



FY2019

ANNUAL REPORT

LETTER FROM THE CEO

We had a very successful fiscal year 2019, which included record-breaking sales and transfers back to the state. We also launched a new game, Ragtime Raffle.

Jackpots for Mega Millions (\$1.5B) and Cowboy Draw (\$3.3M) reached all-time highs, which contributed to significant sales increases and helped us post a 28 percent sales increase from above last year. These record sales brought record transfers – the total amount transferred to the state this fiscal year was over \$6.6M. Giving back to Wyoming is what WyoLotto set out to accomplish when it was formed five years ago, and this is the largest annual transfer total since we launched in 2014. We measure our success by what we are able to give back. In the past five years we are proud to have given back more than \$16M to Wyoming cities, towns, and counties through our quarterly state transfers, over \$59M to our winners, and over \$8M in sales commissions to retailers.

Along with record-breaking jackpots, we ran some exciting campaigns and launched Ragtime Raffle. In the fall, we executed a Mega Millions campaign which included Spin-To-Win events at retailers across the state. In April, we gave away a truck, a boat, a camper, and \$20K cash for our Powerball Giveaway promotion. In June, we launched Ragtime Raffle at the Cody Nite Rodeo. This is our first raffle game, and we developed a prize structure to pay out a total of \$1M to winners. The winning number was announced at the Cheyenne Frontier Days Finals Rodeo.

This was a strong year for us, and we will continue serving the residents of our great state with quality entertainment and maximize quarterly transfers. We are excited and well-positioned for continued success in the coming years. We look forward to bringing new and exciting things to our WyoLotto players!



Jon Clontz, CEO



REVENUE

WyoLotto annual revenue grew \$8.1M from FY18 to FY19.

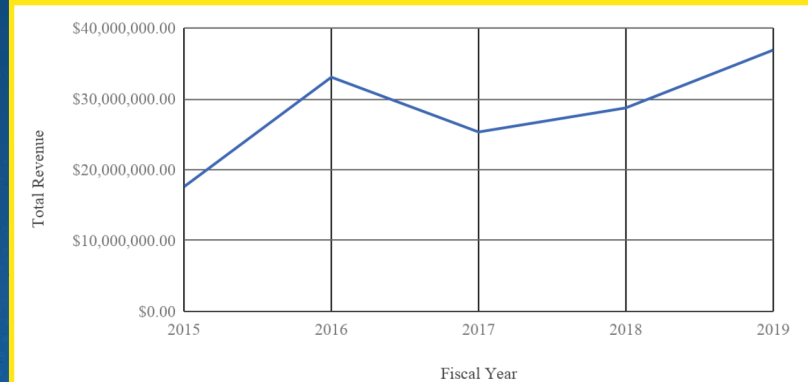
Takeaways

- Increased FY19 revenue is due to record-breaking concurrent Mega Millions (\$1.5B) and Cowboy Draw (\$3.3M) jackpots, along with Powerball's jackpot reaching \$687.8M, which generated significant sales.
- During the first and second quarter of FY19 we ran Cowboy Draw BOGO promotions which created an increase in sales during that period.
- WyoLotto revenue has grown significantly since launching in 2014. Since then, total revenue is \$141,718,284—all from a variety of statewide retail outlet ticket sales.
- FY16's revenue increase was due to the \$1.6B Powerball jackpot in January 2016. Powerball has not reached this size of jackpot since.
- Powerball and Cowboy Draw have been the most popular WyoLotto games—accounting for more than 70% of ticket sales in previous years. However, Mega Millions became more popular because of the \$1.5B jackpot in December 2018 and contributed 25% of revenue this fiscal year for the first time.

