21 August 2024

ASX Market Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

RESULTS FOR THE YEAR ENDED 30 JUNE 2024
FOR ANNOUNCEMENT TO THE MARKET

The Lottery Corporation Limited (**The Lottery Corporation**) attaches for immediate release the following documents:

1. Appendix 4E and
2. 2024 Annual Report.

This announcement was authorised for release by the Board of The Lottery Corporation.

For more information
Media: Rick Wallace, Senior Manager Corporate Affairs +61 3 9737 5724
Investors/Analysts: Chris Richardson, GM Treasury & Investor Relations +61 3 9737 5758

Appendix 4E

Results for announcement to the market

Preliminary final report for the year ended 30 June 2024
The Lottery Corporation Limited (ABN 21 081 925 706)

Results	$m	% change increase/(decrease)
Revenue from ordinary activities	3,996.6	14%
Profit from ordinary activities after tax attributable to members	414.0	56%
Net profit for the period attributable to members	414.0	56%

Dividend	Record date	Payment date	Amount per share	Franked amount per share
Final dividend	29 August 2024	25 September 2024	8.0 ¢	8.0 ¢
Special dividend	29 August 2024	25 September 2024	2.5 ¢	2.5 ¢
Interim dividend	29 February 2024	28 March 2024	8.0 ¢	8.0 ¢
Total dividend per share (interim, final plus special)			18.5 ¢	18.5 ¢

Dividend reinvestment plan

The Lottery Corporation Limited's Dividend Reinvestment Plan (DRP) will operate in respect of the final and special dividend, with the last date for receipt of election notices being 30 August 2024. No discount is applicable to shares allocated to participants and no brokerage, commission or other transaction costs will be payable by participants on shares acquired under the DRP. Shares will be allocated on 25 September 2024 and will rank equally in all respects with existing shares. The price at which shares are allocated is the daily volume weighted average market price of The Lottery Corporation Limited shares sold in the ordinary course of trading on the Australian Securities Exchange over a period of 10 business days beginning on the second business day after the dividend record date. The Company intends to purchase shares on market to satisfy its obligations under the DRP.

Net tangible asset backing (i)	30 June 2024 $	30 June 2023 $
Net tangible asset backing per ordinary share	(1.15)	(1.22)
Net tangible asset backing per ordinary share including licences	(0.85)	(0.89)

(i) Net tangible assets includes liabilities in relation to leasing and the corresponding right-of-use assets.

Supplementary information

The previous corresponding period is the year ended 30 June 2023.

For additional Appendix 4E disclosures, and further commentary on these results, refer to the Financial Results for the year ended 30 June 2024 and the Media Release lodged with the ASX on 21 August 2024.

This Appendix 4E should be read in conjunction with the Directors' Report and the audited Financial Report for the year ended 30 June 2024 and any public announcements made in the period by The Lottery Corporation in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (Cth) and the ASX Listing Rules.

Annual Report

2024

The Lottery Corporation Limited
ABN 21 081 925 706

FY24 Financial Highlights

A record-breaking year, delivering value to our shareholders through execution of the strategic plan.

Record Group revenue

$3,996.6m

Record Group EBITDA

$770.6m

Record Group EBITDA (before significant items) (i)

$827.1m

Record Group NPAT

$414.0m

Record Group NPAT (before significant items) (i)

$411.8m

Total ordinary dividends (ii)

16.0 **cents per share** fully franked

Special dividend

2.5 **cents per share** fully franked

Earnings per share

18.6 **cents per share**

Earnings per share (before significant items) (i)

18.5 **cents per share**

(i) "Non-IFRS" information and unaudited.
(ii) Total ordinary dividends comprised of an interim dividend of 8.0 cps and a final dividend of 8.0 cps for FY24.

FY24 Operational Highlights

A record year for overall performance, jackpot offers and customer growth, underpinned by exceptional experiences.

Made a record

320+ **Lotteries & Keno millionaires**

who collectively took home more than $1.6b (iii)

Record

$200m **Powerball® jackpot**

our largest lottery offer and estimated one-in-seven-year occurrence

Record contributions to stakeholders

Supported Australian retail businesses with more than **$720m** in commissions (iv)

Contributed **$1.9b** in state Lotteries and Keno taxes which helps governments support communities (iv)

Record Lotteries performance across channels

6.6% **Retail growth**

and turnover of $4.3b

18.3% **Digital growth** (v)

share of total Lotteries turnover was 40.9% (v)

Customer growth achieved a new record high of

4.75m

active registered Lotteries customers

(iii) Prizes paid in the Saturday lotto, Weekday Windfall lottery, Oz Lotto®, Powerball®, Set for Life®, Super 66®, Lotto Strike®, Instant Scratch-Its® tickets, and Keno games in FY24 Australia-wide (ex. WA).
(iv) FY24 Australia wide (ex. WA).
(v) Digital turnover comprises TLC direct online (including Store Syndicates Online) and resellers.

Contents

2024 Annual General Meeting

The 2024 Annual General Meeting will be held in person at 10:00am (Melbourne time) on Tuesday 1 October 2024. Details of the meeting (including the items of business) are set out in the Notice of Annual General Meeting which is available on our website at:
www.thelotterycorporation.com/investors/annual-general-meeting

2024 Corporate Governance Statement

The 2024 Corporate Governance Statement can be found on our website at:
www.thelotterycorporation.com/about/corporate-governance

2024 Sustainability Report

The 2024 Sustainability Report is available on our website at:
www.thelotterycorporation.com/esg-strategy

Who We Are

The Lottery Corporation Limited (**The Lottery Corporation** or the **Company**) is the driving force behind Australia's leading lottery and Keno games and one of the best-performing lottery businesses in the world[(i)].

We operate a diversified and balanced portfolio of high-profile brands under exclusive and/or long-dated licences and approvals.

Customer-led convenience is central to our unique omni-channel offering. We bring Australia's largest lottery games to an estimated 10 million active Lotteries customers[(ii)].

We operate through more than 7,200 retail points of distribution[(iii)], points which are integrated with our well developed digital channel across web and mobile.

We have a proud history of delivering life-changing wins to our customers and making a meaningful difference in our communities.

The Lottery Corporation has low capital intensity and highly defensive characteristics including strong cashflow generation.

More information can be found at:
www.thelotterycorporation.com

(i) The Lottery Corporation has the third-highest draw lottery game sales per capita. Source: La Fleur's Almanac 2024 (Lotto and spiel).

(ii) Active customer numbers based on Roy Morgan Gambling Monitor, April 2023 – March 2024. Based on percentage of respondents who had purchased a lottery product over the last 12 months in The Lottery Corporation's jurisdictions of operations (ex. WA), and weighted against the Australian adult population as at March 2024, based on Australian Bureau of Statistics monthly estimates.

(iii) As at 30 June 2024. Comprised of 3,858 Lotteries outlets and 3,354 Keno venues.

Letter from the Chairman

It gives me great pleasure to present the 2024 Annual Report on behalf of the Board of Directors.

In March 2024 I commenced as Chairman of The Lottery Corporation, replacing Steven Gregg who retired from his role as Chairman and Non-executive Director.

It is a privilege to be elected Chairman of a world-class lottery operator.

The Lottery Corporation has an attractive suite of long-dated and/or exclusive licences and approvals. We operate a low-spend, mass-participation model and this helps underpin our products' wide community acceptance.

The 2023/24 financial year

The Lottery Corporation delivered strong performance across our diversified and balanced portfolio of high-profile and recognised products and brands, delivering value for our stakeholders. EBITDA (before significant items)[i] for FY24 was $827.1 million, up 16.0% on the prior year and NPAT (before significant items)[i] was $411.8 million, up 21.3%. This was delivered in a challenging inflationary environment with weak consumer spending, showcasing the strength and resilience of the game portfolio. The Board was pleased to determine total ordinary dividends (interim and final) of 16.0 cents per share, representing a dividend payout ratio of 86.5% of FY24 NPAT (before significant items)[i].

A special dividend of 2.5 cents per share brought the total dividend (ordinary and special) for the year to 18.5 cents per share, representing a dividend payout ratio of 100% of FY24 NPAT (before significant items)[i]. The special dividend reflects a highly favourable year for jackpots relative to model outcomes and the Company's strong balance sheet position.

Proactive initiatives continued to deliver a compelling customer experience, with very healthy participation levels. The performance was supported by a strong run of big jackpots that drove customer interest, with a $90 million Oz Lotto® jackpot and a record $200 million and two $150 million Powerball® jackpots. There is natural variability in jackpot levels from year to year and the run we saw in FY24 was above model expectations.

The Lottery Corporation is a resilient business generating strong and predictable cashflows, with low capital intensity and a variable cost base. We remain very focused on cost and capital discipline, and have a strong balance sheet that provides the flexibility to continue to grow our existing domestic business and deliver value to shareholders.

The separation from Tabcorp is materially complete. The program involved a complex separation of technology, property, data and contracts.

Board

In December 2023, Stephen Morro formally commenced as a Non-executive Director of The Lottery Corporation after receiving the necessary regulatory approvals. Mr Morro has significant gaming industry experience and his skills and knowledge will complement and further strengthen our Board.

During the year, we made some changes to our Board committee structures and leadership and they continue to effectively assist the Board to fulfil its duties and responsibilities.

John O'Sullivan was appointed Chairman of the Risk and Compliance Committee, with Anne Brennan continuing as Chair of the Audit Committee and Harry Boon continuing as Chairman of the People and Remuneration Committee.

(i) "Non-IFRS" information and unaudited.

The Board continues to oversee the development of a high-performing corporate culture and a safe, respectful and supportive work environment where people feel included and rewarded.

The Board remains focused on managing risks, including cyber security risks, and continues to oversee investments and programs of work to help protect the Group's data and systems.

The Australian lotteries industry

Lotteries have a rich history in Australia. They date back more than a century and are intrinsically linked with funding good causes and creating positive impacts for the community.

We are conscious of the heightened levels of focus on gambling from governments, regulators and the public. This is in response to the increase in gambling advertising and reported levels of harm and the easier access to gambling products that we have seen in recent years.

While it is generally accepted that lotteries have a significantly lower harm profile than other forms of gambling – because of their low spend and low frequency nature – we are conscious of our role as a provider of gambling products, including Keno.

We are awaiting the federal government's response to a House of Representatives Standing Committee on Social Policy and Legal Affairs inquiry into online gambling and its impact on those experiencing gambling harm. The committee made several recommendations, including a phased ban on online gambling advertising. It is worth noting the report recommended lotteries be exempt from these restrictions.

This is consistent with the approach taken with other gambling policy measures, such as excluding lotteries from the ban on the use of credit cards and credit-like products for online gambling. We welcome the risk-adjusted approach.

The Lottery Corporation prioritises delivering our games responsibly and with integrity and ensuring our licences continue to deliver value widely, including to governments, retail partners and shareholders.

We also acknowledge the federal government's recently announced review into the impact of online keno and foreign-matched lotteries.

The benefits of a healthy lotteries and Keno ecosystem were again evident in the year. Our retail partners received $725 million in lotteries and Keno commissions, while state and territory governments received almost $1.9 billion in tax revenue from our products.

This helps maintain the social acceptability and support of our games, which is key to the Group's long-term success and underpins our social licence.

A bright future

The Board would like to thank our customers, shareholders and business partners for their ongoing support. We would also like to thank our employees for their contribution and commitment.

We intend to continue to deliver against a plan that has generated long-term growth and returns for shareholders, governments and our business partners.

We operate in an industry that's shown resilience through the economic cycle, and where we continue to see favourable industry dynamics driving long-term growth.

With our clear strategy, strong cash generation and resilient market dynamics, we believe The Lottery Corporation has a bright future.

Doug McTaggart
Chairman

Letter from the CEO

The Lottery Corporation had a successful 2023/24 financial year, illustrating the value of our diversified portfolio and the strategic initiatives we've implemented in recent years to be resilient, even in times of weak consumer spending.

The Group delivered record levels of revenue, customer growth numbers and a record $200 million Powerball jackpot, which captivated the nation. We have maintained this commercial momentum while continuing to deliver our games responsibly.

Our Lotteries and Keno divisions in numbers

Lotteries revenue was $3,708.5 million, up 14.7% and EBITDA was $724.5 million, up 19.3%. Keno revenue was $288.1 million, up 2.7% and EBITDA was $102.6 million, down 3.2%.

We managed the whole Lotteries portfolio, comprising jackpot and base games, for sustainable long-term growth. Our games play different roles in the portfolio, appealing to different segments of the population.

We saw a great example of everything that's powerful about our business in January, with a moment in Australian lottery history – a record $200 million Powerball® draw.

Draws like this one, which gained momentum as it rolled past $100 million and $150 million, captivate the nation, drive customer acquisition and reactivation, and engage millions of customers – both existing and new – across our retail and digital channels.

The number of entries sold at these levels is the equivalent of more than one in two Australian adults buying a ticket. That speaks volumes to our games' appeal.

The Oz Lotto® $90 million draw on Boxing Day was the biggest in more than a decade. It was the first strong jackpot run of the Oz Lotto® game since the changes we made in May 2022 to increase the probability of bigger jackpots and more prizes for customers.

Proactive initiatives continued to deliver a compelling customer experience and active registered Lotteries customer numbers reached a record 4.75 million.

Notwithstanding Lotteries' resilience, we did see that economic challenges resulted in some consumers seeking the best value proposition on offer from week to week.

Turnover for most base games was down between 2% and 4% on a like-for-like basis which adjusts for differences in jackpots and offers between financial years.

Participation remained healthy, which tells us that customers were still very engaged, but with a modest decline in frequency of play and spend.

Digital share growth continued in the year, with the online channel now making up 40.9% of total Lotteries turnover.

A recent increase to commissions is delivering positive benefits to our retail partners and is also resulting in margin benefit for us on digital turnover.

In Keno, it was pleasing to see retail growth being driven by increased footfall in venues in Queensland and NSW.

Keno retail turnover was at record levels in the year. Turnover in our digital channel was soft in the first quarter but stabilised in the remainder of the year.

Strategic initiatives

We remain focused on continuing to enhance the customer experience, staying ahead of changing market dynamics and delivering product innovation to drive growth.

In May, we were excited to launch Weekday Windfall lottery. It's a major refresh of Monday & Wednesday lotto through the addition of a Friday draw and other enhancements. The game was thoroughly researched and carefully designed in response to customer preferences and to complement the portfolio. It has been well received by customers.

The initiatives we are now prioritising, centre on creating a customer-led and digitally enabled future and accelerating the convergence of retail and digital.

These include driving registered customer growth and enhancing the degree of personalisation of our communications by digitising the retail membership program.

We are investing in a new customer data platform that will enable online real-time communication with our customers and improve the way we manage the customer journey.

Heightening activity to enhance the value of our existing licences continues to be a priority. This program encompasses a range of activities including exploring new licence opportunities, reinforcing the customer value proposition, and increased engagement with regulators, governments, retail partners and the global lottery industry.

Our commitment to the highest standards of responsible play was again demonstrated by maintaining Level 4 Certification from the World Lottery Association – the highest level of accreditation granted to lottery operators.

Committed to a better future

In closing, I would also like to thank our customers, shareholders and business partners for their support.

The Lottery Corporation is a business with strong fundamentals and unique characteristics.

We foster a culture that encourages our employees to love what they do, and do it with pride and integrity. I would like to thank each member of The Lottery Corporation team for helping to deliver winning moments to our customers and our communities.

We're committed to a better future. In doing so, we will continue to prioritise delivering our games safely and with integrity, and ensuring our licences continue to deliver value widely, including to governments, retail partners and shareholders.

Sue van der Merwe
Managing Director and
Chief Executive Officer

Key Initiatives Delivered in FY24

A successful year with continued delivery of customer-centred initiatives to drive long-term sustainable growth. Strategic investments in product, brand, and customer experiences deliver ongoing commercial benefits. Significant milestones were achieved in responsible gambling accreditation, data security, and privacy, and our separation from Tabcorp.

Active portfolio and jackpot sequence management

Through active game management, we delivered accelerated jackpot rolls, culminating in a record-breaking $200 million jackpot for our Powerball® lottery. The changes introduced to the Oz Lotto® game in 2022 have proven successful, delivering a $90 million jackpot – the largest Oz Lotto® offer since 2012. Special event draws and promotional offers, such as Double Dividends and Cashcade Celebrations, were implemented to stimulate customer interest and excitement.

Investment in product development and brand equity

This year marked the successful launch of the Weekday Windfall lottery – a refreshed version of Monday & Wednesday lotto, with an additional draw on Friday, following a strategic review and extensive consumer research. We continued to strengthen our brands with revitalised campaigns for the Oz Lotto® game and Keno, along with a new advertising campaign for Instant Scratch-Its® tickets to support everyday and seasonal gifting occasions.

Digital innovation and customer experience uplift

We continued to enhance digital experiences with the delivery of new features, including an improved membership sign-up form and a redesigned website home screen. By leveraging marketing science techniques such as creative testing, personalisation, and A/B testing, we have significantly improved the effectiveness of our creative and experience strategies. These initiatives have resulted in more engaging and effective customer experiences, leading to stronger onboarding and conversion rates.

Separation from Tabcorp

This year marked the material completion of our separation from Tabcorp, following the demerger in 2022. The project was complex, involving the separation of people, technology, data, contracts, and property across Australia. Importantly, The Lottery Corporation maintained service continuity throughout the separation.

Channel diversification and engagement

Our lotteries retail channel diversification strategy reached a new milestone with the launch of our partnership with BWS, further broadening our reach and accessibility. Within the Keno channel, we initiated a BYOD trial and introduced a cashless experience to meet evolving customer preferences. These initiatives were underpinned by an operating model change designed to better support our network and enhance overall efficiency.

Enhancements to customer care, data protection and privacy

We proudly maintained the highest Level 4 World Lottery Association responsible gambling accreditation, reflecting our continued commitment to customer care. We are continuing to enhance our data security, privacy, and cyber security controls to better protect our customers' information. These efforts reflect our commitment to acting with integrity and our goal to provide customers with a secure experience.

Operating & Financial Review

Operating & Financial Review

About The Lottery Corporation

- Exclusive and/or long-dated licences.
- Low-spend, mass participation model underpins wide community acceptance.
- Diversified and balanced portfolio of high-profile brands.
- Significant and diverse retail distribution; further upside potential from digital growth.
- Highly defensive characteristics including strong cashflow generation and low capital intensity.

$3,996.6m
Group revenue

$770.6m
Group EBITDA

$414.0m
Group NPAT

Our business

The Lottery Corporation is Australia's leading lottery and Keno operator with a portfolio of high-profile brands and games. The Lottery Corporation's business segments consist of:

Lotteries – The Company holds exclusive and/or long-dated licences or approvals to operate in all Australian states and territories (excluding Western Australia), with a significant retail distribution network and a strong online presence. The Lottery Corporation operates one of the highest performing lotteries businesses globally [i].

Keno – The Company is also licensed to provide Keno products to venues across New South Wales, Victoria, Queensland, South Australia and the Australian Capital Territory. Keno is supplied in licensed venues including hotels, clubs, casinos and TABs as well as online in the Australian Capital Territory and Victoria. Keno is also distributed through lottery outlets in South Australia.

(i) The Lottery Corporation has the third-highest draw lottery game sales per capita. Source: La Fleur's Almanac 2024 (Lotto and spiel).

Our licences and approvals

Figure 1: Lotteries licences/approvals year of maturity

(i) The Tasmanian Lotteries operates under renewable five-year permits linked to Victorian and Queensland licences.

(ii) The ACT Lotteries licence is indefinite unless revoked.

(iii) Permit to sell Instant Scratch-Its® tickets in the Northern Territory expires in 2028.

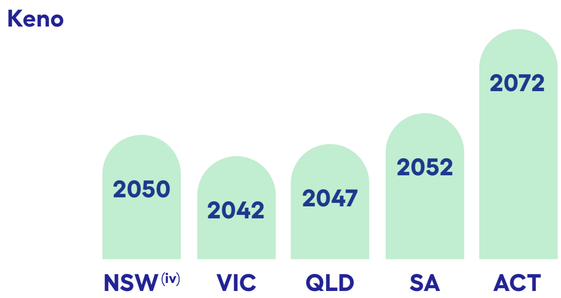


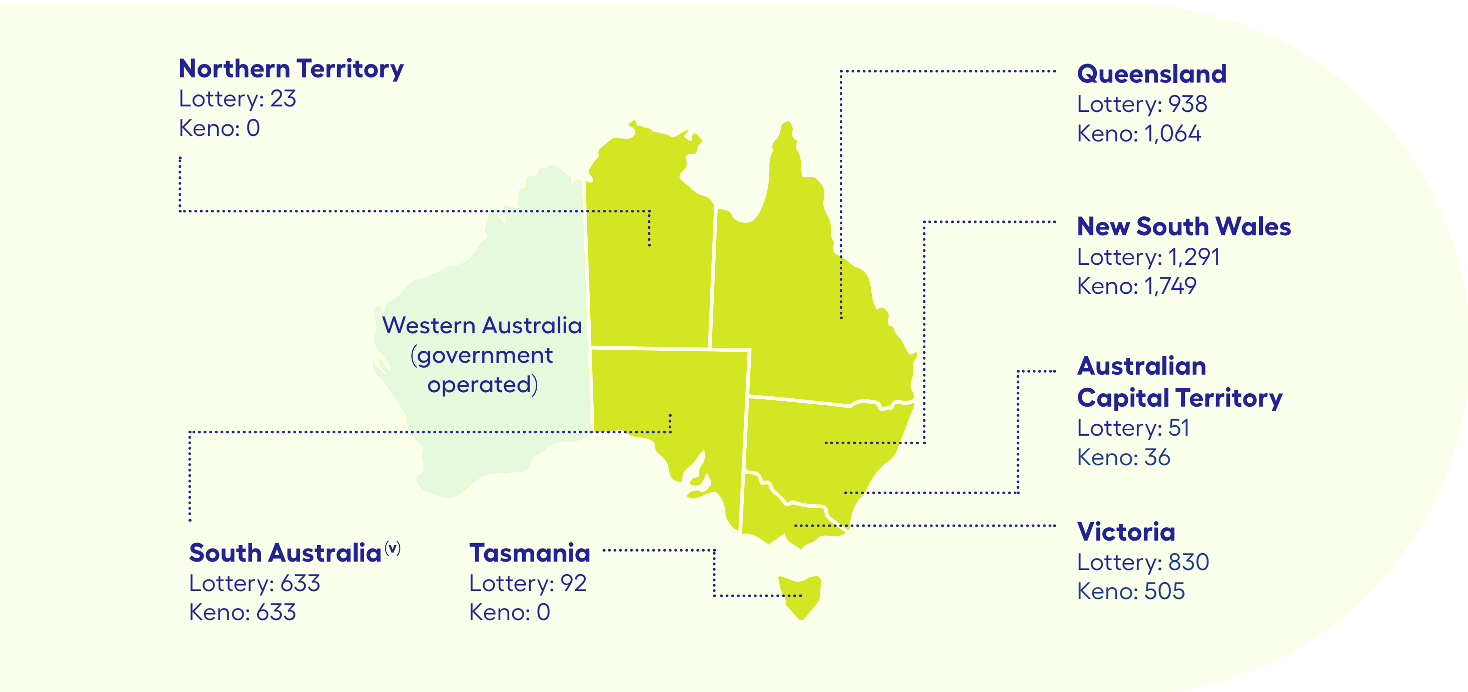
Figure 2: Keno licences/approvals year of maturity

(iv) The NSW licence is operated with ClubKeno Holdings Pty Ltd as co-licensee.

The Lottery Corporation's national reach

The Lottery Corporation has a retail network of more than 7,200 points of distribution making it one of the largest retail networks in the country. As at 30 June 2024, there were 3,858 Lotteries outlets and 3,354 Keno venues.

Figure 3: The Lottery Corporation map of retail distribution as at 30 June 2024



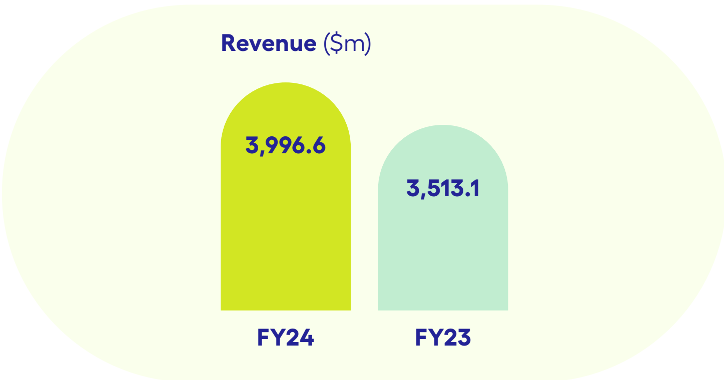
(v) Keno products are distributed through lottery retail outlets in South Australia and are excluded from Keno number of venues total.

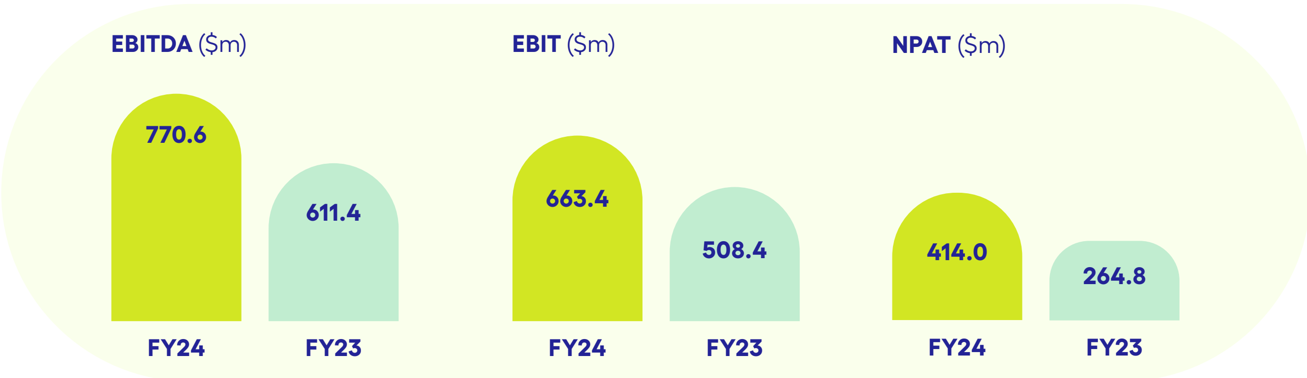
The Lottery Corporation's digital reach

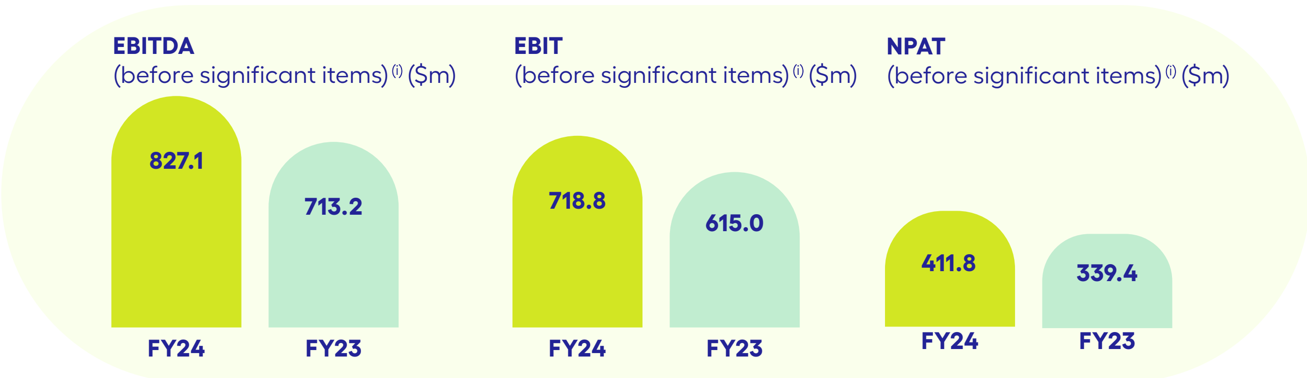
The Lottery Corporation offers its products digitally via app and website across both the Lotteries and Keno businesses. We strive to create connected experiences across digital and retail so customers can play via the channel they prefer at a particular time and place.

