the legalization of video lottery terminals (VLTs) in the State subject to the passage of a voters' constitutional referendum. In 2008, voters approved the installation of up to 15,000 VLTs at five privately owned casinos at specified locations throughout the State.

On August 14, 2012, Senate Bill 1 – Gaming Expansion – Video Lottery Terminals and Table Games passed the 2012 Second Special Session of the Maryland General Assembly. This bill contained many provisions concerning gaming operations and certain provisions that were subject to voter referendum. The provisions, which were subject to voter referendum passed during the November 6, 2012 election, which allowed for a sixth casino, increased the maximum number of video lottery terminals allowed in the State from 15,000 to 16,500, established table games and allowed for 24-7 operations at the casinos.

Effective October 1, 2012, the bill also authorized the Agency to issue certain veterans' organizations a license for up to five instant ticket lottery machines (ITLM). Veterans' organizations in counties on the Eastern Shore and in Montgomery County are not eligible. After deductions for commissions and prize payouts, 10% of the proceeds are distributed to the Maryland Veterans Trust Fund and the remainder goes to the general fund. An ITLM is an electronic device that dispenses pre-printed instant scratch tickets and utilizes a touchscreen monitor to show the predetermined results in an entertaining animated display. The device scans and validates the barcode on the instant ticket as it is dispensed and displays the result of the ticket on the monitor. The device accumulates winnings for the player and prints out a voucher at the conclusion of play that can be redeemed for cash or inserted into another ITLM for continued play.

Pursuant to § 9-1A-01 of the Maryland State Government Article, under certain circumstances, if a casino returns to successful players more than the amount of money bet through VLTs or table games on a given day, the casino may subtract that amount from the proceeds of the following 7 days for purposes of the calculation of the amount of revenue due to the Agency.

Pursuant to § 9-1A-26 of the Maryland State Government Article, the jackpot proceeds won at a VLT that are not claimed by the winner within 182 days after the jackpot is won shall become the property of the State. The proceeds shall be allocated as follows: 2.5% to the Small, Minority, and Women-Owned Businesses Account, 9.5% to Local Impact Grants, 10% to Purse Dedication, 1.5% to the Racetrack Facility Renewal Account (RFRA) and the remainder to the Education Trust Fund.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

LEGISLATIVE ENACTMENT – (continued)

Pursuant to § 9-1A-27(d) of the Maryland State Government Article, the proceeds of table games include a 5% allocation to Local Jurisdictions. The casino's share of the proceeds is 80%, and the Maryland Education Trust Fund is allocated the remaining amount.

The Agency, in conjunction with its Commission, serves as the regulator of the Gaming program and is responsible for regulating the casinos, licensing the casino operators and all other entities and individuals requiring a gaming license, and the collection and disbursement of VLT gross terminal revenue (GTR) and table game revenue in accordance with the law.

Effective May 18, 2021, legislation was passed that establishes and implements sports wagering in the State and provides for regulation of sports wagering and fantasy gaming competitions. The Agency must generally regulate sports wagering and the conduct of sports wagering to the same extent that it regulates the operation of VLTs and table games in the State. Certain revenues are to be distributed to the Blueprint for Maryland's Future Fund (BMFF), the Maryland Department of Health (MDH) Problem Gambling Fund, and the Small, Minority-Owned, Women-Owned Business Sports Wagering Assistance Fund (SWAF).

Pursuant to § 9-1E-06 of the Maryland State Government Article, up to 60 mobile licenses and up to 30 Class B facility licenses may be awarded. If the maximum number of licenses are not awarded, one or more additional application windows for any portion of the remaining mobile licenses or Class B facility licenses may be opened. The establishment of any additional application windows is at the Sports Wagering Application Review Commission's (SWARC) discretion and would require approval of a majority of SWARC members.

The Agency is a part of the primary government of the State of Maryland and is reported as a proprietary fund and business-type activity within the State of Maryland's financial statements. The State of Maryland prepares an annual comprehensive financial report (ACFR). The Agency is an enterprise fund of the State of Maryland and is included in the basic financial statements of the ACFR of the State of Maryland.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results may differ from those estimates.

BASIS OF ACCOUNTING AND PRESENTATION

The Agency is accounted for as a proprietary special purpose government fund engaged in business-type activities. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and with accounting principles generally accepted in the United States of America, the financial statements are prepared on the accrual basis of accounting which requires recognition of revenue when earned and expenses when incurred.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

Effective July 1, 2024, the Agency adopted GASB Statement No. 101, *Compensated Absences* (GASB 101), which requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through non-cash means. GASB 101 requires the retrospective approach to adopt this guidance, which requires a restatement for all prior periods presented. There was no effect on operating loss or net position as a result of the adoption of GASB 101.

Effective July 1, 2024, the Agency adopted GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102). GASB 102 requires disclosure of significant risks related to vulnerabilities from certain concentrations and constraints that could impact the Agency's ability to provide services or meet its obligations as they come due. The required disclosures apply if the Agency is aware the concentration or constraint has occurred or is more likely than not to occur within 12 months of the financial statement date, and is expected to have a significant effect within three years. The adoption of GASB 102 did not warrant any additional disclosure for the Agency, as the Agency is not aware of any events related to a specific concentration or constraint that has occurred as of December 4, 2025, and is more likely than not to occur within 12 months of the financial statement date, and is expected to have significant effect within three years. Management will continue to monitor and assess any potential impacts on its financial statements due to concentrations and constraints, in accordance with the requirements of GASB 102.

LOTTERY GAMES – REVENUE RECOGNITION AND PRIZE OBLIGATIONS

REVENUE RECOGNITION

Revenue from lottery games originates from five product lines: jackpot, draw, monitor, instant and ITLMs. The Agency develops multiple game themes and prize structures to comply with its enabling legislation and customer demand. Licensed lottery retailers sell lottery tickets to the public through the use of counter terminals and self-serve machines. Independent and corporate retailers, grocery, gas/convenience, package goods stores, restaurants, and bars serve as the distribution channel for jackpot, draw, monitor, and instant games. Veterans' organizations are the only distribution channel for ITLMs. Prior to June 1, 2024, lottery retailers received a sales commission of 6.0% and a cashing commission of 3.0% of prizes redeemed. On ITLM games, Veterans organizations receive a sales commission of 5.5%, a prizes won commission of 0.5% and a cashing commission of 1.7679%. Effective June 1, 2024, lottery retailers receive a sales commission of 5.75% and a cashing commission of 2.00% of prizes redeemed. Veterans organizations, on ITLM games, receive a sales commission of 5.75%, a prizes won commission of 0.04% and a cashing commission of 2.00%.

Jackpot games are Mega-Millions[®], Powerball[®], and Multi-Match. Draw games are Pick 3, Pick 4, Pick 5, Bonus Match 5, Cash4Life[®], and CASH POP[™]. Monitor games are Keno and Racetrax[®]. Instant games are scratch-offs and FAST PLAY. Jackpot, draw, and monitor game revenue is recognized in the month in which the related drawings are held. Revenue from the sale of tickets and commissions paid for future drawings are deferred until the drawings are held. Revenue from scratch-off games is recognized when the retailer activates the book of tickets. Revenue from the sale of FAST PLAY is recognized in the month in which the ticket is sold. Licensed Veterans organizations offer ITLMs to their customers. The Agency recognizes ITLM revenue as "gross terminal revenue" equivalent to all wagers, net of related prizes, in the month in which the wager was placed.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Prize obligations for draw games are determined and recognized after each drawing is held. For all draw games, winners are paid a certain amount depending upon the number of winners and the order of the winning numbers drawn. The Multi-Match, Mega Millions, and Powerball jackpots are calculated as a percentage of total game revenue. If there is not a jackpot winner, the prize pool is carried forward until there is a winner. The remaining Multi-Match, Mega Millions, and Powerball prize levels are based on a predetermined set amount. Cash4Life's top prize is not a progressive jackpot, it is static at \$1,000 a day for life. Prize obligations are recognized monthly for scratch-off games based on the books activated by retailers and the related prize expense based on the specific game's prize structure. Prize expense for ITLM is recorded as amounts are won and is used in determining the "gross terminal revenue" for ITLM.

GAMING OPERATIONS (VLTS, TABLE GAMES, SPORTS WAGERING AND FANTASY GAMING) – REVENUE RECOGNITION, PRIZE OBLIGATIONS AND EXPENSES

As of the end of fiscal year 2025, six casinos were in operation with a total of 9,724 VLTs. VLTs are a self-activated video version of casino games which allow for a player to place bets for the chance to be awarded credits which can either be redeemed for cash or be replayed as additional bets. The prize structures of these video lottery terminals are designed to award prizes, or credits, at a stipulated rate of total bets played, and prize expenses are netted against total video credits played. The Agency recognizes VLT revenue as GTR equivalent to all wagers, net of related prizes.

In accordance with the law, the casino operators receive a specified percentage of GTR to operate their casinos. Of the GTR, casino operators receive 42%, 44%, 47%, 49%, 53% or 58% in accordance with the law. The Agency retains 1% of the GTR from all of the casino operators to help fund the operations of the VLT program. The enabling legislation requires the Agency to disburse the remainder of the GTR to other Government agencies, which in turn are responsible for making further distributions.

As of the end of fiscal year 2025, there were 556 table games in operation at all six of the casinos. Table games include blackjack, roulette, craps, baccarat, big six wheel and various poker games. Table game revenue is equivalent to all wagers, net of related prizes. Casino operators receive 80% of the table game revenue to operate their casino. The remaining 20% is remitted to the Agency who in turn transfers it to the Maryland Education Trust Fund and Local Jurisdictions in accordance with the enabling legislation. The casino operators' share of the revenue from both VLTs and table games is recorded as a cost of sales.

As of the end of fiscal year 2025, sports wagering was in operation at five casinos, seven retail locations and eleven mobile operators. Sports wagering entails placing a wager on the outcome of a sporting event. Sports wagering is equivalent to all wagers, net of related prizes. Prior to June 1, 2025, all sports wagering operators (including casinos) received 85% of the sports wagering revenue to operate their sportsbook and the remaining 15% was remitted to the Agency who, in turn, transfers it to the BMFF and the SWAF in accordance with the enabling legislation. Effective June 1, 2025, mobile sports wagering operators receive 80% of the mobile sports wagering revenue and the remaining 20% is remitted to the Agency who, in turn, transfers it to the General Fund and BMFF in accordance with the enabling legislation. Effective July 1, 2025, 5% and 15% of the mobile sports wagering revenue is transferred to the General Fund and BMFF, respectively. Sports wagering operators' share of the revenue is recorded as a cost of sales.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

As of the end of fiscal year 2025, there were 15 fantasy competition operators. Fantasy competitions include any online fantasy or simulated game or contest such as fantasy sports in which a participant owns, manages, or coaches an imaginary team. The participants wager on the outcome of their team. Fantasy competition revenue is equivalent to all wagers, net of related prizes. Fantasy operators receive 85% of the fantasy competition revenues to operate. The remaining 15% is remitted to the Agency who in turn transfers it to the BMFF.

The Gaming program initially paid for start-up costs to assist in the operations of the VLT program. Ongoing operation funding assistance is provided in the form of a State grant for both the VLT and Sports Wagering/Fantasy Gaming programs. These programs are not fully supported by their gaming revenues and require this additional funding. During fiscal years 2025 and 2024, the State provided revenue grants in the amount of \$8,654,060 and \$6,848,907, respectively, for VLT, and \$4,240,492 and \$4,900,603 are allocated to Sports Wagering for fiscal years 2025 and 2024, respectively. For the years ended June 30, 2025 and 2024, respectively, the Agency had used \$11,328,251 and \$9,996,667 of state grants, which is recognized as revenue.

License related revenues (application, license, fingerprint, principal applicant background investigation, and vendor fees) are recorded as licensing deposits until the receipt is identified as being for a specific applicant and type of fee which usually occurs in the same month that the deposit is received. After the specific applicant and fee type is ascertained, the related deposit amount is recognized as revenue, except for principal applicant investigation fees which are recognized as revenue when the background investigation is completed and the applicant is either invoiced for any investigation costs in excess of the deposit received or the portion of the deposit in excess of investigation costs is returned to the applicant.

Administrative expenses for the Gaming program are recognized as they are incurred. The majority of the expenses incurred for the gaming program are for salaries.

OPERATING AND NON-OPERATING REVENUES AND EXPENSES

Operating revenues and expenses for proprietary funds such as the Agency are revenues and expenses that result from providing services and producing and delivering goods and/or services. Operating revenues for the Agency are derived from providing various types of lottery games, various VLTs, table games, sports wagering and fantasy gaming. Operating expenses for lottery games include the costs to operate the various games, to pay prize winners, and administrative expenses. Operating expenses for gaming include the costs to operate the various games and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Beginning in fiscal year 2022, the Agency is required to transfer \$17 million to the Racing and Community Development Financing Fund for each fiscal year from the State Lottery Fund. The State Lottery Fund will receive \$5 million from the Purse Dedication Account, \$3.5 million from the Local Impact Grants and the balance from the Racetrack Facility Renewal Account (RFRA). The Agency will receive an amount in excess of \$17 million. Prior to fiscal year 2025, the excess was allocated to the General Fund. Beginning in fiscal year 2025, the excess will be allocated to the Racing and Community Development Financing Fund.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposited with financial institutions, deposits with the Maryland State Treasury and overnight investment repurchase agreements.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

CASH AND CASH EQUIVALENTS – GAMING ESCROW

Cash and cash equivalents – gaming escrow consists of funds deposited in escrow with a financial institution and the related interest earned. The monies deposited are primarily application fees received from gaming facility operator license applicants that are held in separate escrow sub accounts until the application review process is complete and the license is either awarded or denied. If the license is awarded, the monies are transferred to the Maryland Education Trust Fund. If the license is denied, the monies are returned to the applicant.

CASH AND CASH EQUIVALENTS – GAMING LICENSE DEPOSITS

Cash and cash equivalents – gaming license deposits account is used to record the receipt of license related fees and investigation deposits that are received from applicants wanting to obtain a gaming license. For the majority of applicants, fees are recorded as revenue after the specific applicant and type of fee received is determined. At the end of each month, these fees are transferred to the Gaming Special Fund account.

For principal employee applicants, in addition to the aforementioned fees, the Agency also receives a background investigation deposit which is used to pay the investigation costs for the principal employee applicant. These deposit amounts remain in cash and cash equivalents – gaming license deposits and are recorded as a licensing deposit liability until the investigation is completed. To the extent that the investigation deposit is greater than the costs incurred for the investigation, the monies are refunded to the applicant. To the extent that the investigation deposit is less than the costs incurred for the investigation, the applicant is billed for the deficit. After the investigation is completed, the deposit is recorded as revenue and is transferred to the Gaming Special Fund account.

CASH AND CASH EQUIVALENTS – AGENT

Cash and cash equivalents – agent consists of lottery agency funds deposited with a financial institution and the related interest earned. Monies deposited into the accounts were received from select retailers who deposited monies with the Agency in lieu of obtaining a bond.

ACCOUNTS RECEIVABLE – LOTTERY

Accounts receivable – lottery represents the amounts due from Agency retailers from the sale of lottery tickets and ITLM amounts played. The Agency utilizes the allowance method to provide for doubtful accounts based on management’s evaluation of the collectability of accounts receivable. The Agency determines accounts receivable to be delinquent when greater than 10 days past due. Receivables are written off when it is determined that amounts are uncollectible. As of June 30, 2025 and 2024, management believes all accounts receivable are collectible, and as such, no allowance for doubtful accounts has been recorded.

ACCOUNTS RECEIVABLE – FANTASY GAMING

Accounts receivable – fantasy gaming represents the amount of fantasy gaming competition revenue due from the fantasy gaming competition operators. As of June 30, 2025 and 2024, management believes all accounts receivable are collectible, and as such, no allowance for doubtful accounts has been recorded.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

ACCOUNTS RECEIVABLE – CASINO OPERATORS

Accounts receivable – casino operators represent the amount of gross terminal revenue and table games revenue due from the casino operators. Gross terminal revenue is collected on a daily basis. Table game revenue is collected every two days. Also included in the accounts receivable – casino operators are the amount due from the casino operators for the \$425 per VLT fee assessment and a \$500 per table game fee which is transferred to the MDH Problem Gambling Fund to provide treatment services to Maryland citizens who have been identified, either voluntarily or involuntarily, as having a gambling addiction or related illness. These assessments are made in June for the fiscal year. As of June 30, 2025 and 2024, management believes all accounts receivable are collectible, and as such, no allowance for doubtful accounts has been recorded.

ACCOUNTS RECEIVABLE – SPORTS WAGERING

Accounts receivable – sports wagering represents the amount of sports wagering revenue due from the sports wagering operators. As of June 30, 2025 and 2024, management believes all accounts receivable are collectible, and as such, no allowance for doubtful accounts has been recorded.

CAPITAL AND RIGHT-OF-USE ASSETS

The Agency has adopted a policy of capitalizing assets with individual amounts exceeding \$50,000 and right-of-use assets held under lease and subscription liabilities as defined in GASB 87, Leases, and GASB 96, Subscription-Based Information Technology Arrangements. These assets include leased facilities, purchased and leased equipment comprised principally of technological property and equipment necessary to administer lottery games, VLTs and SBITAs. The purchased assets are recorded at cost, and depreciation and amortization is computed using the straight-line method over three to five-year useful lives. The leased and subscription assets are recorded at the present value of the lease and subscription liabilities and amortized using a systematic and rational manner over the shorter of the lease and subscription term or useful life of the underlying asset.

INVESTMENTS

Investments consist of United States Government Treasury Bonds and annuity contracts. The investments in United States Government Treasury Bonds are purchased in the name of the Agency and stated at fair value based on quoted market prices. Investments in annuity contracts are purchased in the name of the Agency and stated at present value, which approximates fair value.

COMPENSATED ABSENCES

The Agency accrues compensated absences in accordance with GASB 101. All full-time permanent Agency employees accrue annual leave at variable rates based on the number of years employed by the State of Maryland. The maximum annual leave an employee can earn per calendar year is 25 days. At the end of each calendar year, an employee's accrued annual leave may not exceed 600 hours; however, the State is only liable for payment up to 500 hours. Accrued annual leave is included in the employee related payables in the accompanying statements of net position. Agency employees also accrue sick pay benefits. However, the Agency does not record a liability for accrued sick pay benefits as neither the State of Maryland nor the Agency has a policy to pay unused sick leave when employees terminate from State service. A liability for compensated absences is recognized for sick leave that has not been used and or settled in noncash means. Sick leave liability leave is included in the employee-related payables in the accompanying statements of net position.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

PAYMENTS TO THE STATE OF MARYLAND

The State of Maryland law requires the Agency to transfer its lottery revenue in excess of funds allocated to prize awards and operating expenses, to the State of Maryland General Fund, Maryland Veterans Trust Fund, the Maryland Stadium Authority, Michael E. Busch Youth Sports Fund, Anne Arundel County (Hold Harmless), MSDE Maggie McIntosh Schools Arts Fund, MDP MD Humanities Council, Maryland Department of Transportation, Major Sports and Entertainment Event Program Financing Fund, Camden Yards Football Sports Facilities Fund, Sports Entertainment Facilities Financing Fund, Prince George's County Blue Line Corridor Facility Fund, and the Supplemental Local Impact to Prince George's County Fund. A portion of income from operations of the Mega Millions game is transferred to the Maryland Stadium Authority up to an annual cap set by the authorized appropriation. These payments are recorded as a non-operating expense in the accompanying statements of revenues, expenses, and changes in net position.

The law further requires the Agency to transfer its gaming revenue to various governmental agencies. On a monthly basis, in accordance with percentages specified in the law, the Agency transfers funds to the State's Department of Education into the Maryland Education Trust Fund, BMFF and the State's Racing Commission into accounts for Local Impact Grants, Purse Dedication Account, RFRA and Local Jurisdictions, as well as a Small, Minority, and Women-Owned Businesses Account - VLT and SWAF. All transfers are recorded as non-operating expenses in the accompanying statements of revenues, expenses and changes in net position.

Notes to the Financial Statements**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)**

The revenue transfers are as follows for the years ended June 30,:

Fund	2025	2024
Maryland Education Trust Fund	\$ 606,234,964	\$ 600,701,931
State of Maryland - Lottery*	518,990,117	654,967,634
Maryland Stadium Authority**	135,533,050	61,477,289
Blueprint for Maryland's Future Fund	91,665,105	62,056,096
Purse Dedication Account	81,571,171	80,361,643
Local Impact Grants	74,778,920	73,671,557
Local Jurisdictions	30,318,325	31,289,380
Maryland Department of Transportation	27,000,000	–
Small, Minority and Women-Owned Businesses Account	20,392,793	20,090,411
Racetracks Facility Renewal Accounts	13,592,522	13,390,249
MDH Problem Gambling Fund	6,102,481	5,589,273
Supplemental Local Impact to Prince George's County	3,000,000	–
Anne Arundel County (Hold Harmless)	1,329,702	1,667,202
Maryland Veterans Trust Fund	313,334	325,885
MSDE Maggie McIntosh School Arts Fund	250,000	250,000
MDP MD Humanities Council	150,000	150,000
Total	<u>\$ 1,611,222,484</u>	<u>\$ 1,605,988,550</u>

* Includes operating and non-operating revenues

** Revenue transfers to the Maryland Stadium Authority include operating and non-operating revenue disbursements to the following:

- Baltimore City Public Schools Construction
- Maryland Stadium Facilities Fund
- Sports Entertainment Facilities Financing Fund
- Michael E. Busch Youth Sports Fund
- Major Sports and Entertainment Event Program Fund
- Camden Yards Football Sports Facilities Fund
- Prince George's County Blue Line Corridor Facility Fund
- Racetrack Facility Renewal Account

NET POSITION

Net position is presented as either restricted, unrestricted or invested in capital and right-of-use assets. Net position invested in capital and right-of-use assets represents the difference between capital and right-of-use assets net of accumulated depreciation and amortization and the related liability obligations. In accordance with GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, there is a prohibition against reporting negative restricted fund balances. If a restricted fund balance in total is negative, then the negative amount can only be attributed to the unrestricted fund balance classification. Unrestricted net position represents the net position available for future operations including outstanding encumbrances as of year-end and unrealized gains or losses on investments. Market gains or losses represent temporary fluctuations and are not recognized in the calculation of the amount due to the State of Maryland General Fund or payments to Other Governmental Agencies.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

RECENTLY ISSUED ACCOUNTING PRINCIPLES

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements* (GASB 103). The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability and addresses certain application issues. The requirements for this Statement (1) will improve MD&A and the quality of the analysis of changes from the prior year, which will enhance the relevance of that information and clarity on what information will be included, (2) will provide clarity regarding which items should be reported separately from other inflows and outflows of resources, (3) will change the definitions of operating revenues and expenses and of nonoperating revenues and expenses improving comparability from government to government, (4) will improve comparability for presentation of major component information, and (5) will require that budgetary comparison information be presented as required supplementary information, including specified variances columns and explanations of significant variances, which will provide more useful information for making decisions and assessing accountability. This new guidance is effective for fiscal years beginning after June 15, 2025, and should be applied retrospectively. Early adoption is permitted. The Agency is currently evaluating the timing of its adoption and the impact of adopting GASB 103 on the accompanying financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* (GASB 104). The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments. This new guidance is effective for fiscal years beginning after June 15, 2025, and should be applied retrospectively. Early adoption is permitted. The Agency is currently evaluating the timing of its adoption and the impact of adopting GASB 104 on the accompanying financial statements.

2. CASH AND CASH EQUIVALENTS

As of June 30, 2025, and 2024 the carrying amounts of deposits with financial institutions were \$5,611,483 and \$6,255,878, respectively. The corresponding bank balances were \$5,184,948 and \$6,017,268 as of June 30, 2025 and 2024, respectively.

As of June 30, 2025 and 2024, the carrying amounts of cash on deposit with the Maryland State Treasury were \$246,317,658 and \$237,086,669, respectively. The corresponding Maryland State Treasury balances were (\$8,795,216) and (\$8,078,160), as of June 30, 2025 and 2024, respectively. The State Treasury has statutory responsibility for the daily cash management activities of the State's agencies, departments, boards, and commissions. The deposits with the State Treasury are part of the State of Maryland's internal investment pool and are not separately identifiable as to specific types of securities. The State Treasury maintains these and other Maryland State agency funds on a pooled basis in accordance with State statute. The Agency does not obtain interest on funds deposited with the State Treasury. As of June 30, 2025 and 2024, the Agency's deposits with the State Treasury were 1.32% and 1.14% of the total deposits with the State Treasury, respectively.

Notes to the Financial Statements

2. CASH AND CASH EQUIVALENTS – (continued)

The amounts on deposit are subject to certain risks including the following:

Custodial credit risk – Custodial credit risk is the risk that in the event of a bank failure, the Agency’s deposits will not be returned. The Agency’s deposit policy requires that it comply with the State law that governs the State Treasury deposits. Specifically, unexpended or surplus money may be deposited in a financial institution in the State, if the deposit is interest bearing; the financial institution provides collateral that has a market value that exceeds the amount by which a deposit exceeds the deposit insurance; and the custodian holds the collateral.