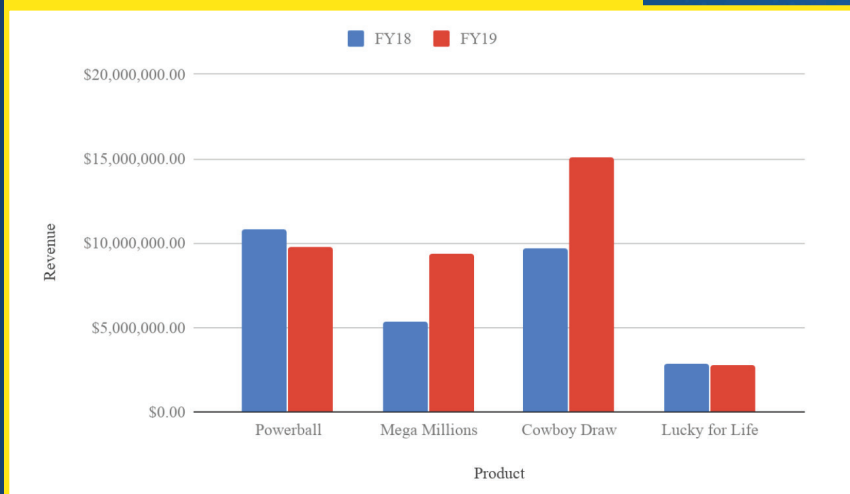
Net Sales by Product FY18–FY19

	FY18	% of Overall Sales	FY19	% of Overall Sales
Powerball	\$183,249.00	21.76%	\$9,761,041.00	26.44%
Mega Millions	\$136,458.00	16.20%	\$9,353,712.00	25.34%
Cowboy Draw	\$338,862.00	40.23%	\$15,059,885.00	40.80%
Lucky for Life	\$183,682.00	21.81%	\$2,740,364.00	7.42%

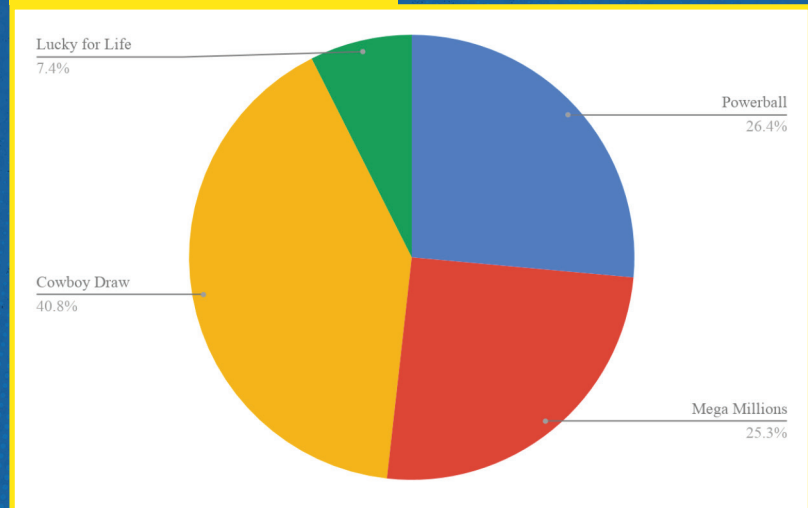
Total Annual Revenue Comparison FY15–FY19



Revenue by Product, FY18–FY19 Comparison



FY19 Net Sales by Product



TOTAL EXPENSES

Prizes, gaming vendor, and quarterly transfers to the state are our biggest annual expenses, and we couldn't be more proud of that.

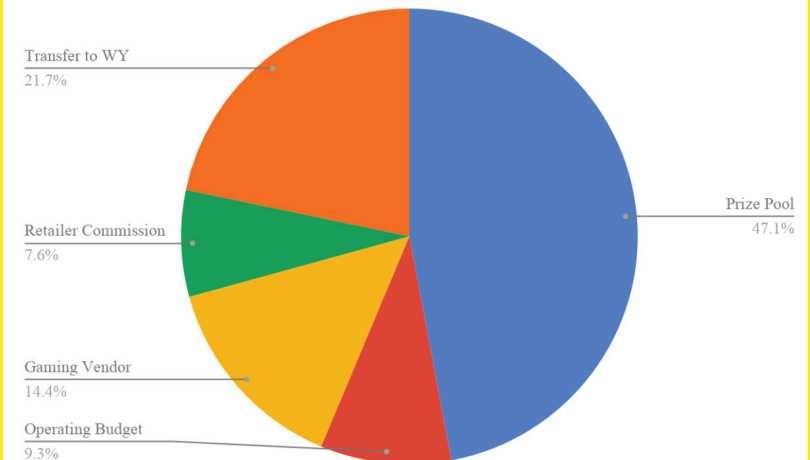
Takeaways

- Annual expenses have decreased every year since launch with FY19 being the lowest to date.
- Our transfers to Wyoming have increased since launch by at least 4% every year and were up 5% between FY18 and FY19.