FY24 Financial Performance

Overview of Group results







(i) "Non-IFRS" information and unaudited.

Table 1: Group FY24 performance summary

Group results for the year ended 30 June	FY24 $m	FY23 $m	% Change
Revenue	**3,996.6**	3,513.1	13.8
Taxes, levies, commissions and fees	**(2,863.9)**	(2,521.4)	13.6
Operating expenses	**(362.1)**	(380.3)	(4.8)
EBITDA	**770.6**	611.4	26.0
EBITDA (before significant items) (i)	**827.1**	713.2	16.0
Depreciation and amortisation	**(108.3)**	(98.2)	10.3
Impairment - other	**1.1**	(4.8)	n.m.
EBIT	**663.4**	508.4	30.5
EBIT (before significant items) (i)	**718.8**	615.0	16.9
NPAT	**414.0**	264.8	56.3
NPAT (before significant items) (i)	**411.8**	339.4	21.3
EPS – cents per share	**18.6**	11.9	56.3
EPS (before significant items) (i) – cents per share	**18.5**	15.2	21.7

(i) "Non-IFRS" information and unaudited. For details of significant items, refer to note A1 Segment information of the Financial Report.

Review of Group performance

The Lottery Corporation and its subsidiaries (the **Group**) reported revenue for FY24 of $3,996.6m, up 13.8% on the previous year. Group NPAT was $414.0m. Group NPAT (before significant items)[ii] was $411.8m, up 21.3% on the previous year.

Further details about the operational performance and results of our Lotteries business and Keno business are set out in this report.

Capital management

The Group's objectives when managing capital are to ensure the Group continues as a going concern while providing optimal returns to shareholders and other stakeholders, and to maintain an appropriate capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may alter the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. Our approach to capital management includes the following objectives.

Target	Actual
Leverage of 3.0x to 4.0x (Net debt / EBITDA (before significant items))	2.6x (as at 30 June 2024) based on FY24 EBITDA (before significant items)
Minimise the cost of borrowing	Average interest rate of 5.8% (based on drawn debt as at 30 June 2024)
Strong investment grade credit rating	S&P Rating of BBB+

The Group targets a strong investment grade credit rating and, as at 30 June 2024, has a BBB+/stable rating. Leverage is managed primarily through the ratio of net debt to EBITDA. Net debt is gross debt (bank loans and US Private Placement at the Australian dollar principal repayable under cross currency interest rate swaps) plus lease liabilities less unrestricted cash.

Dividends

In relation to FY24 dividends, The Lottery Corporation has announced:

- A final dividend of 8.0 cents per share, fully franked, payable on 25 September 2024.
- A special dividend of 2.5 cents per share, fully franked, payable on 25 September 2024.
- An interim dividend of 8.0 cents per share, fully franked, paid on 28 March 2024.
- This brings total dividends (interim, final and special) to 18.5 cents per share, which represents a payout ratio of 100% of FY24 NPAT (before significant items).

The Lottery Corporation implemented a dividend reinvestment plan (DRP) from February 2023. Participation was offered to shareholders with a registered address in Australia or New Zealand in respect of the FY24 interim dividend. The DRP will also apply to the final and special dividends for FY24. No discount applied to shares allocated under the plan for the interim dividend. Similarly no discount applies to shares to be allocated under the plan for the final and special dividends. The allocation of shares under the DRP in respect of the interim dividend was satisfied (and, in respect of the final and special dividends, will be satisfied) in full by an on-market purchase of shares.

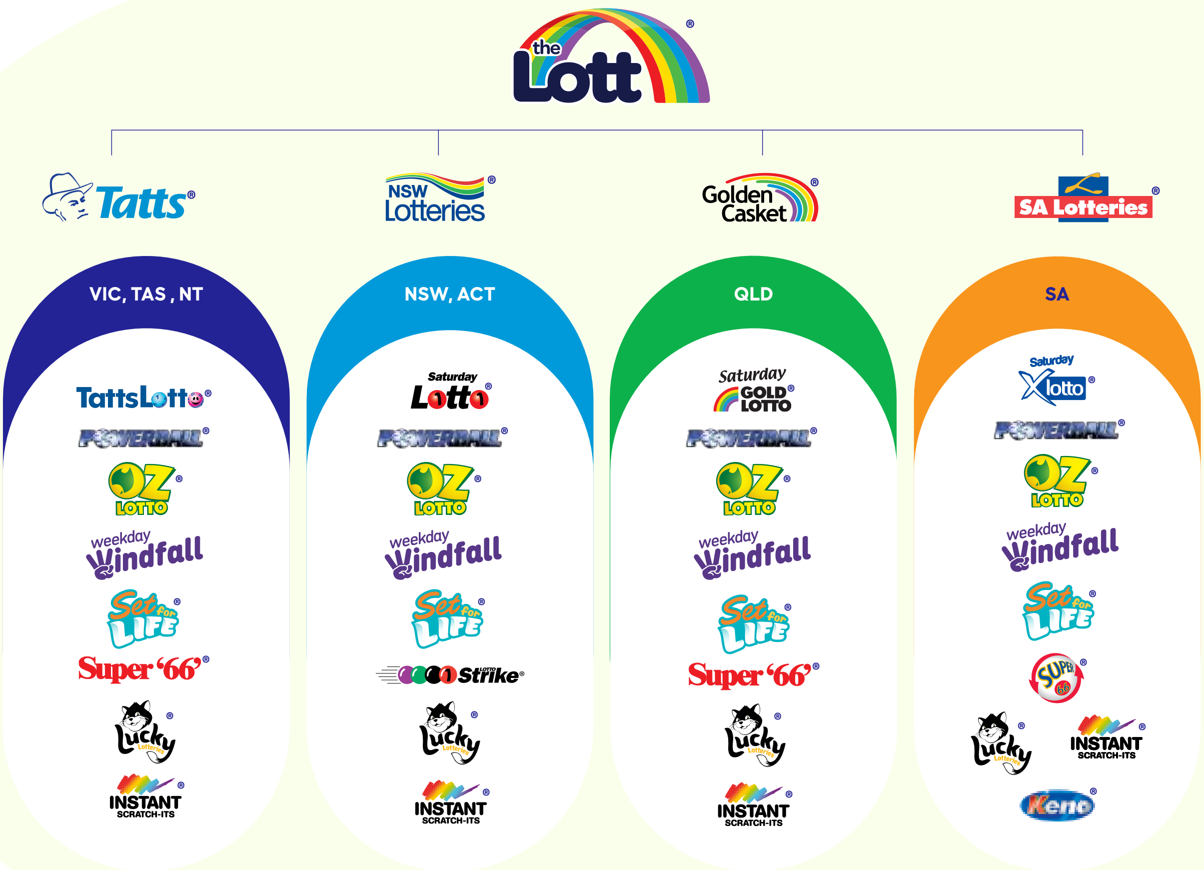
(ii) Non-IFRS information and unaudited.

Our Operations

Lotteries

The Lott is the official home of Australia's lotteries by Tatts, NSW Lotteries, Golden Casket and SA Lotteries, with operations in Victoria, Tasmania, Northern Territory, New South Wales, Australian Capital Territory, Queensland and South Australia.

Figure 4: The Lottery Corporation's licensed entities operate a portfolio of leading game brands. The portfolio includes 10 lottery games, consisting of base games and jackpotting games.



The Lottery Corporation's game portfolio offers a range of top prizes that appeal to an array of consumer purchase motivations. The products range from Instant Scratch-Its® tickets offering players instant wins to Powerball® jackpots, which provides life-changing prizes.

Each game is designed, positioned and promoted to appeal to different customer segments to ensure broad appeal across the Australian adult population.

The Lottery Corporation offers its lottery products digitally through its website and app under The Lott® brand, as well as through resellers, with the digital share of Lotteries turnover growing to 40.9% for FY24.

The business also has significant retail presence across Australia (excluding WA) through its distribution of lottery products in 3,858 retail outlets [(i)] and online.

The Lottery Corporation's retail franchise network includes full-service outlets and instant-only outlets that are installed as a 'store within a store' format to provide identity under The Lott® brand alongside the respective licensee brands which follow a specific state based identity. Participation across these channels has resulted in the equivalent of 52.8% of the Australian adult population purchasing a lottery product in the last 12 months, which translates to an estimated 10 million players [(ii)]. Of these players, The Lottery Corporation has 4.75 million active registered customers in its Lotteries database as at 30 June 2024, which accounted for approximately 59.1% of turnover in FY24. This database enables targeted communications which supports and engages customers across multiple customer touch points.

(i) As at 30 June 2024.

(ii) Source: Roy Morgan Gambling Monitor, April 2023 – March 2024. Based on percentage of respondents who had purchased a lottery product over the last 12 months in The Lottery Corporation's jurisdictions of operations (ex. WA), and weighted against the Australian adult population as at March 2024, based on Australian Bureau of Statistics monthly estimates.

Table 2: Lotteries FY24 performance summary

Lotteries results for the year ended 30 June	FY24 $m	FY23 $m	% Change
Revenue	**3,708.5**	3,232.6	14.7
Taxes, levies, commissions and fees	**(2,727.3)**	(2,391.3)	14.1
Operating expenses	**(256.7)**	(234.1)	9.7
EBITDA	**724.5**	607.2	19.3
Depreciation and amortisation	**(73.0)**	(68.2)	7.0
EBIT	**651.5**	539.0	20.9

Review of Lotteries FY24 performance

Revenue was $3,708.5m, up 14.7% and EBIT was $651.5m, up 20.9%.

Turnover, which is the main driver of revenue, was up 11.1% on the pcp. Turnover of the jackpot games segment – comprised of Powerball® and Oz Lotto® games – was up 26.7% vs pcp, whilst the base game[(iii)] category was down 5.1% vs pcp.

The record Lotteries result was driven by proactive portfolio and jackpot sequence management and highly favourable jackpot outcomes, including February's record $200 million Powerball® jackpot (which followed $100 million and $150 million draws) modelled as a one-in-seven-year event. These outcomes benefited jackpot game turnover by an estimated c.$500 million. In contrast, the prior year had below-model jackpot outcomes and lower Division 1 offers, which reduced jackpot game turnover by an estimated c.$250 million.

Turnover for most base games was down 2% to 4% on a like-for-like basis, in a weak consumer spending environment. Given the record year for major Powerball® and Oz Lotto® jackpots, there was also some transference of spend to those jackpot games.

Successful delivery and management of the big jackpot events enabled the Company to acquire, reactivate and retain customers, and maximise reinvestment. Active registered customers (includes retail and/or digital customers) grew by more than 500,000 on the pcp to 4.75 million, a record total.

The Lotteries business also had a full year of benefit from the May 2023 increase to the Powerball® subscription price and commissions, which creates margin benefit through the retention of commission on digital sales.

(iii) The base game category comprises of Saturday lotto, Weekday Windfall lottery, Set for Life®, Lucky Lotteries®, Instant Scratch-Its® tickets, and other smaller lotteries games.

Turnover grew across both retail and digital channels with digital share of overall Lotteries turnover increasing to 40.9% (from 38.4% in the pcp) reflecting the benefits of increased digital investment and growth in the Store Syndicates Online product.

Operating expenses rose in absolute terms, primarily due to the impact of the move to standalone technology arrangements as part of the separation from Tabcorp and increased employment costs.

The FY24 EBITDA/Revenue margin increased by 70bps to 19.5%, primarily due to an increase in the variable contribution margin. This reflected higher commissions, increased interest revenue from Set for Life® related term deposits, an increase in the digital share of turnover and the final step up in fees from the Jumbo Interactive Limited reseller agreement.

4.75m

active registered Lotteries customers

up 12.2% on FY23

648m

Lottery entries sold in FY24

The equivalent of

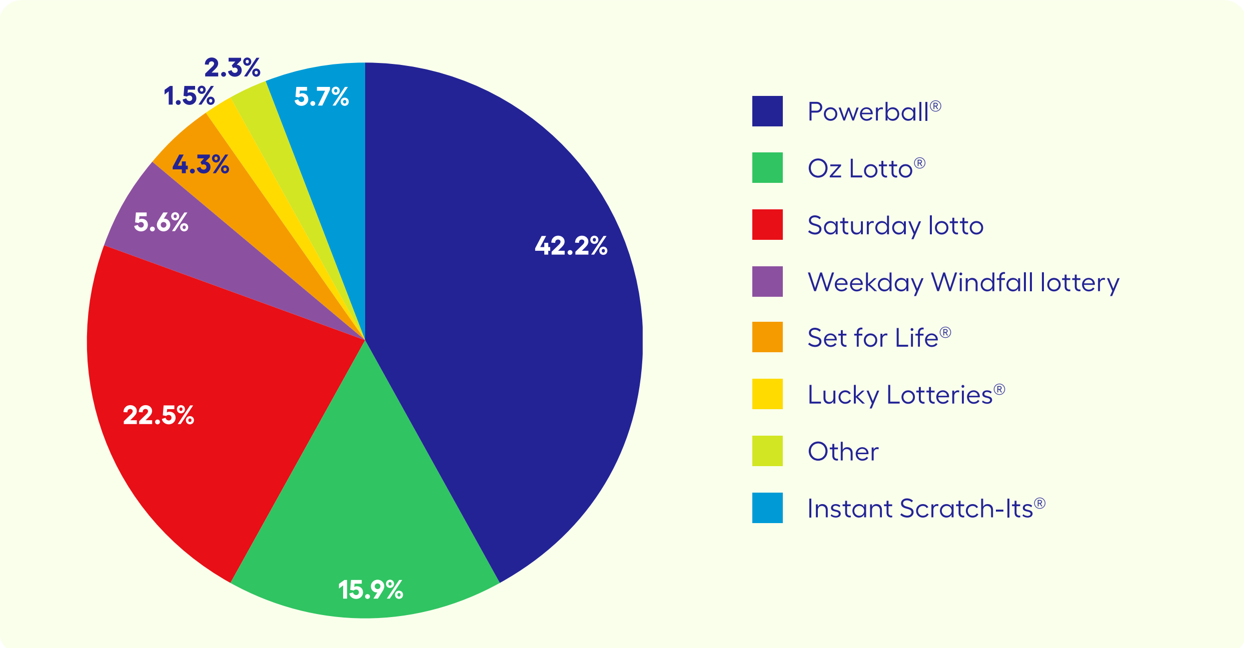
52.8%

of the Australian adult population

purchased a Lottery product in the last 12 months(i)

(i) Source: Roy Morgan Gambling Monitor, April 2023 – March 2024. Based on percentage of respondents who had purchased a lottery product over the last 12 months in The Lottery Corporation's jurisdictions of operations (ex. WA), and weighted against the Australian adult population as at March 2024, based on Australian Bureau of Statistics monthly estimates.

Figure 5: FY24 Lotteries turnover by game



Keno

Keno is a random number game in which 20 numbers between 1 and 80 are randomly drawn with the chance for customers to win instant prizes and multi-million-dollar jackpots.

Keno is an interactive social game played predominantly in venues such as pubs, clubs, hotels, casinos and TABs, with games typically running every three minutes. The Lottery Corporation operates a Keno distribution network of 3,354 venues[(i)] in New South Wales, Victoria, Queensland and the Australian Capital Territory.

The Lottery Corporation holds licences/approvals to provide Keno products in licensed venues including pubs, clubs, hotels, casinos and TABs as well as online through its Australian Capital Territory and Victorian approvals.

(i) As at 30 June 2024. Keno products are distributed through lottery retail outlets in South Australia and are excluded from Keno number of venues total.

Table 3: Keno FY24 performance summary

Keno results for the year ended 30 June	FY24 $m	FY23 $m	% Change
Revenue	**288.1**	280.5	2.7
Taxes, levies, commissions and fees	**(136.6)**	(130.1)	5.0
Operating expenses	**(48.9)**	(44.4)	10.1
EBITDA	**102.6**	106.0	(3.2)
Depreciation and amortisation	**(35.3)**	(30.0)	17.7
EBIT	**67.3**	76.0	(11.4)

Review of Keno FY24 performance

Revenue was $288.1m, up 2.7% and EBIT was $67.3m, down 11.4%.

Keno delivered a strong performance in retail (turnover up 4.4% on the pcp), particularly in the second half. Turnover growth was supported by increased footfall in venues, especially in Queensland and NSW, and a continued uplift in local area marketing initiatives.

Digital turnover stabilised throughout the year following the initial impact of competition in Victoria, and was down 2.4% on the pcp.

Keno earnings were impacted by the transfer of some digital turnover from the ACT to lower margin Victoria (as required under our current Victorian Keno licence), changes to fees paid by venue partners following a move to a variable fee model, and an increase in operating expenses. This contributed to a reduction in the EBITDA/Revenue margin from 37.8% to 35.6%. Depreciation and amortisation was up 17.7% on the pcp following the creation of new customer account, data and business intelligence platforms post separation from Tabcorp.

A new Keno campaign was launched in June under the 'Together We Play' banner. The campaign aims to elevate Keno's social licence and differentiate Keno from other offers in the market as a social game that can 'bring everyone together'.

20

year Victorian licence (granted 2022)

allowing digital distribution

Played in

3,354

venues[(ii)]

120m+

Keno tickets sold in FY24

(ii) As at 30 June 2024, excluding South Australia.

Strategy

FY24 has seen the The Lottery Corporation continue on its journey as a stand-alone entity post separation from Tabcorp. Not only has the organisation delivered record results, it has materially completed the separation from Tabcorp allowing focus on future strategy to be evolved, aligned to our vision.

The Company maintains its ethos of being a socially responsible lottery operator, a facilitator of life-changing events, a workplace of choice and an integral part of the Australian identity. Our strategy continues to deliver, and lays out the path to a bright future.

Our Vision
To be the world's best lottery operator

Our Purpose
To create positive impacts

Our vision and purpose form the forward-looking compass of our organisation. We continue to forge our path to lead our industry and become the world's best lottery operator while creating positive impacts for customers, shareholders and our community.

Our Principles

Underpinning our strategy are our corporate principles which guide how we do things and together form the basis of our culture. We challenge our people to apply these principles to their day-to-day work life and consider their impacts on a wider scale.

- Create joyful moments
- Dare to find a better way
- Be accountable and transparent
- Nurture the uniqueness of our people

Strategic Priorities

Our strategic priorities form our long-term focus. For each of our three pillars, we organise ourselves to explore and deliver on our vision in a focused way. We regularly review and evolve these priorities to address market changes as well as the expectations from the communities we operate in.

DRIVE
Customer centered initiatives to support **sustainable growth**

- Responsibly deliver seamless and personalised customer experiences
- Continue to reshape digital and retail offer
- Actively manage and innovate the game portfolio

DEVELOP
Guiding strategies to **future proof** The Lottery Corporation

- Reimagine digital experiences
- Maximise operational efficiency
- Enhance licence value
- Amplify community impact

DISCOVER
Complementary new **earnings pathways**

- Explore new revenue segments
- Pursue new licence opportunities

Strategy pillar - Drive

Responsibly deliver seamless and personalised customer experiences

We are a customer-led business. Delivering our products responsibly is at the core of our customer experience strategy and we remain committed to continuous improvement in customer care and responsible play tools and practices. We have a multi-channel network of operations and we recognise the value of how our digital and retail channels complement each other. We focus our efforts on modernising and connecting our assets across all channels to future proof our operations and deliver seamless customer journeys. We seek to provide optionality to our customers in how and when they engage with our products. Creating personalised experiences that deliver the right offer to customers in the right channel and at the right moment underpins our customer and marketing strategy.

Continue to reshape digital and retail offer

We provide great products, services and experiences for our customers across all of our distribution channels. We are proud to have one of Australia's largest retail networks and we continue to evolve our retail offer. We diversify our network to adapt to market dynamics and sensibly invest in infrastructure to deliver best in class experiences. Our digital platforms run both complementary, and in parallel, to retail, offering our customers different ways to interact. We progressively develop our platforms to suit our customers' needs to drive sustained growth.

Actively manage and innovate the game portfolio

Changes to our game portfolio look to better differentiate between products through strong and distinctive brands, create more jackpot opportunities, deliver sustained incremental growth and most importantly delight our customers. Changes to our games are considered in the context of our full suite of offerings to ensure we are improving market share, relevance and reach. This was evidenced in FY24 through successful game sequencing that resulted in record jackpot performance, the launch of a new Friday draw as part of the Weekday Windfall lottery launch and the full year benefit of Powerball® subscription price and commission changes all having positive impacts on The Lottery Corporation's performance.

Strategy pillar - Develop

Reimagine Digital Experiences

Knowing and delighting our customers is core to The Lottery Corporation's competitiveness and performance. We are a customer-led organisation, delivering great customer experiences and and providing them the experiences they want. We focus our efforts on continually enhancing our capability to achieve this and we are building our delivery roadmap to enhance and leverage customer registration, improve our data analysis, create multi-channel personalisation and build loyalty across all our channels.

Maximise our Operational Efficiency

The Lottery Corporation is not immune to changing cost dynamics being experienced domestically and globally. To respond, strategies are being developed to navigate the challenge effectively to optimise costs without compromising quality or competitiveness and sustain our growth trajectory in this ever-changing environment.

Enhance the value of our Licences

We hold long-term licences that enable us to distribute lottery and Keno products to customers in a variety of ways. These licences are underpinned by a complex state-based regulatory framework. The Lottery Corporation is very active in considering and responding to current and future market scenarios. A range activities are ongoing to appropriately preserve and enhance the positive and valuable attributes of these licences.

Amplify our Community Impact

We are committed to delivering on our purpose to create positive impacts through leadership in reducing the risk of gambling harm. We provide benefits to the community through our support for charitable games, grants and by supporting small businesses.

Strategy pillar - Discover

Explore licence and other opportunities

Our licences to operate are our most valuable assets. We undertake ongoing activities to maximise their value for the future. We constantly seek and evaluate growth options that align with the delivery of our long-term strategic ambitions. The Lottery Corporation's existing licences, capabilities and operations provide a strong framework to apply to new market opportunities. The Lottery Corporation is well placed to explore opportunities that meet our investment criteria, have a clear strategic rationale, and leverage our core capabilities.

Risk Management

The Company takes a structured approach to identifying, evaluating, and managing current and emerging risks which may affect the achievement of its strategic objectives.

The Company has adopted a risk management framework which reflects ISO31000:2018, the international standard on risk management. The Company has a dedicated Risk function which supports all business functions of The Lottery Corporation with the management of operational risks. Key risks, issues and trends are managed by the Executive Risk Committee consisting of the Executive leadership team. Our Enterprise Risk Management practices, policies and framework are overseen by the Risk and Compliance Committee as well as by the Board.

An overview of the Company's major risks and associated mitigation strategies (which also include various controls, processes and/or systems to support the management of risks) are set out below but are not exhaustive. The mitigation strategies are designed to reduce the likelihood of the risk occurring and/or to minimise the adverse consequences of the risk should any arise. However, some risks are affected by factors external to, and beyond the control of, the Company. There may be risks that are considered immaterial or unknown to the Company which subsequently become material or known. These risks may adversely impact the Company, accordingly the Company provides no assurances or guarantees of future profitability, performance or dividends. The mitigation strategies adopted by the Company are reviewed periodically as part of assessing the ongoing effectiveness of the Company's Enterprise Risk Management Framework.

Risk: Compliance

Achieving compliance in a highly regulated environment.

Risk description

Risk of breaches of laws, licences, regulations, rules, licence conditions, industry codes, permits and other approvals could expose the Company to significant compliance and remediation costs, regulatory enforcement action or litigation (including class actions) resulting in suspension or loss of licences, failure to renew a licence, penalties, civil and/or criminal proceedings and/or reputational damage.

FY24 commentary	Mitigations in place
Enhancements to our compliance processes include: • A program of work to simplify our compliance obligations register to improve understanding of and clarify accountability for compliance. • Improvements to our processes to identify, assess and manage incidents, including any compliance breaches. • Improvements to our data protection processes to better protect customer data and meet our privacy obligations.	• We maintain processes, systems and controls to meet our compliance requirements, governed by overarching documents such as the Compliance Management Policy. • We have an experienced and dedicated Risk and Compliance function that reports directly to the Managing Director & CEO. • We have a risk governance and reporting framework that provides for regular reporting to the Risk and Compliance Committee (and, as appropriate, to the Board). • We have training programs for employees, retailers and venues to help promote compliance with their obligations. • We monitor and test our systems, processes and controls. This includes periodic reviews by Internal Audit of the adequacy and effectiveness of relevant controls and an in-house Investigations team which investigates potential breaches by retailers and venues so that appropriate remedial and/or disciplinary actions can be taken on a timely basis.

Risk: Changes in laws and the regulatory environment

Advocating for balanced and considered reform.

Risk description

Changes in legislation, regulation, taxation or government policy (and related judicial decisions and enforcement policy or regulatory interpretation by regulators) which may adversely affect the Company's operational and financial performance.

FY24 commentary	Mitigations in place
During FY24, we enhanced our legal and regulatory change processes. We established programs of work to implement regulatory changes that came into effect during FY24, including changes to the Fair Work Act and Australian Consumer Law.	• We have an established legal and regulatory change process to monitor areas of potential reform and assess the impacts to the Company. • We have dedicated regulatory and government affairs teams for effective liaison with and advocacy to regulators and governments. • We engage regularly with regulators, governments, and key industry bodies to support regulatory change management strategies and to help us better manage the impact of legislative changes. Proposed regulatory changes, reviews and inquiries relevant to the Company include data protection and privacy law reforms, sustainability and climate risk reporting, and federal government review into keno online and foreign-matched lottery products announced in July 2024.

Risk: Competition

Responding to disruption and competing effectively.

Risk description

Failure to adequately respond to disruption and increased competition through innovation and the creation of new products could have an adverse impact on our business and market share.

FY24 commentary	Mitigations in place
The Company continued to observe advertising activity by competing suppliers, including from overseas, offering products marketed as lottery or Keno products. New competitors may enter the Company's traditional markets. There is a risk that state/territory regulatory frameworks are not adhered to or enforced on other operators resulting in a general decline in confidence in lottery products and causing harm to the Company's social licence to operate. Increased levels of competition from suppliers of gaming products could adversely affect the Company's operational and financial performance. Evolving consumer preferences and community sentiment, and regulatory developments have the potential to impact the Company in the domestic market.	• We monitor the lotteries and Keno markets to assess consumer behaviours and competitor/disruptor offerings. • We regularly review our products and service offering to attract new customers and retain existing customers. • We advocate for an industry where all legitimate operators compete effectively and are required to adhere to, and are held to, the same laws, regulations, licence conditions and industry codes and standards. • We operate in several Australian jurisdictions and market segments, which reduces reliance on any single business, product or customer category.