Interest rate risk – The State Treasury investment policy states that to the extent possible, it will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the State Treasury will not directly invest in securities maturing more than five years from the date of purchase.

Credit risk – State law requires that the State Treasury investments in repurchase agreements be collateralized by United States Treasury and Agency Obligations. In addition, investments may be made directly in United States Agency Obligations. State law also requires that money market mutual funds receive the highest possible rating from at least one nationally recognized statistical rating organization.

Concentration of credit risk – The State Treasury’s investment policy limits the amount of repurchase agreements to be invested with a particular institution to 30% of the portfolio. There is no other limit on the amount that may be invested in any one issuer. As of the fiscal year ended June 30, 2025, more than 5% of government fund investments are in the Federal Home Loan Banks (FHLB), Overseas Private Investment Corporation (OPIC), and Federal Home Loan Mortgage Corporation (FHLMC). As of June 30, 2025, these investments are 13.14%, 12.33%, and 9.59% of the State of Maryland’s internal investment pool total investments, respectively. As of fiscal year ended June 30, 2024, more than 5% of government fund investments are in the Federal National Mortgage Association (FNMA), the FHLMC, and the FHLB. As of June 30, 2024, these investments are 12.69%, 6.01%, and 11.59% of the State of Maryland’s internal investment pool total investments, respectively.

3. INVESTMENTS

UNITED STATES GOVERNMENT TREASURY BONDS

It is the Agency’s policy to fund jackpot and lifetime prize awards through the purchase of United States Government Treasury Bonds. Furthermore, it is the policy of the Agency to hold these investments to maturity. The investment maturities approximate the annuity prizes payable installment due dates.

The Agency has purchased long-term investments to fund jackpot and lifetime prize awards. The majority of these investments are United States Government Treasury Bonds, which carry yields to maturity of 0.342% to 6.008%. As of June 30, 2025 and 2024, the Agency’s United States Government Treasury Bonds totaled \$21,040,705 and \$23,260,636, respectively. The investments in United States Government Treasury Bonds are carried at fair value based on quoted market prices on the accompanying statements of net position and the related unrealized gains and interest income are recorded as investment income on the accompanying statements of revenues, expenses, and changes in net position.

Notes to the Financial Statements

3. INVESTMENTS – (continued)

ANNUITY CONTRACTS

As of June 30, 2025 and 2024, the annuity contracts totaled \$27,645 and \$31,512, respectively. The annuity contracts were purchased in 1976 to satisfy the Agency's obligation for certain lifetime prizes. The value of the annuity contracts and related annuity prizes payable were adjusted in fiscal year 2005 based on revised actuarial life expectancy tables.

INVESTMENT RISK

Interest rate risk is the risk that an investment's fair value decreases as market interest rates increase. Typically, this risk is higher in debt securities with longer maturities. The Agency is not subject to interest rate risk because it is their policy to hold the investments until maturity, unless an annuitant, through a court order, forces the sale of an investment to settle the Agency's obligation to the annuitant at which time the annuitant would be paid the proceeds received from the sale of investments.

For an investment, custodial risk is the risk that in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Agency is not subject to custodial risk because the United States Government Treasury Bonds are held in the Agency's name by its custodian and annuity contracts are not evidenced by securities that exist in physical or book entry form.

UNITED STATES GOVERNMENT TREASURY BONDS AND ANNUITY CONTRACTS

As of June 30, 2025, the Agency had the following investments:

Investment Type	Fair Value	Credit Quality Rating	% of Investments	Investment Maturities (In Years)			
				Less than 1	1-5	6-10	11-20
Investments in prize annuities:							
United States Treasury Bonds	\$ 21,040,705	1	99.9%	\$ 3,561,130	\$ 8,154,975	\$ 5,741,190	\$ 3,583,410
Annuity Contracts	27,645	2	0.1%	5,113	22,532	–	–
Total Investments	\$ 21,068,350		100%	\$ 3,566,243	\$ 8,177,507	\$ 5,741,190	\$ 3,583,410

1 Credit quality ratings not required for U.S. government and agency securities that are explicitly guaranteed by the U.S. government.

2 Annuity contracts not rated.

Notes to the Financial Statements

3. INVESTMENTS – (continued)

As of June 30, 2024, the Agency had the following investments:

Investment Type	Fair Value	Credit Quality Rating	% of Investments	Investment Maturities (In Years)			
				Less than 1	1-5	6-10	11-20
Investments in prize annuities:							
United States Treasury Bonds	\$ 23,260,636	1	99.9%	\$ 3,380,554	\$ 9,716,822	\$ 5,789,977	\$ 4,373,283
Annuity Contracts	31,512	2	0.1%	5,195	25,887	430	–
Total Investments	\$ 23,292,148		100%	\$ 3,385,749	\$ 9,742,709	\$ 5,790,407	\$ 4,373,283

1 Credit quality ratings not required for U.S. government and agency securities that are explicitly guaranteed by the U.S. government.

2 Annuity contracts not rated.

Investments are measured and reported at fair value and are classified and disclosed in one of the following categories:

Level I – Quoted prices are available in active markets for identical investments as of the reporting date.

Level II – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level III – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The following table sets forth by level, within the fair value hierarchy, the Agency's investments at fair value as of June 30, 2025:

	Level 1	Level 2	Level 3	Total
Investments by fair value level				
U.S. treasury obligations	\$ 21,040,705	\$ –	\$ –	\$ 21,040,705
Annuities	–	27,645	–	27,645
Total	\$ 21,040,705	\$ 27,645	\$ –	\$ 21,068,350

The following table sets forth by level, within the fair value hierarchy, the Agency's investments at fair value as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Investments by fair value level				
U.S. treasury obligations	\$ 23,260,636	\$ –	\$ –	\$ 23,260,636
Annuities	–	31,512	–	31,512
Total	\$ 23,260,636	\$ 31,512	\$ –	\$ 23,292,148

Notes to the Financial Statements

4. CAPITAL ASSETS

A summary of capital asset activity for the year ended June 30, 2025 is as follows:

	<u>2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>2025</u>
Capital Assets				
Machinery and Equipment	\$ 3,046,540	\$ -	\$ -	\$ 3,046,540
Leasehold Improvements	613,240	-	-	613,240
Total Capital Assets	3,659,780	-	-	3,659,780
Less: Accumulated Depreciation and Amortization				
Machinery and Equipment	1,932,279	305,868	-	2,238,147
Leasehold Improvements	613,240	-	-	613,240
Total Accumulated Depreciation	2,545,519	305,868	-	2,851,387
Capital Assets, net	<u>\$ 1,114,261</u>	<u>\$ (305,868)</u>	<u>\$ -</u>	<u>\$ 808,393</u>

A summary of capital assets activity for the year ended June 30, 2024 is as follows:

	<u>2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>2024</u>
Capital Assets				
Machinery and Equipment	\$ 2,211,809	\$ 834,731	\$ -	\$ 3,046,540
Leasehold Improvements	613,240	-	-	613,240
Total Capital Assets	2,224,581	834,731	-	3,659,780
Less: Accumulated Depreciation and Amortization				
Machinery and Equipment	1,663,358	268,921	-	1,932,279
Leasehold Improvements	613,240	-	-	613,240
Total Accumulated Depreciation	2,276,598	268,921	-	2,545,519
Capital Assets, net	<u>\$ 548,451</u>	<u>\$ 565,810</u>	<u>\$ -</u>	<u>\$ 1,114,261</u>

Notes to the Financial Statements

5. RIGHT-OF-USE ASSETS

A summary of right-of-use asset activity for the year ended June 30, 2025 is as follows:

	2024	Increases	Decreases	2025
Right-of-Use Assets				
Machinery and Equipment	\$ 8,411,197	\$ -	\$ -	\$ 8,411,197
Office and Warehouse Space	24,569,730	-	-	24,569,730
Subscription Arrangements	467,540	-	-	467,540
Total Right-of-Use Assets	33,448,467	-	-	33,448,467
Less: Accumulated Amortization				
Machinery and Equipment	7,251,080	1,106,661	-	8,357,741
Office and Warehouse Space	818,992	1,637,979	-	2,456,971
Subscription Arrangements	313,957	139,409	-	453,366
Total Accumulated Amortization	8,384,029	2,884,049	-	11,268,078
Right-of-Use Assets, net	\$ 25,064,438	\$ (2,884,049)	\$ -	\$ 22,180,389

A summary of right-of-use asset activity for the year ended June 30, 2024 is as follows:

	2023	Increases	Decreases	2024
Right-of-Use Assets				
Machinery and Equipment	\$ 8,250,829	\$ 160,368	\$ -	\$ 8,411,197
Office and Warehouse Space	6,471,988	24,569,730	\$6,471,988	24,569,730
Subscription Arrangements	467,540	-	-	467,540
Total Right-of-Use Assets	15,190,357	24,730,098	6,471,988	33,448,467
Less: Accumulated Amortization				
Machinery and Equipment	5,829,666	1,421,414	-	7,251,080
Office and Warehouse Space	6,471,988	818,992	6,471,988	818,992
Subscription Arrangements	162,473	151,484	-	313,957
Total Accumulated Amortization	12,464,127	2,391,890	6,471,988	8,384,029
Right-of-Use Assets, net	\$ 2,726,230	\$ (22,338,208)	\$ -	\$ 25,064,438

Notes to the Financial Statements

6. ANNUITY PRIZE OBLIGATIONS

The Agency carries long-term annuity prize obligations at present value. Presented below is a summary of long-term annuity prize payment requirements for annuities payable to maturity:

Fiscal Year	Principal	Interest	Total
2026	\$ 3,568,124	\$ 58,072	\$ 3,626,196
2027	2,527,669	117,527	2,645,196
2028	2,354,604	186,592	2,541,196
2029	1,977,651	199,545	2,177,196
2030	1,549,827	161,369	1,711,196
2031 - 2035	6,657,778	1,177,851	7,835,629
2036 - 2040	4,220,215	1,288,785	5,509,000
2041 - 2044	606,594	309,406	916,000
Total	\$ 23,462,462	\$ 3,499,147	\$ 26,961,609

This debt represents annual payments owed to jackpot and lifetime winners. Annuity prizes are paid over a period of time, typically ranging from 20 to 25 years, depending on the time period in which the prize was won. The Agency has purchased United States Government Treasury Bonds or annuity contracts that fully fund these obligations.

Long-term liability activity of annuity prize payments for the years ended June 30, 2025 and 2024 was as follows:

Fiscal Year Ending	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
June 30, 2025	\$ 26,248,988	\$ 679,669	\$ 3,466,195	\$ 23,462,462	\$ 3,568,124
June 30, 2024	\$ 28,807,235	\$ 774,949	\$ 3,333,196	\$ 26,248,988	\$ 3,404,087

Notes to the Financial Statements

7. EMPLOYEE-RELATED PAYABLES

The employee-related payables due within one year are included in the current portion of the employee related payables on the accompanying statements of net position, which also includes salaries payable in the amount of \$1,183,213 and \$1,124,827 as of June 30, 2025 and 2024, respectively. Changes in long-term employee-related payables were as follows for the year ended June 30, 2025 and 2024:

	2025		
	Compensated Absences	Workers' Compensation	Combined
Beginning Balance	\$ 3,049,934	\$ 535,000	\$ 3,584,934
Additions	5,404,675	81,453	5,486,128
Reductions	(2,199,217)	(27,453)	(2,226,670)
Ending Balance	<u>\$ 6,255,392</u>	<u>\$ 589,000</u>	<u>\$ 6,844,392</u>
Amount Due Within One Year	2,115,161	88,350	2,203,511
Non-Current Portion	4,140,231	500,650	4,640,881
	<u>\$ 6,255,392</u>	<u>\$ 589,000</u>	<u>\$ 6,844,392</u>
	2024		
	Compensated Absences	Workers' Compensation	Combined
Beginning Balance	\$ 2,799,647	\$ 529,000	\$ 3,328,647
Additions	1,964,077	62,701	2,026,778
Reductions	(1,713,790)	(56,701)	(1,770,491)
Ending Balance	<u>\$ 3,049,934</u>	<u>\$ 535,000</u>	<u>\$ 3,584,934</u>
Amount Due Within One Year	1,000,000	80,250	1,080,250
Non-Current Portion	2,049,934	454,750	2,504,684
	<u>\$ 3,049,934</u>	<u>\$ 535,000</u>	<u>\$ 3,584,934</u>

8. COMMITMENTS AND CONTINGENCIES

LEASES

The Agency leases office space, warehouse facilities, and draw and scratch-off product equipment over periods extending through December 2038.

During the month ended November 30, 2019, the Agency implemented GASB 87, *Leases*, which requires both capital and operating leases to be reported on the balance sheet as a depreciable right-of-use asset and a liability to make lease payments. The lease liability, which is equal to the present value of future lease obligations, was determined using the incremental borrowing rate ranging from 1.74% to 3.00% based on the information available at implementation date. The associated right-of-use asset is valued at an amount equal to the lease liability, less any adjustments as defined in GASB 87.

Notes to the Financial Statements

LEASES – (CONTINUED)

The Lottery also considered any lease terms that included options to extend or terminate the lease when valuing the right-of-use asset, noting none. The lease agreements do not contain any residual value guarantees or restrictive covenants. There were no lease incentives received at the start of the leases. Reductions to the right-of-use asset were recorded at the implementation date to account for variable payment terms in the leases.

The following is a schedule of future minimum lease payments under these leases as of June 30, 2025:

2026	\$	1,674,599
2027		1,674,268
2028		1,732,605
2029		1,788,635
2030		1,842,357
2031 - 2035		9,950,256
2035 - 2039		<u>7,149,587</u>
Total future minimum lease payments		25,812,307
Less: discount to present value		<u>(2,933,586)</u>
Lease liability, net	\$	<u>22,878,721</u>

SUBSCRIPTION-BASED ARRANGEMENTS

The Agency has multiple subscription-based information technology arrangements with various vendors. During the month ended June 30, 2023, the Agency implemented GASB 96, *Subscription-Based Information Technology Arrangements*, which requires subscription-based information technology arrangements to be presented on the statements of net position as an amortizable subscription asset and a liability to make payments. The subscription assets represent the Agency's right to use underlying assets for the subscription term and subscription liabilities represent the Agency's obligation to make subscription payments for the subscription agreement. The subscription liabilities, which are equal to the present value of payments expected to be made during the subscription terms, were determined using the incremental borrowing rates ranging from 2.85% to 3.54% based on the information available at implementation date. As of June 30, 2025 and 2024, there are no subscription liabilities.

LITIGATION

The Agency is involved in various litigation arising in the ordinary course of business. The Agency believes that the ultimate resolution of these matters will not have a material adverse effect on its net position.

The Agency has issued cease and desist letters to illegal gaming operators demanding that they stop all prohibited gaming activity in Maryland. Issuance of these notices do not directly affect revenues the Agency collects from legal gaming in Maryland. Refer to <https://www.mdgaming.com/legal-vs-illegal-online-gaming/> for more information and a list of operators that have received cease and desist letters.

Scientific Games filed litigation on October 17, 2025 against the Agency alleging violations of Maryland General Procurement Law, and the Open Meetings Act. There are various options available to the Agency in response to this litigation. Accordingly, the potential impact is not ascertainable at this time.

Notes to the Financial Statements

9. PARTICIPATION IN MULTI-STATE GAMES

MEGA MILLIONS AND POWERBALL

The Agency is a member of MUSL and participates in the Mega Millions and Powerball settlements with MUSL. These groups are comprised of lottery directors from member party jurisdictions. The jackpot prize pools are shared on a percent of sales basis. Game accounting is conducted after each drawing. Settlements between members occur after each jackpot win. There are currently 48 lotteries that participate in Powerball and 47 that participate in Mega Millions.

CASH4LIFE

The Agency is a member of the multi-jurisdictional Cash4Life Consortium. Cash4Life is a lottery game conducted as a cooperative venture by ten lotteries. The jackpot prize pools are shared on a percent of sales basis. Game accounting is conducted after each daily drawing. Settlements between members occur after each jackpot win.

10. RETIREMENT BENEFITS

The Agency and its employees contribute to the State Retirement and Pension System (the System). The System is a cost sharing multiple-employer public employee retirement system established by the State to provide pension benefits for State employees. The Agency's only obligation to the System is its required annual contribution. The System is administered by a Board of Trustees in accordance with State Personnel and the Pension Article of the Annotated Code of Maryland. The System prepares a separately audited ACFR, which can be obtained from the State Retirement and Pension System of Maryland, 120 East Baltimore Street, Baltimore, Maryland 21202 or located at <https://sra.maryland.gov/comprehensive-annual-financial-reports>.

PLAN DESCRIPTIONS

Agency employees are members of the Employees' Retirement and Pension Systems (two of several systems managed by the System's Board of Trustees). The Employees' Retirement System (the Retirement Plan) includes those employees hired prior to January 1, 1980 who have not elected to transfer to the Employees' Pension System (the Pension Plan). Conversely, members of the Pension Plan include those employees hired after January 1, 1980 and prior employees who have elected to transfer from the Retirement Plan.

The Retirement Plan provides retirement, death, and disability benefits to its members. Members of the Retirement Plan are generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of eligible service regardless of age. The annual retirement allowance equals 1/55 (1.8%) of the member's highest three-year average final salary (AFS) multiplied by the number of years of accumulated creditable service. A member may retire with reduced benefits after completing 25 years of eligible service. Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or would have accumulated 30 years of eligible service, whichever is less. The maximum reduction for a member is 30%. Any member who terminates employment before attaining retirement age but after accumulating five years of eligible service is eligible for a vested retirement allowance.

The Pension Plan provides retirement, death and disability benefits to its members. Certain aspects of eligibility and benefit calculations are different for employees hired on or after July 1, 2011. Those differences are explained below.

Notes to the Financial Statements

10. RETIREMENT BENEFITS – (continued)

Members of the Pension Plan who were active participants prior to July 1, 2011 are generally eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. Generally, the annual pension allowance for a member equals 1/55 (1.8%) of the member’s AFS, multiplied by the number of years of creditable service. A member may retire with reduced benefits upon attaining age 55 with at least 15 years of eligible service. Any member who terminates employment before attaining retirement age but after accumulating five years of eligible service is eligible for a vested retirement allowance.

Employees hired on or after July 1, 2011 (New Hires) are generally eligible for full retirement benefits based upon the “Rule of 90” which states that the sum of the employee’s age plus eligible service must equal 90 or the employee must be age 65 with 10 years of service. The annual pension allowance for New Hires equals 1.5% of the member’s AFS, multiplied by the number of years of creditable service. AFS for New Hires is calculated using the highest 5 consecutive years. A New Hire may retire with reduced benefits upon attaining age 60 with at least 15 years of eligible service. A New Hire who terminates employment before attaining retirement age but after accumulating ten years of eligible service is eligible for a vested retirement allowance.

FUNDING POLICY

Active members and the employers of the members are required to contribute to the Employees’ Retirement and Pension Systems. The Agency’s required contribution is established by annual actuarial valuations using the entry age normal cost method with projection and other actuarial assumptions adopted by the Board of Trustees. For service earned after July 1, 2011, members of the Employees’ Retirement System and the Employee’s Pension System are required to contribute 7% of earnable compensation.

The Agency contributions, which equal 100% of the required contributions, for the years ended June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Agency contribution	\$ 5,405,881	\$ 4,378,938
Percentage of payroll	20.28%	18.50%

GASB NO. 68 – PENSION DISCLOSURES

The Agency accounts for the pension in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No 27.* GASB Statement No. 68 requires the Agency to recognize the long-term obligations for pension benefits as a liability and to measure the annual cost of pension benefits.

On June 30, 2025 and 2024, the Agency’s proportion of the State of Maryland’s net pension liability of \$24,377,564,181 and \$21,429,178,288, respectively (State pool only) was \$43,978,742 and \$35,677,645 or 0.180% and 0.166% of the total State’s pension liability, respectively.

Notes to the Financial Statements

10. RETIREMENT BENEFITS – (continued)

GASB NO. 68 – PENSION DISCLOSURES – (continued)

The Agency reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources for the year ended June 30, 2025:

Fund	Deferred Outflows of Resources	Deferred Inflows of Resources
Beginning Balance	\$ 18,633,522	\$ 9,632,063
Agency's contributions during the year	(4,378,938)	-
Amortization of prior year deferred outflows and inflows	(3,825,088)	(3,317,621)
Net difference in investment earnings	-	68,042
Change of assumptions	1,371,743	-
Difference between expected and actual experience	3,493,749	-
Change in proportionate share	-	126,547
Agency's contributions subsequent to the measurement date	5,405,881	-
Ending Balance	\$ 20,700,869	\$ 6,509,031

The Agency's contributions of \$5,405,881 reported as deferred outflows of resources resulted from contributions subsequent to the measurement date. This amount will be recognized as a reduction in the net pension liability for the year ended June 30, 2025.

The Agency reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources for the year ended June 30, 2024:

Fund	Deferred Outflows of Resources	Deferred Inflows of Resources
Beginning Balance	\$ 18,330,526	\$ 13,128,181
Agency's contributions during the year	(4,113,633)	-
Amortization of prior year deferred outflows and inflows	(4,123,872)	(3,542,746)
Net difference between projected and actual earnings on pension plan investments	2,907,600	-
Net difference between projected and actual experience	1,253,963	-
Change in proportionate share	-	46,628
Agency's contributions subsequent to the measurement date	4,378,938	-
Ending Balance	\$ 18,633,522	\$ 9,632,063

Notes to the Financial Statements

GASB NO. 68 – PENSION DISCLOSURES – (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pensions will be recognized in pension expense as follows:

Year Ended June 30,		
2026	\$	1,652,627
2027		1,165,516
2028		3,366,096
2029		1,557,339
2030		951,476
Total	\$	8,693,054

ASSUMPTIONS AND OTHER INPUTS:

Valuation method	Individual Entry Age Normal Cost Method
Amortization method.	Level Percentage of Payroll, Closed
Salary increases	3.00% to 22.50% including inflation
Inflation	2.50% general, 3.00% wage
Investment rate of return	6.80%
Discount rate	6.80%
Retirement age	Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the 2024 valuation pursuant to the 2024 experience study of the period July 1, 2018 to June 30, 2023.
Mortality.	Various versions of the Pub-2010 Mortality Tables with projected generational mortality improvements based on the MP-2021 fully generational mortality improvements scale for males and females.

DISCOUNT RATE

A single discount rate of 6.80% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.80%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Notes to the Financial Statements

11. OTHER POSTEMPLOYMENT BENEFITS

Members of the State Retirement and Pension Systems and their dependents are provided postemployment health care benefits through the State Employee and Retiree Health and Welfare Benefits Program (Plan). The Plan is a single-employer defined benefit health care plan established by the State Personnel and Pensions Article, Section 2-501 through 2-516 of the Annotated Code of Maryland. The Plan is self-insured to provide medical, hospitalization, prescription drug and dental insurance benefits to eligible state employees, retirees, and their dependents. A separate valuation is not performed for the Agency. The Agency's only obligation to the Plan is its required annual contribution.

State law grants authority to establish and amend benefit provisions to the Secretary of the Department of Budget and Management (DBM). In addition, the Secretary shall specify by regulation the types or categories of State employees who are eligible to enroll, with or without State subsidies, or who are not eligible to enroll.

The Postretirement Health Benefits Trust Fund (OPEB Trust) is established as an irrevocable trust under Section 34-101 of the State Personnel and Pensions Article to receive appropriated funds and contributions which will be used to assist the Plan in financing the State's postretirement health insurance subsidy. The oversight of the OPEB funds is the same Board of Trustees that oversees the Maryland State Retirement and Pension Systems. The Board of Trustees consists of 15 members. The Maryland State Retirement and Pension Systems prepares separately audited financial statements for the OPEB Trust Fund. The report may be obtained from the Office of the Comptroller, Attention: Plan Administrator, P.O. Box 746, Annapolis, Maryland 21404.

PLAN DESCRIPTION

Agency employees are members of the Plan. Generally, a retiree may enroll and participate in the health benefits option if the retiree retired directly from State service with at least five years of credible service, ended State service with at least ten years of credible service and within five years before the age at which a vested retirement allowance would normally begin, or ended State service with at least 16 years of credible service. For members hired on or after July 1, 2011, they are required to have completed at least 25 years of credible service, retired directly from State service with at least ten years of credible service or ended State service with at least ten years of credible service and within five years before the age at which a vested retirement allowance would normally begin.

FUNDING POLICY

Based on current practice, the State subsidizes approximately 50% to 85% of covered medical, dental, prescription, and hospitalization costs, depending on the type of insurance plan. The Plan assesses a charge to retirees for postemployment health care benefits, which is based on health care insurance charges for active employees. Costs for post-retirement benefits are for State of Maryland retirees. The State does not distinguish employees by employer/State agency. Instead, the State allocates the postemployment health care costs to all participating employers. The cost of these benefits is expensed when paid. For the years ended June 30, 2025 and 2024, the Agency's contributions were \$2,217,936 and \$2,482,278, respectively.