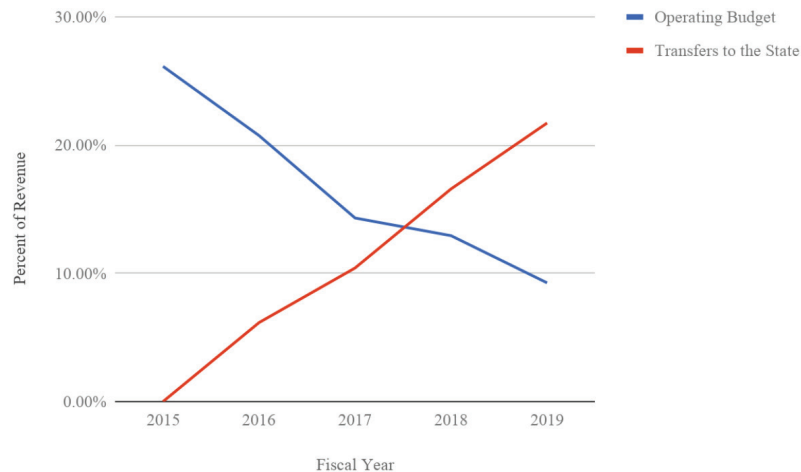
Annual Expenses (as % of Total) FY15–FY19

	FY15	FY16	FY17	FY18	FY19
Prize Pool	55.60%	55.08%	57.23%	52.35%	47.05%
Operating Budget	26.15%	20.75%	14.32%	12.94%	9.26%
Gaming Vendor	11.89%	11.89%	11.89%	11.95%	14.41%
Retailer Commission & Validations	6.36%	6.12%	6.14%	6.17%	7.55%
Transfer to WY	0.00%	6.16%	10.42%	16.59%	21.73%

FY19 Expenses



Operating Budget vs Transfers to the State, FY15–FY19 Comparison



FY19 Expenses vs. FY20 Projected Expenses

	FY19 Expenses		FY20 Projected Expenses	
	Total	% of Total	Total	% of Total
Prize Pool	\$14,334,567	47.05%	\$17,691,784	67.26%
Operating Budget*	\$2,819,561	9.26%	\$3,104,509	11.80%
Gaming Vendor	\$4,391,229	14.41%	\$3,606,630	13.71%
Retailer Commission & Validations	\$2,300,012	7.55%	\$1,900,980	7.23%
Transfer to WY**	\$6,619,646	21.73%	TBD	TBD
TOTAL	\$30,465,015		\$26,303,903	

OPERATING EXPENSES

We emphasize fiscal accountability by ensuring all expenditures generate revenue, enhance security, fulfill regulatory requirements, improve customer service, and boost productivity.

Takeaways

- Contract services, which include IT, marketing, security, legal, vendor background services, payroll services, retail investigation, research, and accounting/auditing fees have decreased every year since FY15.
- During times that sales increase, our gaming expenses also increase as a fixed percent of sales.
- Our costs of goods fluctuate in direct correlation with sales, which are subject to jackpot rises and falls, because our costs of goods are a percentage of sales.
- We work every year to evaluate our operating expenses and find reductions during our low sales periods.

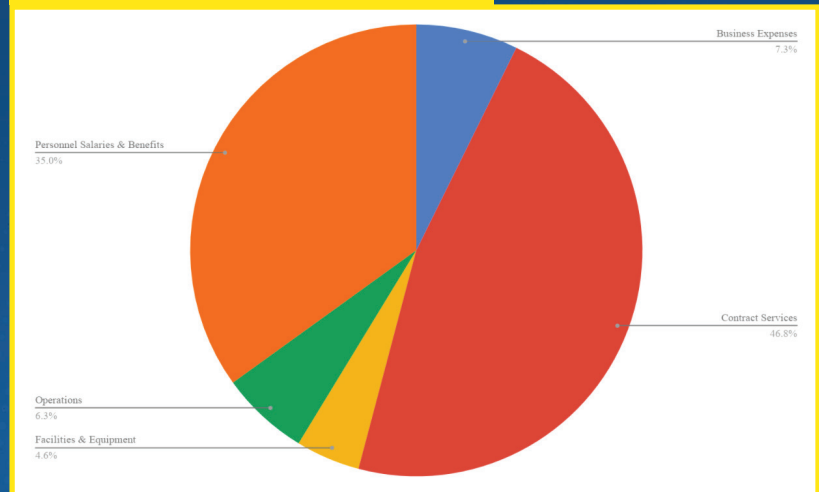
Annual Operating Expenses Year-Over-Year