Risk: Financial

Compliance with financial covenants and maintaining access to funds.

Risk description

The Company is exposed to risks relating to the cost and availability of funds to support its operations, including changes in interest rates and foreign currency exchange rates, and liquidity risks which could affect its financing activities.

FY24 commentary	Mitigations in place
In FY24, the Company maintained compliance with its financial covenants.	• We monitor and evaluate the Company's compliance with financial covenants. • We have a dedicated Treasury function which oversees compliance with detailed policies reviewed by the Audit Committee and approved by the Board. • We have adopted a capital management program with a range of funding sources and long dated maturities.

Risk: Technology, cyber security and data/privacy

Maintaining technology systems and protecting personal information.

Risk description

Significant technology infrastructure disruptions or failures, a significant cyber incident and/or unauthorised access and/or data breach and use of information could damage the Company's reputation and financial performance and expose it to regulatory enforcement action.

There is a risk that the Company's cyber security and privacy uplift programs which are designed to improve technology systems and data/privacy processes and controls may not be adequate to address the constantly evolving threats posed by cyber criminals and adverse actors

FY24 commentary	Mitigations in place
In FY24, the Company established a program to uplift the maturity of its privacy, data management and cyber-security practices in line with recommendations from a comprehensive independent review of these areas in FY23. We introduced a new Privacy Hub, Privacy Standard and FAQs, and enhanced our online privacy training module to be completed by all team members,	• We have a Technology team that dedicates resources, systems and expertise to identifying, assessing and mitigating technology, cyber and data risks. • We have adopted practices, procedures and systems to build, support and manage data and its privacy, including through oversight by the Company's Privacy Officer supported by dedicated privacy specialists in our Risk and Compliance team. • We established a Data Privacy Council to provide oversight of our data management and privacy practices. The Council is comprised of three members of the Executive Leadership Team, and meets at two-monthly intervals to receive updates on relevant matters. • Our budget process allocates funds to support a program of ongoing investment to maintain the currency of our technology assets.

Risk: Business resilience

To maintain acceptable levels of service in the event of an outage.

Risk description

Failure of the Company to manage its business resilience including risks, issues and incidents relating to management of complex IT infrastructure, IT disaster recovery, business continuity management and supply chain risk including outsourcing.

FY24 commentary	Mitigations in place
In FY24 the Company continued to mature its strategic, tactical and operational response and recovery capabilities by: • Establishing a dedicated Crisis Communications Team and further enhancing the documentation and tools supporting the Crisis Management Team. • Conducting a crisis management exercise to practice the Company's response to a material cyber security incident. • Developing a Third-Party Risk Management Framework to improve management of risks from dealing with suppliers and other third-parties.	• We have in place dedicated incident management and response functions across the business. • We have in place operational, tactical, and strategic response plans which respond to a broad range of scenarios including business disruptions, IT disaster recovery, pandemic, cyber security, third-party cyber event and data loss. • We undertake annual reviews of our business continuity, disaster recovery and crisis management plans and other response plans so they are kept up to date and fit for purpose. • We test and exercise plans annually so that we can respond to a broad range of potential disruptions to the business and to build the awareness and capability of incident managers and responders. • We use the outcomes of testing, exercising, near misses and real incidents to improve our preparedness, response and recovery capability.

Risk: People, health, safety and wellbeing

Maintaining the health and wellbeing of staff.

Risk description

Failure by the Company to appropriately manage team members' physical and/or psychological health and wellbeing, or a failure to comply with relevant workplace health and safety laws and regulations.

FY24 commentary	Mitigations in place
In FY24, we achieved a LTIFR[i] result of 0.0 (i.e. there were no lost time injuries during the financial year). The Company regularly educates all staff on safety risk management. (i) Lost Time Injury Frequency Rate - calculated as per Australian Standard 1885.1 – 1990 Measurement and recording.	• The Board, the People and Remuneration Committee, the Chief People Officer and various management committees oversee strategies and programs related to people, health, safety and wellbeing. • The People and Remuneration Committee has health, safety and wellbeing as a standing agenda item for its meetings. The Committee receives regular reports about health, safety and wellbeing performance and any key issues that may have arisen. • Our health, safety and wellbeing framework (including policies, procedures, reporting, training and education) prioritises the health and safety of our people.

Risk: People management

Creating a desirable workplace and effective succession plan.

Risk description

Failure to attract and retain key personnel and foster a high-performance culture could have an adverse impact on the performance and the execution of the Company's strategies and operations.

FY24 commentary	Mitigations in place
In FY24, the Company gave effect to changes made in FY23 to its remuneration and performance management frameworks. These changes included introduction of a new incentive plan to encourage all employees to contribute to the Company's performance and be rewarded when the Company performs well. The Company's remuneration and performance frameworks are reviewed annually so they remain competitive.	• We have in place performance management and remuneration frameworks. • We provide training and development programs to develop and motivate employees, including leadership development programs. • We regularly survey our employees to monitor employee engagement. • We monitor and report to the People and Remuneration Committee a range of relevant metrics including employee turnover rates, vacancy ratios, and women in leadership roles. • We monitor employment market trends and adapt our employer narrative and talent acquisition process as required.

Risk: Responsible gambling

The Company operates in the gambling industry and is committed to reducing the risk of gambling harm by offering its games to players in a responsible way.

Risk description

Material failures of the Company's responsible gambling frameworks could result in impact to players and/or reputational impacts and/or fines from breaches of laws, licences and regulations.

Failure to adequately manage the risks associated with responsible gambling may also expose the Company to other potential risks such as regulatory change risk.

FY24 commentary	Mitigations in place
Key achievements in FY24 included: • We strengthened our Advertising and Marketing Code to reflect increasing community concerns about gambling advertising. This included further restrictions to reduce exposure to minors and vulnerable groups. • We continued to improve our use of data analytics to help identify customers showing potential signs of gambling harm. • We enhanced our player intervention and self-exclusion processes. • We revised our Lotteries responsible gambling materials to make it easier for our players to access. We simplified the language and format to improve overall comprehension about our games. • We brought together the functions that oversee Responsible Gambling risk and the Company's Environment, Sustainability and Governance strategy in recognition of the importance to the Company of protecting our players from gambling harm.	• A Responsible Play Committee provides executive oversight of the effectiveness of the Company's responsible gambling strategies and opportunities for improvement. • We provide player online account management tools such as pre-commitment spending limits and self-exclusion features. • We train our employees and outlet/venue staff to promote compliance with our obligations and drive a positive culture of reducing the risk of gambling harm. • We have specialist teams who engage with community and industry stakeholders to inform our practices. This includes monitoring relevant research from Australia and overseas. • We maintain the highest level of accreditation (Level 4) in the World Lottery Association Responsible Gaming Framework.

Risk: Economic

Adapting and managing to broader externalities.

Risk description

Achievement of the Company's financial objectives depends on customers continuing to spend money on its products on a discretionary basis. This is partly determined by the economic climate.

FY24 commentary	Mitigations in place
FY24 was a period of high yet easing inflation across Australia. Current economic conditions remain challenging with high cost of living and housing affordability issues. Interest rates remained relatively stable during the period, following the significant increases in interest rates seen in FY23. Broad discretionary spending remains relatively unchanged. FY24 financial results including cashflow were strong and reflected the resilience of our business.	• We operate in several Australian jurisdictions and market segments, which reduces reliance on any single business, product or customer category. We regularly review our product offerings to meet customer demand. • We maintain a diverse portfolio of products with a wide pricing range of entry types available for customers to purchase in each product. • Historical evidence indicates that lottery ticket sales are not strongly correlated with economic conditions.

Risk: ESG/Social Licence

Protect our social licence to operate by managing environmental, social and governance risks.

Risk description

ESG-related events or conditions arise that could negatively impact the sustainability, resilience, risk profile, profitability, or reputation of the Company. Failure to adequately manage evolving customer, investor and community expectations in relation to ESG risk or maintain stakeholder trust may harm the Company's reputation, sustainable financial performance, and expose the Company to other potential risks such as strategic, compliance and operational risk.

FY24 commentary	Mitigations in place
In FY24, we: • Prepared for publication our inaugural standalone Sustainability Report, providing stakeholders with greater visibility of performance on material social, environmental and governance topics. • Notwithstanding our relatively small carbon footprint, we strengthened our response to climate change by engaging an ESG consultancy to develop our emissions inventory and Net Zero Roadmap. • Assessed the design and effectiveness of our ESG governance framework and readiness for new climate-related reporting through a third-party audit. • Commenced development of our Reconciliation Action Plan and implemented cultural awareness and capability training. • Strengthened our internal ESG capability with the recruitment of a Head of Group ESG, responsible for ongoing management of ESG strategy, governance, policy and reporting.	• The Board, the Risk and Compliance Committee, and the People and Remuneration Committee each provide oversight of elements of the ESG strategy and programs. • We operate a management sustainability committee, comprised of relevant business line leaders responsible for delivery of the strategy, with a regular meeting framework. • We undertake a materiality assessment on a biennial basis during which we engage with external and internal stakeholders to understand material ESG risks. • We have a sustainability framework which guides our approach to managing material ESG risks and opportunities. • We monitor and publish a range of metrics (internal and external) on ESG performance.

Our Executives

Our Executives

Sue van der Merwe
Managing Director and Chief Executive Officer

Sue is The Lottery Corporation's Managing Director and Chief Executive Officer, a role she was appointed to following the demerger from Tabcorp Holdings in 2022. She previously led Tabcorp Holdings' Lotteries & Keno business, serving as its Managing Director since the 2017 combination of Tabcorp Holdings and Tatts Group. Prior to that, she was Chief Operating Officer of Lotteries at Tatts Group.

In a career in lotteries spanning more than 30 years, Sue has played a central role in the successful development of the Australian industry and was instrumental in the acquisition of multiple lottery licences and the successful integration of these businesses.

She is also Chairman of the Asia Pacific Lottery Association, sits on the World Lottery Association Executive Committee and was inducted into PGRI's Lottery Industry Hall of Fame in 2016, recognising her contribution to world lottery excellence and integrity.

Sue holds a Bachelor of Social Science, Marketing and Economics.

Adam Newman
Chief Financial Officer

Before joining The Lottery Corporation as Chief Financial Officer, Adam served in that role with Tabcorp Holdings having joined in 2019.

He was previously Chief Financial Officer of ASX-listed energy company AusNet Services from 2013 to 2019 and held senior leadership roles at BlueScope Steel in Australia and the USA. He also worked at BHP and in Coopers & Lybrand's Perth and London Corporate Advisory Groups.

Adam holds a Bachelor of Business, a Postgraduate Diploma of Business, and a Graduate Diploma in Applied Finance. He has also attended the Advanced Management Programme at INSEAD (France) and is a member of Chartered Accountants Australia & New Zealand (CA ANZ) and the Financial Services Institute of Australasia (FINSIA).

Nicholas Allton
Chief Legal Officer

Nicholas leads our Legal, Regulatory and Company Secretariat teams.

He has more than 30 years' experience in financial services, including 11 years in private practice for top-tier Australian, English and US firms in Australia and London.

He was most recently Group General Counsel and Company Secretary at the Bank of Queensland, responsible for Group Legal and Company Secretary, Compliance and Internal Audit functions.

Prior to joining BOQ, Nicholas held the role of Group General Counsel and Company Secretary at MLC and spent 15 years working in senior roles within Macquarie Group.

Nicholas holds a Bachelor of Laws (hons), Bachelor of Arts and Master of Laws, and is a Graduate Member of the Australian Institute of Company Directors (AICD).

Our Executives

Antony Moore
Chief Channel Officer

Prior to The Lottery Corporation, Antony was the General Manager of Lotteries Retail at Tabcorp Holdings. He joined Tatts Group in 2011 as the Head of Retail, responsible for optimising the operational and strategic performance of the Lotteries retail distribution network.

Antony has more than 25 years of experience in retail operations, including senior roles with Retail Adventures, Rebel Group, Coles Liquor, Coles Supermarkets, and Big W.

He is also a Director of the National Retail Association, a Franchise Council of Australia (FCA) certified Franchise Executive, a Graduate Member of the Australian Institute of Company Directors (AICD), and was named in Franchise Executives' Top 30 list in 2021.

He holds a Bachelor of Commerce (Economics and Accounting).

Callum Mulvihill
Chief Commercial Officer

Callum has nearly 20 years of leadership experience in the lottery industry spanning broad operating disciplines. He currently leads The Lottery Corporation's Corporate Affairs, Business Strategy, Game Management and Project Management Office teams driving strategic and core elements of business delivery.

Callum was the General Manager of Finance & Commercial for Tabcorp Holdings' Lotteries & Keno business from 2018 and held numerous commercial and business development roles at Tatts Group since 2013.

After seven years as General Manager of Marketing & Sales for the then State-owned SA Lotteries, he helped lead the company's integration into Tatts Group after the acquisition of the operating rights under a 40 year agreement.

Prior to lotteries, Callum held several financial, marketing and sales roles for more than a decade at Westpac and Ford Australia.

Callum is a Director of the 50-50 Foundation Limited. He holds a Bachelor of Commerce, a Master of Business Administration, is a Certified Practising Accountant (CPA), and is a Graduate Member of the Australian Institute of Company Directors (AICD).

Andrew Shepherd
Chief Customer & Marketing Officer

Andrew is Chief Customer & Marketing Officer for The Lottery Corporation. He joined the lottery industry working for Golden Casket in 1997, which subsequently became part of Tatts Group in 2007 where he became the Head of Marketing.

Andrew has been involved in the launch of The Lott® master brand, The Lott® website and app development, the Powerball® game relaunch, and various product changes and campaigns. Over the past 30 years, he has worked across several industries in various marketing roles including the automotive, dairy, beverage, and lottery industries.

Andrew holds a Bachelor of Business (Marketing). He is a Graduate Member of the Australian Institute of Company Directors (AICD), and a member of various industry associations including the Australian Association of National Advertisers (AANA) and the Association for Data-driven Marketing & Advertising (ADMA).

Loren Somerville
Chief Information Officer

Prior to joining The Lottery Corporation, Loren was Chief Digital & Information Officer at Youi Insurance where she was accountable for digital strategy, its execution, and the operational IT function.

Loren has held a range of senior technology roles including at Gartner and Rio Tinto where she had management responsibility for portfolios such as functional, technical and software delivery, enterprise architecture and governance and portfolio management.

Loren is a Director of the 50-50 Foundation, a Graduate Member of the Australian Institute of Company Directors (AICD), and was named in CIO Magazine's Top 50 CIO list for 2021.

She holds a Bachelor of Commerce (Business Management) and Information Systems, and a certificate in Driving Digital Transformation from Harvard Business School.

Rob Ure
Chief Corporate Development Officer

Rob joined The Lottery Corporation as Chief Corporate Development Officer in 2023 and is responsible for the Company's inorganic growth initiatives. He brings extensive experience leading corporate development and strategy teams in both the corporate and investment banking sectors, in Australia and internationally.

Most recently, Rob was Director of Strategy and M&A at News Corp Australia, where he was responsible for corporate strategy, M&A, venture investments and innovation. Previously he has held senior corporate development roles at Wesfarmers and Coca-Cola Amatil.

Before joining the corporate sector, Rob worked in investment banking at Macquarie Capital, based in Sydney and New York. During that period, he spent almost a decade focusing on advisory and principal opportunities in the gaming sector globally.

He holds a Bachelor of Laws and a Bachelor of Economics (Economics and Accounting) from the University of Sydney.

Michelle Williams
Chief People Officer

Before The Lottery Corporation, Michelle was Chief People Officer at Tabcorp Holdings having joined in early 2020.

She was previously Group Director of Human Resources (HR) at Fairfax Media responsible for setting and implementing HR strategy across Fairfax's portfolio of newspapers, websites, radio stations, events, and digital ventures in Australia and New Zealand.

Michelle has also held HR roles with AXA Asia Pacific Holdings and Colonial Limited.

Michelle holds a Bachelor of Commerce and a Bachelor of Science. She is a member of the Australian Human Resources Institute (AHRI) and a Graduate Member of the Australian Institute of Company Directors (AICD).

Sustainability & Responsible Play

Sustainability

Creating social and community impact has been part of our DNA, from the early origins of lotteries to our business activities today. We're committed to amplifying our positive impact for our customers, our people and the communities we operate in.

In 2023, we conducted our first materiality assessment, listening to the voices of our stakeholders to better understand the topics that most affect, or have the potential to affect, our ability to create value for shareholders. The assessment informed our first sustainability strategy, which sets out our ambitions for positive impact across four pillars.

Operating our Business and Products Responsibly

We operate our business ethically and responsibly, helping customers to have fun whilst recognising our responsibility to help protect our customers from potential and actual harms arising from use of our products.

Supporting our Community

We have an important role to play in our communities, through supporting small business and collaborating with our philanthropic and foundation partners to deliver impactful outcomes where they are needed.

Nurturing our People

We strive to create a great place for our people to work, where we embrace their uniqueness, invest in their wellbeing, and support their development.

Reducing our Environmental Impact

We take action to reduce our impact on the environment, through our business operations and influencing value chain activities.

For more information on our sustainability performance, see our 2024 Sustainability Report at:
www.thelotterycorporation.com/esg-strategy

Our Commitment to Responsible Play

Our commitment to responsible play is part of our purpose, built into our policies and procedures and drives decision making across our business. We operate in accordance with our Responsible Gambling Codes of Conduct/Practice and applicable state and territory legislative requirements, and support an approach that aims to go beyond regulatory compliance.

In FY24 we strengthened interventions for identified potential high-risk customers, self regulated through advertising and marketing restrictions to reduce exposure to minors and vulnerable groups and uplifted training for our retail outlets and our own people.

We remain committed to supporting our customers and minimising the risk of gambling harm through our customer support and intervention tools, and utilising research and insights.

A Leader in Responsible Play

In June 2024, The Lottery Corporation was re-certified by the World Lottery Association (WLA), retaining our Level 4 Responsible Gaming Framework (RGF) certification.

The three-year certification was first awarded to us in 2017, again in 2020, and our ongoing commitment to customer protection and continuous improvement of our Responsible Play Program was recognised at WLA's 2022 Responsible Gaming Awards, where The Lottery Corporation won the Best Overall Responsible Gaming Program.

The WLA RGF is internationally recognised as the benchmark for responsible gaming within the lotteries industry, and Level 4 re-certification was awarded in recognition of both our commitment to responsible gaming and demonstrated year on year improvement of our responsible gaming approach across each of the ten program elements of the RGF, which include research, advertising, employee and retailer programs and player education.

Community Contributions

Throughout the decades, lottery proceeds have funded community services such as health, education and infrastructure. We endeavour to keep that legacy going at The Lottery Corporation. In FY24 we:

- continued support of the 50-50 Foundation which includes provision of technology, corporate services and a dedicated eight person Charitable Games team employed by The Lottery Corporation, which enabled more than $3.3m to be raised for 600-plus charities and community organisations
- contributed $5.0m to community, with funding sourced through our operating expenditure, unclaimed lottery prize money in QLD and the NT and as part of state and territory licence agreements in the ACT, NT and QLD. Recipients included The Mater Foundation, Disaster Relief Australia, The Sydney Opera House and Starlight Children's Foundation.

FY24 Sustainability Highlights

World Lottery Association
Level 4
Responsible Gaming Accreditation retained

$1.9b Paid in state Lotteries & Keno taxes

$725m Paid in commissions to retail partners

$3.3m
Raised for charities through our support of the 50-50 Foundation

71%
Employee Engagement

$5.0m
Total Community Contributions

40.4%
Women in Senior Leadership

Corporate Governance

Corporate Governance

The Lottery Corporation is committed to high standards of corporate governance and the Directors believes this underpins strong sustainable business performance.

For the financial year ended 30 June 2024, The Lottery Corporation complied with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition). Details of The Lottery Corporation's compliance are set out in the 2024 Corporate Governance Statement and in the Appendix 4G. The Corporate Governance Statement is current as at 21 August 2024 and has been approved by the Board.

FY24 corporate governance activities

Board, Committee and Executive Renewal

- The Board elected Dr Doug McTaggart as its Chairman (effective 1 March 2024) following the retirement of Mr Steven Gregg.
- Mr Stephen Morro was appointed a Non-executive Director (effective 11 December 2023), having been appointed as an Observer on 30 June 2023.
- The Board reviewed and revised the composition of its Committees following the change of Chairman, including the appointment of Mr John O'Sullivan (Non-executive Director) as Chairman of the Risk and Compliance Committee.
- Mr Nicholas Allton was appointed as Chief Legal Officer (effective 5 August 2024).

Strategic objectives and performance

- The Board oversaw the evolution and execution of the Company's corporate strategy including heightened activity to enhance the value of existing licences, drive product innovation and improve the digitally enabled customer experience.

Culture and governance

- The Board continued to monitor the Company's culture including through the use of periodic surveys and engaged with the Executive Leadership Team to oversee actions in response to staff feedback.
- The Board and the People and Remuneration Committee continued to review and oversee the Group's remuneration arrangements to ensure they remain fair, competitive and encourage strong business performance and shareholder value creation, while being in line with our approach to risk management and compliance.
- Ongoing review of key governance documents and corporate policies – including the Board and Committee Charters, delegated approvals and authorities limits and The Lottery Corporation's Treasury Policy.

Risk management

- The Board and Risk and Compliance Committee continued to oversee programs to uplift data protection and cyber security which include ongoing investments in technology to enhance the Company's business resilience.
- The Board oversaw (and participated in) a crisis management exercise and oversaw the development and implementation of actions to further improve the Company's preparedness for a crisis.
- The Board participated in the ongoing review and refinement of the Company's risk catalogue, top risks, risk assessment methodology and risk appetite statements.

The Lottery Corporation's 2024 Corporate Governance Statement is available at: **www.thelotterycorporation.com/about/corporate-governance**

Directors' Report

Directors' Report

The Directors of The Lottery Corporation Limited (**The Lottery Corporation**, or the **Company**) present their report for the consolidated entity comprising the Company and its subsidiaries (the **Group**) in respect of the financial year ended 30 June 2024.

1. Principal activities

The principal activities of the Group during the financial year comprised the provision of gaming and entertainment services. The Group's principal activities remain unchanged from the previous financial year, except as disclosed elsewhere in this Directors' Report.

2. Operating & Financial Review

The financial results of the Group for the financial year ended 30 June 2024 comprise its two operating segments of Lotteries and Keno. The activities and financial performance of the Group and each of its operating segments for the financial year are set out in the Operating & Financial Review.

Lotteries

The Lotteries business has the following operations which are supported by various licences/approvals.

Lotteries operations:

- The Lott® is the brand that unites The Lottery Corporation's licensed lottery operations under one banner. The Lottery Corporation conducts lotteries in all states and territories of Australia, except Western Australia, under licence arrangements.
- Our leading game brands include Set for Life®, Powerball®, Oz Lotto®, TattsLotto®, Saturday Lotto, Gold Lotto®, X Lotto, Weekday Windfall lottery, Lucky Lotteries®, Lotto Strike®, Super 66®, Instant Scratch-Its® and Keno.
- Our Lotteries products can be purchased in newsagencies, convenience stores and other retail outlets, online at thelott.com and via our mobile app.

Lotteries licences/approvals:

- NSW Operator Licence and various product licences expire in April 2050.
- Victorian Public Lottery Licence expires in June 2028.
- Queensland Licensed Lottery Operator's Licence expires in July 2072.
- Lotteries operates under an agency agreement with the Lotteries Commission of South Australia which runs until December 2052.
- Tasmanian Lotteries operate under renewable five-year permits linked to Victorian (June 2025) and Queensland (June 2028) licences.
- ACT Approval to conduct a lottery indefinitely unless revoked.
- Northern Territory Lottery Agreement expires in June 2032, with permit to sell Instant Scratch-Its® tickets expiring in 2028.

Directors' Report

Keno

The Keno business has the following operations which are supported by various licences/approvals.

Keno operations:

- Keno is a random number game with games typically running every three minutes with the chance for customers to win instant prizes and multi-million-dollar life-changing jackpots.
- Keno is played in clubs, hotels and TABs in Victoria, Queensland, South Australia and ACT, and in clubs and hotels in NSW, and is available online in ACT and Victoria.
- Keno jackpot pooling across NSW, Victoria, Queensland and ACT.

Keno licences/approvals:

- NSW Keno Licence expires in April 2050. The Lottery Corporation operates Keno in NSW as co-licensee with ClubKeno Holdings Pty Ltd under management and operating agreements.
- Victorian Keno Licence expires in April 2042.
- Queensland Keno Licence expires in June 2047.
- Keno operates under an agency agreement with the Lotteries Commission of South Australia which runs until December 2052.
- ACT Approval and agreement to conduct Keno expires in May 2072.

3. Significant changes in the state of affairs

Other than the changes outlined in this Directors' Report or in the Operating & Financial Review, there have been no other matters or significant changes in the state of affairs during the financial year.

4. Significant events after the end of the financial year

There have been no matters or circumstances that have arisen since the end of the financial year, which are not otherwise dealt with in this Directors' Report or in the Financial Report, that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

5. Business strategies

The Lottery Corporation is one of Australia's leading gaming and entertainment companies and seeks to deliver sustainable superior returns to its shareholders through the delivery of financial, operational and leadership excellence. To achieve these outcomes, the Group continues to focus on a number of strategic priorities, which are discussed on pages 21 to 23.

6. Likely developments and expected results

The achievement of the anticipated results in future financial years is dependent on a range of factors and may be adversely affected by any number of events, and are subject to, among other things, material business risks.

The Directors have excluded from this Directors' Report any further information on the likely developments in the operations of the Group and the expected results of those operations in future financial years, as the Directors have reasonable grounds to believe that to include such information, will be likely to result in unreasonable prejudice to the Group.

7. Directors

The names and details of the Company's Directors in office during the financial year and until the date of this Directors' Report are set out below. Directors were in office for this entire period unless otherwise stated.

- Doug McTaggart – appointed 31 October 2022
- Sue van der Merwe – appointed 20 May 2022
- Anne Brennan – appointed 20 May 2022
- Harry Boon – appointed 20 May 2022
- Stephen Morro – appointed 11 December 2023
- John O'Sullivan – appointed 31 October 2022
- Megan Quinn – appointed 31 October 2022
- Steven Gregg – retired 31 March 2024

The Directors' qualifications, experience and special responsibilities are detailed in the following section.

Directors

Doug McTaggart

Independent Chairman

Bachelor of Economics (Honours)
Master of Arts (Economics) PhD
Life Fellow of the Australian Institute of Company Directors (AICD)
Senior Fellow of the Financial Services Institute of Australasia (FINSIA)

Doug McTaggart is the Chairman of the Board of The Lottery Corporation and the Chairman of the Nomination Committee.

He is the Chairman of Indigenous Business Australia Asset Management.