Notes to the Financial Statements

12. RISK MANAGEMENT

The Agency is exposed to various risks associated with the theft, damage, or destruction of assets, torts, and game liability. To manage the related risks, the Agency participates in the State's insurance program, which provides general liability, personal and casualty, and workers' compensation insurance. The program requires all agencies to submit premiums based upon proportionate payroll costs and/or claim history. This insurance covers related losses up to a maximum of \$1,000,000 per event. Settlements have not exceeded coverage for any of the past three fiscal years. The activity related to accrued workers' compensation costs is included in the schedule exhibited in Note 7.

To minimize risks associated with lottery game liabilities, the Agency has established aggregate payout limits for each game type. This approach discontinues sales of the daily numbers games once the potential liability limit is reached for a specific player selection. A maximum payout limit is established for those games with a first-tier prize, which requires multiple first-tier winners to split the related prize.

Because of the low volume of activity and intention that the ITLM program will be used to generate proceeds to help support veterans' organizations, the risks for the ITLM program are minimized. The veterans' organization keep 50% of the net proceeds and ITLMs have a payout rate of 90.5%.

The risk to the Agency is limited by legislation as it pertains to gaming operations. A VLT shall have an average payout percentage which is 85% or more and does not exceed 100%. In no event may a VLT have a theoretical payout percentage of less than 85%. Furthermore, a facility may not make available for play a VLT with an average payout percentage which exceeds 95% without the written approval of the Agency. A facility's gaming floor shall be configured to collectively achieve, at all times, an average payout percentage which exceeds 85%, and which does not exceed 95%. Any VLT loss for any given day is carried forward to offset gains in the next 7 days with any remaining losses absorbed by the casino.

For table games, the Agency's risk is limited to the 80% commission payable to casinos based on monthly gross revenue. Any economic variables that cause fluctuations in casino revenues on an ongoing basis would, therefore, cause a fluctuation in Agency revenues. Any table games loss for any given day are carried forward to offset gains in the next 7 days with any remaining losses absorbed by the casino.

Sport wagering and fantasy gaming are the activity of predicting sports results and placing a wager on the outcome. The payout is based on the outcome. The State receives 15% of the amount wagered less prizes paid in the month in which the wager was made. An overall loss for the month is spread over 3 months.

Schedule of Revenues, Expenses and Changes in Net Position — Budget and Actual

FOR THE YEAR ENDED JUNE 30, 2025

	Original Budget	Final Amended Budget	Actual Amounts	Variance with Budget over (under)
Revenues				
Cash revenue receipts from all sources	\$ 5,154,296,491	\$ 5,240,442,313	\$ 5,208,595,310	\$ (31,847,003)
Expenditures and encumbrances				
Gaming vendor and information technology fees	53,046,895	57,384,092	56,294,344	(1,089,748)
Instant ticket printing and delivery	8,685,000	8,685,000	8,556,082	(128,918)
Salaries, wages, and benefits	36,414,323	39,056,416	43,793,990	4,737,574
Advertising and promotions	19,058,333	19,058,333	19,235,407	177,074
Other general and administrative expenses	<u>6,172,209</u>	<u>6,172,209</u>	<u>5,268,388</u>	<u>(903,821)</u>
Total expenditures and encumbrances	<u>123,376,760</u>	<u>130,356,050</u>	<u>133,148,211</u>	<u>2,792,161</u>
Excess of revenues over expenditures	5,030,919,731	5,110,086,264	5,075,447,099	(34,639,165)
Other uses of financial resources				
Transfers in (out)				
State of Maryland General Fund	(531,664,439)	(522,944,068)	(518,990,117)	3,953,951
Other government agencies/funds-VLT	<u>(1,066,074,120)</u>	<u>(1,084,738,595)</u>	<u>(1,074,694,885)</u>	<u>10,043,710</u>
Excess of revenues over expenditures and other sources of financial resources	<u>\$ 3,433,181,172</u>	<u>\$ 3,502,403,601</u>	<u>\$ 3,481,762,097</u>	<u>\$ (20,641,504)</u>
Reconciliation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures				
Change in net position	\$ (11,010,745)			
Non-budgetary expenditures:				
Prize expense	1,676,210,275			
Retailer and casino commissions	1,320,081,919			
Sports wagering and fantasy gaming operators share	494,703,319			
Depreciation	3,189,917			
Increase in fair value of investments	(1,242,397)			
Amortization of discount prize liabilities	679,669			
Voluntary exclusion program	<u>(849,860)</u>			
Excess of revenues over expenses	<u>\$ 3,481,762,097</u>			

**Notes to the Schedule of Revenues, Expenses
and Changes in Net Position — Budget and Actual**
FOR THE YEAR ENDED JUNE 30, 2025

1. BUDGETING AND BUDGETARY CONTROL

The Maryland Constitution requires the Governor to submit to the General Assembly an annual balanced budget for the following fiscal year. Each year the Agency prepares its annual budget and submits it to the Governor. The Governor then presents the State’s annual budget (including the Agency’s) to the General Assembly in accordance with Constitutional requirements. The General Assembly is required to then enact a balanced budget.

The Agency’s official budget, as adopted by the Legislature, is based upon accounting for certain transactions on the basis of cash receipts and disbursements. Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded as expenditures when the purchase commitment is made, is employed for budgetary purposes. Unliquidated encumbrances are canceled at year-end if it is determined the funds will not be utilized in the future. Unencumbered appropriations lapse at the end of the fiscal year for which they were appropriated. The major differences between the budget basis and the Accounting Principles Generally Accepted in the United States of America (GAAP) basis of accounting are:

- Lottery player prize payments are not budgeted;
- Lottery retailer commissions are not budgeted;
- Casino operator commissions are not budgeted;
- Sports wagering operator commissions are not budgeted;
- Fantasy gaming operator commissions are not budgeted;
- Revenues are recorded when received in cash (budget) as opposed to when earned (GAAP);
- Expenses (including deferred prizes) are recorded when paid or encumbered (budget) as opposed to when the liability is incurred (GAAP);
- The budget basis excludes depreciation and amortization.

The Agency maintains budgetary control by not permitting the total expenditures to exceed appropriations without executive and legislative branch approval.

MARYLAND LOTTERY AND GAMING CONTROL AGENCY

Schedule of Changes in Net Pension Liability Contributions and Related Ratios
FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (NPL)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Agency's proportion of the collective NPL	0.18%	0.17%	0.17%	0.16%	0.16%	0.15%	0.15%	0.13%	0.12%	0.11%
Agency's proportionate share of the collective NPL	\$ 43,978,742	\$ 35,677,645	\$ 31,054,754	\$ 22,461,244	\$ 33,399,589	\$ 30,536,823	\$ 32,033,294	\$ 27,645,653	\$ 27,137,095	\$ 22,831,103
Agency's covered payroll	\$ 26,651,736	\$ 23,671,128	\$ 20,950,238	\$ 18,314,449	\$ 17,743,618	\$ 17,386,846	\$ 17,398,689	\$ 17,438,842	\$ 16,262,945	\$ 14,459,261
Proportionate share of the collective NPL as a percentage of covered payroll	165.01%	150.72%	148.23%	122.64%	188.23%	175.63%	184.11%	158.53%	166.86%	157.90%
Plan fiduciary net position as a percentage of total pension liability	72.08%	73.81%	76.27%	81.84%	70.72%	72.34%	71.18%	69.38%	65.79%	68.78%

SCHEDULE OF CONTRIBUTIONS

	2025	2024	2023	2022	2021	2020	2019	2018 (as adjusted)	2017	2016
Actuarially determined contributions	\$ 5,405,881	\$ 4,378,938	\$ 4,113,633	\$ 3,544,347	\$ 3,489,405	\$ 3,237,248	\$ 3,053,641	\$ 3,044,421	\$ 3,115,271	\$ 2,424,201
Contributions in relation to the actuarially determined contribution	5,405,881	4,378,938	4,113,633	3,544,347	3,489,405	3,237,248	3,053,641	3,044,421	3,115,271	2,424,201
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 26,651,736	\$ 23,671,128	\$ 20,950,238	\$ 18,314,449	\$ 17,743,618	\$ 17,386,846	\$ 17,398,689	\$ 17,438,842	\$ 16,262,945	\$ 14,459,261
Contributions as a percentage of covered-employee payroll	20.28%	18.50%	19.64%	19.35%	19.67%	18.62%	17.55%	17.46%	19.16%	16.77%

*Schedules are intended to show information for 10 years. Additional years will be displayed as they become available. Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of Changes in Net Pension Liability Contributions and Related Ratios*

FOR THE YEAR ENDED JUNE 30, 2025

NOTES TO REQUIRED SCHEDULES

ASSUMPTIONS AND OTHER INPUTS:

Valuation Date	June 30
	Actuarially determined contribution rates are calculated as of June 30, which is 12 months prior to the beginning of the fiscal year in which the contributions are reported.
Valuation method	Individual Entry Age Normal Cost Method
Amortization method	Level Percentage of Payroll, Closed
Asset valuation method	5-years smoothed market; 20% collar
Salary increases	3.00% to 22.50%
Inflation	2.50% general, 3.00% wage
Investment rate of return	6.80%
Discount rate	6.80%
Retirement age	Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the 2024 valuation pursuant to the 2024 experience study of the period July 1, 2018 to June 30, 2023.
Mortality	Various versions of the Pub-2010 Mortality Tables with projected generational mortality improvements based on the MP-2021 fully generational mortality improvements scale for males and females.

SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR OTHER POST-EMPLOYMENT BENEFIT PLAN YEAR-ENDING JUNE 30,

	2025	2024	2023	2022	2021	2020	2019	2018
Contribution	\$ 2,217,936	\$ 2,482,278	\$ 1,931,171	\$ 1,650,281	\$ 1,339,576	\$ 1,654,780	\$ 1,408,400	\$ 1,140,228
Covered Employee Payroll	\$ 26,651,736	\$ 23,671,128	\$ 20,950,238	\$ 18,314,449	\$ 17,743,618	\$ 17,386,846	\$ 17,398,689	\$ 17,438,842
Actual contributions as a percentage of covered employee payroll	8.32%	10.49%	9.22%	9.01%	7.55%	9.52%	8.09%	6.54%

NOTES TO SCHEDULE

Valuation Date: Contractually determined contribution amounts are calculated as of June 30 of the prior year in which contributions are reported.

*Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Maryland Lottery and Gaming Control Agency:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Maryland Lottery and Gaming Control Agency (an agency of the State of Maryland) (Agency), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Maryland Lottery and Gaming Control Agency's basic financial statements and have issued our report thereon dated December 4, 2025.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Maryland Lottery and Gaming Control Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Maryland Lottery and Gaming Control Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Maryland Lottery and Gaming Control Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.



REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Maryland Lottery and Gaming Control Agency’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SC+H Attest Services, P.C.

Sparks, MD
December 4, 2025

STATISTICAL SECTION

Since its inception in 1973, the Lottery has contributed more than \$20.7 billion in revenue to the State of Maryland. Maryland's casino program, which began in September 2010, has generated nearly \$19.8 billion in revenue, with more than \$6.4 billion supporting education in the state. Maryland's sports wagering, which began in December 2021, has generated \$177.4 million in revenue supporting education in the state. Maryland's fantasy competitions began earning tax revenue in May 2021 and have generated \$5.8 million supporting revenue in the state.

2025

Statistical Information Sections

This section of the Annual Comprehensive Financial Report presents detailed information as a supplement to the information presented in the financial statements and notes disclosures to assist readers in assessing the overall financial health of the MLGCA.



CONTENTS

81 FINANCIAL TRENDS

These schedules contain trend information to help readers understand how the MLGCA's financial performance and position have changed over time. The information presented includes changes in net position, sales and contribution/transfer data for the lottery, gaming operations, sports wagering and fantasy competitions, as well as the lottery industry as a whole.

113 REVENUE CAPACITY

These schedules contain information to help readers assess the MLGCA's most significant revenue sources. The lottery's statewide retailer network determines the market exposure for the lottery's games. The casinos determine the market exposure for VLTs and table games.

123 DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help readers understand the environment within which the MLGCA operates.

124 OPERATING INFORMATION

These schedules contain information about the MLGCA's organization and efficiency.

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports or the audited financial statements for the relevant year.

MARYLAND LOTTERY AND GAMING CONTROL AGENCY

Net Position and Changes in Net Position — Fiscal Years 2016 Through 2025

NET POSITION BY COMPONENT - FISCAL YEARS 2016 THROUGH 2025

FISCAL YEAR	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net investment in capital assets	\$ 432,907	\$ 67,350	\$ (1,391,694)	\$ 100,422	\$ —	\$ —	\$ 151,235	\$ 708,214	\$ 1,038,944	\$ 110,061
Unrestricted	1,543,692	(4,977,761)	(6,383,766)	(6,711,713)	(16,982,074)	(20,134,762)	(18,102,448)	(16,368,555)	(18,770,650)	(28,852,512)
Total net position	1,976,599	(4,910,411)	(9,775,460)	(6,611,291)	(16,982,074)	(20,134,762)	(17,951,213)	(15,660,341)	(17,731,706)	(28,742,451)

CHANGE IN NET POSITION - FISCAL YEARS 2016 THROUGH 2025

OPERATING REVENUES:

Draw Games	560,837,505	572,280,023	570,087,016	595,985,466	630,514,088	733,607,317	708,802,598	669,252,895	643,868,727	649,531,102
Monitor Games	478,647,528	483,643,007	483,994,277	498,058,435	489,482,954	572,194,487	606,141,596	604,295,552	586,979,645	598,138,976
Jackpot Games	247,837,891	190,497,074	228,703,415	280,787,226	177,965,952	234,887,993	248,225,884	333,622,760	341,124,981	225,702,628
Instant Games	611,286,137	676,752,574	750,888,512	812,426,311	883,940,663	1,059,935,153	1,086,401,897	1,142,170,426	1,143,766,503	1,142,580,889
ITLMS	6,934,191	8,372,989	9,121,117	9,651,061	7,864,356	10,525,120	13,132,050	15,037,171	16,285,491	16,946,927
Total Net Sales	1,905,543,252	1,931,545,667	2,042,794,337	2,196,908,499	2,189,768,012	2,611,150,070	2,662,703,825	2,764,378,804	2,732,025,357	2,632,900,521
Gaming Revenue-Gross Terminal Revenue	741,694,172	885,867,966	1,046,676,783	1,125,214,916	829,280,731	1,160,392,613	1,331,811,554	1,347,852,822	1,338,017,265	1,358,450,290
Gaming Revenue-State Grant	20,274,795	20,706,322	7,474,980	6,715,636	6,461,424	4,943,387	5,205,432	5,671,832	9,996,667	11,328,251
Gaming Revenue-Table Games	402,278,788	535,074,397	632,289,627	635,193,662	450,693,376	585,329,183	669,968,678	712,452,973	625,787,596	606,366,494
Gaming Revenue-Facility Applicants	1,921,206	2,957,020	2,209,398	2,055,879	1,470,576	1,535,251	2,841,363	3,224,384	2,501,743	4,182,422
Gaming Machine Assessment	3,844,625	4,649,746	5,278,854	5,296,225	3,779,273	4,132,275	4,455,075	4,473,725	4,473,725	4,446,150
ITLML Lease Revenue	2,894,330	3,494,887	3,807,152	4,028,353	2,361,413	3,157,573	3,937,554	4,511,193	4,885,687	5,438,273
Gaming Revenue-Fantasy Gaming	—	—	—	—	—	—	17,075,872	7,803,960	6,559,092	6,996,417
Gaming Revenue-Sports Wagering	—	—	—	—	—	—	30,602,849	184,039,809	403,087,234	578,486,492
MDH Revenue	—	—	—	95,651	—	—	—	—	—	—
Total Operating Revenues	3,078,451,168	3,384,296,005	3,740,531,131	3,975,413,170	3,483,910,456	4,370,640,452	4,728,602,202	5,034,416,552	5,127,334,366	5,208,595,310

COST OF SALES:

Prize Expense	1,133,301,463	1,196,511,295	1,248,722,984	1,357,473,258	1,369,035,515	1,655,957,335	1,689,109,893	1,729,578,635	1,715,553,744	1,676,210,275
Retailer Commissions	141,157,005	145,883,312	153,725,963	165,508,687	163,733,149	197,223,468	202,994,272	219,856,683	220,248,905	195,722,294
Casinos Share	626,102,299	819,389,044	996,857,938	1,036,965,945	750,852,790	1,014,728,108	1,160,618,368	1,203,070,420	1,130,939,671	1,124,359,625
Sports Wagering Operators Share	—	—	—	—	—	—	16,337,370	143,132,290	341,764,916	488,756,449
Fantasy Operators Share	—	—	—	—	—	—	14,514,491	6,632,515	5,574,973	5,946,870
Gaming Vendor and Data Processing Fees	27,744,841	29,026,085	30,748,701	39,504,953	38,184,132	48,566,232	53,217,325	56,430,910	55,572,959	56,294,344
Instant Ticket Printing and Delivery	5,997,098	7,464,342	6,637,518	7,327,339	8,437,031	7,929,358	7,783,450	8,087,739	8,786,500	8,556,082
Total Cost of Sales	1,934,302,696	2,196,274,078	2,436,693,104	2,606,785,182	2,330,242,617	2,924,404,501	3,144,575,169	3,366,789,179	3,478,441,668	3,556,845,939

OPERATING EXPENSES:

Salaries, Wages, and Benefits	24,476,879	26,873,983	26,966,333	26,724,096	28,171,299	27,819,882	28,918,676	32,260,868	36,731,435	43,793,990
Advertising and Promotions	15,645,392	18,379,694	15,536,795	18,108,829	18,405,264	20,056,834	19,422,934	19,997,289	19,453,982	19,235,407
Depreciation and Amortization	5,448,107	7,438,231	1,233,077	1,981,874	2,494,573	2,487,007	2,576,474	2,247,446	2,660,811	3,189,917
Other General and Administrative Fees	13,038,756	12,982,014	7,382,071	5,899,476	6,474,828	3,653,008	194,196	3,362,198	3,156,646	5,268,388
Total Operating Expenses	58,609,134	65,673,922	51,118,276	52,714,275	55,545,964	54,016,731	51,112,280	57,867,801	62,002,874	71,487,702

NON-OPERATING REVENUES (EXPENSES):

Unrealized Gains (Losses) on Investments	393,670	(2,108,294)	(1,780,253)	1,257,935	3,699,628	(2,741,021)	(3,768,926)	(1,484,128)	(300,267)	562,728
Interest Income (Expense)	(819,905)	(633,426)	—	—	—	—	—	—	—	—
Payments to State of Maryland - Lottery	(569,813,356)	(524,902,592)	(575,672,412)	(593,453,089)	(588,668,172)	(667,439,788)	(635,074,503)	(651,614,467)	(652,706,365)	(518,990,117)
Gain on Sale of VLTs	(514,154,133)	(599,628,305)	(680,211,579)	(720,662,476)	(523,647,257)	(725,314,989)	(892,034,283)	(954,522,621)	(936,148,867)	(1,074,694,885)
Voluntary Exclusion Program	75,642	37,603	79,444	108,086	123,142	123,890	146,508	152,517	194,310	849,860
Total Non-Operating Revenues	(1,084,318,082)	(1,127,235,014)	(1,257,584,800)	(1,312,749,544)	(1,108,492,659)	(1,395,371,908)	(1,530,731,204)	(1,607,468,699)	(1,588,961,189)	(1,592,272,414)
CHANGES IN NET POSITION:	1,220,716	(6,887,009)	(4,865,049)	3,164,169	(10,370,784)	(3,152,688)	2,183,549	2,290,873	(2,071,365)	(11,010,745)
TOTAL NET POSITION, BEGINNING OF YEAR:	755,883	1,976,599	(4,910,410)	(9,775,459)	(6,611,290)	(16,982,074)	(17,951,213)	(15,660,341)	(17,731,706)	(28,742,451)
TOTAL NET POSITION, END OF YEAR:	1,976,599	(4,910,410)	(9,775,459)	(6,611,290)	(16,982,074)	(20,134,762)	(17,951,213)	(15,660,341)	(17,731,706)	(28,742,451)

Sales — Fiscal Years 2016 Through 2025

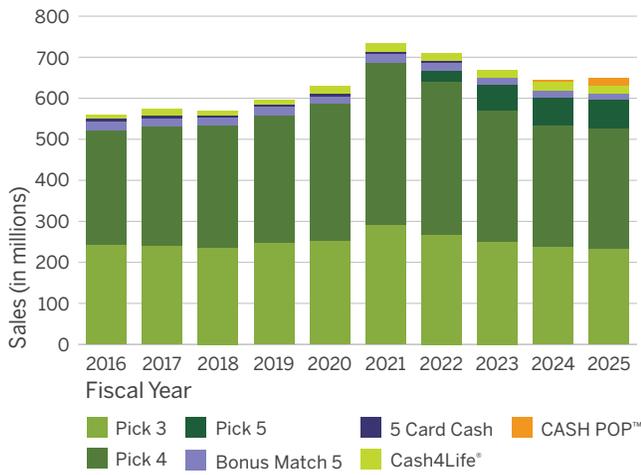
SALES BY CATEGORY AND GAME		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
FISCAL YEAR											
DRAW GAMES											
Pick 3	\$ 241,569,648	\$ 239,153,635	\$ 235,402,012	\$ 245,626,551	\$ 251,674,709	\$ 290,798,740	\$ 266,550,955	\$ 249,823,094	\$ 237,195,510	\$ 232,496,904	
Pick 4	280,783,133	291,588,159	296,206,896	312,177,226	333,716,018	395,655,033	373,129,866	318,152,959	296,874,186	293,829,839	
Bonus Match 5	20,611,878	19,799,308	19,658,089	19,573,334	18,524,396	20,508,033	19,111,113	17,740,459	16,434,335	15,629,524	
5 Card Cash	5,914,242	5,545,217	5,646,303	6,218,582	6,027,647	5,793,802	3,353,375	—	—	—	
Cash4Life®	11,958,604	16,193,704	13,173,716	12,389,773	20,571,318	20,851,709	19,509,849	20,207,499	20,558,414	19,720,656	
Pick 5	—	—	—	—	—	—	27,147,440	63,328,884	67,475,080	68,451,142	
CASH POP™	—	—	—	—	—	—	—	—	5,331,202	19,403,037	
Draw Games Total	\$ 560,837,505	\$ 572,280,023	\$ 570,087,016	\$ 595,985,466	\$ 630,514,088	\$ 733,607,317	\$ 708,802,598	\$ 669,252,895	\$ 643,868,727	\$ 649,531,102	
MONITOR GAMES											
Keno	\$ 311,555,811	\$ 303,244,462	\$ 291,409,988	\$ 286,865,920	\$ 259,195,345	\$ 273,532,999	\$ 287,135,225	\$ 283,817,391	\$ 271,886,603	\$ 263,648,142	
Racetrax®	167,091,717	180,398,545	192,584,289	211,192,515	230,287,609	298,661,489	319,006,371	320,478,161	315,093,042	334,490,834	
Monitor Games Total	\$ 478,647,528	\$ 483,643,007	\$ 483,994,277	\$ 498,058,435	\$ 489,482,954	\$ 572,194,487	\$ 606,141,596	\$ 604,295,552	\$ 586,979,645	\$ 598,138,976	
JACKPOT GAMES											
Mega Millions®	\$ 73,217,563	\$ 66,344,693	\$ 88,555,640	\$ 137,707,762	\$ 78,588,223	\$ 107,949,942	\$ 81,010,003	\$ 146,972,234	\$ 131,504,301	\$ 102,043,929	
Multi-Match®	31,095,004	24,018,675	28,952,844	29,001,325	28,983,416	33,702,488	39,647,358	28,815,483	25,568,554	30,051,509	
Powerball®	143,525,324	100,133,706	111,194,931	114,078,139	70,394,314	93,235,563	127,568,523	157,835,043	184,052,136	93,607,189	
Jackpot Games Total	\$ 247,837,891	\$ 190,497,074	\$ 228,703,415	\$ 280,787,226	\$ 177,965,952	\$ 234,887,993	\$ 248,225,884	\$ 333,622,760	\$ 341,124,991	\$ 225,702,628	
INSTANT GAMES											
Scratch-Off Games	\$ 611,286,137	\$ 676,752,574	\$ 750,888,512	\$ 812,426,311	\$ 852,739,383	\$ 993,407,426	\$ 1,009,473,559	\$ 1,063,048,241	\$ 1,061,393,644	\$ 1,058,446,895	
FAST PLAY	—	—	—	—	31,201,280	66,527,727	76,928,138	79,122,185	82,372,859	84,133,994	
Instant Games Total	\$ 611,286,137	\$ 676,752,574	\$ 750,888,512	\$ 812,426,311	\$ 883,940,663	\$ 1,059,935,153	\$ 1,086,401,697	\$ 1,142,170,426	\$ 1,143,766,503	\$ 1,142,580,889	
ITLM	\$ 6,934,191	\$ 8,372,989	\$ 9,121,117	\$ 9,651,061	\$ 7,864,356	\$ 10,525,120	\$ 13,132,050	\$ 15,037,171	\$ 16,285,491	\$ 16,946,927	
TOTAL SALES	\$ 1,905,543,252	\$ 1,931,545,667	\$ 2,042,794,337	\$ 2,196,908,499	\$ 2,189,768,012	\$ 2,611,150,070	\$ 2,662,703,825	\$ 2,764,378,804	\$ 2,732,025,357	\$ 2,632,900,521	