	Business Expenses	Contract Services	Facilities & Equipment	Operations	Salaries & Benefits	Total Operating Expenses
FY14	\$156,823	\$476,779	\$91,802	\$81,149	\$487,685	\$1,294,238
FY15	\$95,350	\$3,640,811	\$156,028	\$106,745	\$1,145,809	\$5,144,743
FY16	\$163,192	\$2,202,241	\$238,075	\$146,522	\$1,005,793	\$3,755,823
FY17	\$183,657	\$2,116,361	\$240,666	\$138,354	\$1,210,902	\$3,889,940
FY18	\$395,055	\$1,521,880	\$267,464	\$176,504	\$1,063,317	\$3,424,220
FY19	\$223,934	\$1,437,057	\$140,831	\$194,478	\$1,072,811	\$3,069,111
FY20 Projected	\$160,378	\$1,281,010	\$188,443	\$203,044	\$1,271,634	\$3,104,509

FY19 Annual Operating Expenses

	Expenses	% of Total Expenses	Year over Year Change
Business Expenses	\$223,934	7.3%	-76%
Contract Services	\$1,437,057	46.8%	-6%
Facilities & Equipment	\$140,831	4.6%	-90%
Operations	\$194,478	6.3%	9%
Personnel Salaries & Benefits	\$1,072,811	35.0%	1%
Total	\$3,069,111		

FY19 Annual Operating Expenses



Total Operating Expenses



WINNERS & WINNINGS

Since WyoLotto's start, over 4.1M players have won more than \$59M in prizes. In FY19, those prizes totaled over \$14.2M.

Takeaways

- FY19 was a big year for Mega Millions and Cowboy Draw because of record-breaking jackpots. Prizes to Wyoming Mega Millions winners nearly tripled during the \$1.5B jackpot run-up because of increased ticket purchases. In FY19, the total amount of Mega Millions prizes paid out was \$2.1M; the year prior it was \$755,130.
- The increase in winners in FY19 was a direct result of our higher sales, which increases the chances for winners because of more tickets sold.
- Lucky for Life was added to WyoLotto's product portfolio in FY17. Since its launch, Wyoming has had 573,348 Lucky for Life prize winners totaling \$4,203,005 in winnings.

Winners and Prizes, FY15–FY19 Comparison

	FY15		FY16		FY17		FY18		FY19	
	Winners	Prizes	Winners	Prizes	Winners	Prizes	Winners	Prizes	Winners	Prizes
Cowboy Draw	128,779	\$2,576,499	479,015	\$9,598,303	352,232	\$7,474,425	338,862	\$5,289,569	542,679	\$9,142,150
Powerball	116,597	\$1,065,633	255,569	\$3,017,971	153,472	\$1,455,919	183,249	\$3,831,909	161,659	\$1,429,406
Mega Millions	239,166	\$913,565	479,015	\$5,820,105	194,972	\$808,322	136,458	\$755,130	163,555	\$2,165,622
Lucky for Life	N/A	N/A	N/A	N/A	134,626	\$774,538	183,682	\$1,460,372	176,559	\$1,522,389
Total	484,542	\$4,555,697	1,213,599	\$18,436,379	835,302	\$10,513,204	842,251	\$11,336,980	1,044,452	\$14,259,567

GIVING BACK

Since WyoLotto's start in 2014, we have given back more than \$16M to Wyoming cities, towns, and counties.

Takeaways

- Our goal, per state statute, is to give back at least 75% of our net proceeds directly to the state. We have met or exceeded this expectation with every transfer and continue to look for ways to contribute even more when possible.
- WyoLotto makes a quarterly transfer to the state treasurer. These funds are then distributed to Wyoming's cities, towns, and counties, and they decide how to best use them for local projects benefiting their communities.
- Like many Wyoming businesses, we are looking for ways to diversify our products and create more portfolio stability. Because our current games are mostly jackpot-based, our sales rise and fall with the jackpots—making our sales go through boom and bust cycles. With sales stability our net proceeds amount would be more predictable.