Doug recently retired as a Director of Suncorp Group and was formerly the Chairman of Spark Infrastructure RE and a member of the Australian National University Council. He was also a Director of UGL and the former Chairman of SunCentral Maroochydore.

Doug was previously Chief Executive Officer of the Queensland Investment Corporation (QIC), a member of the Council of Australian Governments' (COAG) Reform Council, Councillor on the National Competition Council (NCC), and Professor of Economics and Associate Dean at Bond University.

Other ASX Company directorships in the past three years:

- Suncorp Group Limited from April 2012 to December 2023
- Spark Infrastructure RE Limited from December 2015 to April 2022

Sue van der Merwe

Managing Director and Chief Executive Officer

Bachelor of Social Science, Marketing and Economics

Sue van der Merwe is The Lottery Corporation's Managing Director and Chief Executive Officer, a role she was appointed to following the demerger from Tabcorp Holdings in 2022.

She previously led Tabcorp Holdings' Lotteries & Keno business, serving as its Managing Director since the 2017 combination of Tabcorp Holdings and Tatts Group. Prior to that, she was Chief Operating Officer of Lotteries at Tatts Group.

In a career in lotteries spanning more than 30 years, Sue has played a central role in the successful development of the Australian industry and was instrumental in the acquisition of multiple lottery licences and the successful integration of these businesses.

She is also the Chairman of the Asia Pacific Lottery Association, sits on the World Lottery Association Executive Committee, and was inducted into the Public Gaming Research Institute's (PGRI's) Lottery Industry Hall of Fame in 2016, recognising her contribution to world lottery excellence and integrity.

Harry Boon

Independent Non-executive Director

Bachelor of Laws (Honours)
Bachelor of Commerce

Harry Boon is the Chairman of the People and Remuneration Committee, and a member of the Audit and Nomination Committees of The Lottery Corporation.

He was a Non-executive Director of Tabcorp Holdings from December 2017 following the Tabcorp-Tatts Group combination, until the demerger. Prior to that, he was Chairman of Tatts Group, and served as a Non-executive Director of Tatts Group from May 2005.

Harry is the former Chairman of Asaleo Care Limited and a former Director of Toll Holdings. Harry was Managing Director and Chief Executive Officer of ASX-listed company Ansell Limited for 15 years until he retired, a position which capped a career spanning 28 years with Ansell Limited in senior positions across Australia, Europe, the USA, and Canada.

Other ASX Company directorships in the past three years:

- Tabcorp Holdings Limited from December 2017 to May 2022

Directors

Stephen Morro
Independent
Non-executive Director

Bachelor of Arts - Business Administration

Stephen Morro is a member of the People and Remuneration, Risk and Compliance and Nomination Committees of The Lottery Corporation.

Stephen is a Non-executive Director of Light & Wonder and a former Director of Dreamscape Entertainment Integrated Resorts.

He has more than 30 years of experience in the highly regulated gaming industry as a supplier, operator, and regulator.

From 1988 to 2010, Stephen held various roles at International Game Technology PLC, including as President of the North American Gaming Division and Chief Operating Officer.

Stephen also served as a Non-executive Director of Aristocrat Leisure Limited from 2010 to 2020, including as Lead US Director.

Other ASX Company directorships in the past three years:

- Light & Wonder since August 2022

Megan Quinn
Independent
Non-executive Director

Graduate Member of the Australian Institute of Company Directors (AICD)

Megan Quinn is a member of the People and Remuneration, Risk and Compliance, and Nomination Committees of The Lottery Corporation.

Megan is a Non-executive Director of Reece Limited and City Chic Collective Limited and a former Non-executive Director of InvoCare Limited.

Megan has more than 30 years of global experience as a senior executive, entrepreneur, advisor, and Non-executive Director across a range of industries.

She co-founded international online luxury retailer Net- A-Porter and is a recognised customer, brand, digital transformation, and multi-channel expert.

Megan previously served on the Board and National Committee of UNICEF Australia.

Other ASX Company directorships in the past three years:

- Reece Limited since August 2017
- City Chic Collective Limited since October 2012
- InvoCare Limited from October 2018 to November 2023 (when InvoCare was acquired by TPG Capital and delisted from the ASX).

John O'Sullivan
Independent
Non-executive Director

Bachelor of Laws, Bachelor of Arts Master of Laws

John O'Sullivan is the Chairman of the Risk and Compliance Committee and a member of the Audit and Nomination Committees of The Lottery Corporation.

John is the Chairman of Abacus Storage King and an Ambassador for the Australian Indigenous Education Foundation.

John was a Partner at Freehill Hollingdale & Page (now Herbert Smith Freehills) practising in corporate, finance, mergers, and acquisitions.

He was also General Counsel of the Commonwealth Bank of Australia (CBA), Executive Chairman of Investment Banking and Capital Markets (Australia) at Credit Suisse Australia, a former member of the Australian government's Takeovers Panel and a Director of AMP Limited.

Other ASX Company directorships in the past three years:

- Abacus Storage King from June 2023
- AMP Limited from June 2018 to April 2022

Anne Brennan

Independent Non-executive Director

Bachelor of Commerce (Honours)
Fellow of Chartered Accountants of Australia & New Zealand (CA ANZ)
Fellow of the Australian Institute of Company Directors (AICD)

Anne Brennan is the Chair of the Audit Committee, a member of the People and Remuneration Committee, and a member of the Nomination Committee of The Lottery Corporation.

She was a Non-executive Director of Tabcorp until the demerger.

Anne is a Director of Endeavour Group, GPT Group and the NSW Treasury Corporation.

She was formerly a director of Rabobank New Zealand and Rabobank Australia, the Executive Finance Director of Coates Group and Chief Financial Officer at CSR Limited. Prior to that she was a partner at both KPMG (then Arthur Andersen) and Ernst & Young.

Other ASX Company directorships in the past three years:

- Endeavour Group Limited since June 2022
- GPT Group since May 2022
- Argo Investments Limited from September 2011 to October 2022
- Tabcorp Holdings Limited from July 2020 to May 2022
- Spark Infrastructure RE Limited from June 2020 to December 2021
- Metcash Limited from March 2018 to May 2021
- Charter Hall Group from October 2010 to May 2021

Directors' Report

8. Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the Directors in the shares and options of The Lottery Corporation Limited were:

Doug McTaggart	Sue van der Merwe
40,874	539,900
Anne Brennan	**Harry Boon**
18,182	76,364
Stephen Morro	**John O'Sullivan**
40,000	41,191
Megan Quinn	
10,000	

9. Directors' interests in contracts

Some Directors, or related entities of the Directors, may conduct transactions with entities within the Group that occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the entity would have adopted if dealing with the Director or Director-related entity on normal commercial terms and conditions.

The Board assesses the independence of Directors and, among other things, takes into account any related party dealings referable to a Director which are material and require disclosure under accounting standards, and whether any Director is, or is associated with, a supplier, professional adviser, consultant to or customer of the Group which is material. No such circumstances arose during the financial year.

10. Indemnification and insurance of Directors and officers

The Lottery Corporation's constitution provides that the Company will indemnify each Director and officer to the extent permitted by law against any liability incurred by that officer as an officer of the Company or a related body corporate.

In accordance with The Lottery Corporation's constitution, the Company has entered into deeds of indemnity, insurance and access with each of The Lottery Corporation's Directors.

The Lottery Corporation has paid a premium in respect of a contract insuring Directors and officers against any liability incurred by them arising out of the conduct of the business of The Lottery Corporation or in or arising out of the discharge of their duties. In accordance with normal commercial practices, under the terms of the insurance contracts, the details of the nature and extent of the liabilities insured against and the amount of premiums paid are confidential.

11. Company Secretary

Daniel Csillag is the General Manager, Company Secretariat and Company Secretary of The Lottery Corporation. He is responsible for managing company secretariat and corporate governance support across the Group.

Daniel holds a Bachelor of Laws and a Bachelor of Arts (Soc) from the University of New South Wales. He is a Fellow of the Governance Institute of Australia and is a Graduate Member of the Australian Institute of Company Directors (AICD).

12. Environmental regulation and performance

The Lottery Corporation recognises it has an impact on the environment, directly through its operations, and indirectly through its value chain. The Company is taking action to reduce the environmental impact of its operations. The Company also recognises that climate change is a significant global challenge and is committed to identifying and managing climate-related risks and opportunities across its business.

During the financial year ended 30 June 2024, no environmental breaches have been notified to the Group by any government agency.

13. Political contributions and engagement

The Lottery Corporation's Political Contributions Policy acknowledges the responsibility the Company has to its shareholders and stakeholders to participate in the process of public policy development.

As part of this, The Lottery Corporation holds memberships of political party networking forums and attends events that support political parties as they participate in the democratic system of parliamentary government in Australia. In FY24, The Lottery Corporation's political contributions totalled $115,000.

The Lottery Corporation's principles around its political contributions include maintaining an honest and transparent approach; no 'cash-only' donations; and a bipartisan approach as much as practicable. Priorities include advocating for sustainable lotteries sectors across Australia, strong responsible gambling and consumer protection laws and strategic priorities to create value for The Lottery Corporation customers, partners, the community and shareholders.

The Lottery Corporation's Political Contributions Policy is available on The Lottery Corporation's website (www.thelotterycorporation.com) under the Corporate Governance section.

14. Rounding of amounts

Dollar amounts in the Financial Report and the Directors' Report have been rounded to the nearest hundred thousand unless specifically stated to be otherwise, in accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

15. Auditors

The Group's external auditor is Ernst & Young Australia. The Group's internal auditor is KPMG.

16. Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young Australia during or since the financial year.

17. Non-audit services

Ernst & Young Australia, the external auditor to the Company and the Group, provided non-statutory audit services to the Company during the financial year ended 30 June 2024. The Directors are satisfied that the provision of non-statutory audit services during this period was compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-statutory audit service provided means that auditor independence was not compromised.

The Audit Committee reviews the activities of the independent external auditor and reviews the auditor's performance on an annual basis. The Chairman of the Audit Committee must approve all non-statutory audit and other work to be undertaken by the auditor (if any).

Ernst & Young Australia, acting as the Company's external auditor, received or are due to receive $236,000 in relation to the provision of other assurance services (of which $140,000 is reimbursed to the Group by the Lotteries Commission of South Australia) in respect of the financial year ended 30 June 2024. Amounts paid or payable by the Company for audit and non-statutory audit services are disclosed in note E5 to the Financial Report.

18. Directors' meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director is set out in the table below.

2024 Annual Report – Meeting Attendance Table[(i)]

Director	Board Meetings		Committee Meetings							
			Audit		People & Remuneration		Risk & Compliance		Nomination	
	held/ attended BM	held/ attended as O	held/ attended as CM	held/ attended as O or NCM	held/ attended as CM	held/ attended as O or NCM	held/ attended as CM	held/ attended as O or NCM	held/ attended as CM	held/ attended as O or NCM
Doug McTaggart [(ii)]	10/10	N/A	3/3	1/1	N/A	4/4	1/1	3/3	N/A	N/A
Sue van der Merwe [(ii)]	10/10	N/A	N/A	4/4	N/A	4/4 [(v)]	N/A	4/4	N/A	N/A
Harry Boon	11/11	N/A	4/4	N/A	4/4	N/A	N/A	2/4	1/1	N/A
Anne Brennan	10/11	N/A	4/4	N/A	4/4	N/A	N/A	3/4	1/1	N/A
Stephen Morro [(iii)]	5/5	6/6	N/A	4/4	2/2	1/2	3/3	1/1	1/1	N/A
John O'Sullivan	11/11	N/A	1/1	3/3	2/2	2/2	4/4	N/A	1/1	N/A
Megan Quinn	9/11 [(vi)]	N/A	N/A	4/4	4/4	N/A	4/4	N/A	0/1	N/A
Former Director										
Steven Gregg [(iv)]	9/9	N/A	N/A	3/3	N/A	3/3	N/A	1/2	1/1	N/A

Legend:	BM = Board Member	CM = Committee Member	NCM = Non-Committee Member	O = Observer

(i) In the reporting period, following the appointment of Dr Doug McTaggart as Chairman of the Board and Mr Stephen Morro as a Director, the Board reviewed and revised the composition of the Board Committees. Changes to the composition of the Board Committees were made having regard to the Directors' skills and experience. The meeting attendance table should be read in conjunction with the Board Committee composition changes outlined in the 2024 Corporate Governance Statement.

(ii) Dr Doug McTaggart and Ms Sue van der Merwe were not eligible to attend the Nomination Committee and Board meetings related to the appointment of Dr Doug McTaggart as the new Chairman of the Board.

(iii) Mr Stephen Morro commenced as a Non-executive Director on 11 December 2023, having first been appointed as an Observer to the Board on 30 June 2023.

(iv) Mr Steven Gregg retired as Chairman of the Board effective 29 February 2024 and as a Director effective 31 March 2024.

(v) Ms Sue van der Merwe was not present during discussions related to the review of her performance and her remuneration arrangements.

(vi) Absences were due to previously notified conflicts.

19. Auditor's independence declaration

Included on page 49 is a copy of the auditor's independence declaration provided under section 307C of the Corporations Act in relation to the audit for the financial year ended 30 June 2024. This auditor's independence declaration forms part of this Directors' Report.

20. Remuneration Report

The Remuneration Report for the financial year ended 30 June 2024 forms part of this Directors' Report and can be found on pages 50 to 76.

This Directors' Report has been signed in accordance with a resolution of Directors.

Dr Doug McTaggart
Chairman

Sue van der Merwe
Managing Director and Chief Executive Officer

21 August 2024

Ernst & Young
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Auditor's independence declaration to the directors of The Lottery Corporation Limited

As lead auditor for the audit of the financial report of The Lottery Corporation Limited for the financial year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of The Lottery Corporation Limited and the entities it controlled during the financial year.

Ernst & Young

Michael Collins
Partner
21 August 2024

Remuneration Report

Letter from the People and Remuneration Committee Chairman

On behalf of the Board and the People and Remuneration Committee, I am pleased to present the FY24 Remuneration Report of The Lottery Corporation.

A successful year

The Lottery Corporation group revenue was up 13.8% on the pcp to $3,996.6m and EBITDA (before significant items)[i] was up 16% on the pcp to $827.1m. This strong operating performance again demonstrated the benefits of our diversified and balanced game portfolio and the exceptional efforts of our 800-plus employees in delivering a successful year. A favourable run of major jackpots in Powerball® and Oz Lotto® more than offset some softness in base games amid slowing consumer spending.

Growth continued in the number of active registered Lotteries customers to a record 4.75 million, evidencing the wide appeal of our portfolio of products, which was further strengthened with the launch of Weekday Windfall lottery in May 2024.

We made strong progress in completing our strategic initiatives, including the successful finalisation of our separation from Tabcorp within set milestones and cost targets.

At the same time, we maintained focus on the responsible delivery of our products and once again received World Lottery Association Level 4 accreditation for our Responsible Play Program – the highest certification that can be awarded to lottery operators.

The Board and People and Remuneration Committee continued to review and oversee the Group's remuneration arrangements to ensure they remain fair, competitive and encourage strong business performance and shareholder value creation, while being in line with our approach to risk management and compliance. Some of the key remuneration and incentive matters considered include:

Fixed remuneration

We conducted detailed benchmarking across the ASX 25 to 75 to help ensure our Executives' remuneration remains competitive to attract, retain and motivate talented Executives. The Board determined that the Managing Director and Chief Executive Officer's (MD & CEO) remuneration would increase by 3.5% effective from 1 September 2024 considering alignment to market, experience in role and strong business performance.

Our Chief Financial Officer, Chief Commercial Officer and Chief Customer and Marketing Officer also received moderate increases averaging 3.5%, commensurate with their respective roles, experience and to ensure alignment to market.

Short term incentive (STI) opportunity and plan

In determining the formation and size of the STI pool for FY24, the Board considered the Group's performance against pre-established targets across financial, strategic, customer, people, and culture categories. Based on actual financial outcomes an intial pool of 118% of Target would have been generated. In balancing all applicable factors, including financial, non-financial, risk, sustainability and favourable jackpot outcomes, the Board applied its considered judgement to adjust the pool to 108% of Target, appropriately reflecting the record year.

(i) 'Non-IFRS' information and unaudited.

Long-term incentive (LTI) opportunity and vesting

The MD & CEO FY24 LTI offer was approved at the Company's AGM in 2023. Subsequent offers were made to executive KMP in line with the same structure.

No LTIs vested in FY24. Retention shares provided to KMP as a result of the demerger in June 2022, matured and were released during the year.

Non-executive Director fees

Following a review and external benchmarking, it was determined that Non-executive Director fees were competitive and appropriate for their responsibilities. The statutory 0.5% Superannuation Contribution Guarantee increase on 1 July 2024 was implemented by reducing Non-executive Director cash fees, as was done in the two prior years. This resulted in Non-executive Director fees (including superannuation) again remaining unchanged and no further change to Non-executive Director fees is proposed in FY25.

FY25 remuneration framework

The Committee and Board reviewed the remuneration framework to ensure that outcomes continue to be aligned with creating shareholder value, promoting the right behaviours, and delivering ethical and sustainable financial and non-financial performance. As part of this process, the Board considered feedback from shareholders, shareholder representative groups, proxy advisors and other stakeholders.

The Board approved changes to the LTI structure for FY25 to ensure it remains strategically aligned, market competitive and in line with shareholder interests.

The FY25 LTI offer will have two performance measures. 50% of the allocation will be assessed against relative Total Shareholder Return (TSR) and 50% will be assessed against a newly introduced Return on Invested Capital (ROIC) measure. ROIC is strongly aligned with long-term value creation and is within management's control. Measurement will be based on average ROIC performance over three years commencing 1 July 2024 against threshold, target and stretch metrics set relative to budget and the corporate plan.

The MD & CEO's LTI offer will be presented to shareholders at the Company's 2024 AGM, with the intention to offer it to other KMP with similar performance criteria post that meeting.

Conclusion

The People and Remuneration Committee will continue to focus on overseeing remuneration strategies and policies that enable the Company to work towards being the world's best lottery operator, create value for shareholders, and make positive impacts for our customers, communities, and people.

Harry Boon

People & Remuneration
Committee Chairman

Introduction

This Remuneration Report details the remuneration policies and arrangements for the Key Management Personnel (KMP) of the Group, comprising The Lottery Corporation and its subsidiaries, for the year ended 30 June 2024 (FY24).

KMP are those persons having the authority and responsibility for planning, directing, and controlling the activities of The Group, and comprises the Directors of The Lottery Corporation and certain members of the Executive Leadership Team. This Remuneration Report is presented in accordance with the requirements of the Corporations Act 2001 and its regulations and has been audited as required by section 308(3C) of the Corporations Act.

1. Key Messages and Summary

Table 1: Overview of FY24 and FY25 remuneration

<table>
<tr><th></th><th colspan="6">FY24</th><th colspan="2">FY25</th></tr>
<tr><td colspan="9">Non-executive Director fees</td></tr>
<tr><td>Board and Board Committee fees</td><td colspan="6">No change from FY23. However, cash fees decreased by 0.5% in July 2023 to absorb the corresponding SGC [(i)] rate increase. This resulted in overall fees remaining unchanged.</td><td colspan="2">No change from FY24. However, cash fees decreased by 0.5% in July 2024 to absorb the corresponding SGC[(i)] rate increase. This resulted in overall fees remaining unchanged.</td></tr>
<tr><td colspan="9">MD & CEO remuneration</td></tr>
<tr><td>Fixed remuneration</td><td colspan="6">$1,500,000 (no change from FY23)</td><td colspan="2">$1,552,500 (3.5% increase from FY24, effective from 1 September 2024)</td></tr>
<tr><td rowspan="3">Short term incentive (STI) opportunity and award</td><td colspan="2">Target opportunity</td><td colspan="2">Maximum opportunity</td><td colspan="2">Actual FY24 award</td><td>Target opportunity</td><td>Maximum opportunity</td></tr>
<tr><td colspan="2">$1,500,000 (100% of fixed remuneration)</td><td colspan="2">$2,250,000 (150% of fixed remuneration)</td><td colspan="2">$1,620,000 (108% of fixed remuneration)</td><td>$1,552,500 (100% of fixed remuneration)</td><td>$2,328,750 (150% of fixed remuneration)</td></tr>
<tr><td colspan="8">50% of Ms van der Merwe's STI award is delivered in Restricted Shares (restricted for 2 years). Restricted Shares are subject to malus, clawback and service conditions.</td></tr>
<tr><td rowspan="3">Long term incentive (LTI) opportunity and vesting</td><td colspan="3">Target opportunity</td><td colspan="3">Maximum opportunity</td><td>Target opportunity (unchanged)</td><td>Maximum opportunity (unchanged)</td></tr>
<tr><td colspan="3">$1,500,000 (100% of fixed remuneration)</td><td colspan="3">$3,000,000 (200% of fixed remuneration)</td><td>$1,552,500 (100% of fixed remuneration)</td><td>$3,105,000 (200% of fixed remuneration)</td></tr>
<tr><td colspan="8">The first LTI offer was made in FY23 following the demerger from Tabcorp. A second LTI offer was made in FY24 and includes an additional one-year holding lock on any LTI awards that vest. Both the FY23 and FY24 offers have a three-year performance period therefore no LTI awards vested in FY24 or will vest in FY25.</td></tr>
<tr><td colspan="9">Other executive KMP</td></tr>
<tr><td>Fixed remuneration</td><td colspan="6">An average increase of 5.2% across the executive KMP, effective 1 September 2023. The SGC [(i)] rate increase of 0.5% in July 2023 was absorbed into KMP salaries resulting in reduction of base pay.</td><td colspan="2">An average increase of 3.5% across the executive KMP, effective 1 September 2024. The SGC [(i)] rate increase of 0.5% in July 2024 was absorbed into KMP salaries resulting in reduction of base pay.</td></tr>
<tr><td rowspan="3">Short term incentive (STI) opportunity and award</td><td colspan="2">Average target opportunity</td><td colspan="2">Average maximum opportunity</td><td colspan="2">Average actual FY24 award</td><td>Average target opportunity</td><td>Average maximum opportunity</td></tr>
<tr><td colspan="2">$337,333 (50% of fixed remuneration)</td><td colspan="2">$674,666 (100% of fixed remuneration)</td><td colspan="2">$402,120 (60% of average fixed remuneration)</td><td>$349,167 (50% of fixed remuneration)</td><td>$698,333 (100% of fixed remuneration)</td></tr>
<tr><td colspan="8">25% of executive KMP's STI awards are delivered in Restricted Shares (restricted for 2 years). Restricted Shares are subject to malus, clawback and service conditions.</td></tr>
<tr><td rowspan="3">Long term incentive (LTI) opportunity and vesting</td><td colspan="3">Average target opportunity</td><td colspan="3">Average maximum opportunity</td><td>Average target opportunity</td><td>Average maximum opportunity</td></tr>
<tr><td colspan="3">$337,333 (50% of fixed remuneration)</td><td colspan="3">$674,666 (100% of fixed remuneration)</td><td>$349,167 (50% of fixed remuneration)</td><td>$698,333 (100% of fixed remuneration)</td></tr>
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</table>

(i) SGC – mandatory Superannuation Guarantee Contribution.

2. Key Management Personnel (KMP)

- Mr Gregg retired as Chairman of The Lottery Corporation from 29 February 2024. He remained as a Non-executive Director until 31 March 2024.
- Dr McTaggart commenced as Chairman from 1 March 2024.
- Mr Morro was an Observer to the Board from 1 July 2023 until he was formally appointed as a Non-executive Director from 11 December 2023.

Table 2: KMP for FY24

Name	Position held	Period in position
Current Non-executive Directors		
Doug McTaggart	Chairman and Non-executive Director	Non-executive Director from 1 July 2023 until 29 February 2024 Chairman from 1 March 2024
Harry Boon	Non-executive Director	Full year
Anne Brennan	Non-executive Director	Full year
Stephen Morro	Non-executive Director	From 11 December 2023, previously was an Observer
John O'Sullivan	Non-executive Director	Full year
Megan Quinn	Non-executive Director	Full year
Former Non-executive Director		
Steven Gregg	Chairman and Non-executive Director	Chairman from 1 July 2023 to 29 February 2024 Non-executive Director from 1 March 2024 to 31 March 2024
Current executive Director		
Sue van der Merwe	MD & CEO	Full year
Current executive KMP		
Callum Mulvihill	Chief Commercial Officer	Full year
Adam Newman	Chief Financial Officer	Full year
Andrew Shepherd	Chief Customer & Marketing Officer	Full year

3. Executive Remuneration

a) Governance and Structure

Diagram 1: Remuneration governance structure and framework

Board
The Board maintains accountability for the oversight of The Lottery Corporation's remuneration policies to ensure they are aligned with The Lottery Corporation's purpose, principles, strategic objectives, and risk appetite. The Board considers advice and recommendations from the People and Remuneration Committee with respect to the people and remuneration framework and its operation. The Board is responsible for approving and managing Non-executive Director fee arrangements and ensuring the MD & CEO's remuneration is shareholder-aligned, appropriate, competitive, and effectively aligned with Group and individual performance outcomes.

Risk and Compliance, and Audit Committees

The Risk and Compliance Committee reviews risk and compliance cultural indicators and performance.

The Audit Committee reviews sustainability matters aligned to our environmental, social and governance (ESG) agenda.

Both Committees work with the People and Remuneration Committee to ensure appropriate variable remuneration outcomes.

People and Remuneration Committee
The role of the Committee is to assist the Board in fulfilling its obligations to shareholders and regulators in relation to The Lottery Corporation's remuneration policies. The Committee does this by:

- Reviewing remuneration arrangements to ensure they continue to be fair, competitive, encourage strong business performance, shareholder value creation and are in line with our approach to risk management and compliance.
- Considering feedback from shareholders, shareholder representative groups, proxy advisors and other stakeholders when determining remuneration arrangements and outcomes.
- Setting people and remuneration strategies and policies, executive remuneration contracts, executive remuneration arrangements, designing organisation and executive incentive plans and approving executive incentive awards.
- Recommending new remuneration and incentive arrangements, key changes and Non-executive Director and MD & CEO remuneration arrangements to the Board.

Management
Management provides advice for the People and Remuneration Committee to consider on matters including:

- Remuneration arrangements for the MD & CEO, and executive level direct reports, including the establishing of new, or amendment to existing, incentive and equity plans.
- Annual performance review and remuneration outcomes of MD & CEO and executive level direct reports.
- Changes to the Group's remuneration policies.
- Risks that have materialised that the Committee (in conjunction with the Risk and Compliance Committee) should consider as part of the annual review and recommendation of remuneration outcomes for the MD & CEO, and executive level direct reports to assist with the exercise of any Board discretion.

b) Remuneration Framework

Our remuneration framework helps enable the achievement of our Vision, Purpose and Strategy. Our vision is to be the world's best lottery operator. Our purpose at The Lottery Corporation is to create positive impacts.

Our remuneration philosophy at The Lottery Corporation is to appropriately recognise, reward, and retain high performing talent, enabling our strategy, creating value for shareholders, and making positive impacts to customers, communities, and employees.

Our remuneration framework is supported by our remuneration principles.