PRODUCT MIX BY CATEGORY

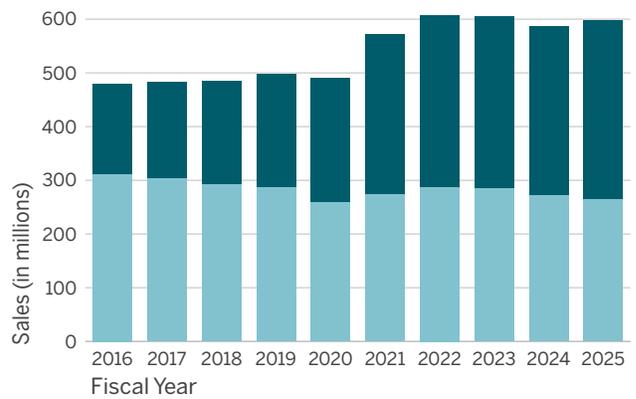
FISCAL YEAR	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Draw Games	29.43%	29.63%	27.91%	27.13%	28.79%	28.10%	26.62%	24.21%	23.57%	24.67%
Monitor Games	25.12%	25.04%	23.69%	22.67%	22.35%	21.91%	22.76%	21.86%	21.49%	22.72%
Jackpot Games	13.01%	9.86%	11.20%	12.78%	8.13%	9.00%	9.32%	12.07%	12.49%	8.57%
Instant Games	32.08%	35.04%	36.76%	36.98%	40.37%	40.59%	40.80%	41.32%	41.87%	43.40%
ITLM	0.36%	0.43%	0.45%	0.44%	0.36%	0.40%	0.49%	0.54%	0.60%	0.64%

Sales — Fiscal Years 2016 Through 2025 – (continued)

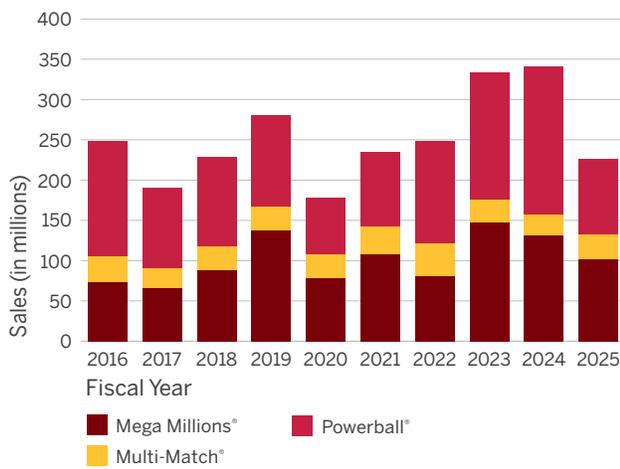
DRAW GAMES



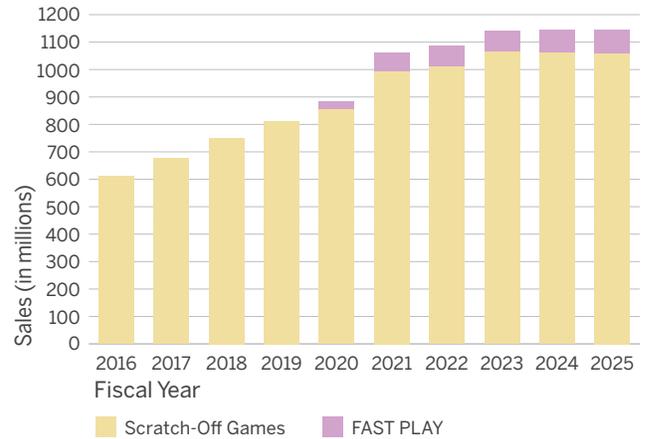
MONITOR GAMES



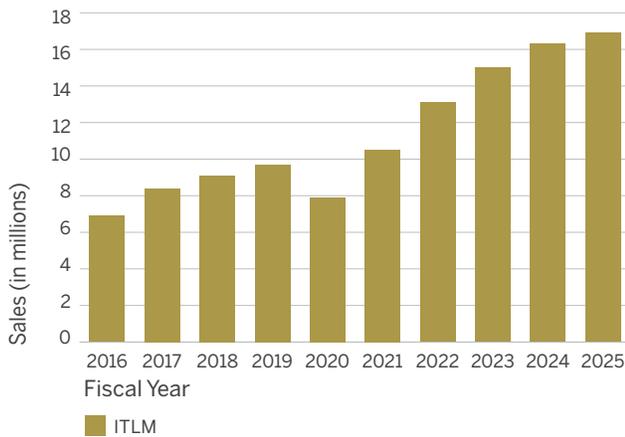
JACKPOT GAMES



INSTANT GAMES

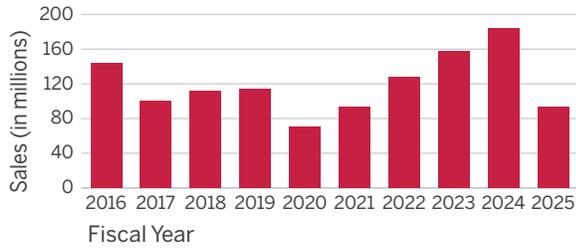


ITLM

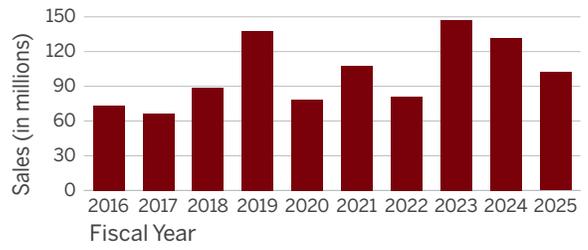


Sales — Fiscal Years 2016 Through 2025 – (continued)

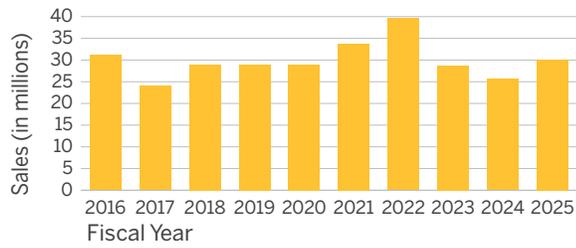
POWERBALL®



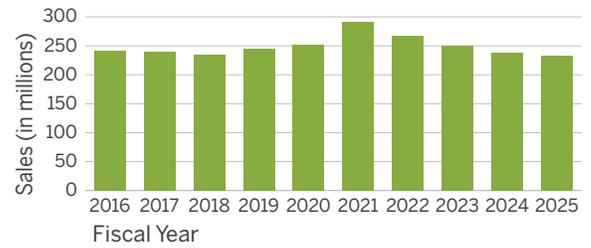
MEGA MILLIONS®



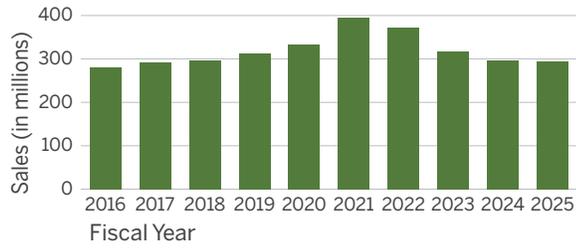
MULTI-MATCH®



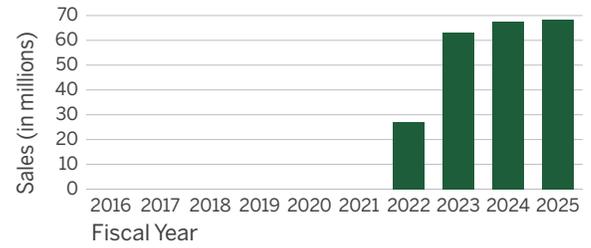
PICK 3



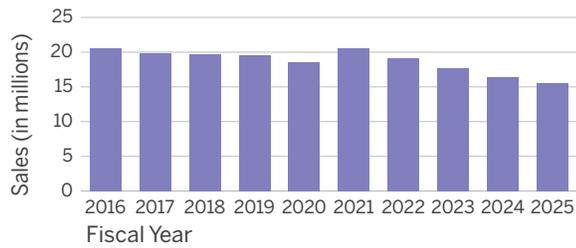
PICK 4



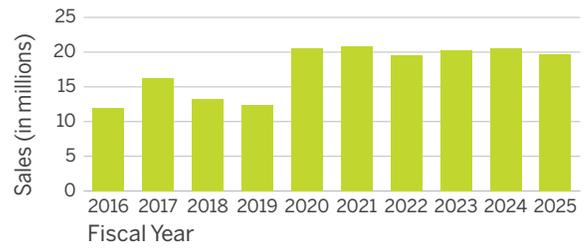
PICK 5



BONUS MATCH 5

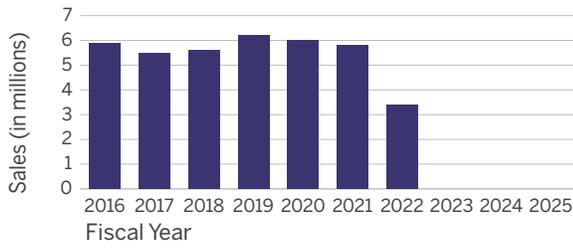


CASH4LIFE®



Sales — Fiscal Years 2016 Through 2025 – (continued)

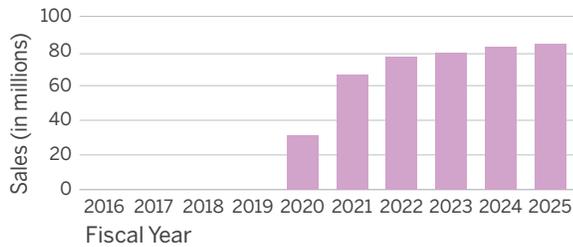
5 CARD CASH



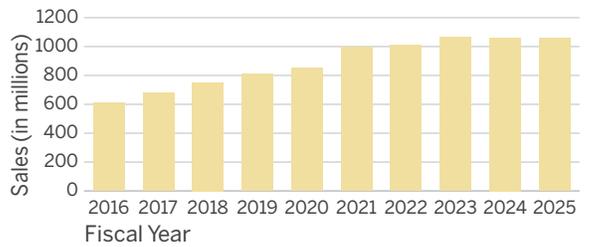
CASH POP™



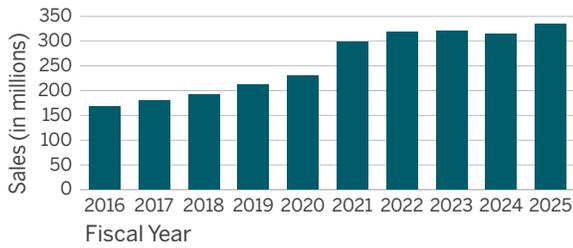
FAST PLAY



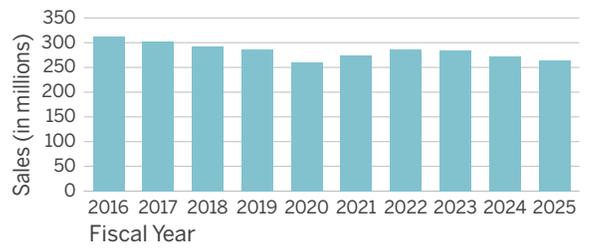
SCRATCH-OFF GAMES



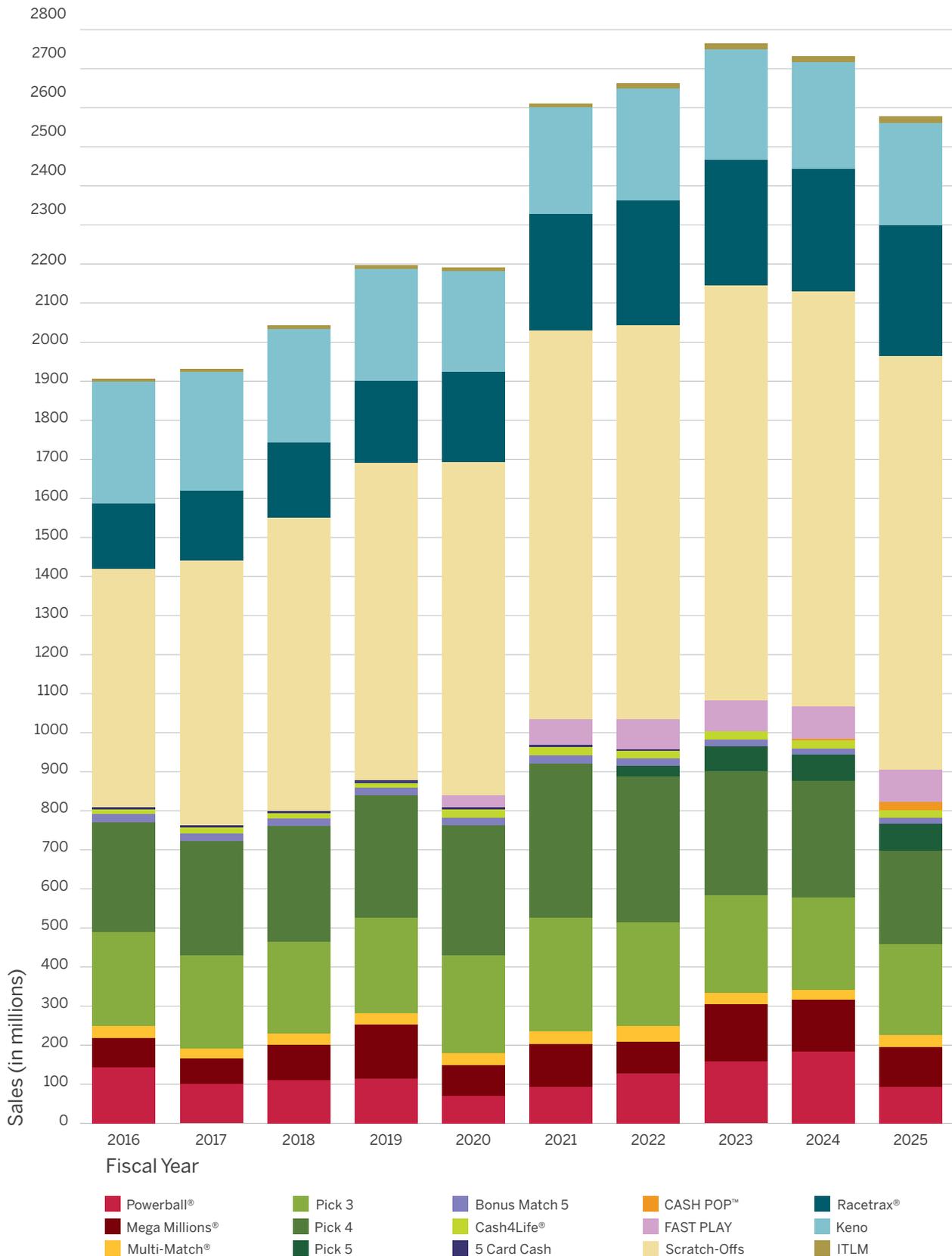
RACETRAX®



KENO



Sales — Fiscal Years 2016 Through 2025 – (continued)



U.S. Lotteries Per Capita Sales — Fiscal Year 2025

Rank	State	Population (M)	Total Sales (\$M)*	Per Capita**
1	Massachusetts	7.1	5,936.5	832
2	Georgia	11.2	5,143.0	460
3	Michigan	10.1	4,533.7	447
4	South Carolina	5.5	2,299.8	420
5	Maryland	6.3	2,616.0	418
6	New York	19.9	7,812.0	393
7	Florida	23.4	9,132.9	391
8	New Jersey	9.5	3,514.3	370
9	Ohio	11.9	4,376.3	368
10	Connecticut	3.7	1,331.7	362
11	North Carolina	11.0	3,987.7	361
12	Pennsylvania	13.1	4,360.5	333
13	New Hampshire	1.4	468.7	333
14	Kentucky	4.6	1,357.4	296
15	Illinois	12.7	3,755.9	296
16	Maine	1.4	408.1	290
17	Virginia	8.8	2,387.2	271
18	Rhode Island	1.1	284.4	256
19	Texas	31.3	7,912.3	253
20	Washington, D.C.	0.7	169.9	242
21	Vermont	0.6	155.5	240
22	Missouri	6.2	1,482.6	237
23	Indiana	6.9	1,605.9	232
24	California	39.4	8,949.1	227
25	Delaware	1.1	224.8	214
26	Idaho	2.0	401.7	201
27	Arkansas	3.1	578.0	187
28	Arizona	7.6	1,403.4	185
29	Mississippi	2.9	444.4	151
30	Wisconsin	6.0	861.8	145
31	Colorado	6.0	827.9	139
32	Iowa	3.2	434.9	134
33	Louisiana	4.6	581.2	126
34	West Virginia	1.8	222.2	126
35	Minnesota	5.8	708.3	122
36	Washington	8.0	937.2	118
37	Kansas	3.0	316.1	106
38	Oregon	4.3	431.8	101
39	Nebraska	2.0	185.0	92
40	South Dakota	0.9	72.6	78
41	Oklahoma	4.1	305.1	75
42	Montana	1.1	83.8	74
43	New Mexico	2.1	148.9	74
44	Wyoming	0.6	28.8	49
45	North Dakota	0.8	26.9	34

Source: *La Fleur's Magazine, September/October 2025 Edition*

*FY25 Traditional Sales, excludes VLT & eInstant revenue

** Subject to rounding.

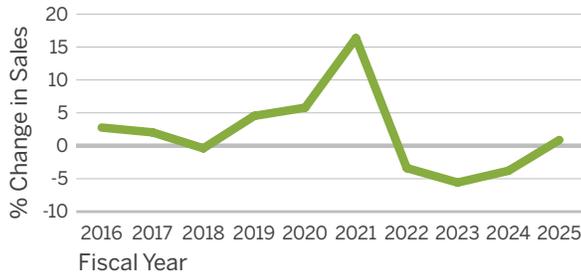
Fiscal year ends June 30 except New York (March 31), Texas (August 31) and Michigan (September 30).

The following Lottery was excluded: Tennessee.

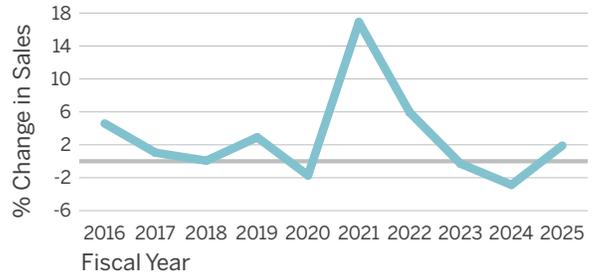
Percentage Change in Sales — Fiscal Years 2016 Through 2025

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Draw Games	2.77%	2.04%	-0.38%	4.54%	5.79%	16.35%	-3.38%	-5.58%	-3.79%	0.88%
Monitor Games	4.59%	1.04%	0.07%	2.91%	-1.72%	16.90%	5.93%	-0.30%	-2.87%	1.90%
Jackpot Games	19.37%	-23.14%	20.06%	22.77%	-36.62%	31.98%	5.68%	34.40%	2.25%	-33.84%
Instant Games	11.95%	10.71%	10.95%	8.20%	8.80%	19.91%	2.50%	5.13%	0.14%	-0.10%
ITLM	81.90%	20.75%	8.94%	5.81%	-18.51%	33.83%	24.77%	14.51%	8.30%	4.06%
Total Sales	8.22%	1.36%	5.76%	7.54%	-0.33%	19.24%	1.97%	3.82%	-1.17%	-3.63%

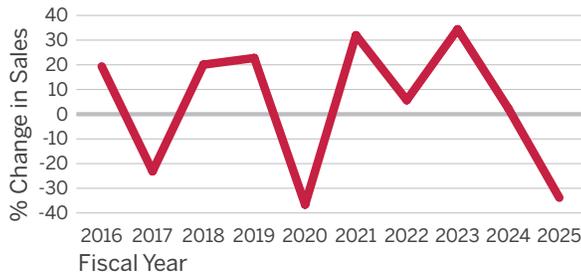
DRAW GAMES



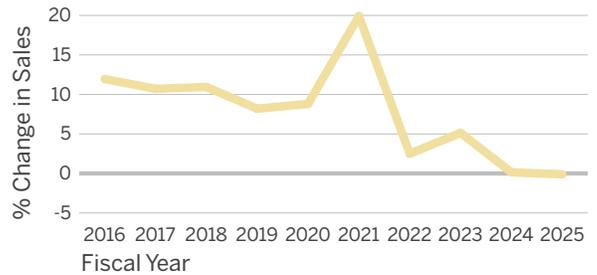
MONITOR GAMES



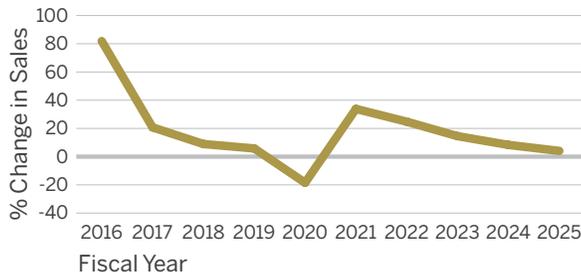
JACKPOT GAMES



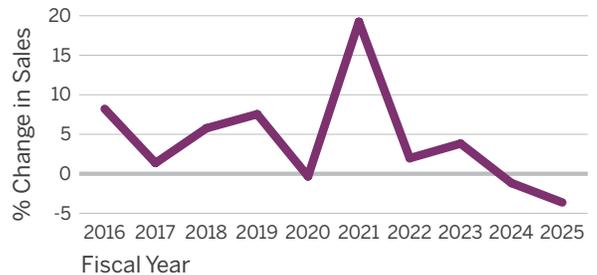
INSTANT GAMES



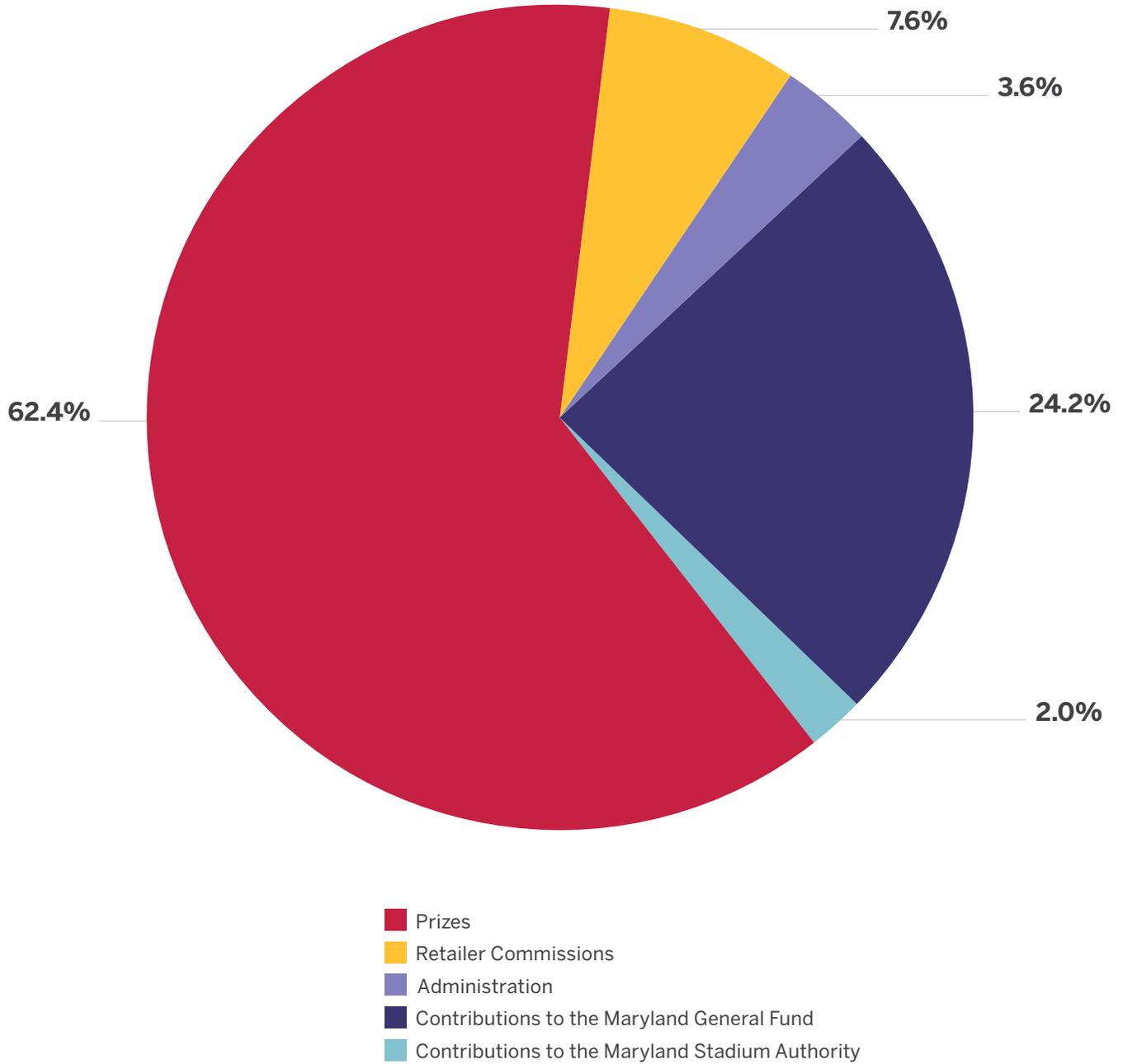
ITLM



TOTAL SALES



Expenses and Contributions — Cumulative for Fiscal Years 2016 Through 2025



Note: Contributions that were less than 1% were not included in this graph.