Quarterly Transfers to the State

April 2016	\$1,120,000.00
July 2016	\$915,750.88
October 2016	\$797,638.43
January 2017	\$633,708.99
April 2017	\$1,007,976.28
July 2017	\$200,000.00
October 2017	\$862,263.36
January 2018	\$1,001,963.00
April 2018	\$1,405,492.00
July 2018	\$1,474,346.49
October 2018	\$1,407,967.30
January 2019	\$2,808,707.03
April 2019	\$1,201,122.00
July 2019	\$1,201,849.41
TOTAL	\$16,038,785.17

Distributions by County

	FY16	FY17	FY18	FY19
Albany	\$78,280.88	\$108,386.67	\$142,368.86	\$200,723.67
Big Horn	\$22,145.22	\$27,490.02	\$38,338.30	\$54,317.93
Campbell	\$298,375.88	\$342,836.12	\$338,426.54	\$477,580.07
Carbon	\$59,095.54	\$74,027.52	\$157,883.32	\$216,594.33
Converse	\$84,459.73	\$98,447.67	\$118,888.94	\$176,158.08
Crook	\$16,085.38	\$27,662.84	\$44,020.96	\$60,385.27
Fremont	\$82,327.60	\$105,068.33	\$174,378.59	\$248,814.83
Goshen	\$21,933.55	\$28,168.05	\$73,424.86	\$102,442.84
Hot Springs	\$12,385.32	\$15,329.87	\$28,681.73	\$40,170.65
Johnson	\$28,345.36	\$41,124.06	\$58,748.00	\$84,619.70
Laramie	\$302,704.27	\$391,846.23	\$664,734.93	\$947,918.33
Lincoln	\$48,719.73	\$63,111.53	\$110,011.29	\$146,812.35
Natrona	\$241,739.92	\$293,205.87	\$571,947.84	\$851,283.10
Niobrara	\$7,203.85	\$10,155.37	\$21,198.55	\$28,774.15
Park	\$62,518.54	\$99,684.17	\$134,194.45	\$187,774.37
Platte	\$31,880.12	\$39,877.01	\$66,967.89	\$94,603.68
Sheridan	\$80,672.96	\$105,355.75	\$182,838.99	\$263,543.73
Sublette	\$60,578.50	\$85,642.21	\$57,487.06	\$75,128.53
Sweetwater	\$237,641.91	\$274,690.45	\$452,914.42	\$620,024.98
Teton	\$175,102.95	\$304,711.47	\$106,156.58	\$138,238.87
Uinta	\$44,216.50	\$57,989.26	\$1,111,524.16	\$1,481,259.95
Washakie	\$16,611.46	\$22,291.34	\$40,965.62	\$56,105.30
Weston	\$22,840.07	\$22,107.53	\$47,964.45	\$66,371.03
TOTAL	\$2,035,865.24	\$2,639,209.34	\$4,744,066.33	\$6,619,645.74

Source: Wyoming State Treasurer's website for Lottery Proceeds distribution reports,
<https://statetreasurer.wyo.gov/Finances.aspx>

RETAILERS

Sales commissions to retailers totaled over \$2M in FY19.

WyoLotto is proud that the sale of its products support local communities through commissions, which provide an additional revenue source for Wyoming businesses.

Retailer Commission by County

County	FY19 Retailer Commission (July 1, 2018 - June 30, 2019)	Total Retailer Commission Since Launch (Aug 2014 - June 30, 2019)
Albany	\$70,985.09	\$257,916.59
Bighorn	\$19,060.26	\$74,571.04
Campbell	\$159,533.28	\$656,466.10
Carbon	\$72,937.20	\$288,731.20
Converse	\$59,242.20	\$238,447.16
Crook	\$19,753.20	\$80,007.59
Fremont	\$82,057.44	\$343,184.44
Goshen	\$32,569.20	\$134,160.79
Hot Springs	\$14,452.74	\$56,933.75
Johnson	\$27,617.22	\$80,786.86
Laramie	\$326,542.98	\$1,200,762.77
Lincoln	\$48,353.34	\$198,729.85
Natrona	\$299,835.90	\$1,132,004.95
Niobrara	\$8,611.86	\$38,497.84
Park	\$62,347.56	\$242,165.04
Platte	\$32,135.34	\$131,707.89
Sheridan	\$86,670.06	\$341,404.98
Sublette	\$24,238.14	\$115,280.46
Sweetwater	\$213,759.84	\$847,373.05
Teton	\$44,660.46	\$196,448.96
Uinta	\$533,293.26	\$1,884,283.12
Washakie	\$17,691.12	\$74,633.64
Weston	\$21,097.86	\$89,529.53
TOTAL	\$2,277,445.55	\$8,704,027.60

CORPORATE RESPONSIBILITY

WyoLotto is committed to corporate responsibility, our players, and our state.