Remuneration Principles

- Attract, retain and motivate diverse talent who have the right skills to deliver on our strategy and vision, through a competitive total reward proposition.
- Recognise and reward all employees for sustainable short and long-term Group, team and individual performance, behaviours and leadership that delivers on strategic and customer priorities and creates shareholder value.
- Increase employee shareholding, so they have a vested interest in the Group's success and their experience is aligned with that of shareholders.
- Recognise and reward performance and innovation that makes a positive impact to, and protects our employees, customers and communities.
- Operate a total reward framework that is simple, aims to eliminate bias and is transparent to better enable our people.

Our remuneration framework has three key elements:

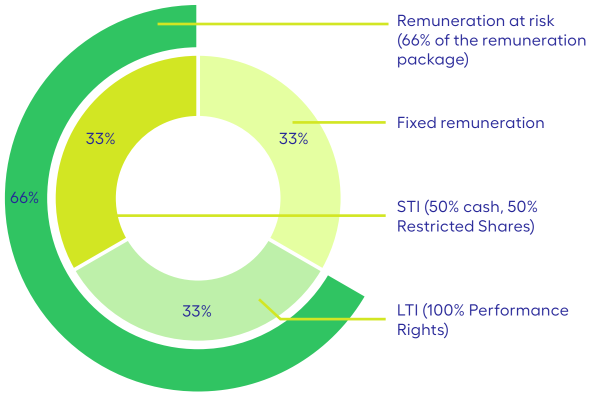
Fixed remuneration
Set to attract, retain and motivate executives and fairly compensate for the responsibilities of their roles.

Short term incentive (STI)
Rewards executives for delivering on annual financial and non-financial targets that align to the Group's strategic priorities and long-term Corporate Plan.

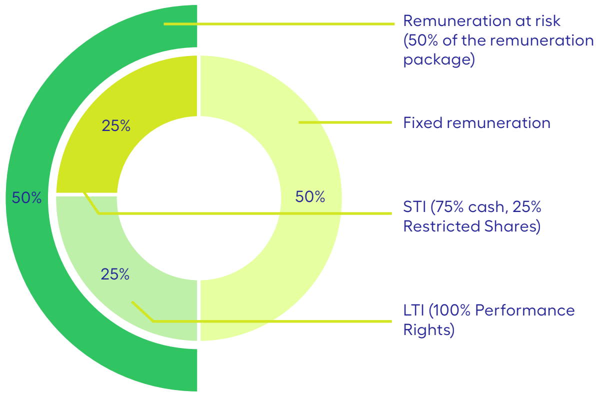
Long term incentive (LTI)
Rewards executives for delivering on long-term financial strategic goals which leads to sustained long-term value creation for shareholders.

Cash		Equity	
Fixed Remuneration is set considering both internal and external relativities for roles of similar size, complexity, performance, and experience.	50% of the MD & CEO's and 75% of the other executive KMP's STI awards are provided in cash.	50% of the MD & CEO's and 25% of the other executive KMP's STI awards are provided in Restricted Shares which are restricted for 2 years and subject to malus, clawback and service conditions.	The entire LTI grant is provided in Performance Rights which are subject to three-year performance conditions. Any Performance Rights that vest are subject to restriction for one further year. These shares are subject to clawback and malus provisions.

Target remuneration mix - MD & CEO



Target remuneration mix – executive KMP



To inform its decisions, the People and Remuneration Committee sources a range of data and may receive independent advice, as appropriate.

No independent remuneration-related advice was sought, and no remuneration recommendations were received, by The Lottery Corporation in respect of executive KMP during FY24 and to the date of this report.

The People & Remuneration Committee is governed by its Charter, which is available on The Lottery Corporation's website **www.thelotterycorporation.com** under the Corporate Governance section.

c) Contracted Remuneration

We aim to reward our executive KMP competitively and appropriately for:

Creating long-term shareholder value

Our short and long term incentive performance measures are directly linked to long-term shareholder value creation.

Behaving in line with our principles

All executive KMP are assessed both on performance and behaviours annually. This determines fixed and variable remuneration outcomes.

Acting in line with our enterprise risk management framework

Key scorecard measures and an STI sustainability modifier [i] ensure that executive KMP are rewarded for results that are achieved sustainably and ethically.

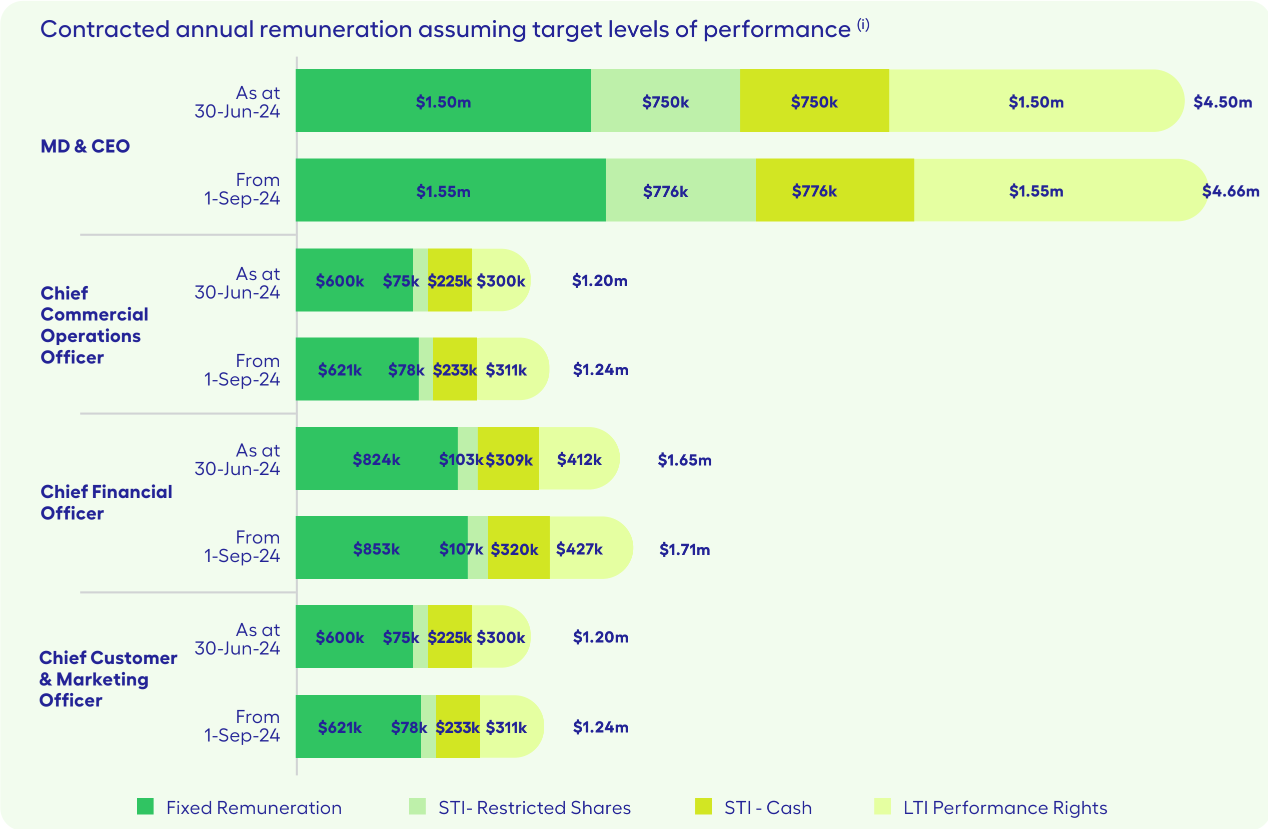
Strong Group financial and non-financial performance

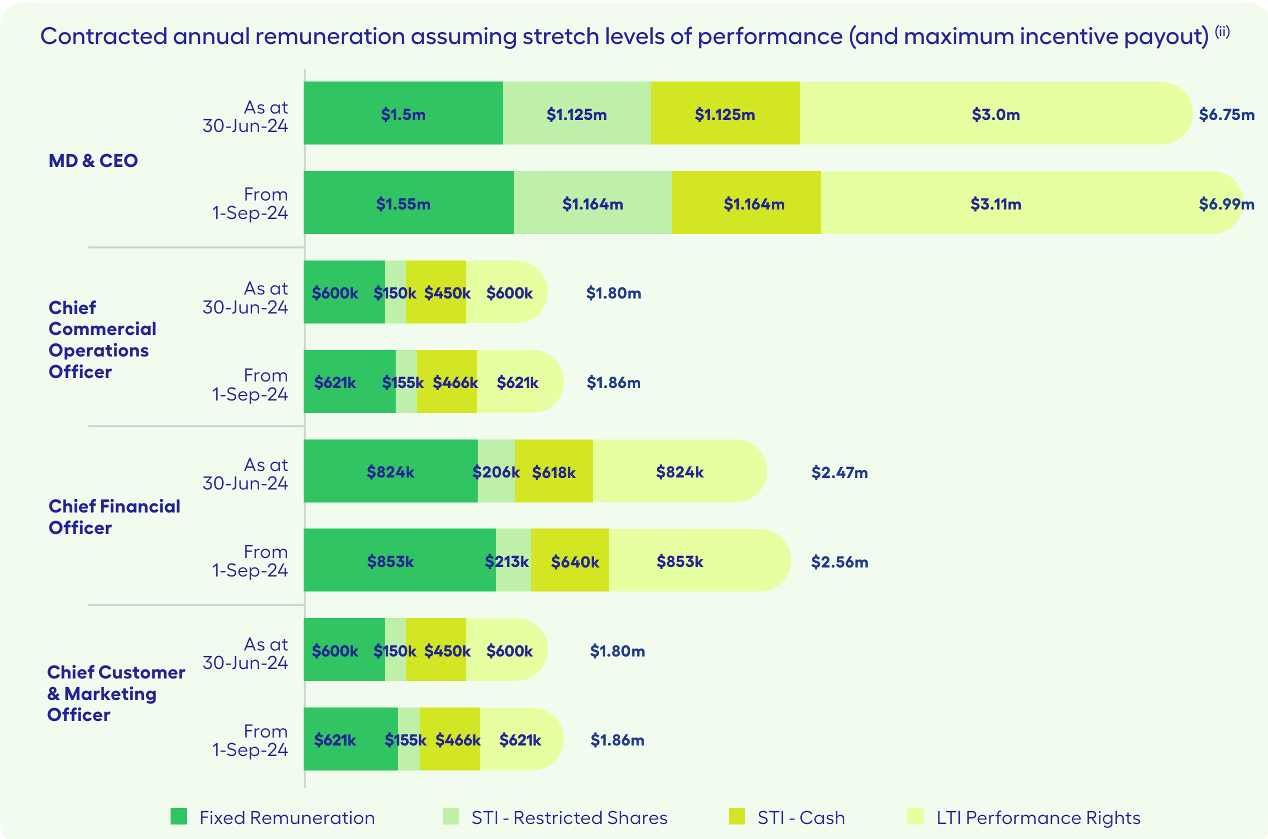
The STI pool is based on a financial hurdle and is set considering a range of outcomes against the Group STI scorecard which contains key measures that span both financial and non-financial targets (including strategic, customer and people and culture measures).

LTI measures are based on key strategic financial measures that align to the long-term Corporate Plan and value creation for shareholders.

(i) The sustainability modifier and its application is outlined on page 61.

Diagram 2: Executive Remuneration Packages (current and future)





(i) Target value represents annual remuneration where target levels of performance have been achieved, the target STI opportunity is awarded and 50% of the LTI Performance Rights (granted in that year) are assumed to vest (at the grant value).

(ii) Maximum value represents annual remuneration where stretch levels of performance have been achieved, the maximum STI opportunity is awarded and 100% of the LTI Performance Rights (granted in that year) are assumed to vest (at the grant value).

c) Contracted Remuneration (continued)

i) Contracted remuneration changes from 1 September 2024

Executive KMP salaries were reviewed with adjustments made on an individual basis to ensure alignment to market benchmarks and considering responsibilities and experience in role. The Board determined that the MD & CEO's remuneration would increase by 3.5% effective from 1 September 2024. Our Chief Financial Officer, Chief Commercial Officer and Chief Customer and Marketing Officer also received moderate increases averaging 3.5%, commensurate with their respective roles, experience and to ensure alignment to market.

d) Actual Remuneration Received in FY24

Table 3 provides a non-statutory voluntary disclosure of the total remuneration received by executive KMP during FY24. Some of the figures in the table have not been prepared in accordance with the Australian Accounting Standards. This additional information is supplementary to the remuneration disclosure prepared in accordance with the statutory requirements and Australian Accounting Standards as detailed in section 6 of this report. We believe this information will help shareholders understand the cash and other benefits received by executive KMP from the various components of their remuneration during FY24.

Table 3: Actual value of remuneration received by executive KMP during FY24

Executive KMP	Salary and Fees (i)	STI cash bonus (ii)	Superannuation	Value of Restricted Shares that became unrestricted (iii)	Value of LTI vested (iv)	Total
	$	$	$	$	$	$
Sue van der Merwe	1,330,377	750,000	169,623	349,435	-	2,599,435
Callum Mulvihill	564,268	206,250	27,399	254,953	-	1,052,870
Adam Newman	796,601	309,000	27,399	507,529	-	1,640,529
Andrew Shepherd	564,268	206,250	27,399	254,953	-	1,052,870
Total	**3,255,514**	**1,471,500**	**251,820**	**1,366,870**	**-**	**6,345,704**

(i) Comprises salary and sacrificed benefits (including salary sacrificed superannuation and motor vehicle novated leases including fringe benefits tax (FBT) where applicable).

(ii) STI cash bonus reflects the portion of the FY23 STI which was paid in August 2023.

(iii) Restricted Shares that became unrestricted relate to the release of the 2022 Retention Plan and calculated based on the market value of The Lottery Corporation shares at the date the restrictions ceased to apply (being 31 July 2023).

(iv) As FY24 was The Lottery Corporation's second year of operation there were no LTI awards that vested during FY24.

e) Remuneration Framework

i) Fixed remuneration

Our aim is to attract and retain talented team members by offering competitive and fair fixed remuneration levels.

What constitutes fixed remuneration?	Cash salary, statutory superannuation contributions and employee-elected salary sacrificed benefits.
How is it set?	With reference to the responsibilities and complexities of the role, the executive's knowledge, experience and skills and external market benchmarks.
What is our remuneration benchmarking peer group?	The ASX 25 to 75 group of companies.

ii) FY24 STI structure and operation

The FY24 STI plan focused participants on achieving the FY24 Group financial and non-financial performance targets which, in turn, helps to deliver the Group's strategy over the longer term. The STI plan also rewards participants for the demonstration of key behaviours aligned to our principles, which set the tone and culture of the organisation.

Diagram 3: Executive KMP FY24 STI operation summary

Target and maximum STI opportunity

Executive KMP were assigned target and maximum STI opportunities which equated to the STI payout if relevant performance levels were achieved, and behaviours were in accordance with our principles. Opportunities were benchmarked to the market to ensure they were fair and reward effectively for appropriate performance outcomes.

MD & CEO: **At target:** 100% of fixed remuneration
At maximum: 150% of fixed remuneration

Other executive KMP: **At target:** 50% of fixed remuneration
At maximum: 100% of fixed remuneration

x

EBIT threshold gateway

An earnings before interest and tax (EBIT) of $615m was set as a threshold to form a STPP pool.

Achieved: Yes

x

STI pool

The Board considered the Group financial and non-financial performance against the Group scorecard. The Group scorecard is weighted with 50% pertaining to financial measures and 50% spanning Strategic, Customer, and People dimensions. The Board also considered outcomes related to risk and business context including favourable jackpot outcomes. The Board then applied judgment to determine the size of the STI pool. More detail is available in section 4 (a) (i).

Actual Outcome: 108%

x

Sustainability modifier

The Board considered the organisation's performance in relation to operating responsibly and transparently and strengthening the Group's ability to deliver sustainable financial returns. Sustainability-related measures such as the responsible operation of our business and products, contributing to the communities in which we operate, creating a great workplace and reducing our environmental footprint, were assessed to determine if any modification to the STI pool was required.

Modification applied: No modification applied

x

Individual Key Performance Indicators

The MD & CEO award was dependent on a balanced scorecard of measures. 50% of the performance measures were financial and 50% pertained to Group targets spanning Strategic, Customer, and People and Culture dimensions. Executive KMP STI awards were dependent on individual Key Performance Indicators (KPIs). These KPIs were set to align to strategic Group and business unit priorities as appropriate. KPIs were agreed with the Board at the beginning of the financial year.

=

STI award

MD & CEO
Actual FY24 awards: 72% of the maximum STI opportunity

Cash	Restricted Shares
50%	50%

Other Executive
Actual FY24 awards: Average of 60% of the maximum STI opportunity

Cash	Restricted Shares
75%	25%

Table 4: Additional STI Information

What happens to Restricted Shares if an STI participant leaves the Group during the two-year restriction period?	If the participant resigns or is terminated for cause, Restricted Shares are forfeited (unless the Board determines otherwise). If the participant leaves the Group under any other circumstances (including due to redundancy, retirement, or ill health), then Restricted Shares will remain on foot and dealing restrictions will be lifted at the end of the original restriction period (unless the Board determines otherwise).
When is the STI awarded to participants?	If STI awards are made, the cash component is paid and Restricted Shares are granted in September, following the end of the financial year to which it pertains.
Why was the above method chosen to assess performance?	The methodology set out in Diagram 3 was chosen as it aligns with our approach of rewarding our employees for strong Group and individual financial and non-financial and sustainable performance.
Can Restricted Shares be forfeited or clawed back?	Restricted Shares may be forfeited at the Board's discretion, based on certain adverse events or information that may come to light. If these adverse events occur or adverse information becomes available after the Restricted Shares have become unrestricted, the Board may require the participants to (amongst other things) repay all or part of the value of the Restricted Shares.
How does the STI framework align with The Lottery Corporation's risk and compliance objectives?	The sustainability assessment includes adherence to risk management and compliance objectives, appropriate customer outcomes and cultural measures. The STI award is also dependent on participants displaying the appropriate behaviours and is delivered partly as Restricted Shares (restricted for two years) which are subject to malus and clawback provisions.
What happens in the event of a change in control of the Group?	The Board is required to determine, in its absolute discretion, the appropriate treatment regarding any Restricted Shares.

iii) FY25 STI structure and operation

We are fostering a high-performance culture aimed at recognising and rewarding strong performance in a simple and equitable manner. In FY24, the structure of the STI plan has been reviewed and no material changes were made for FY25.

The Board has also considered feedback received from shareholders during the 2023 AGM season and has implemented additional structured guidance to assist in determining pool outcomes. While not material to the structure, this change will help support decision making with respect to STI pool size, particularly for below target performance.

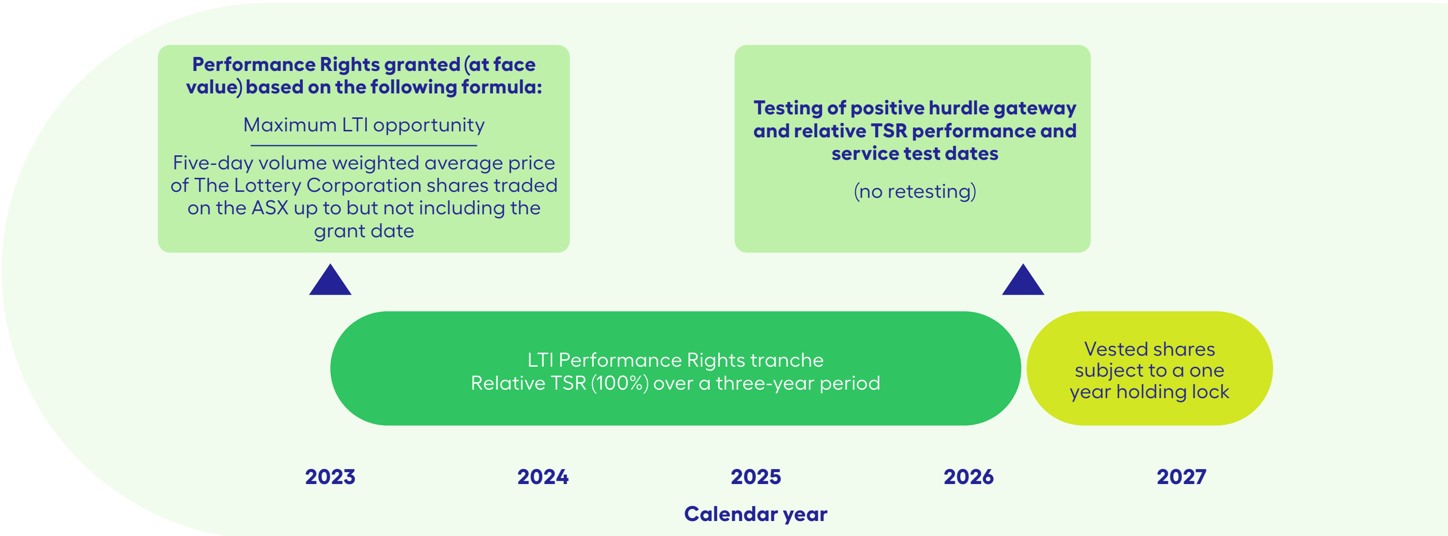
iv) FY24 LTI offer

The Lottery Corporation's second LTI offer (made in FY24) included a single performance measure, being relative total shareholder return (TSR) and introduced a positive absolute TSR gate / requirement ensuring that no vesting would occur unless TSR is positive, even if relative TSR performance targets were met. This means any vesting of the FY24 LTI is aligned to a positive shareholder experience. This was designed to focus and incentivise management for the creation of shareholder value over the longer term and to align executive reward with the shareholder experience.

A one-year holding lock was introduced in the FY24 LTI offer. This holding lock will apply to any shares that vest in the future and participants are restricted from trading for the one-year period following vesting, providing an additional period to apply any malus or claw back.

The MD & CEO's FY24 LTI offer was approved by shareholders at the 2023 Annual General Meeting.

Diagram 4: FY24 LTI operation summary



e) Remuneration framework (continued)

Table 5: Additional FY24 LTI offer information

<table>
<tr><td>On what basis were Performance Rights allocated?</td><td colspan="4">Participants were allocated a maximum number of Performance Rights (based on their maximum LTI opportunities) using a face value allocation methodology. Each Performance Right provides the right to receive one ordinary share, at no cost to the participant (either at grant or at vesting), subject to the satisfaction of performance and service conditions. Performance Rights do not attract dividends or voting rights.</td></tr>
<tr><td>What are the performance measures?</td><td colspan="4">TSR over the performance period must be positive for any Performance Rights to vest. Once the hurdle is met, vesting of Performance Rights is subject to relative TSR performance. If the performance conditions are not met, Performance Rights will lapse.</td></tr>
<tr><td>What is “relative TSR”?</td><td colspan="4">The return to shareholders (capital returns, dividends and share price movements) over the performance period relative to a peer group of companies. It was chosen as an LTI measure as it directly aligns to rewarding for sustained shareholder value creation.</td></tr>
<tr><td rowspan="5">What are the relative TSR performance conditions?</td><td colspan="4">Relative TSR</td></tr>
<tr><td></td><td>Percentile ranking [i]</td><td>% of Performance Rights that will vest</td><td>Peer Group</td></tr>
<tr><td>Below target</td><td>Below 50th percentile</td><td>0%</td><td rowspan="3">Companies included in the S&P/ASX 100 index excluding organisations operating in the Metals & Mining and Oil and Gas sectors[iii].</td></tr>
<tr><td>Target[ii]</td><td>50th percentile</td><td>50%</td></tr>
<tr><td>Maximum[ii]</td><td>75th percentile</td><td>100%</td></tr>
<tr><td>When will performance and service conditions be tested?</td><td colspan="4">At the end of the three-year performance period.</td></tr>
<tr><td>How will the satisfaction of the performance conditions be assessed?</td><td colspan="4">Relative TSR performance will be calculated by an independent third party, and the results will be assessed by the People and Remuneration Committee to determine appropriate vesting outcomes.</td></tr>
<tr><td>What happens if performance and service conditions are met?</td><td colspan="4">If the service and performance conditions have been met, The Lottery Corporation will issue or transfer ordinary shares to the participant, which will rank equally with other fully paid shares (full voting and dividend rights). These shares will be held in restriction for a further one-year period from the date of vesting. Participants will be restricted from trading during this period, providing an additional period to apply any malus or claw back.</td></tr>
<tr><td>What happens when an LTI participant leaves the Group?</td><td colspan="4">If a participant resigns or is terminated for cause, Performance Rights will lapse (unless the Board determines otherwise). In all other circumstances a pro rata number of Performance Rights (based on the portion of the service period during which the participant was employed) remain on foot and are subject to the original terms and conditions (including performance but excluding service), unless the Board determines otherwise. The remainder of the Performance Rights will lapse.</td></tr>
<tr><td>What happens if there is a change of control?</td><td colspan="4">The Board can determine, in its absolute discretion, the appropriate treatment regarding any unvested Performance Rights.</td></tr>
<tr><td>Can Performance Rights be cancelled or clawed back?</td><td colspan="4">Performance Rights may lapse at the Board’s discretion based on adverse events that have occurred or where adverse material information becomes available after Performance Rights have been granted. If this occurs after the Performance Rights have vested, the Board may require participants to repay all or part of the value of the award.</td></tr>
<tr><td>Accounting treatment</td><td colspan="4">Performance Rights are expensed on a straight-line basis over the vesting period. Under Australian Accounting Standards, The Lottery Corporation is required to recognise an expense irrespective of whether Performance Rights ultimately vest to the participant. A reversal of the expense is only recognised in the event the Performance Rights lapse due to cessation of employment within the vesting period.</td></tr>
</table>

(i) The vesting schedule aligns with predominant ASX 25 to 75 practices.

(ii) Straight line (pro rata) vesting occurs between target and maximum performance levels.

(iii) The Board has discretion to remove organisations included in the peer group if there have been material changes to the market positioning of those organisations or if they have delisted from the ASX. The Board also has discretion to adjust the TSR calculations for a peer group company, where there have been material capital adjustments to that organisation.

v) FY25 LTI offer

During FY24, The Board reviewed the LTI structure to ensure it continues to be strategically aligned, market competitive and focused on incentivising the creation of long term value for shareholders within our business context. The Board has also considered feedback received from shareholders during the 2023 AGM season.

For FY25, in addition to relative TSR, an internal financial measure, Return on Invested Capital (ROIC), will be added as a second measure that is both within management's control and strongly aligned to long term value creation.

The FY25 LTI grant (intended to be made in October 2024), will include two performance measures. Vesting of 50% of the grant will be subject to relative TSR performance over a three-year period. Vesting of the remaining 50% of the grant will be based on ROIC performance over three financial years, commencing with FY25. Threshold, target and stretch ROIC performance metrics will be set relative to budget and the corporate plan.

More details will be provided in The Lottery Corporation's 2024 Notice of Meeting and the FY25 Remuneration Report.

4. Performance and Incentive Outcomes

a) Overall Business Performance and Incentive Outcomes

As The Lottery Corporation was listed on the ASX on 24 May 2022, the table below shows Group financial performance, and STI and LTI outcomes for FY22, FY23 and FY24 only. It is intended that this table will be expanded in future years to provide comparative metrics for the preceding five financial years in which we have operated and will address the statutory requirement to provide a five-year outline of the link between Group financial performance and executive remuneration.