Lottery Contributions — Inception to Date

Fiscal Year	The State of Maryland General Fund	The Maryland Stadium Authority	Subdivisions of Maryland	Veterans Trust Fund	International Racing Fund	Michael Erin Busch Sports Fund	MD Humanities Council	HB 532 Local Impact Distributions
1975	10,025,000							
1976	15,374,000							
1977	83,928,000							
1978	116,182,000							
1979	131,271,000							
1980	156,768,000							
1981	185,224,000							
1982	199,080,000							
1983	206,236,000							
1984	199,194,000		19,095,000					
1985	250,123,000		12,158,000					
1986	323,423,000							
1987	332,366,000							
1988	335,928,000	16,750,000						
1989	319,605,000	16,221,000						
1990	311,254,000	24,040,000						
1991	315,247,000	24,004,000						
1992	323,814,000	19,752,000						
1993	301,563,000	21,612,000						
1994	353,308,000	26,743,000						
1995	366,577,000	19,077,000						
1996	369,161,000	20,749,000						
1997	359,835,000	32,818,000						
1998	368,501,000	31,625,000						
1999	362,145,000	31,076,000						
2000	377,763,000	23,250,000						
2001	385,045,000	22,000,000						
2002	416,274,000	27,230,000						
2003	422,948,000	21,949,000						
2004	436,373,000	22,000,000						
2005	455,863,000	21,235,000						
2006	480,471,000	20,500,000						
2007	473,119,000	21,000,000						
2008	507,904,000	21,500,000						

Maggie McIntosh Arts Fund	MDOT Rapid Transit Fund	Major Sports and Entertainment Event	MDOT Prince George's Blue Line Corridor	Sports Entertainment Facilities	Camden Yards Football Sports Facilities	Local Impact to Prince George's County	Total Contributions
							10,025,000
							15,374,000
							83,928,000
							116,182,000
							131,271,000
							156,768,000
							185,224,000
							199,080,000
							206,236,000
							218,289,000
							262,281,000
							323,423,000
							332,366,000
							352,678,000
							335,826,000
							335,294,000
							339,251,000
							343,566,000
							323,175,000
							380,051,000
							385,654,000
							389,910,000
							392,653,000
							400,126,000
							393,221,000
							401,013,000
							407,045,000
							443,504,000
							444,897,000
							458,373,000
							477,098,000
							500,971,000
							494,119,000
							529,404,000

Lottery Contributions — Inception to Date – (continued)

Fiscal Year	The State of Maryland General Fund	The Maryland Stadium Authority	Subdivisions of Maryland	Veterans Trust Fund	International Racing Fund	Michael Erin Busch Sports Fund	MD Humanities Council	HB 532 Local Impact Distributions
2009	473,206,260	20,000,000						
2010	491,008,632	19,600,000						
2011	499,393,853	20,000,000						
2012	536,264,804	20,000,000						
2013	525,960,121	19,265,000						
2014	501,106,646	20,000,000						
2015	506,492,648	20,000,000		34,267				
2016	529,753,849	40,000,000		59,507				
2017	483,832,419	40,000,000		70,173	1,000,000			
2018	534,595,837	40,000,000		76,575	1,000,000			
2019	552,375,065	40,000,000		78,023	1,000,000			
2020	548,511,872	40,000,000		156,301				
2021	631,718,854	35,207,978		214,326		298,630		
2022	635,074,109	35,233,033		265,563		1,000,000	150,000	1,930,998
2023	651,614,467	34,637,225		298,758		1,000,000	150,000	1,669,221
2024	652,706,366	34,151,700		325,885		1,000,000	150,000	1,667,202
2025	518,990,117	33,438,778		313,334		1,000,000	150,000	1,329,702
Total	19,524,497,919	996,664,714	31,253,000	1,892,712	3,000,000	4,298,630	600,000	6,597,123

TOTAL LIFETIME CONTRIBUTIONS

*Revenues generated from the inception of the MLGCA were not transferred to the State of Maryland until fiscal year 1975.

Maggie McIntosh Arts Fund	MDOT Rapid Transit Fund	Major Sports and Entertainment Event	MDOT Prince George's Blue Line Corridor	Sports Entertainment Facilities	Camden Yards Football Sports Facilities	Local Impact to Prince George's County	Total Contributions
							493,206,260
							510,608,632
							519,393,853
							556,264,804
							545,225,121
							521,106,646
							526,526,915
							569,813,356
							524,902,592
							575,672,412
							593,453,088
							588,668,173
							667,439,788
							673,653,703
250,000	14,637,225	10,000,000					714,256,896
250,000	-	8,229,285	1,096,303				699,576,741
250,000	27,000,000	7,650,000	27,000,000	12,400,975	34,669,279	3,000,000	667,192,185
750,000	41,637,225	25,879,285	28,096,303	12,400,975	34,669,279	3,000,000	20,715,237,165
							20,715,237,165

Gross Terminal Revenue Distributions — Fiscal Years 2016 Through 2025

FISCAL YEAR 2025

	Hollywood Casino	Ocean Downs Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Horseshoe Casino	Total
Education Trust Fund	\$ 32,700,902	\$ 27,341,165	\$ 186,822,058	\$ 12,759,364	\$ 209,628,476	\$ 46,028,024	\$ 515,279,989
Casino	31,885,683	45,173,510	253,719,396	27,273,748	224,370,180	56,843,913	639,266,430
Horse Racing	5,322,704	5,976,323	36,308,160	3,301,124	35,778,877	8,476,505	95,163,693
Local Impact Grants	4,182,465	4,696,087	28,530,364	2,594,123	28,115,351	6,660,530	74,778,920
MLGCA	759,183	852,330	5,177,947	470,237	5,099,322	1,209,445	13,568,464
Small, Minority, Women-Owned Business	1,140,606	1,280,672	7,780,514	707,413	7,667,162	1,816,426	20,392,793
Total	\$ 75,991,543	\$ 85,320,087	\$ 518,338,439	\$ 47,106,009	\$ 510,659,368	\$ 121,034,843	\$ 1,358,450,289

FISCAL YEAR 2024

	Hollywood Casino	Ocean Downs Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Horseshoe Casino	Total
Education Trust Fund	\$ 32,212,539	\$ 27,290,862	\$ 185,250,814	\$ 13,864,261	\$ 201,164,892	\$ 47,050,423	\$ 506,833,791
Casino	31,424,083	45,033,658	251,273,722	29,260,777	215,228,852	58,088,503	630,309,594
Horse Racing	5,243,400	5,962,984	35,992,688	3,555,762	34,332,764	8,664,295	93,751,892
Local Impact Grants	4,120,059	4,685,813	28,283,863	2,794,196	26,979,449	6,808,177	73,671,557
MLGCA	748,192	849,692	5,128,035	506,611	4,891,565	1,235,926	13,360,021
Small, Minority, Women-Owned Business	1,123,604	1,277,829	7,713,018	761,978	7,357,306	1,856,674	20,090,411
Total	\$ 74,871,876	\$ 85,100,838	\$ 513,642,140	\$ 50,743,585	\$ 489,954,828	\$ 123,703,997	\$ 1,338,017,265

FISCAL YEAR 2023

	Hollywood Casino	Ocean Downs Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Horseshoe Casino	Total
Education Trust Fund	\$ 34,140,524	\$ 28,634,661	\$ 179,923,443	\$ 17,911,016	\$ 202,402,404	\$ 52,831,489	\$ 515,843,536
Casino	28,905,968	47,246,573	243,985,579	34,281,308	216,612,298	62,198,973	633,230,700
Horse Racing	5,195,211	6,256,413	34,955,611	1,712,968	34,545,099	9,479,730	92,145,032
Local Impact Grants	4,082,233	4,916,411	27,469,182	2,256,998	27,145,971	7,448,951	73,319,746
MLGCA	741,179	891,445	4,979,298	571,355	4,923,007	1,352,152	13,458,435
Small, Minority, Women-Owned Business	1,113,281	1,340,711	7,490,800	476,381	7,402,782	2,031,416	19,855,371
Total	\$ 74,178,396	\$ 89,286,214	\$ 498,803,912	\$ 57,210,027	\$ 493,031,561	\$ 135,342,711	\$ 1,347,852,820

**Gross Terminal Revenue Distributions —
Fiscal Years 2016 Through 2025 – (continued)**

FISCAL YEAR 2022

	Hollywood Casino	Ocean Downs Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Horseshoe Casino	Total
Education Trust Fund	\$ 36,873,490	\$ 27,275,440	\$ 180,257,120	\$ 18,787,109	\$ 194,328,754	\$ 53,596,607	\$ 511,118,520
Casino	31,169,189	44,958,324	243,247,236	35,036,645	207,312,647	62,919,384	624,643,426
Horse Racing	5,610,980	5,957,553	34,981,840	1,475,028	33,154,593	9,612,558	90,792,552
Local Impact Grants	4,409,294	4,681,729	27,495,107	2,202,320	26,057,023	7,554,253	72,399,726
MLGCA	799,210	848,270	4,964,229	583,944	4,711,651	1,367,813	13,275,117
Small, Minority, Women-Owned Business	1,202,404	1,276,680	7,496,830	441,255	7,105,093	2,059,951	19,582,213
Total	\$ 80,064,567	\$ 84,997,996	\$ 498,442,361	\$ 58,526,303	\$ 472,669,761	\$ 137,110,567	\$ 1,331,811,554

FISCAL YEAR 2021

	Hollywood Casino	Ocean Downs Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Horseshoe Casino	Total
Education Trust Fund	\$ 34,698,766	\$ 23,989,204	\$ 155,754,032	\$ 17,072,579	\$ 158,505,775	\$ 53,583,230	\$ 443,603,588
Casino	29,418,519	39,732,120	211,998,544	32,011,086	170,103,758	63,200,733	546,464,761
Horse Racing	5,280,247	5,247,638	30,285,506	1,333,795	27,061,962	9,617,503	78,826,651
Local Impact Grants	4,148,766	4,123,145	23,795,755	2,000,693	21,262,970	7,556,609	62,887,937
MLGCA	754,321	749,663	4,326,501	533,518	3,865,995	1,373,929	11,603,926
Small, Minority, Women-Owned Business	1,131,481	1,124,494	6,489,751	400,139	5,798,992	2,060,894	17,005,751
Total	\$ 75,432,100	\$ 74,966,264	\$ 432,650,090	\$ 53,351,810	\$ 386,599,451	\$ 137,392,898	\$ 1,160,392,613

FISCAL YEAR 2020

	Hollywood Casino	Ocean Downs Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Horseshoe Casino	Total
Education Trust Fund	\$ 22,900,395	\$ 17,642,742	\$ 118,586,640	\$ 12,078,582	\$ 118,910,390	\$ 39,098,953	\$ 329,217,703
Casino	18,784,666	27,852,454	154,534,236	22,062,182	122,767,446	44,297,105	390,298,089
Horse Racing	3,374,859	3,684,322	22,124,521	924,716	19,580,522	6,755,632	56,444,571
Local Impact Grants	2,651,806	2,895,054	17,385,498	1,383,395	15,386,687	5,308,593	45,011,034
MLGCA	481,658	525,518	3,153,760	367,703	2,790,169	962,981	8,281,789
Small, Minority, Women-Owned Business	707	1,238	10,479	1,187	10,725	3,211	27,546
Total	\$ 48,194,093	\$ 52,601,328	\$ 315,795,133	\$ 36,817,765	\$ 279,445,939	\$ 96,426,474	\$ 829,280,731

**Gross Terminal Revenue Distributions —
Fiscal Years 2016 Through 2025 – (continued)**

FISCAL YEAR 2019

	<u>Hollywood Casino</u>	<u>Ocean Downs Casino</u>	<u>Live! Casino</u>	<u>Rocky Gap Casino</u>	<u>MGM National Harbor</u>	<u>Horseshoe Casino</u>	<u>Total</u>
Education Trust Fund	\$ 30,969,939	\$ 23,435,411	\$ 154,595,877	\$ 16,053,211	\$ 163,723,989	\$ 58,643,228	\$ 447,421,655
Casino	25,394,269	36,972,047	201,570,887	29,318,426	169,108,744	66,446,643	528,811,016
Horse Racing	4,564,112	4,893,065	28,845,816	1,229,153	26,960,835	10,132,686	76,625,668
Local Impact Grants	3,586,337	3,844,954	22,666,587	1,838,640	21,185,822	7,962,253	61,084,594
MLGCA	651,135	697,586	4,113,692	488,641	3,843,381	1,444,492	11,238,926
Small, Minority, Women- Owned Business	1,341	2,166	10,864	1,642	12,429	4,617	33,059
Total	\$ 65,167,134	\$ 69,845,229	\$ 411,803,723	\$ 48,929,712	\$ 384,835,199	\$ 144,633,920	\$ 1,125,214,917

FISCAL YEAR 2018

	<u>Hollywood Casino</u>	<u>Ocean Downs Casino</u>	<u>Live! Casino</u>	<u>Rocky Gap Casino</u>	<u>MGM National Harbor</u>	<u>Horseshoe Casino</u>	<u>Total</u>
Education Trust Fund	\$ 29,859,363	\$ 21,181,689	\$ 133,138,092	\$ 14,915,504	\$ 141,713,155	\$ 61,012,364	\$ 401,820,167
Casino	25,306,289	33,339,352	180,896,998	27,886,147	151,759,139	71,838,311	491,026,236
Horse Racing	4,543,796	4,493,281	25,877,631	1,168,167	24,188,782	10,947,741	71,219,399
Local Impact Grants	3,570,192	3,530,731	20,333,846	1,747,965	19,007,300	8,602,573	56,792,606
MLGCA	648,879	640,851	3,691,776	464,895	3,449,071	1,561,659	10,457,130
Small, Minority, Women- Owned Business	357	1,593	7,653	1,348	9,844	3,506	24,300
General Fund	973,319	961,276	5,537,663	348,590	5,173,607	2,342,488	15,336,944
Total	\$ 64,902,194	\$ 64,148,772	\$ 369,483,659	\$ 46,532,616	\$ 345,300,900	\$ 156,308,642	\$ 1,046,676,783

**Gross Terminal Revenue Distributions —
Fiscal Years 2016 Through 2025 – (continued)**

FISCAL YEAR 2017

	Hollywood Casino	Ocean Downs Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Horseshoe Casino	Total
Education Trust Fund	\$ 28,747,273	\$ 24,736,512	\$ 146,094,799	\$ 18,957,952	\$ 72,760,024	\$ 70,452,252	\$ 361,748,812
Casino	24,598,981	25,614,481	168,308,643	22,568,992	78,083,929	72,154,501	391,329,526
Horse Racing	4,682,111	4,452,083	27,778,076	1,128,450	12,422,443	12,585,478	63,048,641
Local Impact Grants	3,469,087	3,276,271	20,456,504	1,241,295	9,760,491	9,277,796	47,481,444
MLGCA	630,743	595,686	3,719,364	902,759	1,774,635	1,686,872	9,310,058
Small, Minority, Women-Owned Business	946,115	893,528	5,579,047	338,535	2,661,952	2,530,308	12,949,485
Total	\$ 63,074,309	\$ 59,568,560	\$ 371,936,432	\$ 45,137,982	\$ 177,463,474	\$ 168,687,208	\$ 885,867,966

FISCAL YEAR 2016

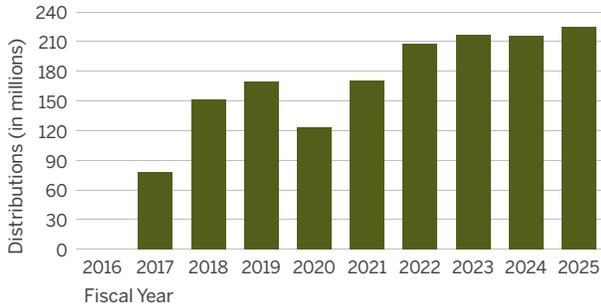
	Hollywood Casino	Ocean Downs Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Horseshoe Casino	Total
Education Trust Fund	\$ 29,551,720	\$ 23,603,536	\$ 175,797,317	\$ 17,360,640	\$ –	\$ 75,735,976	\$ 322,049,189
Casino	25,611,063	24,755,093	167,605,867	20,667,429	–	65,639,822	304,279,274
Horse Racing	5,253,619	4,605,599	32,705,161	1,033,371	–	13,464,193	57,061,944
Local Impact Grants	3,611,853	3,166,349	22,484,798	1,136,709	–	9,256,633	39,656,342
MLGCA	656,743	575,858	4,089,156	826,696	–	1,683,605	7,832,058
Small, Minority, Women-Owned Business	985,051	863,550	6,132,218	310,011	–	2,524,536	10,815,366
Total	\$ 65,670,049	\$ 57,569,984	\$ 408,814,517	\$ 41,334,857	\$ –	\$ 168,304,764	\$ 741,694,172

Gross Terminal Revenue Distributions — Fiscal Years 2016 Through 2025 – (continued)

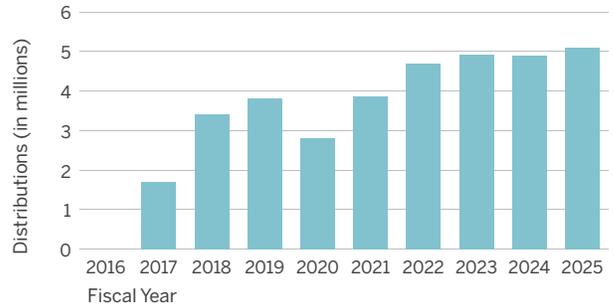


MGM NATIONAL HARBOR

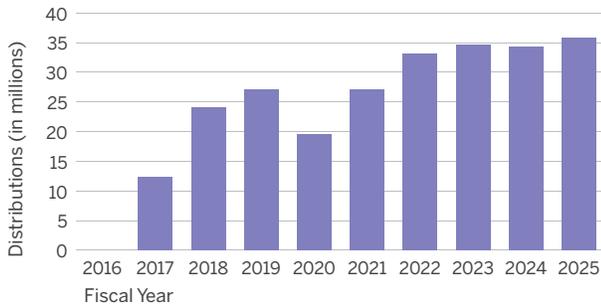
CASINO OPERATORS



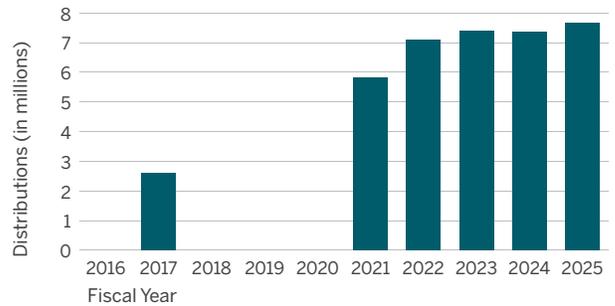
MLGCA



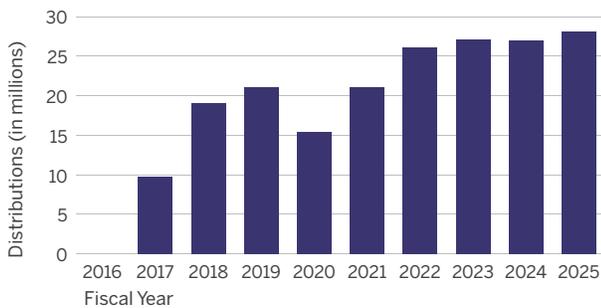
HORSE RACING



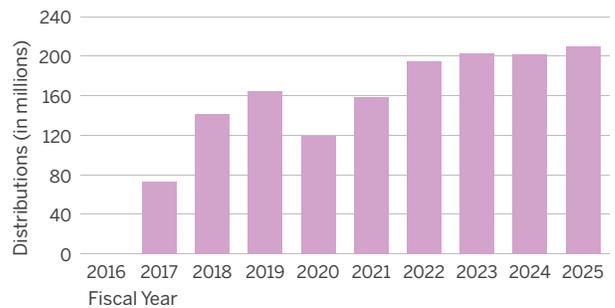
SMALL, MINORITY AND WOMEN-OWNED BUSINESS



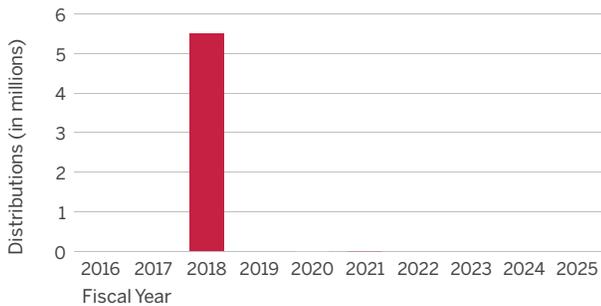
LOCAL IMPACT GRANTS



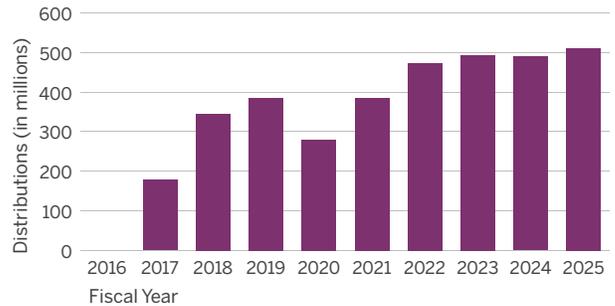
EDUCATION TRUST FUND



GENERAL FUND



TOTAL VLT TRANSFERS

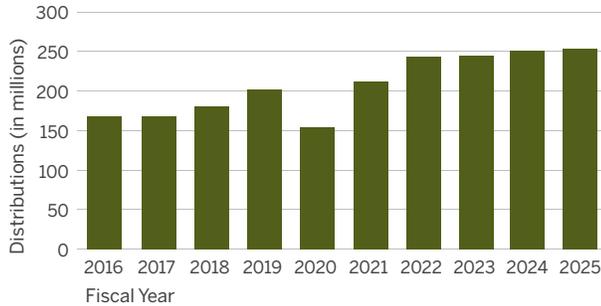


Gross Terminal Revenue Distributions — Fiscal Years 2016 Through 2025 – (continued)

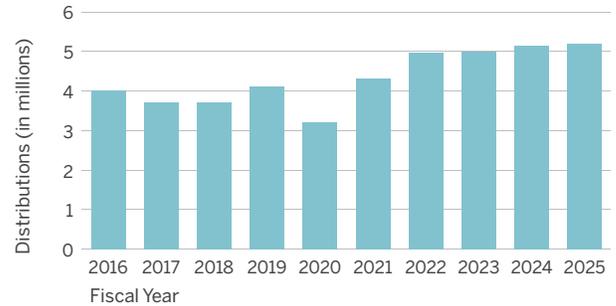


LIVE! CASINO

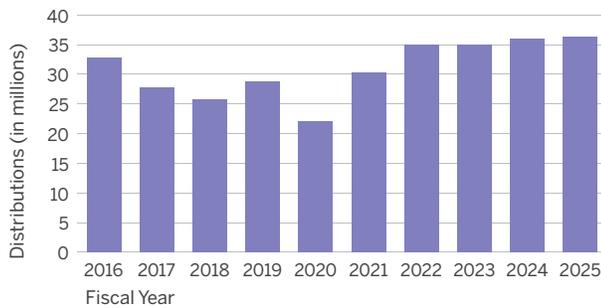
CASINO OPERATORS



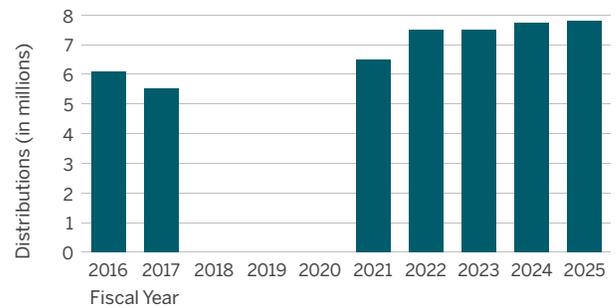
MLGCA



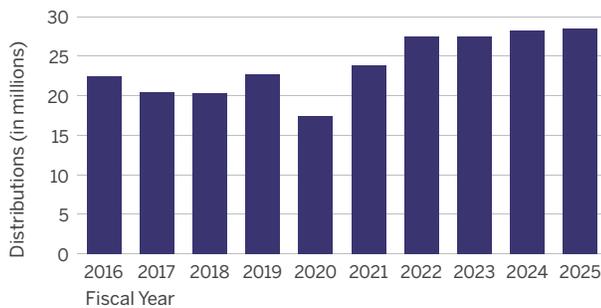
HORSE RACING



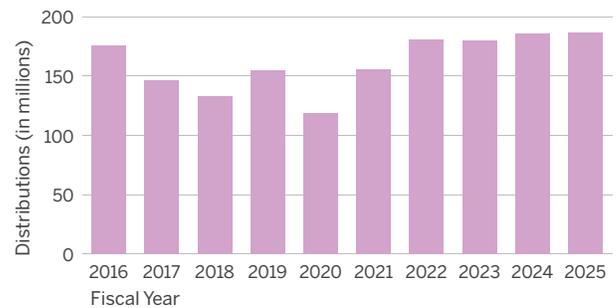
SMALL, MINORITY AND WOMEN-OWNED BUSINESS