Problem Gambling

The Wyoming Responsible Gambling Coalition (WRGC) exists to foster smart gaming in Wyoming through statewide collaboration and creativity, and to encourage people to gamble responsibly. In partnership with the Department of Health, WyoLotto contributes financially and is an active participant in the WRGC.

We believe in supporting those who struggle with gambling addiction in our state. We care about Wyoming's WyoLotto players and support responsible gaming.

Local Support & Sponsorships

Since startup, WyoLotto has worked to get our brand recognized by players throughout Wyoming by sponsoring the biggest state events, including Cheyenne Frontier Days and University of Wyoming athletics. We set a goal to be in as many communities as possible across the state and to focus on our relationship with retailers and all Wyoming's communities.



COMPLIANCE

Having top-notch finances, compliance, and security is our top priority.

Takeaways

Financial

- WyoLotto avoids long-term debt and its unnecessary interest expense—leading to higher state transfers.
- WyoLotto attained a positive net position after only 5 years in operation.
- WyoLotto achieved record-breaking state transfers in FY19.
- WyoLotto maintains a limited staff to maximize available funds for transfer.

Security Audit

- The Multi-State Lottery Association (MUSL) mandates that all vendor locations must have security inspections each year. These inspections have found that each location is secure and meets the MUSL requirements. MUSL security audits and independent security audits were successful.
- The annual Random Number Generator (RNG) inspection showed proper certification, revealing there was no tampering.

	FY15	FY16	FY17	FY18	FY19
McGee, Hearne & Paiz (MHP)	✓ Successful Financial Statement Audit by MHP	✓ Successful Financial Statement Audit by MHP	✓ Successful Financial Statement Audit by MHP	✓ Successful Financial Statement Audit by MHP	✓ Successful Financial Statement Audit by MHP
Security	<ul style="list-style-type: none"> ✓ MUSL Audit Aug. 2014 ✓ Compliance checks of Lottery Retailers ✓ Annual RNG Certification 	<ul style="list-style-type: none"> ✓ Independent Security Audit ✓ Compliance checks of Lottery Retailers ✓ Annual RNG Certification 	<ul style="list-style-type: none"> ✓ MUSL Security Audit ✓ Compliance checks of Lottery Retailers ✓ Annual RNG Certification 	<ul style="list-style-type: none"> ✓ MUSL Security Audit ✓ Compliance checks of Lottery Retailers ✓ Annual RNG Certification 	<ul style="list-style-type: none"> ✓ MUSL Security Audit ✓ Compliance checks of Lottery Retailers ✓ Annual RNG Certification
Multi-State Lottery Association (MUSL)	✓ MUSL Compliance checks of Vendor Facilities	✓ MUSL Compliance checks of Vendor Facilities	✓ MUSL Compliance checks of Vendor Facilities	✓ MUSL Compliance check of Vendor/Computer Locations	✓ MUSL Compliance check of Vendor/Computer Locations

WYOMING WINS

We win when our winners, retailers, cities, towns, and counties win.

- WyoLotto gives back to Wyoming in multiple ways. Not only do we make direct revenue transfers to Wyoming, which are distributed according to statute, but we also contribute to the state through winners, retailer commissions, sponsorships, and statewide media dollars.
- From the FY19 total sales, we paid retailers over \$2M in commissions. Those Wyoming businesses have an additional revenue source and an increase in traffic from lottery players previously going out of state.
- Our more than 1M winners in FY19 are mostly Wyomingites, who spend their winnings locally—keeping those dollars in the state.
- When we have a media buy, we spend those dollars with local Wyoming media outlets. Those outlets help us share our brand message and are valuable local businesses and relationships.
- We sponsor community events across Wyoming, including local fairs, rodeos, and music festivals.
- We contribute to the wellness of Wyoming by supporting the Wyoming Responsible Gambling Coalition—a committee of Wyoming businesses, nonprofits, state entities, and mental health providers that support responsible gaming around the state.





THANK YOU

ANY QUESTIONS? | CALL: 307.432.9300