Table 6: Overall business performance – FY22, FY23 and FY24

Measure	Measurement unit	FY24	FY23	FY22 (i)
Earnings before interest and tax (EBIT) (ii)	$m	663.4	508.4	538.4
EBIT (before significant items) (iii) (iv)	$m	718.8	615.0	594.0
EBITDA (before significant items) (iii) (iv)	$m	827.1	713.2	684.6
Net profit after tax (NPAT) (ii)	$m	414.0	264.8	346.6
Basic earnings per share (EPS) (ii)	Cents	18.6	11.9	15.6
Closing share price (v)	$	5.07	5.13	4.52
Dividends (vi)	Cents per share	18.5	15.0	n/a
STI awards				
STI pool	% of target pool	108%	100%	100%
MD & CEO	Award as % of target STI opportunity	108%	100%	105%
	Award as % of maximum STI opportunity	72%	67%	56%
Other executive KMP	Average award as % of target STI opportunity	121%	100%	105%
	Average award as % of maximum STI opportunity	60%	50%	53%
LTI vesting				
LTI awards vested(vii)	% of target opportunity	n/a	n/a	n/a

(i) FY22 results include earnings for the Lotteries business for 12 months and the Keno business for one month, following the acquisition in connection with the demerger.

(ii) FY22 and FY23 results are not directly comparable as FY23 includes a full year of the Keno segment profit before interest and tax of $76.0m (FY22: $6.5m), following the acquisition of the business in May 2022, separation costs of $101.2m (FY22: $0.6m), and a full year of finance costs of $124.0m (FY22: $12.2m) following the demerger from Tabcorp. Refer to Note A1 Segment information in the 2023 Financial Report.

(iii) "Non-IFRS" information and unaudited. For details of significant items, refer to note A1 Segment information of the Financial Report.

(iv) To enhance comparability between FY22 and FY23, FY22 reflects the results of Keno as if the acquisition had taken place at the beginning of the prior year, together with the estimated impact of net additional standalone operating costs ($9.0m) associated with the demerger from Tabcorp.

(v) Closing share price is as at 30 June of the respective financial year. Opening share price as at 24 May 2022 was $4.61.

(vi) Includes interim, final and special dividends. FY24 includes a special dividend of 2.5 cents per share. FY23 includes a special dividend of 1.0 cents per share paid in relation to June 2022 NPAT (before significant items).

(vii) The Lottery Corporation has made two LTI offers in November 2022 (FY23) and October 2023 (FY24). They include a three-year performance period, as such there were no LTI awards that vested in FY22, FY23 or FY24.

i) FY24 STI Pool

FY24 was a record year for The Lottery Corporation.

When considering the final STI outcomes, the Board considered both the record financial outcomes and strong non-financial performance relating to the pre-approved measures. This included:

- successful completion of the separation from Tabcorp within set milestones and budget, including full replacement of the Finance and HR systems achieved on time and within budget,
- continued growth in active registered Lotteries customers to a record 4.75 million,
- successful launch of the Weekday Windfall lottery with early results indicating positive reception by customers,
- performance against risk and sustainability measures such as operating responsibly and transparently, with the highest level of international certification for responsible play from the World Lottery Association,
- no material compliance or reputational matters, and
- strengthening the Group's ability to deliver sustainable financial returns with strong progress on security transformation, reducing cyber security risk and enhanced privacy and data protection.

Finally, the Board also took into account that our jackpot games (Powerball® and Oz Lotto®) enjoyed a highly favourable jackpot run, which helped drive the strong Group revenue and EBITDA outcomes versus target.

Based on actual financial outcomes an initial STI pool of 118% of Target would have been generated. After careful consideration, the Board applied its judgment to balance all of the above factors to adjust the pool to 108% of Target.

ii) FY24 STI scorecard assessment

Table 7: The Lottery Corporation STI scorecard and assessment of performance

Dimension	Weighting	Key measures	Target	FY24 result	FY24 performance
Financial	50%	Revenue	$3.8b	$3,996.6m	Group revenue was $3,996.6m up 4.1% on target and 13.8% on FY23. Group EBITDA (before significant items) result of $827.1m was 5.5% up on target and 16% up on FY23. These results were supported by active portfolio management, successful jackpot sequence management and also impacted positively impacted by favourable jackpot outcomes.
		EBITDA (before significant items)	$784m	$827m	
		Opex	$306m	$300m	Group Opex was favourable to budget driven by strong cost focus and timing of expenditure on certain initiatives.
Strategic	20%	Active game management			Overall business performance was successfully supported by active game portfolio management. Effective utilisation of game reserves across the portfolio helped optimise the customer offering. In FY24 this resulted in new records including the Oz Lotto® $90m draw and Powerball® $200m draw sequences.
		Successfully complete separation			The separation program has been successfully completed, enabling TLC to move forward as a separate entity. This was a complex program of work that has been successfully delivered on time and within cost parameters.

Dimension	Weighting	Key measures	FY24 result	FY24 performance
Strategic (Cont.)		Transform the existing business		Effective management of key stakeholder relationships. Full replacement of the Finance and HR systems achieved on time and within budget, a positive outcome in the context of completing separation concurrently. Record Lottery and Keno commissions paid ($724.6m) to retail partners, supporting their sustainability.
Customer First	15%	Customer growth and retention		Strong customer acquisition with a record 4.75m active registered Lotteries customers, up 12.2% on FY23. Digital growth for both Lotteries continues to track positively. Next evolution of the game portfolio delivered with Weekly Windfall lottery changes successfully launched, with early results showing it has been positively received by customers.
		World class player protection and harm minimisation		Highest level of certification for responsible play, with WLA Level 4 accreditation maintained. Continued focus on insights screening, ensuring players are supported with an early intervention once identified as 'at risk' of gambling harm by our Lotteries and Keno early intervention models. Progressed Customer Care Roadmap of initiatives.
People & Culture	15%	Compliance and reputation		Strong progress on security transformation, reducing cyber security risk and enhanced privacy and data protection. There were no material compliance or reputational matters in FY24.
		Health and safety		Safety performance has exceeded expectations with no lost time injuries occurring during the year.
		Culture, executive and leader succession		Positive engagement results across the year indicating an effective culture. Executive Leadership succession planning being actively managed with leadership development initiatives conducted through the year. A strong focus on female progression evidenced by achieving the FY25 target a year early.

Below target Achieved target Exceeded target

b) Executive KMP FY24 STI Awards

Table 8: Executive KMP FY24 STI Awards

Executive KMP	Financial Year	Maximum STI opportunity (i)	Total STI awarded (ii)					STI foregone
			Total	Cash portion	Deferred portion	As a % of target	As a % of maximum	As a % of maximum
		$	$	$	$	%	%	%
Sue van der Merwe	FY24	2,250,000	1,620,000	810,000	810,000	108	72	28
Callum Mulvihill	FY24	600,000	356,400	267,300	89,100	119	59	41
Adam Newman	FY24	824,000	444,960	333,720	111,240	108	54	46
Andrew Shepherd	FY24	600,000	405,000	303,750	101,250	135	67	33

(i) Ms van der Merwe's maximum STI opportunity equates to 150% of her target STI opportunity. For all other executive KMP, their maximum STI opportunities equate to 200% of their target STI opportunities.

(ii) The minimum STI value possible is zero. The maximum possible value of the deferred portion of a participant's STI award will depend on the number of Restricted Shares that become unrestricted for them and the prevailing market value of The Lottery Corporation shares.

i) LTI awards granted in FY24

In FY24, LTI grants were provided to executive KMP following shareholder approval of the MD & CEO's FY24 LTI grant received at our Annual General Meeting held on 19 October 2023 and obtained under ASX Listing Rule 10.14. These LTI grants are subject to a performance condition and a service condition as detailed in section 3 (e)(iv).

The minimum LTI value possible is zero, and the maximum LTI value will depend on the number of Performance Rights that vest and the prevailing market value of The Lottery Corporation shares.

Table 9: Performance Rights granted during FY24

Executive KMP	**Grant date** 19 October 2023 **Vesting date** 3 October 2026				
	Number granted	Fair value (i) per Performance Right at grant date	Fair value at grant date	Face value (ii) per Performance Right at grant date	Face value at grant date
		$	$	$	$
Sue van der Merwe	659,340	1.73	1,140,658	4.55	2,999,997
Callum Mulvihill	131,868	1.73	228,132	4.55	599,999
Adam Newman	181,098	1.73	313,299	4.55	823,995
Andrew Shepherd	131,868	1.73	228,132	4.55	599,999
Total	**1,104,174**		**1,910,221**		**5,023,990**

(i) Expensed for accounting purposes over the vesting period and is determined by an external valuer taking into account the terms and conditions upon which the Performance Rights are granted.

(ii) Used for allocation purposes and is calculated as the five-day volume weighted average price of The Lottery Corporation shares traded on the ASX up to the grant date.

Table 10: KMP interests in Performance Rights (number)

Executive KMP	Balance at start of year	Granted as remuneration	Vested	Lapsed	Balance at end of year (i)
Sue van der Merwe	699,300	659,340	-	-	1,358,640
Callum Mulvihill	128,205	131,868	-	-	260,073
Adam Newman	192,074	181,098	-	-	373,172
Andrew Shepherd	128,205	131,868	-	-	260,073
Total	**1,147,784**	**1,104,174**	**-**	**-**	**2,251,958**

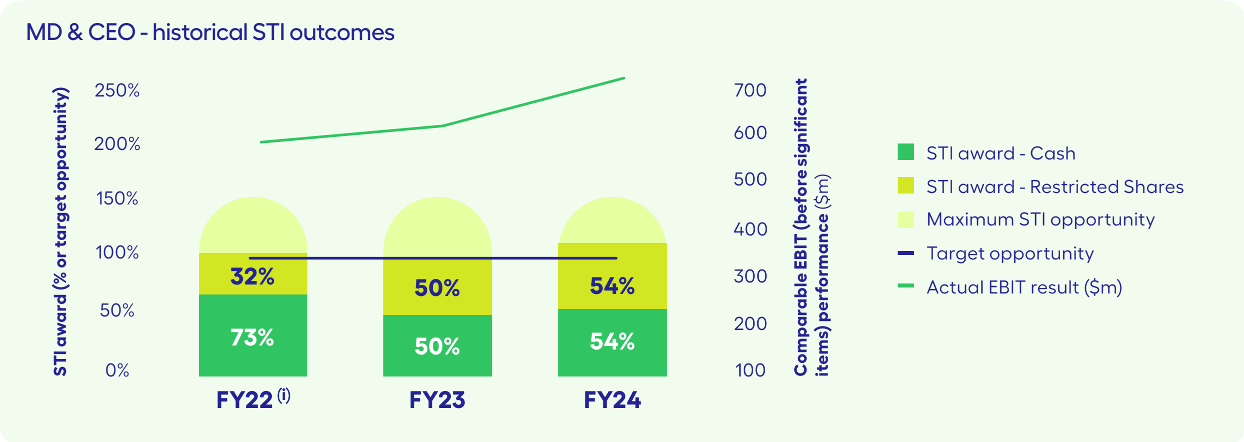
(i) The number of Performance Rights vested at year end was nil.

ii) LTI vesting outcomes in FY24

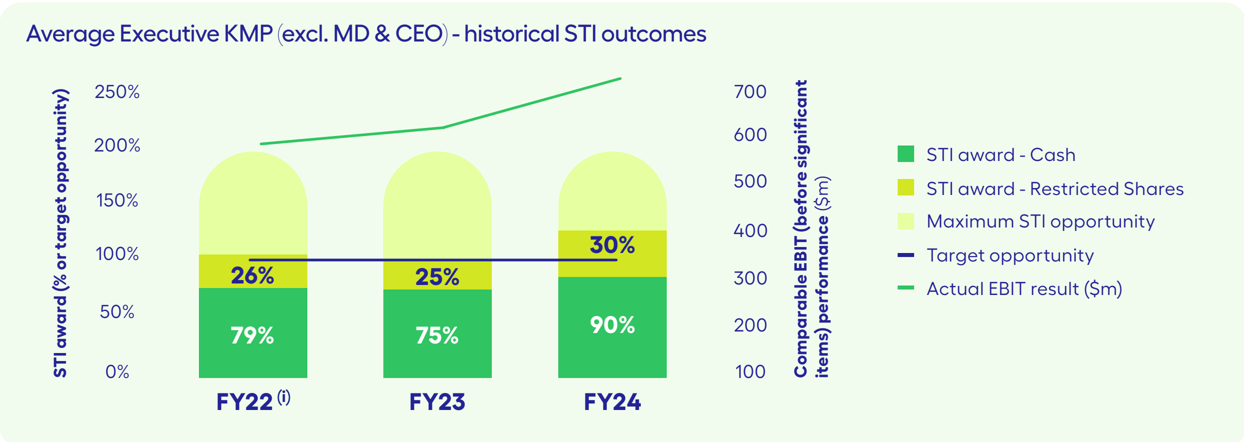
Our FY23 LTI offer was made in November 2022 and remains on foot. The FY24 LTI offer was made in October 2023 and also remains on foot. Vesting of the LTI offers are subject to three-year performance conditions. No LTI vesting occurred in FY24.

iii) Historical incentive outcomes

Diagram 5: Executive KMP historical STI outcomes



(i) In FY22, Ms van der Merwe held the role of MD Lotteries & Keno at Tabcorp (pre-demerger) for 11 months and MD & CEO of The Lottery Corporation for one month post demerger. At Tabcorp, 25% of her STI award was paid in Restricted Shares and at The Lottery Corporation, this figure is 50%. The figures in the diagram represent a proportional pro rata split between these two deferral requirements.



c) Executive KMP Employment Contracts

Table 11: Executive KMP employment contracts and notice periods

Current executive KMP	Position held	Contract duration	Minimum notice period (months)	
			Executive	The Lottery Corporation
Sue van der Merwe	MD & CEO	Open ended	6	12
Callum Mulvihill	Chief Commercial Operations Officer	Open ended	6	9
Adam Newman	Chief Financial Officer	Open ended	6	9
Andrew Shepherd	Chief Customer & Marketing Officer	Open ended	6	9

Where The Lottery Corporation terminates the executive KMP's employment, The Lottery Corporation may, at its discretion, elect to pay the executive KMP an amount in lieu of notice for any portion of the relevant notice period worked. On cessation of employment, STI or LTI awards may vest, lapse or be forfeited in accordance with the relevant plan rules.

d) Executive Remuneration Policies

Policy prohibiting hedging

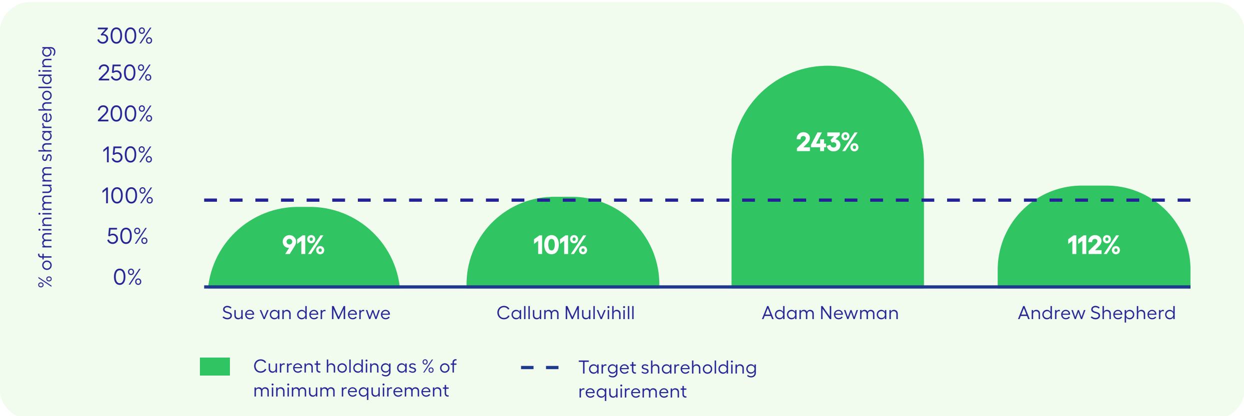
Participants in the Group's incentive plans are restricted from hedging the value of Restricted Shares and unvested Performance Rights and must not enter into a derivative arrangement in respect of the equity instruments granted under these plans. Breaches of the restriction will result in equity instruments being forfeited. These prohibitions are included in the terms and conditions of the incentive plans and The Lottery Corporation's Securities Trading Policy, which is available on The Lottery Corporation's website (www.thelotterycorporation.com) under the Corporate Governance section.

Equity instruments granted under the incentive plans can only be registered in the name of the participant, are identified as non-tradable on the share register (i.e. placed under a holding lock) and cannot be traded or transferred to another party until vested or until any trading restriction period has expired (where applicable).

Executive Shareholding Policy

The Executive Shareholding Policy ensures that the interests of executives, the Group and shareholders are aligned. Under the policy, the MD & CEO is required to hold the equivalent of 200% of the value of their annual fixed remuneration in The Lottery Corporation shares. Other executive KMP are required to hold the equivalent of 100% of the value of their annual fixed remuneration in The Lottery Corporation shares. The minimum shareholding must be achieved within five years from the executive KMP's appointment or within five years of the date of the demerger (1 June 2022), whichever is later. A copy of this policy is available on The Lottery Corporation's website (www.thelotterycorporation.com) under the Corporate Governance section.

Diagram 6: Executive KMP progress against minimum shareholding requirements as at 30 June 2024 (i) (ii)



(i) The value of the shareholding has been calculated using a share price of $5.07 which was the closing share price as at 30 June 2024.
(ii) The graph represents the percentage of the shareholding required under the Executive Shareholding Policy. The minimum shareholding requirement must be met by 1 June 2027.

5. Non-executive Director Fees

Non-executive Director fees are set based on workload, responsibilities, qualifications, experience, and market benchmarks. The Lottery Corporation benchmarks Non-executive Director fees to organisations ranked 25 to 75 on the ASX, by market capitalisation. Non-executive Directors do not receive any performance or incentive-related payments.

Board fees are not paid to the MD & CEO or to executives for directorships of The Lottery Corporation or any subsidiaries.

a) Aggregate Fee Limit

The maximum aggregate fee limit is set at $3.0 million and has remained at this level during FY24. No adjustment to this limit is proposed for FY25. Total fees paid (including superannuation) to Non-executive Directors in FY24 was $2.0 million.

b) Non-executive Director Fee Structure

Non-executive Directors receive a base Board fee and a fee for each Board Committee that they chair or are a member of (except for the Nomination Committee, where no additional fees are paid). The Board Chairman receives a single fixed fee which is inclusive of services on applicable Board Committees.

Superannuation contributions form part of the fees and Non-executive Directors are not eligible to receive any other retirement benefits.

The Lottery Corporation aims for Non-executive Director fees to be aligned with fee levels paid by organisations ranked 25 to 75 on the ASX (by market capitalisation). This is considered to be appropriate given we are ranked amongst the 50 largest companies on the ASX and remunerating Non-executive Directors competitively is important to attract and retain the desired experience and knowledge in a highly regulated business. The Board will continue to review fees to ensure they remain competitive and appropriately remunerate Non-executive Directors for their responsibilities and contribution.

Table 12: FY24 Non-executive Director fee structure (inclusive of superannuation)

Committee Structure		Annual fees $
Board	Chairman (i)	580,350
	Member (ii)	186,150
Audit Committee	Chairman	54,750
	Member	24,090
Risk & Compliance Committee	Chairman	49,275
	Member	21,900
People & Remuneration Committee	Chairman	49,275
	Member	21,900

(i) The Board Chairman receives a single fixed fee which is inclusive of services on applicable Board Committees.

(ii) The fees paid to Board members are inclusive of services on the Nomination Committee.

c) Non-executive Director fees paid during FY24

There were **no changes** to Non-executive Director fees in FY24. On 1 July 2023, the Superannuation Guarantee Contribution rate increased from 10.5% to 11%. The Board agreed to absorb this change into existing fees, thereby reducing the Non-executive Director cash fees. This resulted in no change to total fees (inclusive of superannuation) in FY24.

On 1 July 2024, the Superannuation Guarantee Contribution rate increased from 11% to 11.5%. The Board, once again, agreed to absorb this change into existing fees, thereby reducing the Non-executive Director cash fees and keeping total fees (inclusive of superannuation) unchanged. There will be no adjustment to Non-executive Directors fees in FY25.

Certain Non-executive Directors may receive additional fees for memberships of other Board Sub-Committees, however during FY24 no such fees were paid.

Non-executive Directors are entitled to be reimbursed for all business-related expenses, including travel, which may be incurred as part of their duties.

Table 13: Non-executive Director fees paid in FY24

		Fees and benefits		Post-employment	
Non-executive Directors	**Year**	**Fees**	**Non-monetary benefits**	**Superannuation**	**Total**
		$	**$**	**$**	**$**
Current					
Doug McTaggart	**FY24**	**330,144**	**-**	**36,316**	**366,460**
	FY23	207,192	-	21,755	228,947
Harry Boon	**FY24**	**233,797**	**-**	**25,718**	**259,515**
	FY23	243,114	-	25,527	268,641
Anne Brennan	**FY24**	**236,757**	**-**	**26,043**	**262,800**
	FY23	246,087	-	25,839	271,926
Stephen Morro (i)	**FY24**	**229,950**	**-**	**-**	**229,950**
John O'Sullivan	**FY24**	**214,878**	**-**	**23,637**	**238,515**
	FY23	191,584	-	20,116	211,700
Megan Quinn	**FY24**	**207,162**	**-**	**22,788**	**229,950**
	FY23	191,584	-	20,116	211,700
Former Non-executive Directors					
Steven Gregg (ii)	**FY24**	**362,534**	**-**	**39,879**	**402,413**
	FY23	525,204	-	55,146	580,350
Total	**FY24**	**1,815,222**	**-**	**174,381**	**1,989,603**
Total	FY23	1,604,765	-	168,499	1,773,264

(i) Mr Morro was appointed as an Observer to the Board on 1 July 2023. He became a Non-executive Director from 11 December 2023, following receipt of necessary regulatory and ministerial consents.

(ii) Mr Gregg retired from the Board on 31 March 2024.

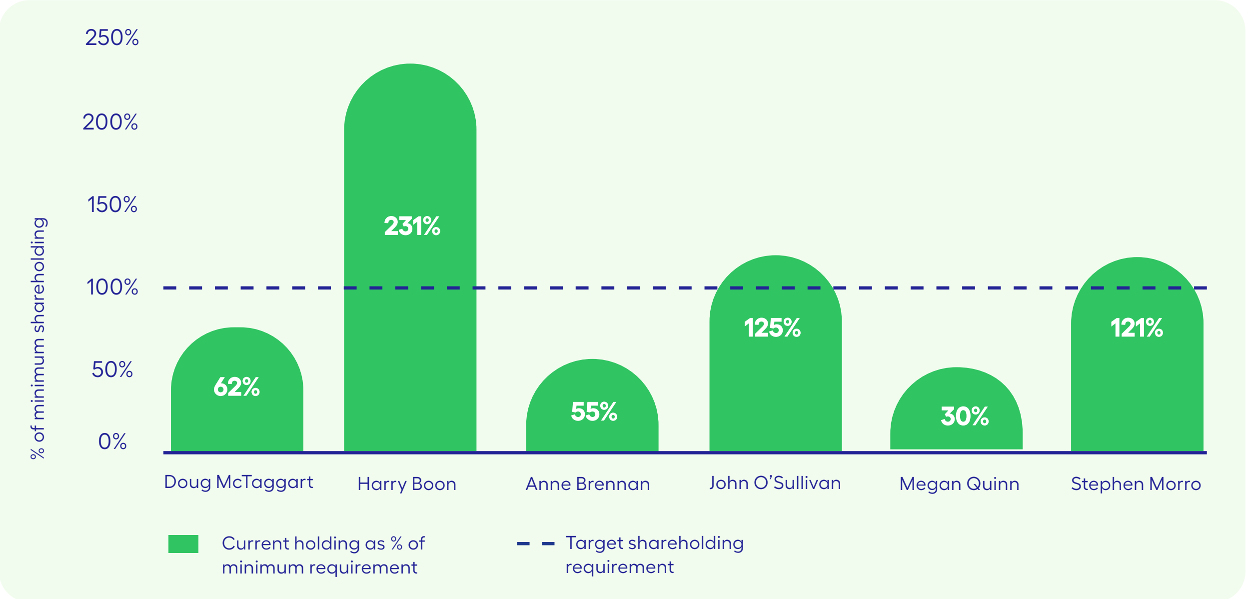
d) Non-executive Director Fee Policies

i) Non-executive Director Shareholding Policy

This policy requires Non-executive Directors to hold a minimum shareholding in The Lottery Corporation, equivalent to the annual Board Member base fee (currently $167,703 excluding superannuation), and the Board Chairman to hold a minimum shareholding equivalent to double the annual Board Member base fee (excluding superannuation). The Non-executive Directors are required to reach the applicable threshold within three years of appointment or within three years from the date of demerger (whichever is later).

A copy of this policy is available on The Lottery Corporation's website (www.thelotterycorporation.com) under the Corporate Governance section.

Diagram 7: Non-executive Director progress against minimum shareholding requirements at 30 June 2024 (i) (ii)



(i) The value of the shareholding is calculated using a share price of $5.07 which was the closing share price as at 30 June 2024.

(ii) The graph represents the percentage of the shareholding required under the Non-executive Director Shareholding Policy. The minimum shareholding requirement must be met by 1 June 2025, other than for Mr McTaggart (1 March 2027) and Mr Morro (1 July 2026).

6. Statutory Remuneration Disclosures

a) Executive KMP Statutory Remuneration Tables

The following table provides a breakdown of the executive KMP remuneration in accordance with statutory requirements and the Australian Accounting Standards.

Table 14: Executive KMP remuneration for FY24

Current executive KMP	Year	Short term			Long term	Post-employment	Charge for share-based allocation (iv)		Total	Performance related (vi)
		Salary and fees (i)	Non-Monetary Benefits (ii)	Cash bonus (iii)	Accrued leave benefits	Super-annuation	Restricted Shares (v)	Performance Rights		
		$	$	$	$	$	$	$	$	%
Sue van der Merwe (vii)	**FY24**	**1,330,377**	**4,112**	**810,000**	**(40,957)**	**169,623**	**577,042**	**871,681**	**3,721,878**	**61**
	FY23	1,330,377	3,633	750,000	32,500	169,623	561,608	520,710	3,368,451	54
Callum Mulvihill	**FY24**	**564,268**	**4,112**	**267,300**	**28,134**	**27,399**	**82,090**	**165,658**	**1,138,961**	**45**
	FY23	524,708	3,633	206,250	11,465	25,292	229,113	95,463	1,095,924	48
Adam Newman	**FY24**	**796,601**	**5,298**	**333,720**	**(10,492)**	**27,399**	**135,040**	**239,421**	**1,526,987**	**46**
	FY23	796,357	3,935	309,000	30,219	27,643	448,589	143,021	1,758,764	51
Andrew Shepherd	**FY24**	**564,268**	**4,112**	**303,750**	**23,722**	**27,399**	**84,557**	**165,658**	**1,173,466**	**47**
	FY23	524,708	3,633	206,250	(10,148)	25,292	227,743	95,463	1,072,941	49
Total	**FY24**	**3,255,514**	**17,634**	**1,714,770**	**407**	**251,820**	**878,729**	**1,442,418**	**7,561,292**	
Total	FY23	3,176,150	14,834	1,471,500	64,036	247,850	1,467,053	854,657	7,296,080	

(i) Comprises salary and sacrificed benefits (including salary sacrificed superannuation and motor vehicle novated leases including FBT where applicable).