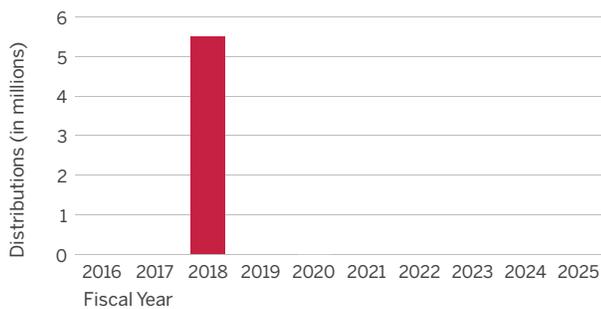
LOCAL IMPACT GRANTS



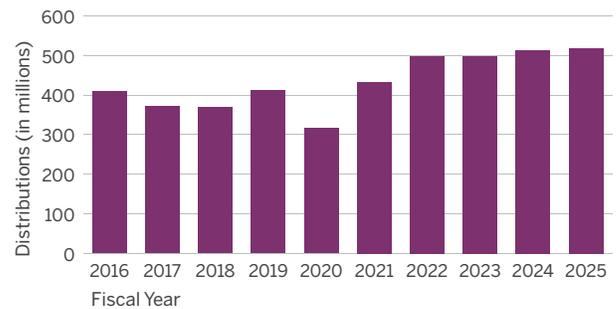
EDUCATION TRUST FUND



GENERAL FUND



TOTAL VLT TRANSFERS

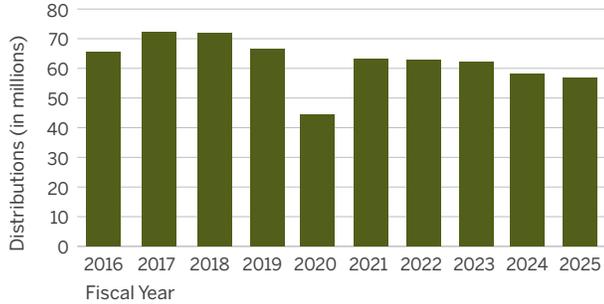


Gross Terminal Revenue Distributions — Fiscal Years 2016 Through 2025 – (continued)

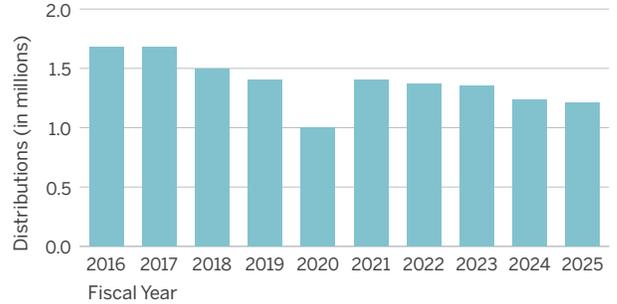


HORSESHOE CASINO

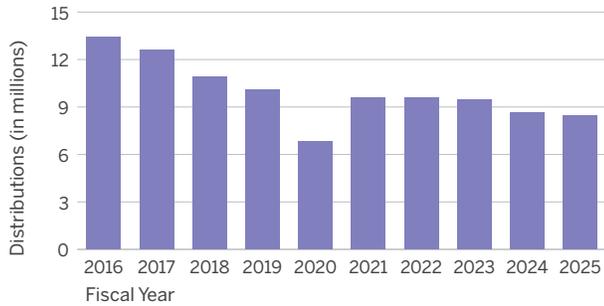
CASINO OPERATORS



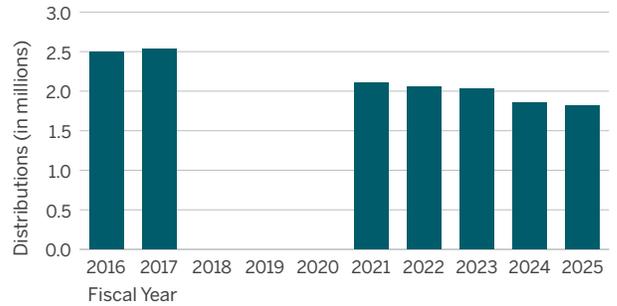
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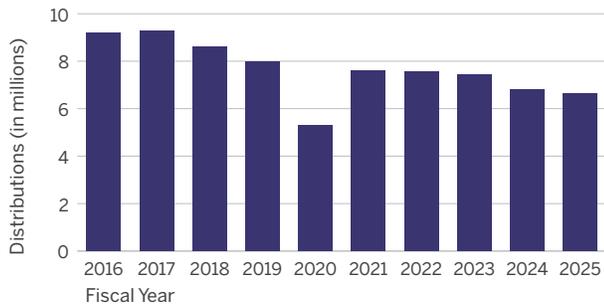
HORSE RACING



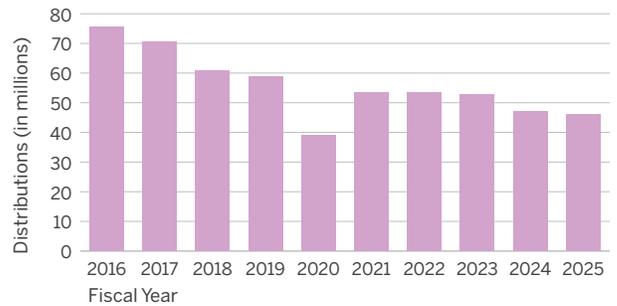
SMALL, MINORITY AND WOMEN-OWNED BUSINESS



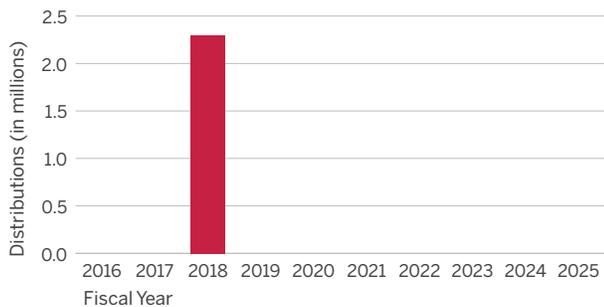
LOCAL IMPACT GRANTS



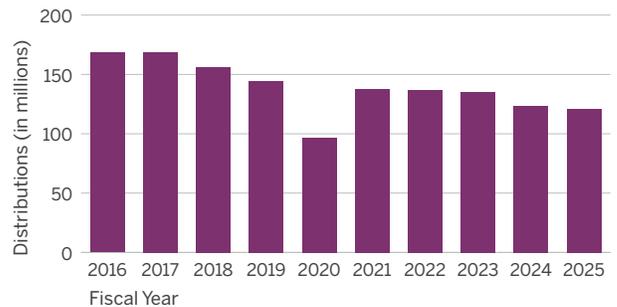
EDUCATION TRUST FUND



GENERAL FUND



TOTAL VLT TRANSFERS

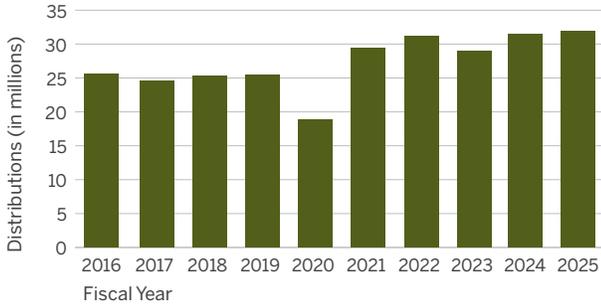


Gross Terminal Revenue Distributions — Fiscal Years 2016 Through 2025 – (continued)

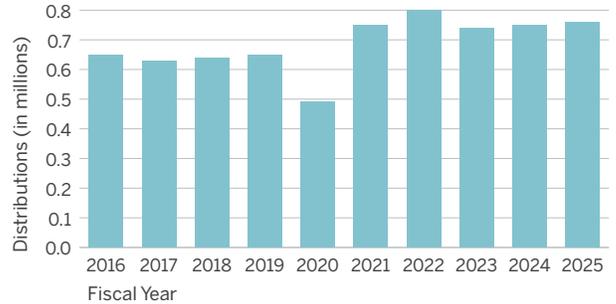


HOLLYWOOD CASINO

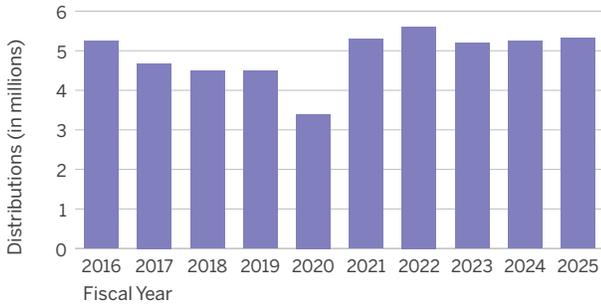
CASINO OPERATORS



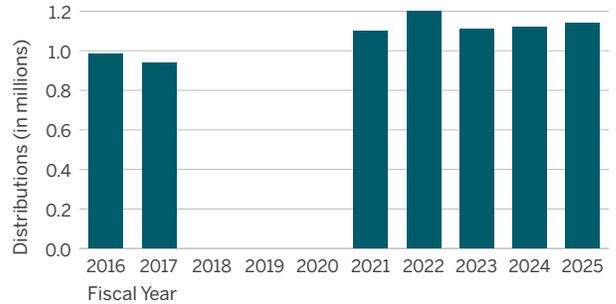
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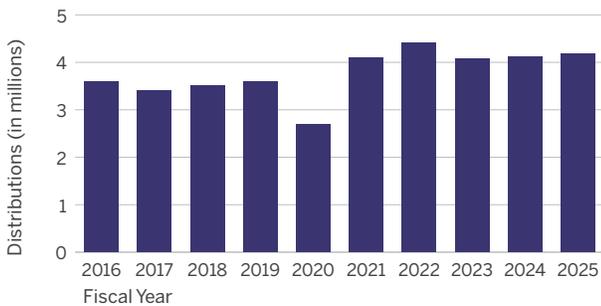
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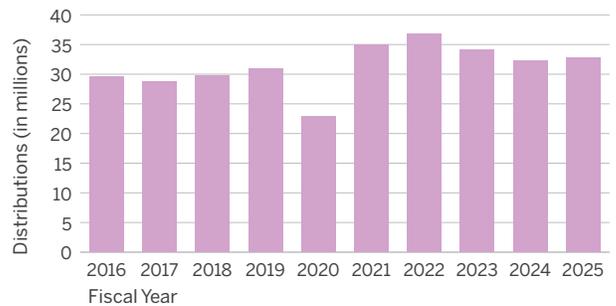
SMALL, MINORITY AND WOMEN-OWNED BUSINESS



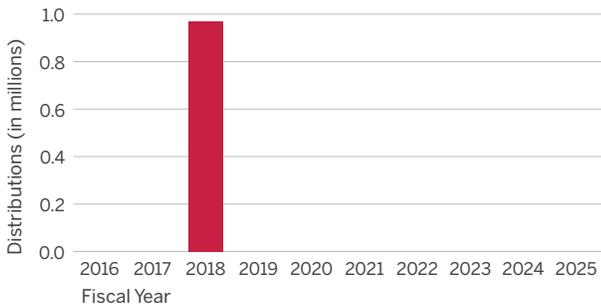
LOCAL IMPACT GRANTS



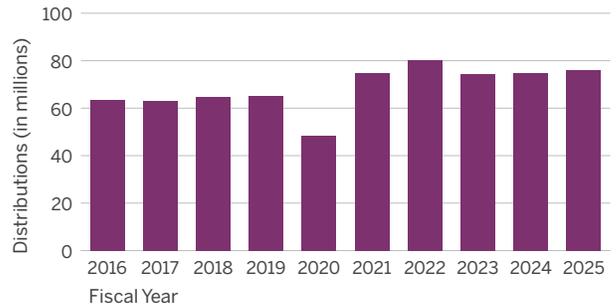
EDUCATION TRUST FUND



GENERAL FUND



TOTAL VLT TRANSFERS

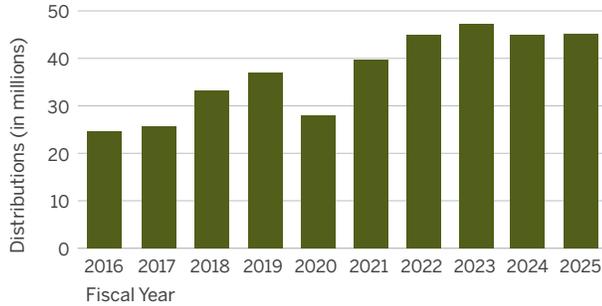


Gross Terminal Revenue Distributions — Fiscal Years 2016 Through 2025 – (continued)

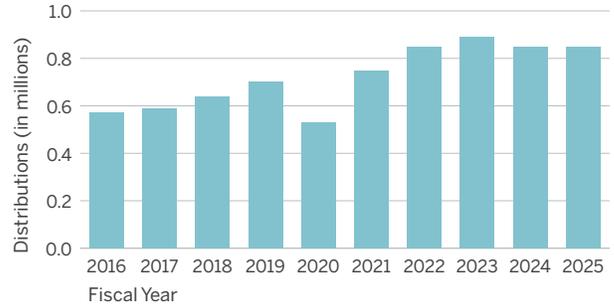


OCEAN DOWNS CASINO

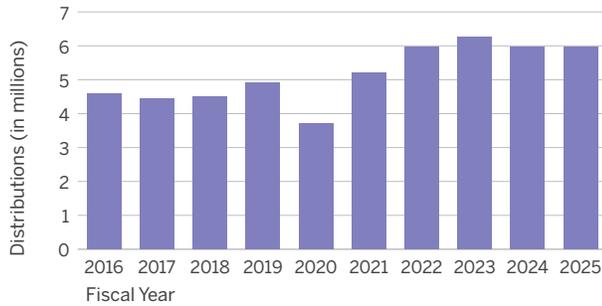
CASINO OPERATORS



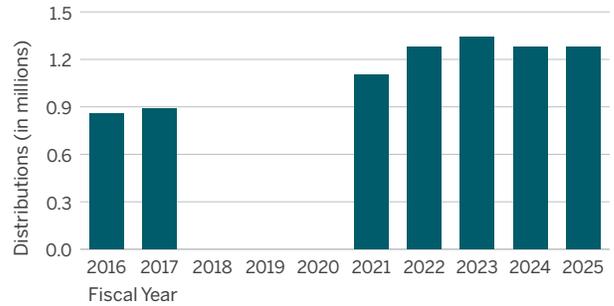
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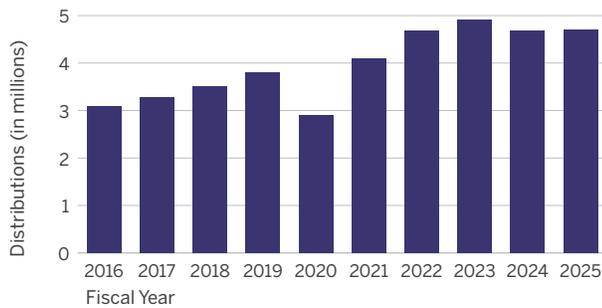
HORSE RACING



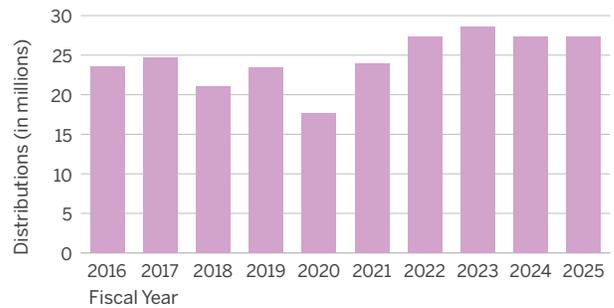
SMALL, MINORITY AND WOMEN-OWNED BUSINESS



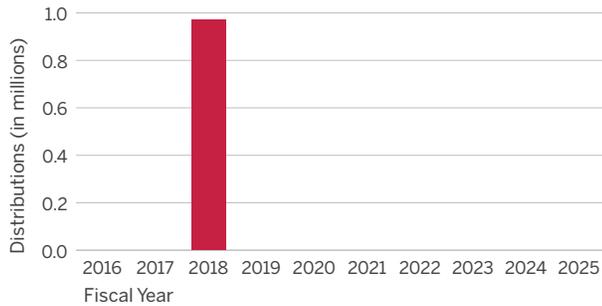
LOCAL IMPACT GRANTS



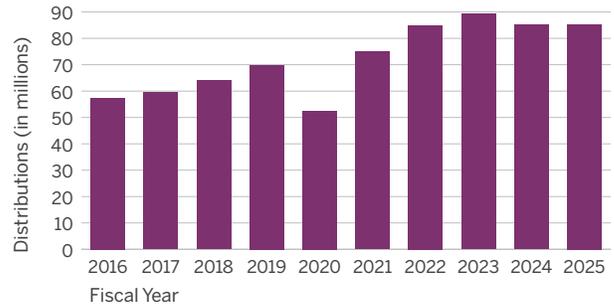
EDUCATION TRUST FUND



GENERAL FUND



TOTAL VLT TRANSFERS

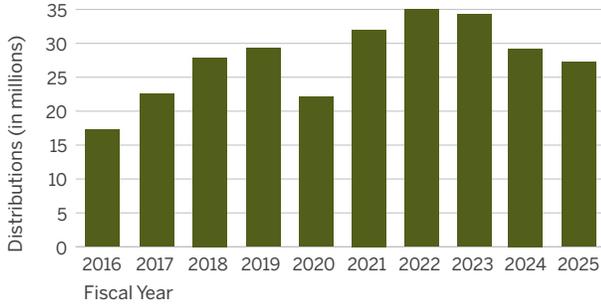


Gross Terminal Revenue Distributions — Fiscal Years 2016 Through 2025 – (continued)

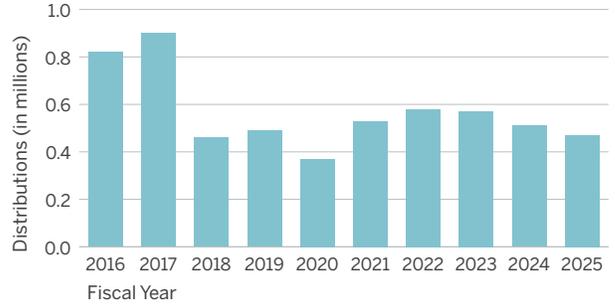


ROCKY GAP CASINO

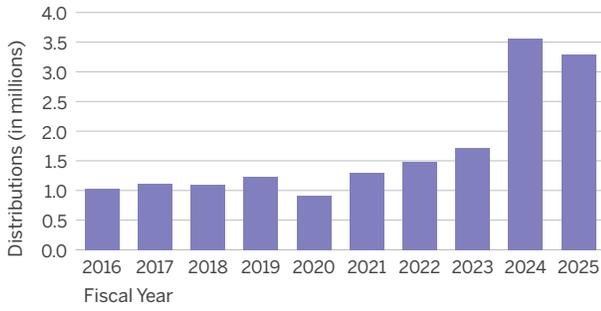
CASINO OPERATORS



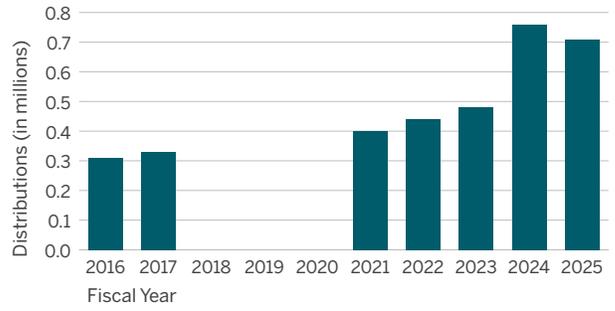
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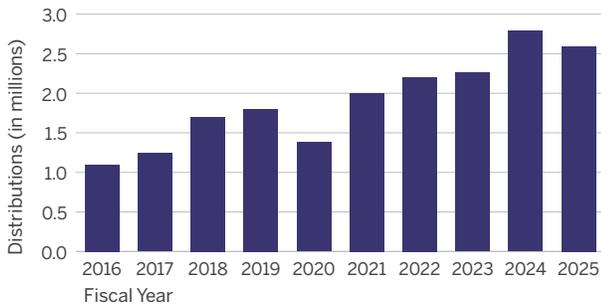
HORSE RACING



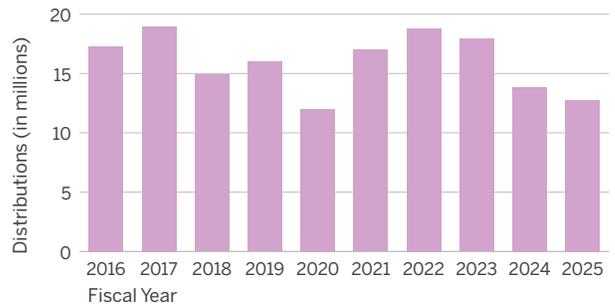
SMALL, MINORITY AND WOMEN-OWNED BUSINESS



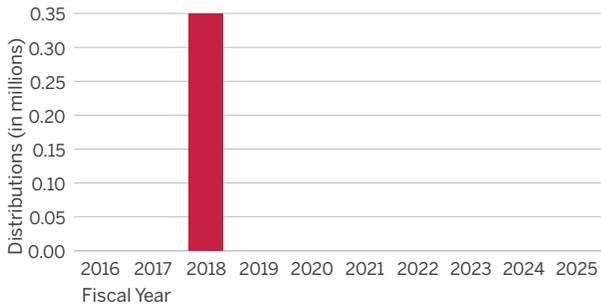
LOCAL IMPACT GRANTS



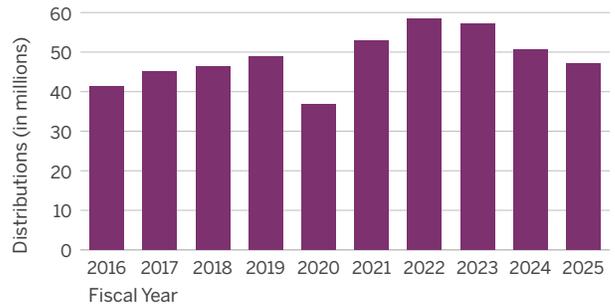
EDUCATION TRUST FUND



GENERAL FUND



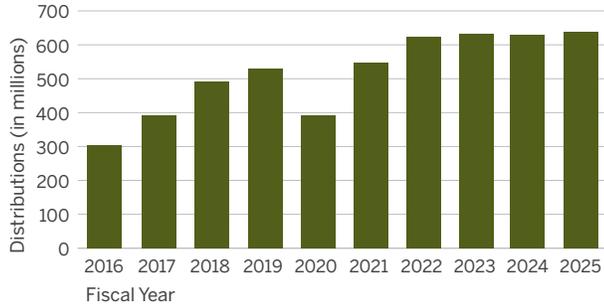
TOTAL VLT TRANSFERS



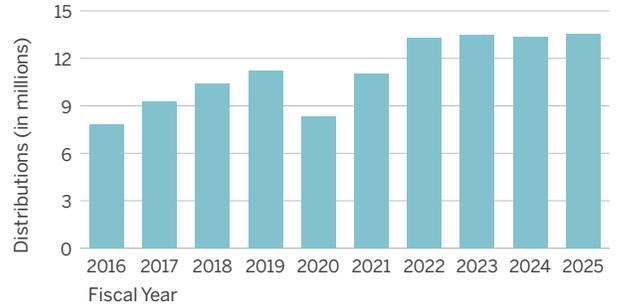
Gross Terminal Revenue Distributions — Fiscal Years 2016 Through 2025 – (continued)