(ii) Comprises car parking benefit including FBT where applicable.

(iii) Cash bonus reflects the cash portion of the STI achieved in the relevant financial year, being 50% for the MD & CEO and 75% for other executive KMP. The remaining portion of the STI is deferred into Restricted Shares and is reflected in the Restricted Shares column in accordance with Australian Accounting Standards.

(iv) Represents the fair value of share-based payments expensed during the period.

(v) Includes the expensing of Restricted Shares issued as the deferred component of STI and issued as Retention awards in relation to the 2022 Retention Plan. For a description of the Retention awards, please refer to The Lottery Corporation's 2022 Remuneration Report.

(vi) Represents the sum of the cash bonus , Restricted Shares and LTI Performance Rights as a percentage of total remuneration, excluding termination payments.

(vii) Ms van der Merwe participates in a defined benefit superannuation plan owned and managed by the Queensland Government. The amount disclosed for superannuation is the contribution paid by the Group into the fund.

Table 15: KMP number of interests in The Lottery Corporation Limited for FY24

KMP	Balance at start of year (i)	Granted as remuneration (ii)	Net change other (iii)	Balance at end of year (iv)
Current Non-executive Directors				
Doug McTaggart	20,000	-	20,874	40,874
Harry Boon	76,364	-	-	76,364
Anne Brennan	8,182	-	10,000	18,182
Stephen Morro	40,000	-	-	40,000
John O'Sullivan	41,191	-	-	41,191
Megan Quinn	-	-	10,000	10,000
Former Non-executive Directors				
Steven Gregg	45,820	-	-	45,820
Executive Director				
Sue van der Merwe	394,269	145,631	-	539,900
Current executive KMP				
Callum Mulvihill	106,358	13,349	-	119,707
Adam Newman	375,630	20,000	-	395,630
Andrew Shepherd	115,834	13,349	2,816	131,999
Total	**1,223,648**	**192,329**	**43,690**	**1,459,667**

(i) Reflects shareholding at 11 December 2023 for Mr Morro, when he commenced as a Non-executive Director.
(ii) Includes Restricted Shares issued during the year as the deferred component of the FY23 STI.
(iii) Includes voluntary on-market transactions.
(iv) Reflects shareholding at 31 March 2024 for Mr Gregg, when he ceased as KMP.

b) Transactions and Loans with KMP

No KMP (including their related parties) have entered into material commercial relationships or transactions with the Group or a subsidiary during FY24 other than as disclosed in this Remuneration Report. All KMP related party relationships are at arm's length and on normal commercial terms and none of the KMP were, or are, involved in any procurement or other decision-making regarding organisations with which they have an association. No KMP (including their related parties) have entered into a loan made, guaranteed, or secured, directly or indirectly, by the Group or a subsidiary during the reporting period.

Financial Report

Income Statement

For the year ended 30 June 2024

	Note	**2024 $m**	2023 $m
Revenue	A4	**3,996.6**	3,513.1
Other income/(loss)	A4	**1.1**	0.5
Government taxes and levies		**(2,202.2)**	(1,977.5)
Commissions and fees		**(661.7)**	(543.9)
Employment costs		**(140.7)**	(117.2)
Communications and technology costs		**(57.3)**	(47.7)
Advertising and promotions		**(47.3)**	(43.3)
Separation costs	A1	**(53.3)**	(101.2)
Other expenses		**(64.6)**	(71.4)
Depreciation and amortisation	A4	**(108.3)**	(98.2)
Impairment	A4	**1.1**	(4.8)
Profit before income tax and net finance costs		**663.4**	508.4
Finance income	A4	**19.0**	2.1
Finance costs	A4	**(132.1)**	(124.0)
Profit before income tax		**550.3**	386.5
Income tax expense	A5	**(136.3)**	(121.7)
Net profit after tax		**414.0**	264.8
Other comprehensive income			
Items that may be reclassified to profit or loss			
Change in fair value of cash flow hedges taken to equity	B4.4	**(12.0)**	(66.5)
Income tax relating to these items	B4.4	**6.2**	22.5
Items that will not be reclassified to profit or loss			
Actuarial gains/(losses) on retirement benefit obligation	E2	**(0.7)**	0.5
Change in fair value of equity instruments		**0.4**	0.4
Income tax relating to these items		**(0.1)**	(0.1)
Other comprehensive income for the year, net of income tax		**(6.2)**	(43.2)
Total comprehensive income for the year		**407.8**	221.6

		2024 cents	2023 cents
Earnings per share:			
Basic and diluted earnings per share	A2	**18.6**	11.9
Dividends per share:			
Final dividend	A3	**8.0**	6.0
Interim dividend	A3	**8.0**	8.0
Special dividend	A3	**2.5**	1.0

The accompanying notes form an integral part of this income statement.

Balance Sheet

As at 30 June 2024

	Note	2024 $m	2023 $m
Current assets			
Cash and cash equivalents	C6	**445.9**	434.5
Receivables	C7	**47.7**	41.8
Prepayments		**19.2**	13.6
Derivative financial instruments	B4	**13.5**	14.1
Other financial assets	B2	**58.1**	306.4
Other	C10	**121.9**	116.0
Total current assets		**706.3**	926.4
Non current assets			
Receivables	C7	**7.3**	8.0
Other financial assets	B2	**319.2**	50.7
Licences	C1	**681.4**	716.0
Other intangible assets	C2	**2,247.3**	2,255.4
Property, plant and equipment	C4	**85.9**	72.7
Right-of-use assets	C5	**70.7**	74.3
Prepayments		**0.5**	1.3
Derivative financial instruments	B4	**245.3**	264.8
Other		**0.3**	1.3
Total non current assets		**3,657.9**	3,444.5
TOTAL ASSETS		**4,364.2**	4,370.9
Current liabilities			
Payables	C8	**847.6**	883.9
Lease liabilities	C5	**12.4**	10.4
Current tax liabilities		**40.6**	36.2
Provisions	C9	**15.0**	14.0
Derivative financial instruments	B4	**9.1**	10.8
Other	C10	**101.1**	103.1
Total current liabilities		**1,025.8**	1,058.4
Non current liabilities			
Payables	C8	**349.3**	325.2
Interest bearing liabilities	B3	**2,391.1**	2,459.8
Lease liabilities	C5	**76.2**	79.0
Deferred tax liabilities	A5	**141.2**	164.7
Provisions	C9	**9.7**	9.6
Other		**7.8**	9.4
Total non current liabilities		**2,975.3**	3,047.7
TOTAL LIABILITIES		**4,001.1**	4,106.1
NET ASSETS		**363.1**	264.8
Equity			
Issued capital		**782.7**	779.6
Retained earnings		**746.0**	644.3
Reserves		**(1,165.6)**	(1,159.1)
TOTAL EQUITY		**363.1**	264.8

The accompanying notes form an integral part of this balance sheet.

Cash Flow Statement

For the year ended 30 June 2024

	Note	2024 $m	2023 $m
Cash flows from operating activities			
Net cash receipts in the course of operations		**4,062.9**	3,577.7
Payments to suppliers, service providers and employees		**(1,133.7)**	(979.4)
Payments to government (including GST)		**(2,181.4)**	(1,893.7)
Finance income received		**17.7**	2.1
Finance costs paid		**(123.4)**	(119.3)
Income tax paid		**(186.4)**	(130.9)
Income tax benefit received in respect of settlement of pre-demerger tax litigation matters	A5	**37.1**	-
Net cash flows from operating activities	C6	**492.8**	456.5
Cash flows from investing activities			
Payment for property, plant and equipment and intangibles		**(68.5)**	(79.6)
Transfers to term deposits relating to certain lottery games		**(19.1)**	(41.6)
Net cash flows used in investing activities		**(87.6)**	(121.2)
Cash flows from financing activities			
Net drawdown/(repayment) from/(to) revolving bank facilities		**(70.0)**	-
Payment of lease liabilities		**(10.2)**	(9.6)
Dividends paid		**(270.0)**	(197.1)
On-market share purchase for dividend reinvestment plan		**(41.6)**	(3.3)
Net outlay to purchase shares		**(2.0)**	(7.0)
Net cash flows used in financing activities		**(393.8)**	(217.0)
Net increase in cash held		**11.4**	118.3
Cash at beginning of year		**434.5**	316.2
Cash at end of year	C6	**445.9**	434.5

The accompanying notes form an integral part of this cash flow statement.

Statement of Changes in Equity

For the year ended 30 June 2024

	Number of shares		Issued capital			Reserves			
	Ordinary m	Treasury m	Ordinary shares $m	Treasury shares $m	Retained earnings $m	Hedging $m	Demerger $m	Other $m	Total equity $m
2024									
Balance at beginning of year	**2,224.4**	**1.4**	**785.9**	**(6.3)**	**644.3**	**(29.3)**	**(1,137.1)**	**7.3**	**264.8**
Profit for the year	**-**	**-**	**-**	**-**	**414.0**	**-**	**-**	**-**	**414.0**
Other comprehensive income	**-**	**-**	**-**	**-**	**(0.7)**	**(5.8)**	**-**	**0.3**	**(6.2)**
Total comprehensive income	**-**	**-**	**-**	**-**	**413.3**	**(5.8)**	**-**	**0.3**	**407.8**
Dividends paid	**-**	**-**	**-**	**-**	**(311.6)**	**-**	**-**	**-**	**(311.6)**
Share based payments expense	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4.1**	**4.1**
Transfers	**1.2**	**(1.2)**	**-**	**5.1**	**-**	**-**	**-**	**(5.1)**	**-**
Net outlay to purchase shares	**(0.4)**	**0.4**	**-**	**(2.0)**	**-**	**-**	**-**	**-**	**(2.0)**
Balance at end of year	**2,225.2**	**0.6**	**785.9**	**(3.2)**	**746.0**	**(35.1)**	**(1,137.1)**	**6.6**	**363.1**
TOTAL	**Shares**	**2,225.8m**	**Issued capital**	**$782.7m**		**Reserves**		**($1,165.6m)**	
2023									
Balance at beginning of year	2,225.8	-	785.9	-	579.5	14.7	(1,137.1)	(0.2)	242.8
Profit for the year	-	-	-	-	264.8	-	-	-	264.8
Other comprehensive income	-	-	-	-	0.4	(44.0)	-	0.4	(43.2)
Total comprehensive income	-	-	-	-	265.2	(44.0)	-	0.4	221.6
Dividends paid	-	-	-	-	(200.4)	-	-	-	(200.4)
Share based payments expense	-	-	-	-	-	-	-	7.1	7.1
Net outlay to purchase shares	(1.4)	1.4	-	(6.3)	-	-	-	-	(6.3)
Balance at end of year	2,224.4	1.4	785.9	(6.3)	644.3	(29.3)	(1,137.1)	7.3	264.8
TOTAL	Shares	2,225.8m	Issued capital	$779.6m		Reserves		($1,159.1m)	

Issued capital

Ordinary shares are issued and fully paid. They carry one vote per share and hold rights to dividends. Issued capital is recognised at the fair value of the consideration received. When issued capital is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from total issued capital. Any transaction costs directly attributable to the issue of ordinary shares are recognised directly in equity, net of tax, as a reduction of the share proceeds received.

Treasury shares represent the unvested portion of Restricted Shares issued to executives as an incentive, on appointment or for retention, which is recognised as a reduction in issued capital. The amount which has been credited to the employee equity benefit reserve is transferred to issued capital to the extent the relevant Restricted Shares and Performance Rights vest or have been treated as vested.

Nature of reserves

Hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges.

Demerger reserve arose on the demerger of The Lottery Corporation Limited from Tabcorp Holdings Limited. It represents the value of the US Private Placement debt and the associated derivatives effectively transferred from Tabcorp, together with fair value uplifts relating to the Keno business combination.

Other reserves contain the employee equity benefit reserve and the equity instruments revaluation reserve.

The accompanying notes form an integral part of this statement of changes in equity.

Notes to the Financial Statements:
About this Report

For the year ended 30 June 2024

The Lottery Corporation Limited (**The Lottery Corporation** or the **Company**) is a company limited by shares which are traded on the Australian Securities Exchange (ASX). The Company is incorporated and domiciled in Australia, and is a for-profit entity. The Financial Report of the Company for the year ended 30 June 2024 comprises the Company and its subsidiaries (the Group).

The Financial Report was authorised for issue by the Board of Directors on 21 August 2024.

The Financial Report is a general purpose financial report which:

- has been prepared in accordance with the *Corporations Act 2001,* Australian Accounting Standards as issued by the Australian Accounting Standards Board and other mandatory financial reporting requirements in Australia;
- complies with International Financial Reporting Standards as issued by the International Accounting Standards Board;
- is presented in Australian dollars with dollar amounts rounded to the nearest hundred thousand unless specifically stated to be otherwise, in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191;* and
- is prepared on the historical cost basis, except for derivative financial instruments and equity instruments that have been measured at fair value.

The accounting policies have been applied consistently throughout the Group for the purposes of this Financial Report.

The Directors are of the opinion that the Company is a going concern, and have prepared the financial report on this basis. The Group's balance sheet reflects a net current asset deficiency as follows:

	Note	**2024 $m**	2023 $m
Current assets			
Cash and cash equivalents (i)	C6	**445.9**	434.5
Receivables	C7	**47.7**	41.8
Other financial assets (ii)	B2	**58.1**	306.4
SA Lotteries monies held in trust	C10	**99.6**	100.4
Other		**55.0**	43.3
Total current assets		**706.3**	926.4
Current liabilities			
Payables - prize liabilities and customer account balances		**612.2**	582.1
Payables - other		**235.4**	301.8
SA Lotteries monies held in trust	C10	**99.6**	100.4
Other		**78.6**	74.1
Total current liabilities		**1,025.8**	1,058.4
Net current asset deficiency		**(319.5)**	(132.0)

(i) Includes restricted cash balances (FY24: $374.0m; FY23: $354.0m).

(ii) Other financial assets are held to fund payments to winners of certain lottery games, where winnings are payable for up to 20 years.

The net current asset deficiency largely arises due to prize liabilities and customer account balances totalling $612.2m required to be classified as current liabilities under Australian Accounting Standards.

The Group maintains cash balances of $445.9m (of which $374.0m is restricted). The Group holds other financial assets (current) of $58.1m required to be held to satisfy licence conditions to fund winnings of certain lottery games payable for up to 20 years. The Group has access to undrawn debt facilities of $740.0m (2023: $670.0m) to meet working capital and licence requirements, including settlement of prizes payable and customer account balances.

Working capital movements are impacted by the timing of lottery draws, receipt of customers' entries, prize settlements, jackpot activity, new winners for long-term annuity prizes, and the maturity profile of investments relating to long-term annuity prizes.

Note disclosures have been grouped into five sections. The notes within each section detail the accounting policies applied, together with any key judgements and estimates used. The purpose of this format is to provide users with a clear understanding of the key drivers of the Group's financial performance and financial position.

Notes to the Financial Statements:
About this Report

For the year ended 30 June 2024

Significant accounting estimates and assumptions

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of these assets and liabilities recognised in the financial statements are described in the following notes:

Note	Underlying estimates and assumptions
A5 Income tax	Calculation of provision for income tax.
B2 Other financial assets B4 Derivative financial instruments	Fair value measurement.
C1 Licences C2 Other intangible assets C4 Property, plant and equipment	Asset useful lives.
C3 Impairment testing	Recoverable amount of cash generating units (CGUs).
C5 Leases	Lease term, make good and incremental borrowing rate.
C8 Payables	Timing of cash flows.
C9 Provisions	Future obligations and probability of outflow.
E3 Contingencies	Assessment of possible obligation and probability of outflow.

Notes to the Financial Statements:
Section A – Group Performance

For the year ended 30 June 2024

A1 Segment information

Operating segments reflect the business level at which financial information is provided to the Managing Director and Chief Executive Officer (Chief Operating Decision Maker), for decision making regarding resource allocation and performance assessment. The measure of segment profit used excludes significant items not considered integral to the ongoing performance of the segment. Intersegment pricing is determined on commercial terms and conditions.

The Group has two operating segments at year end.

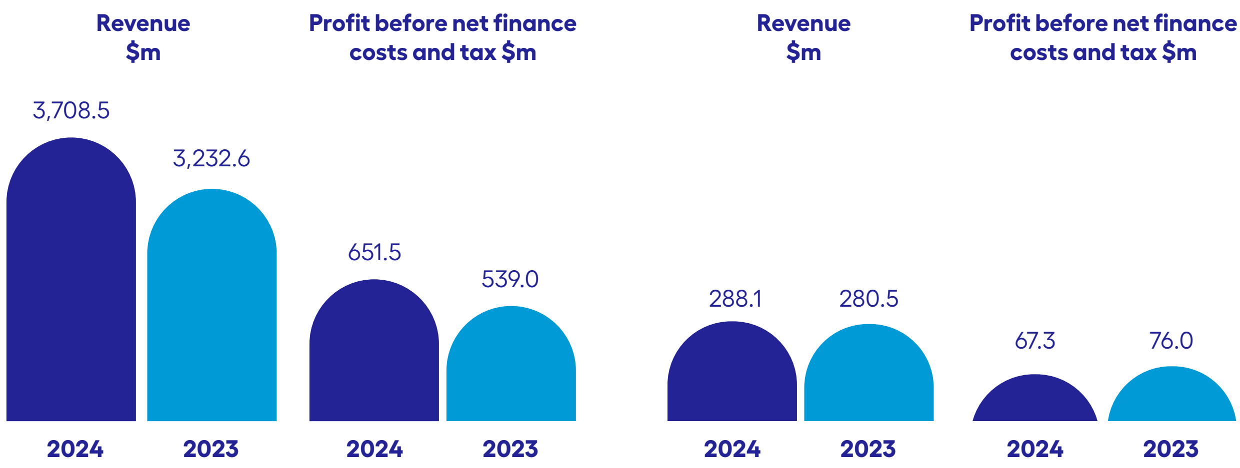
The Lottery Corporation

Lotteries

Operation of Lotteries pursuant to licences and approvals in certain Australian states and territories.

Keno

Operation of Keno pursuant to licences and approvals in certain Australian states and territories.



Notes to the Financial Statements:
Section A – Group Performance

For the year ended 30 June 2024

A1 Segment information (continued)

	Lotteries $m	Keno $m	Total $m
2024			
Segment revenue (i)	**3,708.5**	**288.1**	**3,996.6**
Taxes, levies, commissions and fees (ii)	**(2,727.3)**	**(136.6)**	**(2,863.9)**
Operating expenses	**(256.7)**	**(48.9)**	**(305.6)**
Depreciation and amortisation (iii)	**(73.0)**	**(35.3)**	**(108.3)**
Segment profit before net finance costs and tax (i)	**651.5**	**67.3**	**718.8**
Capital expenditure (iv)	**52.8**	**15.3**	**68.1**
2023			
Segment revenue (i)	3,232.6	280.5	3,513.1
Taxes, levies, commissions and fees (ii)	(2,391.3)	(130.1)	(2,521.4)
Operating expenses	(234.1)	(44.4)	(278.5)
Depreciation and amortisation (iii)	(68.2)	(30.0)	(98.2)
Segment profit before net finance costs and tax (i)	539.0	76.0	615.0
Capital expenditure (iv)	55.1	26.8	81.9

A reconciliation (where required) of the segment result to the Group's income statement is as follows:

	Revenue		Operating expenses (v)		Profit before income tax	
	2024 $m	2023 $m	**2024 $m**	2023 $m	**2024 $m**	2023 $m
Segment total (per above)	**3,996.6**	3,513.1	**(305.6)**	(278.5)	**718.8**	615.0
Unallocated items:						
- significant items:						
- separation costs (vi)	**-**	-	**(53.3)**	(101.2)	**(53.3)**	(101.2)
- impairment (vii)	**-**	-	**-**	-	**1.1**	(4.8)
- other	**-**	-	**(3.2)**	(0.6)	**(3.2)**	(0.6)
	-	-	**(56.5)**	(101.8)	**(55.4)**	(106.6)
- finance income	**-**	-	**-**	-	**19.0**	2.1
- finance costs	**-**	-	**-**	-	**(132.1)**	(124.0)
Total per income statement	**3,996.6**	3,513.1	**(362.1)**	(380.3)	**550.3**	386.5

(i) Lotteries includes interest revenue, refer to note A4.

(ii) Total agrees to the Group's income statement and comprises Government taxes and levies and Commissions and fees.

(iii) Total agrees to the Group's income statement.

(iv) Capital expenditure excludes the acquisition of licences, make good provisions raised during the year and additions to right-of-use assets. The current year includes $8.4m (2023: $16.7m) of capital expenditure associated with the replication and separation of technology infrastructure and systems post demerger.

(v) Total per the Group's income statement comprises Other income/(loss), Employment costs, Communications and technology costs, Advertising and promotions, Separation costs and Other expenses.

(vi) Predominantly relates to costs associated with the replication and separation of technology infrastructure and systems from Tabcorp Holdings Limited post demerger.

(vii) Current year comprises a partial reversal of the write down of assets in respect of surplus corporate lease space, which was recognised in the prior year.

Notes to the Financial Statements:
Section A – Group Performance

For the year ended 30 June 2024

A2 Earnings per share

	2024 $m	2023 $m
Earnings used in calculation of earnings per share (EPS) attributable to shareholders	**414.0**	264.8
	2024 Number (m)	2023 Number (m)
Weighted average number of ordinary shares used in calculating basic EPS	**2,225.1**	2,225.8
Effect of dilution from Performance Rights	**3.2**	0.8
Weighted average number of ordinary shares used in calculating diluted EPS	**2,228.3**	2,226.6

Basic EPS is calculated as net profit after tax divided by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated on the same basis as basic EPS except that it reflects the impact of any potential commitments the Group has to issue shares in the future, for example shares to be issued upon vesting of Performance Rights.

A3 Dividends

	2024 Cents per share	2023 Cents per share	2024 $m	2023 $m
Fully franked dividends declared and paid during the year:				
Prior year final dividend	**6.0**	-	**133.5**	-
Interim dividend	**8.0**	8.0	**178.1**	178.1
Special dividend	**-**	1.0	**-**	22.3
	14.0	9.0	**311.6**	200.4
Fully franked dividends declared and recognised after balance date:				
Final dividend	**8.0**	6.0	**178.1**	133.5
Special dividend	**2.5**	-	**55.6**	-
	10.5	6.0	**233.7**	133.5
Franking credits balance				
Franking credits available at balance date			**97.8**	45.1
Impact of estimated current tax payable			**40.6**	36.2
Franking credits available at the 30% company tax rate after allowing for tax payable			**138.4**	81.3

Notes to the Financial Statements:
Section A – Group Performance

For the year ended 30 June 2024

A4 Revenue and expenses

		Note	2024 $m	2023 $m
(a)	**Revenue comprises:**			
	Revenue from contracts with customers [i]		**3,977.0**	3,498.0
	Interest revenue		**19.6**	15.1
			3,996.6	3,513.1
(b)	**Other income/(loss)**			
	Net loss on disposal of non current assets		**(0.6)**	(0.8)
	Other		**1.7**	1.3
			1.1	0.5
(c)	**Employment costs include:**			
	Defined contribution plan expense		**12.0**	9.7
(d)	**Finance income**			
	Interest income		**13.5**	2.1
	Interest on settlement of pre-demerger tax litigation matters [ii]		**5.5**	-
			19.0	2.1
(e)	**Finance costs**			
	Interest costs on interest bearing liabilities		**125.3**	116.6
	Interest costs on lease liabilities	C5	**1.8**	1.6
	Other		**5.0**	5.8
			132.1	124.0
(f)	**Impairment** [iii]			
	Right-of-use assets	C5	**(1.1)**	2.1
	Leasehold improvements	C4	**-**	2.2
	Plant and equipment	C4	**-**	0.5
			(1.1)	4.8
(g)	**Depreciation and amortisation**			
	Licences	C1	**34.6**	34.7
	Other intangible assets	C2	**37.6**	30.4
	Property, plant and equipment	C4	**24.7**	21.7
	Right-of-use assets	C5	**11.4**	11.4
			108.3	98.2

(i) Includes management fees recognised in relation to the Master Agency Agreement associated with the operation of SA Lotteries of $165.9m (2023: $143.9m).
(ii) Refer to note A5.
(iii) Current year comprises a partial reversal of the write down of assets in respect of surplus corporate lease space, which was recognised in the prior year.

Notes to the Financial Statements:

Section A – Group Performance

For the year ended 30 June 2024

A4 Revenue and expenses (continued)

Revenue from contracts with customers is recognised when control of the goods or services is transferred to customers at an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods or services. Incremental costs of obtaining contracts with a duration of one year or less are expensed as incurred. The following specific criteria must also be met before revenue is recognised:

Lotteries revenue is recognised as the gross subscriptions (inclusive of commissions) received from players less prize obligations when the official draw for each game is completed. Prize obligations are calculated based on a predetermined minimum percentage of gross subscriptions (excluding commissions) that shall be returned to players as established by the state and territory-based licences. The actual payout for each draw may be below this minimum percentage, with the difference recognised as a liability to be used for prizes in future draws.

Commissions on ticket sales are recognised as revenue at point of sale. The Group also pays commissions to agencies who sell tickets to the players on their behalf. These are recognised as an expense as incurred within Commissions and fees.

Subscriptions received during the year for games which will be drawn in the next financial period are deferred and recognised as revenue in the next financial period. Lotteries revenue includes management fees recognised in relation to the Master Agency Agreement associated with the operation of SA Lotteries.

Keno revenue is recognised as the residual value of Keno turnover after deducting either the minimum return to customers or the required minimum contribution to prize funds in respect of approved Keno games conducted under each state and territory-based licence or approval, and in New South Wales after deducting duties and commissions. The actual return to customers for each game may vary from the minimum return or contribution, with the difference recognised on the balance sheet and applied to future games.

Other revenue from contracts with customers for the sale of goods or rendering of a service is recognised upon the delivery of the goods or service to customers.

Interest revenue earned in the ordinary course of operations from certain prize-related financial assets is disclosed within revenue.

Contributions to defined contribution plans are recognised in the income statement as they become payable.

Finance income is recognised using the effective interest rate method.

Finance costs are recognised as an expense using the effective interest rate method.