ALL CASINOS COMBINED

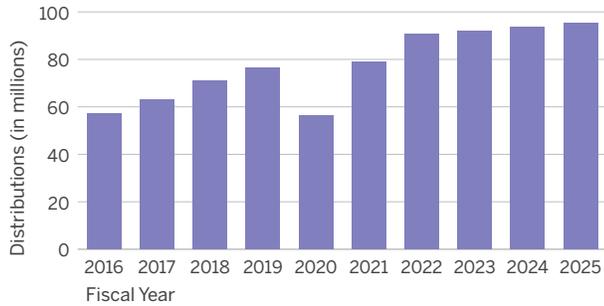
CASINO OPERATORS



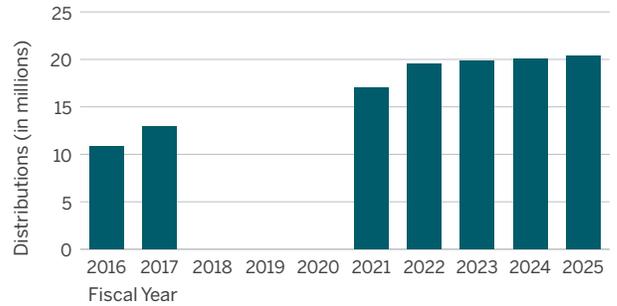
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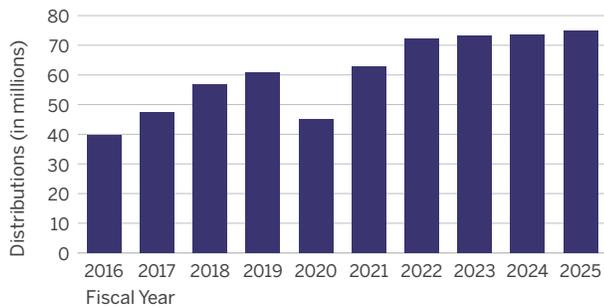
HORSE RACING



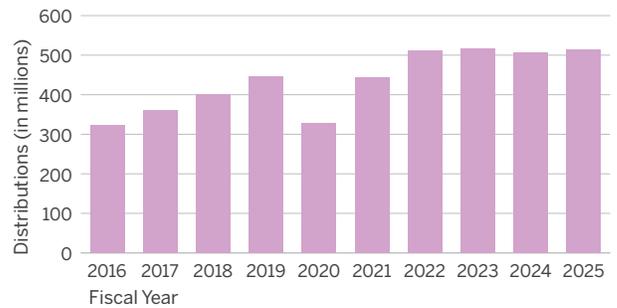
SMALL, MINORITY AND WOMEN-OWNED BUSINESS



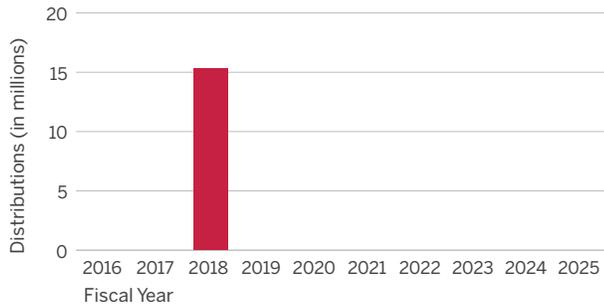
LOCAL IMPACT GRANTS



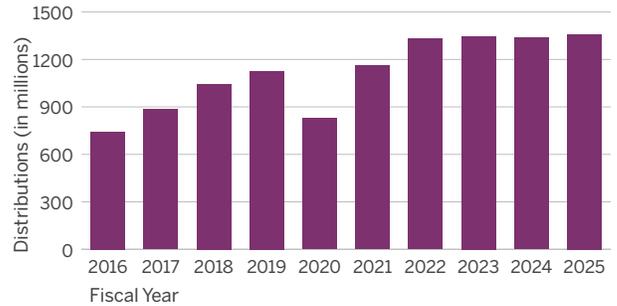
EDUCATION TRUST FUND



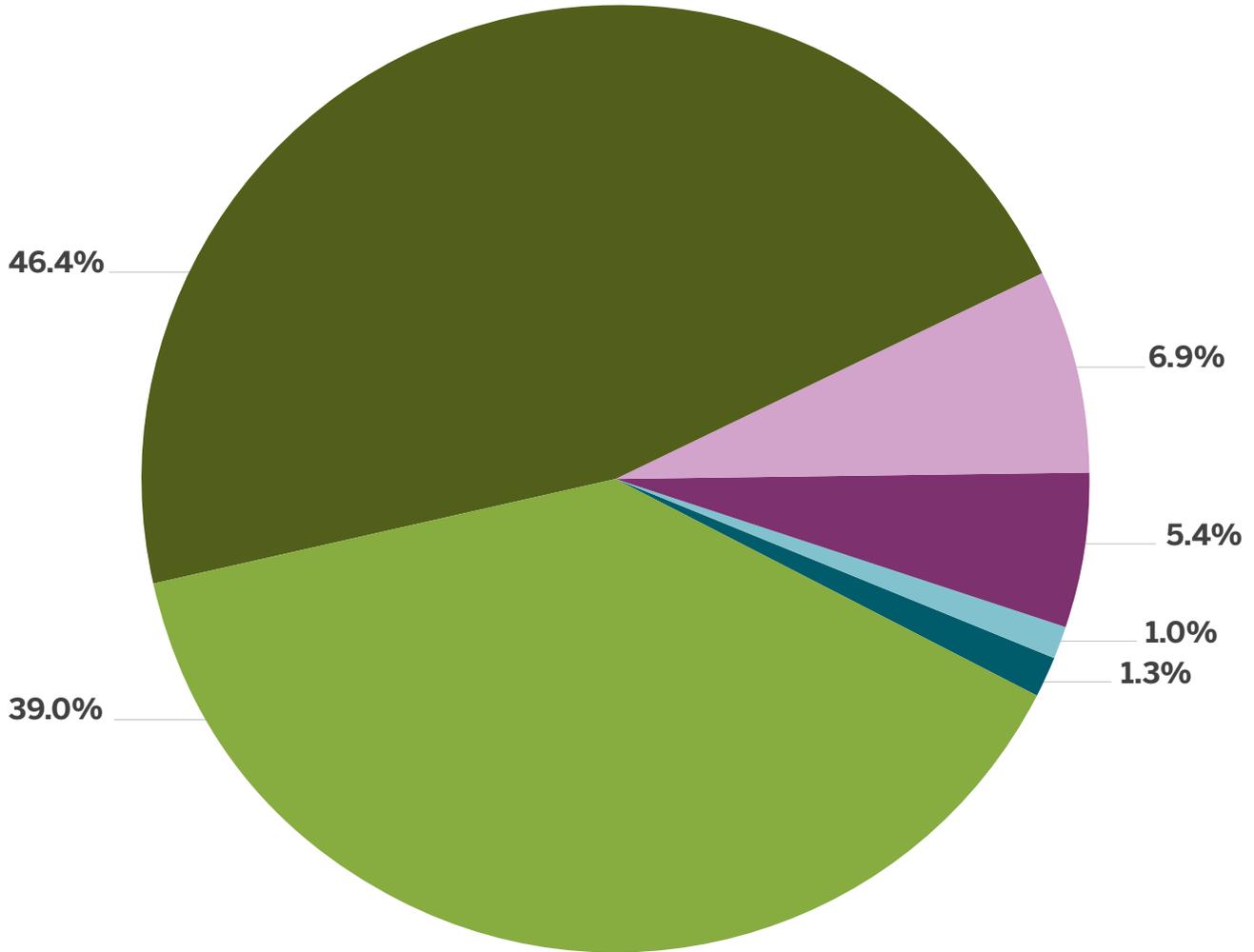
GENERAL FUND



TOTAL VLT TRANSFERS



Gross Terminal Revenue Distributions — Cumulative for Fiscal Years 2016 Through 2025



- Maryland Education Trust Fund
- Casino Operators
- Horse Racing
- Local Impact Grants
- Maryland Lottery and Gaming Control Agency
- General Fund and Small, Minority and Women-Owned Businesses

Table Game Revenue Distributions — Fiscal Years 2016 Through 2025

FISCAL YEAR 2025

	Horseshoe Casino	Hollywood Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Ocean Downs Casino	Total
Education Trust Fund	\$ 7,640,201	\$ 1,895,734	\$ 30,225,968	\$ 773,374	\$ 49,155,085	\$ 1,264,611	\$ 90,954,974
Casino	40,747,741	10,110,584	161,205,162	4,124,662	262,160,453	6,744,593	485,093,195
Local Jurisdictions	2,546,734	631,911	10,075,323	257,791	16,385,028	421,537	30,318,325
Total	\$ 50,934,677	\$ 12,638,230	\$ 201,506,453	\$ 5,155,827	\$ 327,700,566	\$ 8,430,741	\$ 606,366,494

FISCAL YEAR 2024

	Horseshoe Casino	Hollywood Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Ocean Downs Casino	Total
Education Trust Fund	\$ 8,577,264	\$ 1,987,815	\$ 30,923,237	\$ 834,967	\$ 50,064,718	\$ 1,480,138	\$ 93,868,140
Casino	45,745,408	10,601,679	164,923,931	4,453,158	267,011,832	7,894,069	500,630,077
Local Jurisdictions	2,859,088	662,605	10,307,746	278,322	16,688,239	493,379	31,289,380
Total	\$ 57,181,760	\$ 13,252,099	\$ 206,154,913	\$ 5,566,447	\$ 333,764,790	\$ 9,867,587	\$ 625,787,596

FISCAL YEAR 2023

	Horseshoe Casino	Hollywood Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Ocean Downs Casino	Total
Education Trust Fund	\$ 10,497,086	\$ 2,050,662	\$ 31,522,725	\$ 954,998	\$ 60,392,971	\$ 1,449,504	\$ 106,867,946
Casino	55,984,460	10,936,864	168,121,199	5,093,321	322,095,845	7,730,688	569,962,377
Local Jurisdictions	3,499,029	683,554	10,507,575	318,333	20,130,990	\$483,168	35,622,649
Total	\$ 69,980,575	\$ 13,671,081	\$ 210,151,499	\$ 6,366,651	\$ 402,619,806	\$ 9,663,360	\$ 712,452,972

FISCAL YEAR 2022

	Horseshoe Casino	Hollywood Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Ocean Downs Casino	Total
Education Trust Fund	\$ 11,109,054	\$ 1,927,334	\$ 32,337,722	\$ 1,058,795	\$ 52,563,634	\$ 1,498,763	\$ 100,495,302
Casino	59,248,289	10,279,113	172,467,851	5,646,904	280,339,383	7,993,403	535,974,943
Local Jurisdictions	3,703,018	642,445	10,779,241	352,931	17,521,211	499,588	33,498,434
Total	\$ 74,060,361	\$ 12,848,892	\$ 215,584,813	\$ 7,058,630	\$ 350,424,229	\$ 9,991,753	\$ 669,968,678

FISCAL YEAR 2021

	Horseshoe Casino	Hollywood Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Ocean Downs Casino	Total
Education Trust Fund	\$ 9,334,500	\$ 1,658,773	\$ 28,477,213	\$ 1,078,704	\$ 45,845,979	\$ 1,404,208	\$ 87,799,378
Casino	49,784,001	8,846,788	151,878,469	5,753,086	244,511,888	7,489,114	468,263,347
Local Jurisdictions	3,111,500	552,924	9,492,404	359,568	15,281,993	468,069	29,266,459
Total	\$ 62,230,002	\$ 11,058,485	\$ 189,848,086	\$ 7,191,358	\$ 305,639,860	\$ 9,361,392	\$ 585,329,183

**Table Game Revenue Distributions —
Fiscal Years 2016 Through 2025 – (continued)**

FISCAL YEAR 2020

	Horseshoe Casino	Hollywood Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Ocean Downs Casino	Total
Education Trust Fund	\$ 9,869,448	\$ 1,142,746	\$ 20,059,269	\$ 836,640	\$ 34,721,183	\$ 974,721	\$ 67,604,006
Casino	52,637,056	6,094,643	106,982,767	4,462,080	185,179,643	5,198,511	360,554,701
Local Jurisdictions	3,289,816	380,915	6,686,423	278,880	11,573,728	324,907	22,534,669
Total	\$ 65,796,319	\$ 7,618,304	\$ 133,728,459	\$ 5,577,601	\$ 231,474,554	\$ 6,498,139	\$ 450,693,376

FISCAL YEAR 2019

	Horseshoe Casino	Hollywood Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Ocean Downs Casino	Total
Education Trust Fund	\$ 15,845,278	\$ 1,438,313	\$ 26,639,772	\$ 1,077,679	\$ 48,992,379	\$ 1,285,627	\$ 95,279,049
Casino	84,508,151	7,671,002	142,078,786	5,747,623	261,292,690	6,856,678	508,154,929
Local Jurisdictions	5,281,759	479,438	8,879,924	359,226	16,330,793	428,542	31,759,683
Total	\$ 105,635,189	\$ 9,588,753	\$ 177,598,482	\$ 7,184,528	\$ 326,615,862	\$ 8,570,848	\$ 635,193,662

FISCAL YEAR 2018

	Horseshoe Casino	Hollywood Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Ocean Downs Casino	Total
Education Trust Fund	\$ 16,618,068	\$ 1,557,518	\$ 28,517,716	\$ 1,145,438	\$ 46,502,245	\$ 502,459	\$ 94,843,444
Casino	88,629,698	8,306,761	152,094,484	6,109,002	248,011,974	2,679,783	505,831,702
Local Jurisdictions	5,539,356	519,173	9,505,905	381,813	15,500,748	167,486	31,614,481
Total	\$ 110,787,122	\$ 10,383,451	\$ 190,118,105	\$ 7,636,253	\$ 310,014,967	\$ 3,349,729	\$ 632,289,627

FISCAL YEAR 2017

	Horseshoe Casino	Hollywood Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Ocean Downs Casino	Total
Education Trust Fund	\$ 23,460,713	\$ 1,943,775	\$ 38,595,825	\$ 1,315,368	\$ 24,142,402	\$ -	\$ 89,458,083
Casino	108,272,221	9,070,367	175,857,826	6,099,629	128,759,475	-	428,059,518
Local Jurisdictions	3,607,342	323,816	5,368,631	209,539	8,047,467	-	17,556,796
Total	\$ 135,340,277	\$ 11,337,959	\$ 219,822,282	\$ 7,624,536	\$ 160,949,343	\$ -	\$ 535,074,397

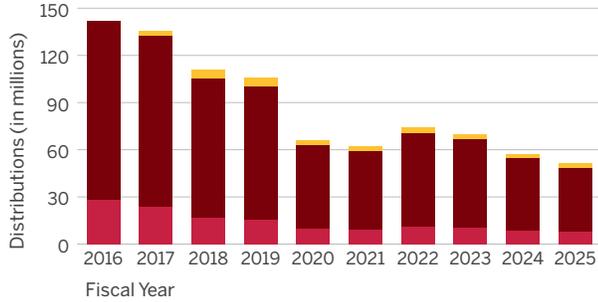
FISCAL YEAR 2016

	Horseshoe Casino	Hollywood Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Ocean Downs Casino	Total
Education Trust Fund	\$ 28,424,630	\$ 2,316,981	\$ 48,398,026	\$ 1,316,121	\$ -	\$ -	\$ 80,455,758
Casino	113,698,520	9,267,922	193,592,103	5,264,484	-	-	321,823,029
Local Jurisdictions	-	-	-	-	-	-	-
Total	\$ 142,123,150	\$ 11,584,903	\$ 241,990,129	\$ 6,580,605	\$ -	\$ -	\$ 402,278,787

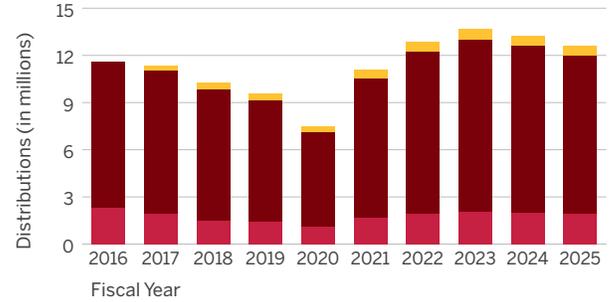
Table Game Revenue Distributions — Fiscal Years 2016 Through 2025 – (continued)

TABLE GAME REVENUE DISTRIBUTIONS

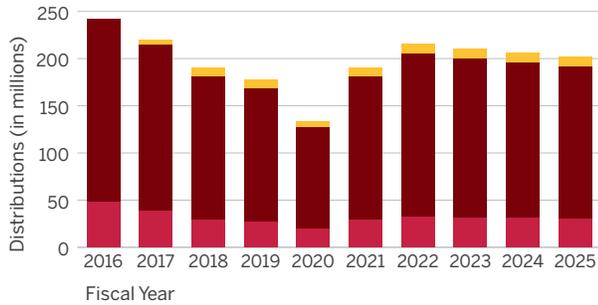
HORSESHOE CASINO



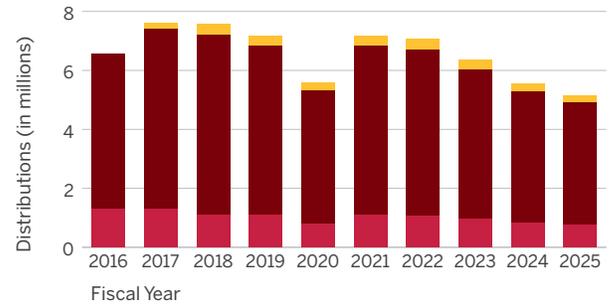
HOLLYWOOD CASINO



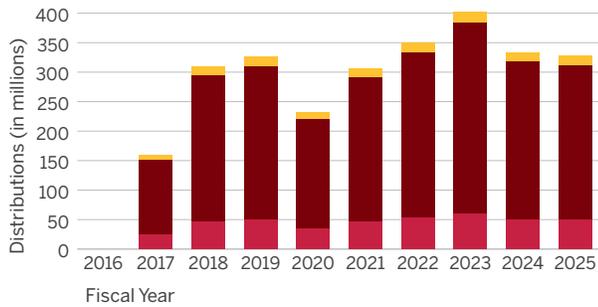
LIVE! CASINO



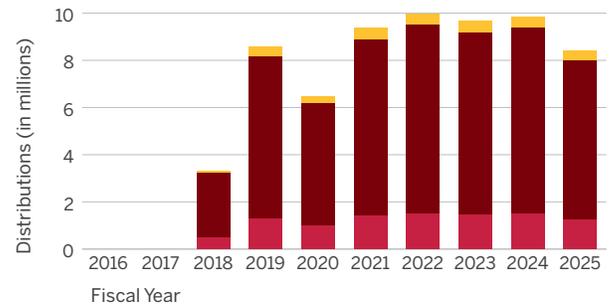
ROCKY GAP CASINO



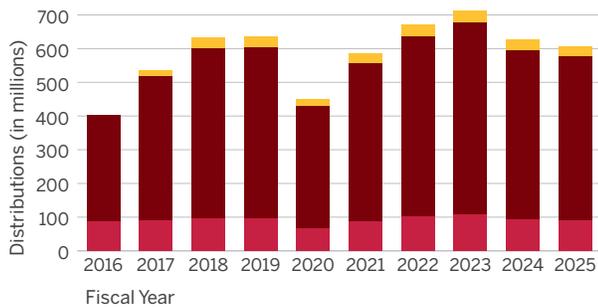
MGM NATIONAL HARBOR



OCEAN DOWNS CASINO



TOTAL



Education Trust Fund
 Casino
 Local Jurisdictions

Sports Wagering

FISCAL YEAR 2025

	Handle	Prizes Paid	Hold %	Promotion Play	Other Deductions	Taxable Win	Contributions to the State	Expired Prizes
RETAIL	\$ 160,161,163	\$ 149,196,694	6.85%	\$ 150,580	\$ 313,303	\$ 10,500,586	\$ 1,575,088	\$ 811,240
MOBILE	6,058,670,242	5,371,114,441	11.35%	105,762,713	\$14,613,653	567,179,435	87,348,484	518,003
TOTAL	\$ 6,218,831,405	\$ 5,520,311,135	11.23%	\$ 105,913,293	\$ 14,926,956	\$ 577,680,021	\$ 88,923,572	\$ 1,329,243

FISCAL YEAR 2024

	Handle	Prizes Paid	Hold %	Promotion Play	Other Deductions	Taxable Win	Contributions to the State	Expired Prizes
RETAIL	\$ 180,622,269	\$ 165,387,494	8.43%	\$ 152,377	\$ 134,400	\$ 14,947,998	\$ 2,242,200	\$ 985,862
MOBILE	5,193,494,183	4,637,771,123	10.70%	167,099,784	1,494,902	387,128,374	58,069,256	–
TOTAL	\$ 5,374,116,452	\$ 4,803,158,617	10.62%	\$ 167,252,161	\$ 1,629,302	\$ 402,076,372	\$ 60,311,456	\$ 985,862

FISCAL YEAR 2023

	Handle	Prizes Paid	Hold %	Promotion Play	Other Deductions	Taxable Win	Contributions to the State	Expired Prizes
RETAIL	\$ 246,642,079	\$ 215,432,916	12.65%	\$ 119,486	\$ 667,588	\$ 30,422,089	\$ 4,563,314	\$ 2,091,753
MOBILE	2,644,735,545	2,290,119,470	13.41%	211,430,976	5,216,259	137,968,840	20,695,326	–
TOTAL	\$ 2,891,377,624	\$ 2,505,552,386	13.34%	\$ 211,550,462	\$ 5,883,847	\$ 168,390,929	\$ 25,258,640	\$ 2,091,753

FISCAL YEAR 2022

	Handle	Prizes Paid	Hold %	Promotion Play	Other Deductions	Taxable Win	Contributions to the State	Expired Prizes
RETAIL	\$ 174,761,019	\$ 155,107,385	11.25%	\$ 0	\$ 437,011	\$ 19,216,623	\$ 2,883,065	\$ 132,415
MOBILE	–	–	–	–	–	–	–	–
TOTAL	\$ 174,761,019	\$ 155,107,385	11.25%	\$ 0	\$ 437,011	\$ 19,216,623	\$ 2,883,065	\$ 132,415

SPORTS WAGERING DEFINITIONS

Handle is the amount of wagers made by players during the reporting period, including promotional play, if any.

Hold Percentage is determined based on wagers that were placed during the reporting period even if the sporting event has not concluded. As a result, the reported Hold will change as wagers are settled in future periods.

Other Deductions include adjustments, federal excise taxes paid, and loss carryforwards.

Taxable Win is handle less prizes paid less promotional play redeemed less other deductions. A negative taxable win (a loss) is reflected as \$0 taxable win. Losses may be carried forward and deducted from taxable win within the subsequent 3 months.

Contributions to the State represent funds payable to the Blueprint for Maryland’s Future.

Expired Prizes are included in the Prizes Paid total in the month they expire. Funds are transferred to the Problem Gambling Fund. Prizes withheld from Voluntarily Excluded and other individuals are included in the Expired Prizes total.

Promotional Play is the deductible amount of complimentary play provided to customers by sports wagering operators.

Sports Wagering – (continued)

SPORTS WAGERING FY2025 FACTS & FIGURES

- 12 retail sportsbooks were in operation when FY2025 began. One retail location that was closed in FY2024 was relaunched during FY2025. One retail location closed during FY2025.
- 11 mobile sportsbooks were in operation when FY2025 began. Two more mobile sportsbooks launched during FY2025. Two mobile sportsbooks closed during FY2025.
- Monthly operator-by-operator revenue reports are available at mdgaming.com.
- Expired sports wagering prizes are paid to the Problem Gambling Fund and totaled \$518,003 in FY2025.

Fantasy Competition

The operators of fantasy competitions (including daily fantasy sports) contribute 15% of their revenue to the Blueprint for Maryland’s Future Fund.

FISCAL YEAR	Fantasy Competition Revenue	Operator Share	Contributions to the State
2022	\$ 17,075,872	\$ 14,541,491	\$ 2,561,381
2023	7,802,960	6,632,516	1,170,444
2024	6,558,792	5,574,973	983,819
2025	6,996,317	5,946,870	1,049,448
TOTAL	\$ 38,433,941	\$ 32,695,850	\$ 5,765,092

Racing and Community Development Facilities Fund Transfer

Revenues Received From:

<u>FISCAL YEAR</u>	<u>Horse Racing Purse Dedication Fund</u>	<u>Pimlico Community Development Authority</u>	<u>Racetrack Facility Renewal Account</u>	<u>Total Amount Received by MLGCA</u>
2022	\$ 5,000,000	\$ 3,500,000	\$ 10,440,154	\$ 18,940,154
2023	5,000,000	3,500,000	10,444,776	18,833,776
2024	5,000,000	3,500,000	10,761,268	19,261,268
2025	5,000,000	3,500,000	10,874,018	19,374,018
TOTAL	\$ 20,000,000	\$ 14,000,000	\$ 42,520,216	\$ 76,409,216

Revenues Transferred To:

<u>FISCAL YEAR</u>	<u>Racing and Community Development Facilities Fund</u>	<u>State of Maryland General Fund</u>	<u>Total Amount Disbursed by MLGCA</u>
2022	\$ 17,000,000	\$ 1,940,154	\$ 18,940,154
2023	17,000,000	1,833,776	18,833,776
2024	17,000,000	2,261,268	19,261,268
2025	19,374,018	0	19,374,018
TOTAL	\$ 53,374,018	\$ 4,095,044	\$ 57,469,062

Retailers, Population and Sales by Region

FISCAL YEAR 2025

	Allegany County	Anne Arundel County	Baltimore County	Calvert County	Caroline County	Carroll County	Cecil County	Charles County
# of Retailers	51	433	786	83	31	146	94	143
% of Total Retailers	1.10%	9.36%	16.99%	1.79%	0.67%	3.16%	2.03%	3.09%
Population	67,287	597,052	557,503	95,066	33,925	178,973	107,276	175,697
% of Total Population	1.08%	9.61%	8.97%	1.53%	0.55%	2.88%	1.73%	2.83%
% of Sales	0.72%	9.47%	16.94%	1.61%	0.56%	2.26%	1.45%	4.06%

	Dorchester County	Frederick County	Garrett County	Harford County	Howard County	Kent County	Montgomery County	Prince George's County
# of Retailers	35	194	29	189	181	20	455	664
% of Total Retailers	0.76%	4.19%	0.63%	4.09%	3.91%	0.43%	9.84%	14.36%
Population	33,471	305,093	28,093	266,302	337,271	19,319	1,069,288	948,330
% of Total Population	0.54%	4.91%	0.45%	4.29%	5.43%	0.31%	17.21%	15.26%
% of Sales	0.63%	3.08%	0.25%	3.68%	3.09%	0.22%	10.69%	20.90%

	Queen Anne's County	St. Mary's County	Somerset County	Talbot County	Washington County	Wicomico County	Worcester County	Baltimore City
# of Retailers	52	108	17	36	123	89	95	573
% of Total Retailers	1.12%	2.34%	0.37%	0.78%	2.66%	1.92%	2.05%	12.39%
Population	54,084	116,277	25,514	37,841	156,925	105,428	54,645	842,137
% of Total Population	0.87%	1.87%	0.41%	0.61%	2.53%	1.70%	0.88%	13.55%
% of Sales	0.79%	2.64%	0.41%	0.57%	1.93%	1.79%	1.38%	10.87%

<https://worldpopulationreview.com/us-counties/maryland>

Retailers, Population and Sales by Region – (continued)

FISCAL YEAR 2024

	Allegany County	Anne Arundel County	Baltimore County	Calvert County	Caroline County	Carroll County	Cecil County	Charles County
# of Retailers	51	412	725	74	29	137	91	135
% of Total Retailers	1.18%	9.48%	16.70%	1.70%	0.67%	3.14%	2.09%	3.10%
Population	67,287	597,052	842,137	95,066	33,925	178,973	107,276	175,697
% of Total Population	1.08%	9.61%	13.55%	1.53%	0.55%	2.88%	1.73%	2.83%
% of Sales	0.75%	9.57%	16.68%	1.65%	0.54%	2.33%	1.54%	4.00%

	Dorchester County	Frederick County	Garrett County	Harford County	Howard County	Kent County	Montgomery County	Prince George's County
# of Retailers	33	178	27	183	166	19	419	623
% of Total Retailers	0.75%	4.10%	0.63%	4.22%	3.83%	0.43%	9.64%	14.34%
Population	33,471	305,093	28,093	266,302	337,271	19,319	1,069,288	948,330
% of Total Population	0.54%	4.91%	0.45%	4.29%	5.43%	0.31%	17.21%	15.26%
% of Sales	0.60%	3.11%	0.26%	3.66%	3.15%	0.24%	11.08%	20.54%

	Queen Anne's County	St. Mary's County	Somerset County	Talbot County	Washington County	Wicomico County	Worcester County	Baltimore City
# of Retailers	52	103	17	35	114	86	88	549
% of Total Retailers	1.19%	2.37%	0.39%	0.80%	2.62%	1.98%	2.02%	12.64%
Population	54,084	116,277	25,514	37,841	156,925	105,428	54,645	557,503
% of Total Population	0.87%	1.87%	0.41%	0.61%	2.53%	1.70%	0.88%	8.97%
% of Sales	0.81%	2.65%	0.43%	0.59%	2.00%	1.70%	1.40%	10.72%

Retailers, Population and Sales by Region – (continued)

FISCAL YEAR 2023

	Allegany County	Anne Arundel County	Baltimore County	Calvert County	Caroline County	Carroll County	Cecil County	Charles County
# of Retailers	52	414	719	73	30	136	91	141
% of Total Retailers	1.20%	9.49%	16.49%	1.67%	0.70%	3.11%	2.09%	3.24%
Population	68,106	588,261	854,535	92,783	33,293	172,891	103,725	166,617
% of Total Population	1.10%	9.52%	13.83%	1.50%	0.54%	2.80%	1.68%	2.70%
% of Sales	0.67%	9.66%	16.67%	1.64%	0.54%	2.29%	1.52%	4.03%

	Dorchester County	Frederick County	Garrett County	Harford County	Howard County	Kent County	Montgomery County	Prince George's County
# of Retailers	32	175	29	187	166	19	417	620
% of Total Retailers	0.73%	4.00%	0.67%	4.29%	3.80%	0.44%	9.57%	14.21%
Population	32,531	271,717	28,806	260,924	332,317	19,198	1,062,061	967,201
% of Total Population	0.53%	4.40%	0.47%	4.22%	5.38%	0.31%	17.19%	15.66%
% of Sales	0.59%	2.98%	0.27%	3.74%	3.11%	0.23%	11.00%	20.33%

	Queen Anne's County	St. Mary's County	Somerset County	Talbot County	Washington County	Wicomico County	Worcester County	Baltimore City
# of Retailers	51	96	16	35	114	86	89	571
% of Total Retailers	1.17%	2.20%	0.36%	0.81%	2.61%	1.97%	2.05%	13.08%
Population	49,874	113,777	24,620	37,526	154,705	103,588	52,460	585,708
% of Total Population	0.81%	1.84%	0.40%	0.61%	2.50%	1.68%	0.85%	9.48%
% of Sales	0.79%	2.57%	0.45%	0.58%	1.96%	1.73%	1.35%	11.25%

Retailers, Population and Sales by Region – (continued)

FISCAL YEAR 2022

	Allegany County	Anne Arundel County	Baltimore County	Calvert County	Caroline County	Carroll County	Cecil County	Charles County
# of Retailers	51	381	668	69	31	129	90	136
% of Total Retailers	1.32%	9.93%	17.42%	1.79%	0.80%	3.36%	2.34%	3.54%
Population	67,729	590,336	849,316	93,928	33,386	173,873	103,905	168,698
% of Total Population	1.21%	10.56%	15.20%	1.68%	0.60%	3.11%	1.86%	3.02%
% of Sales	0.75%	10.55%	19.39%	1.85%	0.62%	2.51%	1.67%	4.54%

	Dorchester County	Frederick County	Garrett County	Harford County	Howard County	Kent County	Montgomery County	Prince George's County
# of Retailers	37	164	34	176	161	26	397	581
% of Total Retailers	0.96%	4.26%	0.90%	4.59%	4.20%	0.67%	10.35%	15.13%
Population	32,489	279,835	28,702	262,977	334,529	19,270	1,054,827	955,306
% of Total Population	0.58%	5.01%	0.51%	4.71%	5.99%	0.34%	18.87%	17.09%
% of Sales	0.72%	3.20%	0.30%	4.16%	3.40%	0.26%	11.93%	23.48%

	Queen Anne's County	St. Mary's County	Somerset County	Talbot County	Washington County	Wicomico County	Worcester County	Baltimore City
# of Retailers	63	100	48	67	156	140	134	548
% of Total Retailers	1.64%	2.60%	1.25%	1.74%	4.05%	3.66%	3.49%	14.29%
Population	50,798	114,468	24,584	37,626	154,937	103,980	53,132	576,498
% of Total Population	0.91%	2.05%	0.44%	0.67%	2.77%	1.86%	0.95%	10.32%
% of Sales	0.88%	2.96%	0.52%	0.67%	2.18%	1.93%	1.53%	14.24%

Retailers, Population and Sales by Region – (continued)

FISCAL YEAR 2021

	Allegany County	Anne Arundel County	Baltimore County	Calvert County	Caroline County	Carroll County	Cecil County	Charles County
# of Retailers	53	410	716	70	30	134	94	140
% of Total Retailers	1.22%	9.51%	16.58%	1.63%	0.70%	3.11%	2.17%	3.24%
Population	68,106	588,261	854,535	92,783	33,293	172,891	103,725	166,617
% of Total Population	1.10%	9.52%	13.83%	1.50%	0.54%	2.80%	1.68%	2.70%
% of Sales	0.66%	9.18%	16.64%	1.59%	0.53%	2.22%	1.49%	4.04%

	Dorchester County	Frederick County	Garrett County	Harford County	Howard County	Kent County	Montgomery County	Prince George's County
# of Retailers	30	165	28	177	158	19	411	600
% of Total Retailers	0.69%	3.81%	0.65%	4.09%	3.65%	0.43%	9.51%	13.89%
Population	32,531	271,717	28,806	260,924	332,317	19,198	1,062,061	967,201
% of Total Population	0.53%	4.40%	0.47%	4.22%	5.38%	0.31%	17.19%	15.66%
% of Sales	0.64%	2.69%	0.24%	3.63%	2.71%	0.23%	10.17%	20.66%

	Queen Anne's County	St. Mary's County	Somerset County	Talbot County	Washington County	Wicomico County	Worcester County	Baltimore City
# of Retailers	53	92	14	35	116	85	91	598
% of Total Retailers	1.22%	2.14%	0.32%	0.81%	2.69%	1.97%	2.10%	13.84%
Population	49,874	113,777	24,620	37,526	154,705	103,588	52,460	585,708
% of Total Population	0.81%	1.84%	0.40%	0.61%	2.50%	1.68%	0.85%	9.48%
% of Sales	0.74%	2.59%	0.42%	0.58%	1.94%	1.65%	1.31%	13.42%

Retailers, Population and Sales by Region – (continued)

FISCAL YEAR 2020

	Allegany County	Anne Arundel County	Baltimore County	Calvert County	Caroline County	Carroll County	Cecil County	Charles County
# of Retailers	53	408	699	71	29	128	95	138
% of Total Retailers	1.23%	9.48%	16.24%	1.64%	0.67%	2.97%	2.20%	3.21%
Population	70,416	579,234	827,370	92,525	33,406	168,447	102,855	163,257
% of Total Population	1.16%	9.58%	13.69%	1.53%	0.55%	2.79%	1.70%	2.70%
% of Sales	0.62%	9.37%	16.28%	1.57%	0.49%	2.20%	1.42%	3.86%

	Dorchester County	Frederick County	Garrett County	Harford County	Howard County	Kent County	Montgomery County	Prince George's County
# of Retailers	33	154	26	173	155	18	423	600
% of Total Retailers	0.76%	3.58%	0.61%	4.02%	3.61%	0.42%	9.81%	13.94%
Population	31,929	259,547	29,014	255,441	325,690	19,422	1,050,688	909,327
% of Total Population	0.53%	4.29%	0.48%	4.23%	5.39%	0.32%	17.38%	15.04%
% of Sales	0.69%	2.57%	0.21%	3.58%	2.71%	0.23%	10.74%	21.15%

	Queen Anne's County	St. Mary's County	Somerset County	Talbot County	Washington County	Wicomico County	Worcester County	Baltimore City
# of Retailers	51	92	14	36	114	83	92	622
% of Total Retailers	1.18%	2.12%	0.33%	0.83%	2.64%	1.93%	2.14%	14.45%
Population	50,381	113,510	25,616	37,181	151,049	103,609	52,276	593,490
% of Total Population	0.83%	1.88%	0.42%	0.62%	2.50%	1.71%	0.86%	9.82%
% of Sales	0.72%	2.57%	0.40%	0.58%	1.79%	1.56%	1.28%	13.41%

Retailers, Population and Sales by Region – (continued)

FISCAL YEAR 2019

	Allegany County	Anne Arundel County	Baltimore County	Calvert County	Caroline County	Carroll County	Cecil County	Charles County
# of Retailers	55	415	701	71	29	129	93	140
% of Total Retailers	1.25%	9.46%	15.96%	1.62%	0.65%	2.94%	2.12%	3.20%
Population	70,975	576,031	828,431	92,003	33,304	168,429	102,826	161,503
% of Total Population	1.17%	9.53%	13.71%	1.52%	0.55%	2.79%	1.70%	2.67%
% of Sales	0.60%	9.49%	16.22%	1.50%	0.56%	2.21%	1.44%	3.79%

	Dorchester County	Frederick County	Garrett County	Harford County	Howard County	Kent County	Montgomery County	Prince George's County
# of Retailers	32	156	28	173	154	17	436	603
% of Total Retailers	0.73%	3.56%	0.63%	3.95%	3.51%	0.38%	9.92%	13.74%
Population	31,998	255,648	29,163	253,956	323,196	19,383	1,052,567	909,308
% of Total Population	0.53%	4.23%	0.48%	4.20%	5.35%	0.32%	17.42%	15.05%
% of Sales	0.63%	2.60%	0.21%	3.68%	2.85%	0.25%	11.39%	20.75%

	Queen Anne's County	St. Mary's County	Somerset County	Talbot County	Washington County	Wicomico County	Worcester County	Baltimore City
# of Retailers	53	97	17	37	114	81	97	663
% of Total Retailers	1.20%	2.21%	0.39%	0.84%	2.60%	1.84%	2.20%	15.10%
Population	50,251	112,664	25,675	36,968	150,926	103,195	51,823	602,495
% of Total Population	0.83%	1.86%	0.42%	0.61%	2.50%	1.71%	0.86%	9.97%
% of Sales	0.76%	2.47%	0.37%	0.56%	1.65%	1.37%	1.40%	13.32%

Retailers, Population and Sales by Region – (continued)

FISCAL YEAR 2018

	Allegany County	Anne Arundel County	Baltimore County	Calvert County	Caroline County	Carroll County	Cecil County	Charles County
# of Retailers	57	426	706	69	29	129	97	139
% of Total Retailers	1.29%	9.63%	15.96%	1.55%	0.66%	2.91%	2.19%	3.13%
Population	71,615	573,235	832,468	91,502	33,193	167,781	102,746	159,700
% of Total Population	1.18%	9.47%	13.75%	1.51%	0.55%	2.77%	1.70%	2.64%
% of Sales	0.64%	9.53%	16.41%	1.50%	0.46%	2.20%	1.29%	3.94%

	Dorchester County	Frederick County	Garrett County	Harford County	Howard County	Kent County	Montgomery County	Prince George's County
# of Retailers	31	155	28	183	154	17	430	601
% of Total Retailers	0.71%	3.50%	0.63%	4.15%	3.47%	0.39%	9.72%	13.59%
Population	32,162	252,022	29,233	252,160	321,113	19,384	1,058,810	912,756
% of Total Population	0.53%	4.16%	0.48%	4.17%	5.31%	0.32%	17.49%	15.08%
% of Sales	0.61%	2.48%	0.20%	3.54%	2.76%	0.25%	11.38%	20.75%

	Queen Anne's County	St. Mary's County	Somerset County	Talbot County	Washington County	Wicomico County	Worcester County	Baltimore City
# of Retailers	56	103	17	37	116	82	99	663
% of Total Retailers	1.26%	2.32%	0.39%	0.83%	2.61%	1.85%	2.24%	15.00%
Population	49,770	112,667	25,918	37,103	150,578	102,923	51,690	611,648
% of Total Population	0.82%	1.86%	0.43%	0.61%	2.49%	1.70%	0.85%	10.11%
% of Sales	0.75%	2.44%	0.37%	0.52%	1.64%	1.28%	1.39%	13.67%

Retailers, Population and Sales by Region – (continued)

FISCAL YEAR 2017

	Allegany County	Anne Arundel County	Baltimore County	Calvert County	Caroline County	Carroll County	Cecil County	Charles County
# of Retailers	60	431	704	69	29	128	98	139
% of Total Retailers	1.34%	9.70%	15.85%	1.55%	0.64%	2.88%	2.20%	3.14%
Population	73,869	550,175	817,682	89,694	32,644	167,210	101,684	150,710
% of Total Population	1.26%	9.35%	13.89%	1.52%	0.55%	2.84%	1.73%	2.56%
% of Sales	0.62%	9.58%	16.23%	1.57%	0.45%	2.14%	1.30%	3.78%

	Dorchester County	Frederick County	Garrett County	Harford County	Howard County	Kent County	Montgomery County	Prince George's County
# of Retailers	30	152	28	188	154	16	427	596
% of Total Retailers	0.68%	3.41%	0.63%	4.24%	3.46%	0.37%	9.62%	13.42%
Population	32,554	239,520	29,850	248,540	299,356	20,112	1,004,476	881,419
% of Total Population	0.55%	4.07%	0.51%	4.22%	5.09%	0.34%	17.07%	14.98%
% of Sales	0.62%	2.40%	0.19%	3.56%	2.78%	0.25%	10.97%	20.93%

	Queen Anne's County	St. Mary's County	Somerset County	Talbot County	Washington County	Wicomico County	Worcester County	Baltimore City
# of Retailers	53	103	17	39	113	83	98	687
% of Total Retailers	1.20%	2.32%	0.37%	0.88%	2.55%	1.87%	2.20%	15.46%
Population	48,542	108,993	26,206	38,040	149,087	100,521	51,567	622,417
% of Total Population	0.82%	1.85%	0.45%	0.65%	2.53%	1.71%	0.88%	10.58%
% of Sales	0.70%	2.39%	0.37%	0.55%	1.60%	1.31%	1.39%	14.34%

Retailers, Population and Sales by Region – (continued)

FISCAL YEAR 2016

	Allegany County	Anne Arundel County	Baltimore County	Calvert County	Caroline County	Carroll County	Cecil County	Charles County
# of Retailers	60	465	759	72	30	138	105	152
% of Total Retailers	1.24%	9.60%	15.67%	1.49%	0.62%	2.85%	2.17%	3.14%
Population	72,528	564,195	831,128	90,595	32,579	167,627	102,382	156,118
% of Total Population	1.21%	9.39%	13.84%	1.51%	0.54%	2.79%	1.70%	2.60%
% of Sales	0.61%	9.64%	16.32%	1.45%	0.42%	2.09%	1.29%	3.78%

	Dorchester County	Frederick County	Garrett County	Harford County	Howard County	Kent County	Montgomery County	Prince George's County
# of Retailers	32	162	28	201	174	19	447	633
% of Total Retailers	0.66%	3.35%	0.58%	4.15%	3.59%	0.39%	9.23%	13.07%
Population	32,384	245,322	28,692	250,290	313,424	19,787	1,040,116	909,535
% of Total Population	0.54%	4.08%	0.48%	4.17%	5.22%	0.33%	17.32%	15.14%
% of Sales	0.60%	2.37%	0.19%	3.64%	2.78%	0.29%	10.91%	20.66%

	Queen Anne's County	St. Mary's County	Somerset County	Talbot County	Washington County	Wicomico County	Worcester County	Baltimore City
# of Retailers	59	107	19	43	135	90	112	801
% of Total Retailers	1.22%	2.21%	0.39%	0.89%	2.79%	1.86%	2.31%	16.54%
Population	48,904	111,413	25,768	37,512	149,585	102,370	51,540	621,849
% of Total Population	0.81%	1.86%	0.43%	0.62%	2.49%	1.70%	0.86%	10.35%
% of Sales	0.72%	2.31%	0.35%	0.52%	1.62%	1.33%	1.33%	14.66%

Demographic and Economic Statistics — Fiscal Years 2016 Through 2025

Fiscal Year	Statewide Population¹	Statewide Personal Income¹ (in millions)	Statewide Per Capita Personal Income¹	Unemployment Rate²
2016	6,004,556	\$ 348,600	\$ 58,056	4.3%
2017	6,025,384	\$ 359,647	\$ 59,689	4.0%
2018	6,040,226	\$ 370,347	\$ 61,313	3.8%
2019	6,053,126	\$ 379,934	\$ 62,767	3.5%
2020	6,057,454	\$ 415,937	\$ 68,665	8.6%
2021	6,050,432	\$ 423,545	\$ 70,002	6.2%
2022	6,164,600	\$ 432,933	\$ 70,228	3.0%
2023	6,164,151	\$ 456,132	\$ 73,997	1.7%
2024	6,180,253	\$ 465,937	\$ 75,391	2.8%
2025	6,263,220	\$ 496,414	\$ 79,259	3.0%

Sources:

¹ U.S. Department of Commerce, Bureau of Economic Analysis, Regional Data Charts, January-December 2024² U.S. Bureau of Labor Statistics Local Area Unemployment Statistics, 2024 Annual Average

Lottery Employees — Fiscal Years 2016 Through 2025**Number of Employees (includes contractual)**

As of June 30,	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Agent Administration	5	5	5	5	4	4	3	3	3	3
Commissioners	7	7	6	7	7	7	7	7	7	7
Communications	23	22	24	24	22	28	23	19	17	14
Customer Service	10	9	9	9	7	8	9	9	9	10
Executive	9	8	8	8	7	7	7	7	7	11
Facilities	5	5	5	6	5	6	6	5	7	5
Finance, Budget & Procurement and Special Projects	24	17	21	21	18	16	15	20	24	21
Information Technology	16	16	16	16	18	18	18	17	17	18
Instant Ticket Warehouse	7	7	7	7	7	9	11	11	11	13
Legal Services	8	7	7	6	6	6	6	7	7	7
Personnel	3	3	3	3	4	3	3	5	6	4
Product Development & Creative Services	12	11	11	11	9	9	9	8	8	9
Sales	60	59	61	61	59	57	63	55	60	54
Security	8	8	8	8	8	8	8	7	8	8
Gaming, Sports Wagering and Fantasy	141	145	146	146	138	132	132	148	159	157
Total	338	329	337	338	319	318	320	328	350	341

Operating Indicators - Percentage of Lottery Administrative Expenses to Sales — Fiscal Years 2016 Through 2025

Fiscal Year	Sales	Admin Expense	Percentage of Administrative Expenses to Sales
2016	\$ 1,905,543,252	\$ 62,035,390	3.26%
2017	\$ 1,931,545,666	\$ 67,144,568	3.48%
2018	\$ 2,042,794,337	\$ 70,366,608	3.44%
2019	\$ 2,196,908,499	\$ 79,793,722	3.63%
2020	\$ 2,189,768,013	\$ 77,743,420	3.55%
2021	\$ 2,611,150,070	\$ 92,242,247	3.53%
2022	\$ 2,662,703,825	\$ 94,935,530	3.57%
2023	\$ 2,764,378,803	\$ 97,367,535	3.52%
2024	\$ 2,732,025,357	\$ 96,717,945	3.54%
2025	\$ 2,632,900,520	\$ 97,376,709	3.70%

Administrative expenses include operating expenses, lottery vendor and data processing fees, and scratch-off ticket printing and delivery.

Capital Assets, Net Information — Fiscal Years 2016 Through 2025

Fiscal Year	Machinery and Equipment	VLTS	Total Capital Assets
2016	\$ 817,330	\$ 47,900,001	\$ 48,717,331
2017	\$ 608,650	\$ 35,126,668	\$ 35,735,318
2018	\$ 399,970	\$ —	\$ 399,970
2019	\$ 191,290	\$ —	\$ 191,290
2020	\$ —	\$ —	\$ —
2021	\$ —	\$ —	\$ —
2022	\$ —	\$ —	\$ —
2023	\$ 548,451	\$ —	\$ 548,451
2024	\$ 1,114,261	\$ —	\$ 1,114,261
2025	\$ 808,393	\$ —	\$ 808,393

Right-of-Use Assets, Net Information — Fiscal Years 2016 Through 2025

Fiscal Year	Machinery and Equipment	Office and Warehouse Space	Subscription Arrangements	Total Right-of-Use Assets
2016	\$ —	\$ —	\$ —	\$ —
2017	\$ —	\$ —	\$ —	\$ —
2018	\$ —	\$ 5,447,589	\$ —	\$ 5,447,589
2019	\$ 7,500,948	\$ 4,315,791	\$ —	\$ 11,816,739
2020	\$ 6,366,817	\$ 3,150,784	\$ —	\$ 9,517,601
2021	\$ 5,080,485	\$ 1,950,109	\$ —	\$ 7,030,594
2022	\$ 3,755,029	\$ 711,168	\$ 422,747	\$ 4,888,944
2023	\$ 2,421,163	\$ —	\$ 305,067	\$ 2,726,230
2024	\$ 1,160,117	\$ 23,750,738	\$ 153,583	\$ 25,064,438
2025	\$ 53,456	\$ 22,112,756	\$ 14,177	\$ 22,180,389

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2025