Notes to the Financial Statements:
Section A – Group Performance

For the year ended 30 June 2024

A5 Income tax

(a) **The major components of income tax expense are:**	**2024 $m**	2023 $m
Current tax	**(194.4)**	(154.4)
Adjustments in respect of current income tax of previous years	**3.6**	(0.4)
Deferred tax	**17.4**	33.1
Settlement of pre-demerger tax litigation matters (i)	**37.1**	-
	(136.3)	(121.7)
Income tax reconciliation:		
Profit before income tax	**550.3**	386.5
Income tax payable at the 30% company tax rate	**(165.1)**	(116.0)
Tax effect of adjustments in calculating taxable income:		
- amortisation of licences	**(3.8)**	(3.8)
- settlement of pre-demerger tax litigation matters (i)	**37.1**	-
- other	**(4.5)**	(1.9)
Income tax expense	**(136.3)**	(121.7)

(i) On 11 September 2023 Tabcorp Holdings Limited (Tabcorp) and The Lottery Corporation resolved a dispute with the Australian Taxation Office relating to the income tax treatment of payments for various licences and authorities. Under the terms of the Separation Deed dated 25 March 2022 between Tabcorp and the Company, proceeds obtained, including any interest thereon, on the settlement of matters relating to businesses conducted by the Group prior to demerger would be remitted to the Group. The settlement funds received by the Group comprises a settlement amount of $37.1m and $5.5m representing interest thereon.

(b) **Deferred tax assets/(liabilities)**

	Balance at 30 June 2023 $m	**Recognised in income statement $m**	**Recognised directly in equity $m**	**Balance at 30 June 2024 $m**
Licences	**(190.1)**	**6.5**	**-**	**(183.6)**
Right-of-use assets	**(22.3)**	**0.3**	**-**	**(22.0)**
Other intangible assets	**(23.8)**	**5.1**	**-**	**(18.7)**
Lease liabilities	**27.0**	**(0.2)**	**-**	**26.8**
Provisions	**7.1**	**0.4**	**-**	**7.5**
Property, plant and equipment	**(0.1)**	**5.6**	**-**	**5.5**
Unlisted investments - managed fund	**(3.1)**	**-**	**(0.1)**	**(3.2)**
Deferred revenue	**3.1**	**(0.5)**	**-**	**2.6**
Separation costs	**22.4**	**(0.2)**	**-**	**22.2**
Other	**(2.6)**	**(1.0)**	**-**	**(3.6)**
Accrued expenses	**0.3**	**1.7**	**-**	**2.0**
US Private Placement	**0.8**	**(0.3)**	**-**	**0.5**
Fair value of cash flow hedges	**16.6**	**-**	**6.2**	**22.8**
Net deferred tax assets/(liabilities)	**(164.7)**	**17.4**	**6.1**	**(141.2)**

Notes to the Financial Statements:
Section A – Group Performance

For the year ended 30 June 2024

A5 Income tax (continued)

(b) Deferred tax assets/(liabilities) (continued)

	Balance at 30 June 2022 $m	Recognised in income statement $m	Recognised directly in equity $m	Balance at 30 June 2023 $m
Licences	(196.7)	6.6	-	(190.1)
Right-of-use assets	(25.3)	3.0	-	(22.3)
Other intangible assets	(27.5)	3.7	-	(23.8)
Lease liabilities	29.0	(2.0)	-	27.0
Provisions	6.7	0.4	-	7.1
Property, plant and equipment	(3.5)	3.4	-	(0.1)
Unlisted investments - managed fund	(3.0)	(0.1)	-	(3.1)
Deferred revenue	3.6	(0.5)	-	3.1
Separation costs	-	22.4	-	22.4
Other	(2.3)	(0.2)	(0.1)	(2.6)
Accrued expenses	3.5	(3.2)	-	0.3
US Private Placement	1.2	(0.4)	-	0.8
Fair value of cash flow hedges	(5.9)	-	22.5	16.6
Net deferred tax assets/(liabilities)	(220.2)	33.1	22.4	(164.7)

Income tax comprises current and deferred income tax. Income tax is recognised in the income statement except when it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period and any adjustment to tax payable in respect of previous years.

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts used for tax purposes. The temporary differences for goodwill and the initial recognition of an asset or liability in a transaction which is not a business combination and that affect neither accounting nor taxable profit at the time of the transaction are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities.

A **deferred tax asset** is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The income tax expense and deferred tax balances assume certain tax outcomes in relation to the application of tax legislation as it applies to the Group. An **uncertain tax treatment** occurs where there is uncertainty over whether a tax authority will accept a tax treatment adopted by the Group under tax law. The Group revisits the accounting in relation to an uncertain tax treatment when there are changes in relevant facts and circumstances.

A6 Subsequent events

Other than the events disclosed elsewhere in this report, no other matters or circumstances have arisen since the end of the financial year, that may significantly affect the Group's operations, the results of those operations or the state of affairs of the Group.

Notes to the Financial Statements:
Section B – Capital and Risk Management

For the year ended 30 June 2024

B1 Capital management

The Group's objectives when managing capital are to ensure the Group continues as a going concern while providing optimal returns to shareholders and benefits for other stakeholders, and to maintain an appropriate capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group targets a strong investment grade credit rating, and has a BBB+/stable rating as at 30 June 2024 and 30 June 2023. Leverage is managed primarily through the ratio of net debt to earnings before interest, tax, depreciation, amortisation and impairment (EBITDA).

At 30 June the Group's leverage ratio was:

	2024 $m	2023 $m
Net debt (i)	**2,147.2**	2,210.0
EBITDA (before significant items)	**827.1**	713.2
Leverage ratio	**2.6**	3.1

(i) Net debt is gross debt (bank loans and US Private Placement at the Australian dollar principal repayable under cross currency interest rate swaps) plus lease liabilities less unrestricted cash.

B2 Other financial assets

Other financial assets are held to fund payments to winners of certain lottery games, where winnings are payable for up to 20 years.

	2024 $m	2023 $m
Equity instruments at fair value through other comprehensive income		
Unlisted investments – managed fund (i)	**23.4**	22.3
Debt instruments at amortised cost		
Investment – term deposits (i)	**353.9**	334.8
	377.3	357.1
Current	**58.1**	306.4
Non current	**319.2**	50.7
	377.3	357.1

(i) Held to satisfy various regulatory requirements per state and territory-based licences under which the Group operates. Refer to note C6 for further details.

Equity instruments at fair value through other comprehensive income are equity instruments which the Group intends to hold for the foreseeable future, and for which an irrevocable election to classify as such upon transition to AASB 9 has been made.

After initial measurement, they are subsequently carried at fair value (refer to note B5). Changes in the fair value are recognised in other comprehensive income and accumulated in a reserve within equity. No subsequent recycling of gains or losses to profit or loss is permitted.

Debt instruments at amortised cost are financial assets held in order to collect contractual cash flows that solely represent payments of principal and interest. They are carried at amortised cost.

Notes to the Financial Statements:
Section B – Capital and Risk Management

For the year ended 30 June 2024

B3 Interest bearing liabilities

The Group borrows money from financial institutions and debt investors in the form of bank loans, overdraft and foreign currency denominated notes.

The following table details the debt position of the Group at 30 June:

Facility	Details	Facility limit $m	Maturity	2024 $m	2023 $m
Bank overdraft	Floating interest rate overdraft facility.	100.0	Apr-25	**-**	-
Bank loans - unsecured	Floating interest rate revolving facility.	400.0	Jul-25	**307.9**	377.0
		550.0	Jul-27	**-**	-
		950.0		**307.9**	377.0
US Private Placement	Fixed interest rate US dollar debt. Aggregate US dollar principal of $1,250.0m (2023: $1,250.0m). Cross currency interest rate swaps are in place for all US dollar debt. These swaps hedge the underlying US dollar debt amounts payable, resulting in the aggregate Australian dollar amount payable at maturity being $1,626.5m (2023: $1,626.5m).	USD 105.0	Jun-26	**158.8**	158.9
		USD 450.0	Jun-28	**682.3**	682.4
		USD 520.0	Jun-30	**790.2**	790.2
		USD 175.0	Jun-33	**266.9**	267.0
		AUD 97.3	Jun-35	**92.7**	92.3
		AUD 97.3	Jun-36	**92.3**	92.0
				2,083.2	2,082.8
				2,391.1	2,459.8
Current				**-**	-
Non current				**2,391.1**	2,459.8
				2,391.1	2,459.8

All facilities are subject to financial undertakings as to leverage and interest cover, with reporting required at 30 June and 31 December. The Group has complied with these financial undertakings in both the current and prior financial year.

Notes to the Financial Statements:
Section B – Capital and Risk Management

For the year ended 30 June 2024

B3 Interest bearing liabilities (continued)

B3.1 Changes in liabilities arising from financing activities:

	Interest bearing liabilities $m	Lease liabilities $m	Total $m
2024			
Carrying amount at beginning of year	**2,459.8**	**89.4**	**2,549.2**
Cash flows	**(70.0)**	**(12.0)**	**(82.0)**
Foreign exchange movement	**1.7**	**-**	**1.7**
Changes in fair values	**(1.2)**	**-**	**(1.2)**
Lease recognition	**-**	**9.4**	**9.4**
Other	**0.8**	**1.8**	**2.6**
Carrying amount at end of year	**2,391.1**	**88.6**	**2,479.7**
2023			
Carrying amount at beginning of year	2,389.2	96.1	2,485.3
Cash flows	-	(11.2)	(11.2)
Foreign exchange movement	70.9	-	70.9
Changes in fair values	(1.3)	-	(1.3)
Lease recognition	-	2.9	2.9
Other	1.0	1.6	2.6
Carrying amount at end of year	2,459.8	89.4	2,549.2

Interest bearing liabilities are recognised initially at fair value net of transaction costs, and subsequent to initial recognition are recognised at amortised cost which is calculated using the effective interest rate method. Foreign currency liabilities are carried at amortised cost and are translated at the exchange rates at reporting date. Gains and losses are recognised in the income statement when the liabilities are derecognised in addition to the amortisation process.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan. These fees are capitalised as a prepayment for liquidity services and amortised over the period of the facility to which they relate.

Notes to the Financial Statements:
Section B – Capital and Risk Management

For the year ended 30 June 2024

B4 Derivative financial instruments

The Group holds the following derivative financial instruments, all at fair value based on level 2 observable inputs (refer to note B5):

	2024 $m	2023 $m
Current assets		
Cross currency interest rate swaps	**1.7**	1.2
Interest rate swaps	**11.8**	12.9
	13.5	14.1
Non current assets		
Cross currency interest rate swaps	**222.2**	235.7
Interest rate swaps	**23.1**	29.1
	245.3	264.8
	258.8	278.9
Current liabilities		
Cross currency interest rate swaps	**9.1**	10.8
	9.1	10.8

Derivative financial instruments are recognised initially at cost, and subsequently are stated at fair value (refer to note B5). The method of recognising any remeasurement gain or loss depends on the nature of the item being hedged. For the purposes of hedge accounting, the Group's hedges are classified as cash flow hedges.

At inception, hedge relationships are designated as such and documented. This includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the hedge effectiveness requirements are assessed.

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio is the same as that resulting from actual amounts of hedged items and hedging instruments for risk management.

Cash flow hedges are used to hedge the exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction. Hedge effectiveness is measured by comparing the change in the fair value of the hedged item and the hedging instrument respectively each quarter. Any difference represents ineffectiveness. The effective portion of any gain or loss on the hedging instrument is recognised directly in equity, with any ineffective portion recognised in the income statement. For hedged items relating to financial assets or liabilities, amounts recognised in equity are reclassified into the income statement when the hedged transaction affects the income statement (i.e. when interest income or expense is recognised).

When the hedged item is the cost of a non-financial asset or liability, the amounts recognised in equity are transferred into the initial cost or other carrying amount of the non-financial asset or liability.

When a hedging instrument expires or is sold, terminated or exercised, or the designation of the hedge relationship is revoked but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above when the transaction occurs. If the hedged transaction is no longer expected to take place, then the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

Financial instruments that do not qualify for hedge accounting are stated at fair value with any resultant gain or loss being recognised in the income statement.

Notes to the Financial Statements:
Section B – Capital and Risk Management

For the year ended 30 June 2024

B4 Derivative financial instruments (continued)

B4.1 Interest rate swaps

These swaps are used to mitigate the risk of variability in cash flows due to movements in the reference interest rate in relation to the US Private Placement debt.

The notional principal amounts and periods of expiry of these interest rate swap contracts are:

	Notional principal	
	2024 $m	2023 $m
One to five years	**722.1**	722.1
Notional principal	**722.1**	722.1
Fixed interest rate range p.a.	**2.7% - 2.9%**	2.7% - 2.9%
Variable interest rate range p.a.	**4.4%**	4.3%

Net settlement receipts and payments are recognised as an adjustment to interest expense on an accruals basis over the term of the swaps, such that the overall interest expense on borrowings reflects the average cost of funds achieved by entering into the swap agreements.

There is an economic relationship between the hedged item and the hedged instrument as the key terms of the interest rate swap are similar to the key terms of the floating rate borrowings. The Group has established a hedge ratio of 1:1 which has been determined by comparing the notional principal of the swap with the notional amount of the designated debt.

Further information about the Group's interest rate risk management is disclosed in note B6.1.

B4 Derivative financial instruments (continued)

B4.2 Cross currency interest rate swaps

These swaps are used to reduce the exposure to the variability of movements in the forward USD exchange rate in relation to the US Private Placement debt.

The principal amounts and periods of expiry of the cross currency interest rate swap contracts are:

	2024		2023	
	Pay principal AUD m	**Receive principal USD m**	Pay principal AUD m	Receive principal USD m
One to five years	**722.1**	**555.0**	722.1	555.0
More than five years	**904.4**	**695.0**	904.4	695.0
Notional principal	**1,626.5**	**1,250.0**	1,626.5	1,250.0
Fixed interest rate range p.a.	**5.3%-5.6%**	**4.6%-5.0%**	5.3% - 5.6%	4.6% - 5.0%
Variable interest rate range p.a.	**6.5%-6.7%**		6.4% - 6.6%	

There is an economic relationship between the hedged item and the hedged instrument as the terms and conditions in relation to the interest rate and maturity of the cross currency interest rate swaps are similar to the terms and conditions of the underlying hedged US Private Placement debt. The Group has established a hedge ratio of 1:1 which has been determined by comparing the notional principal of the swap with the notional amount of the designated debt.

Further information about the Group's foreign currency risk management is disclosed in note B6.2.

B4.3 Impact of hedging on balance sheet

The change in fair value used for measuring ineffectiveness is set out in the below table. All hedging instruments are presented within derivative financial instruments in the balance sheet.

	2024 $m	2023 $m
Interest rate swaps	**(3.3)**	13.7
Cross currency interest rate swaps	**(3.0)**	(8.5)
	(6.3)	5.2

The ineffectiveness recognised in the income statement was immaterial in both the current and prior financial year.

Notes to the Financial Statements:
Section B – Capital and Risk Management

For the year ended 30 June 2024

B4 Derivative financial instruments (continued)

B4.4 Impact of hedging on equity

Set out below is a reconciliation of the movement in the hedging reserve:

	Hedging reserve $m
As at 1 July 2023	**(29.3)**
Effective portion of changes in fair value arising from:	
- Interest rate swaps	**(3.3)**
- Cross currency interest rate swaps	**(3.0)**
Loss on revaluation of USD debt	**(1.7)**
Other	**(4.0)**
	(12.0)
Tax effect	**6.2**
As at 30 June 2024	**(35.1)**
As at 1 July 2022	14.7
Effective portion of changes in fair value arising from:	
- Interest rate swaps	13.7
- Cross currency interest rate swaps	(8.5)
Loss on revaluation of USD debt	(70.9)
Other	(0.8)
	(66.5)
Tax effect	22.5
As at 30 June 2023	(29.3)

B5 Fair value measurement

The fair value of financial assets and financial liabilities is estimated for recognition, measurement and disclosure purposes at each balance date. Various methods are available to estimate the fair value of a financial instrument, and comprise:

Level 1 - calculated using quoted prices in active markets.

Level 2 - estimated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 - estimated using inputs for the asset or liability that are not based on observable market data.

The carrying amount of financial assets or liabilities recognised in the financial statements is deemed to be the fair value unless stated below:

	Carrying amount		Fair value	
	2024 $m	2023 $m	**2024 $m**	2023 $m
Financial liabilities				
US Private Placement	**2,083.2**	2,082.8	**1,999.9**	1,964.3

The fair value of the Group's financial instruments is estimated as follows:

US Private Placement

Fair value is calculated using discounted future cash flow techniques, where estimated cash flows and estimated discount rates are based on market data at balance date, in combination with restatement to foreign exchange rates at balance date (level 2 in fair value hierarchy).

Cross currency interest rate and interest rate swaps

Fair value is calculated using discounted future cash flow techniques, where various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and interest rate curves are based on market data at balance date (level 2 in fair value hierarchy).

Equity instruments at fair value through other comprehensive income

Fair value is referenced to market prices prevailing at balance date (level 2 in fair value hierarchy).

There have been no significant transfers between level 1 and level 2 during the financial year ended 30 June 2024.

Notes to the Financial Statements:
Section B – Capital and Risk Management

For the year ended 30 June 2024

B6 Financial instruments - risk management

The Group's principal financial instruments, other than derivatives, comprise cash, term deposits, unlisted investments and interest bearing liabilities. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group also has various other financial assets and liabilities which arise directly from its operations.

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities, principally interest rate swaps and cross currency interest rate swaps. The Group does not hold or issue derivative financial instruments for trading purposes.

The main risks arising from the Group's financial instruments are discussed in section B6.1 to B6.4.

B6.1 Interest rate risk

The Group has a policy of controlling exposure to interest rate fluctuations by the use of fixed and variable rate debt, floating rate term deposits, interest rate swaps, capped or collar options and forward rate agreements. It has entered into interest rate swap arrangements to hedge underlying debt obligations and allow floating rate borrowings to be swapped to fixed rate borrowings. Under these arrangements, the Group pays fixed interest rates and receives the bank bill swap rate (BBSW) calculated on the notional principal amount of the contracts. The Group also has entered into floating rate term deposits where it receives variable interest that is priced against the BBSW.

At 30 June 2024 after taking into account the effect of interest rate swaps and floating rate term deposits, approximately 85.7% (2023: 85.8%) of the Group's borrowings are at a fixed rate of interest.

The following assets and liabilities are exposed to floating interest rate risk:

	2024 $m	2023 $m
Cash assets	**398.5**	410.4
Investment - term deposits	**5.0**	67.7
	403.5	478.1
Bank loans - unsecured	**(307.9)**	(377.0)
Interest rate swaps- notional principal amounts	**722.1**	722.1
Cross currency interest rate swaps - notional principal amounts	**(722.1)**	(722.1)
	(307.9)	(377.0)

Notes to the Financial Statements:
Section B – Capital and Risk Management

For the year ended 30 June 2024

B6 Financial instruments - risk management (continued)

B6.1 Interest rate risk (continued)

Sensitivity analysis - interest rates - AUD and USD

The Group's sensitivity to reasonably possible changes in interest rates on the affected financial assets and financial liabilities in existence at year end is shown below. With all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

	Post tax profit higher/(lower)		Other comprehensive income higher/(lower)	
	2024 $m	2023 $m	**2024 $m**	2023 $m
AUD				
+ 0.5% (50 basis points) (2023: + 0.5%)	**-**	0.7	**38.3**	43.4
- 0.5% (50 basis points) (2023: - 0.5%)	**-**	(0.7)	**(37.3)**	(44.9)
USD				
+ 0.2% (20 basis points) (2023: + 0.2%)	**-**	-	**(17.3)**	(20.8)
- 0.2% (20 basis points) (2023: - 0.2%)	**-**	-	**17.5**	21.1

The movements in profit are due to higher/lower interest costs from variable rate debt and investments. The movement in other comprehensive income is due to an increase/decrease in the fair value of financial instruments designated as cash flow hedges.

Significant assumptions used in the analysis include:

- reasonably possible movements were determined based on the Group's current credit rating and mix of debt, and the level of debt that is expected to be renewed;
- price sensitivity of derivatives is based on a reasonably possible movement of spot rates at balance date; and
- net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next 12 months.

B6 Financial instruments - risk management (continued)

B6.2 Foreign currency risk

The Group's primary currency exposure is to US dollars as a result of issuing US Private Placement debt. In order to manage this risk exposure, the Group uses hedging primarily through cross currency interest rate swaps to fix the exchange rate on the USD debt until maturity. The Group agrees to pay a fixed USD amount for an agreed AUD amount with swap counterparties, and to re-exchange this again at maturity. These swaps are designated to hedge the principal and interest obligations of the US Private Placement debt.

Sensitivity analysis foreign exchange

The following analysis is based on the Group's foreign currency risk exposures in existence at balance date and demonstrates the Group's sensitivity to reasonably possible changes in the AUD/USD exchange rate. With all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

	Post tax profit higher/(lower)		**Other comprehensive income higher/(lower)**	
	2024 $m	2023 $m	**2024 $m**	2023 $m
AUD/USD + 10 cents (2023: + 10 cents)	**-**	-	**(2.8)**	(3.7)
AUD/USD - 10 cents (2023: - 10 cents)	**-**	-	**5.1**	5.8

The movement in other comprehensive income is due to an increase/decrease in the fair value of financial instruments designated as cash flow hedges. Management believe the balance date risk exposures are representative of the risk exposure inherent in the financial instruments.

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

- reasonably possible movements were determined based on a review of the last two years' historical movements and economic forecasters' expectations;
- movement of 10 cents was calculated by taking the USD spot rate as at balance date, moving this spot rate by 10 cents and then re-converting the USD into AUD with the 'new spot rate'. This methodology reflects the translation methodology undertaken by the Group;
- price sensitivity of derivatives is based on a reasonably possible movement of spot rates at balance dates; and
- net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next 12 months.

Notes to the Financial Statements:
Section B – Capital and Risk Management

For the year ended 30 June 2024

B6 Financial instruments - risk management (continued)

B6.3 Credit risk

The Group's credit risk arises in relation to cash and cash equivalents, receivables, term deposits, financial liabilities and liabilities under financial guarantees. Credit risk on financial assets which have been recognised on the balance sheet, is the carrying amount less any allowance for non recovery.

Credit risk is managed by:

- adherence to a strict cash management policy;
- conducting all investment and financial instrument activity with approved counterparties with investment grade credit ratings and setting exposure limits based on these ratings; and
- reviewing compliance with counterparty exposure limits on a regular basis, and spreading the aggregate value of transactions amongst the approved counterparties.

Credit risk associated with financial liabilities arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The Group's maximum credit risk exposure in respect of derivative contracts is detailed in the liquidity risk table in note B6.4.

Credit risk includes liabilities under financial guarantees. For financial guarantee contract liabilities the fair value at initial recognition is determined using a probability weighted discounted cash flow approach. The fair value of financial guarantee contract liabilities has been assessed as nil (2023: nil), as the possibility of an outflow occurring is considered remote.

Details of the financial guarantee contracts at balance date are outlined below:

- The Company has entered into a deed of cross guarantee as outlined in note D2.
- The maximum amount of bank guarantee contracts at balance date is $15.6m (2023: $15.9m).

Notes to the Financial Statements:
Section B – Capital and Risk Management

For the year ended 30 June 2024

B6 Financial instruments - risk management (continued)

B6.4 Liquidity risk

Liquidity risk arises from the ongoing financial liabilities of the Group and the Group's subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and notes. To help reduce liquidity risk, the Group targets a minimum level of cash and cash equivalents to be maintained, and has sufficient undrawn funds available.

The Group's current policy is that not more than 33% of debt facilities should mature in any financial year. At 30 June 2024, 3.5% (2023: 3.5%) of debt facilities will mature in less than one year. This relates to the overdraft facility which remains undrawn at 30 June 2024.

Due to the measures in place for managing liquidity and access to capital markets, this risk is not considered significant.

The contractual cash flows including principal and estimated interest payments of financial liabilities in existence at year end are as follows:

	2024			2023		
	< 1 year $m	**1 - 5 years $m**	**> 5 years $m**	< 1 year $m	1 - 5 years $m	> 5 years $m
Non-derivative financial instruments						
Financial liabilities						
Payables	**(847.6)**	**(97.2)**	**(252.1)**	(883.9)	(88.1)	(237.1)
Bank loans - unsecured	**(17.2)**	**(311.4)**	**-**	(22.7)	(401.1)	-
US Private Placement	**(101.3)**	**(1,073.5)**	**(1,260.9)**	(101.2)	(1,112.5)	(1,322.7)
Lease liabilities	**(12.5)**	**(47.9)**	**(35.4)**	(11.8)	(50.6)	(34.0)
Net outflow	**(978.6)**	**(1,530.0)**	**(1,548.4)**	(1,019.6)	(1,652.3)	(1,593.8)
Derivative financial instruments						
Financial assets						
Interest rate swaps - receive AUD floating	**31.5**	**76.4**	**-**	33.7	101.7	-
Cross currency interest rate swaps - receive USD fixed	**90.3**	**1,027.7**	**992.3**	90.2	1,066.6	1,043.2
	121.8	**1,104.1**	**992.3**	123.9	1,168.3	1,043.2
Financial liabilities						
Interest rate swaps - pay AUD fixed	**(20.0)**	**(51.9)**	**-**	(20.0)	(72.0)	-
Cross currency interest rate swaps - pay AUD floating	**(96.6)**	**(1,036.1)**	**(989.0)**	(98.8)	(1,077.8)	(1,037.7)
	(116.6)	**(1,088.0)**	**(989.0)**	(118.8)	(1,149.8)	(1,037.7)
Net inflow	**5.2**	**16.1**	**3.3**	5.1	18.5	5.5

For floating rate instruments, the amount disclosed is determined by reference to the interest rate at the last repricing date. For foreign currency receipts and payments, the amount disclosed is determined by reference to the AUD/USD rate at balance date.

Notes to the Financial Statements:
Section C – Operating Assets and Liabilities

For the year ended 30 June 2024

C1 Licences

	Lotteries licences $m	Keno licences $m	Total $m
2024			
Carrying amount at beginning of year	**446.9**	**269.1**	**716.0**
Amortisation	**(24.6)**	**(10.0)**	**(34.6)**
Carrying amount at end of year	**422.3**	**259.1**	**681.4**
Cost	**664.6**	**280.1**	**944.7**
Accumulated amortisation	**(242.3)**	**(21.0)**	**(263.3)**
	422.3	**259.1**	**681.4**
2023			
Carrying amount at beginning of year	471.4	279.3	750.7
Amortisation	(24.5)	(10.2)	(34.7)
Carrying amount at end of year	446.9	269.1	716.0
Cost	664.6	280.1	944.7
Accumulated amortisation	(217.7)	(11.0)	(228.7)
	446.9	269.1	716.0

Amortisation policy - straight line basis over useful life (years):	10 - 65	20 - 50	

Licence expiration date:			
- Victoria	2028	2042	
- Queensland	2072	2047	
- New South Wales	2050	2050	
- Northern Territory	2032		
- South Australia	2052	2052	
- Australian Capital Territory		2072	

Licences that are acquired by the Group are stated at cost less accumulated amortisation.

C2 Other intangible assets

	Goodwill $m	Brand names $m	Customer related assets $m	Software $m	Total $m
2024					
Carrying amount at beginning of year	**2,083.2**	**37.8**	**5.0**	**129.4**	**2,255.4**
Additions:					
- acquired	**-**	**-**	**-**	**22.0**	**22.0**
- internally developed	**-**	**-**	**-**	**23.8**	**23.8**
Transfers	**-**	**-**	**-**	**(15.6)**	**(15.6)**
Amortisation	**-**	**(0.8)**	**(4.4)**	**(32.4)**	**(37.6)**
Disposals	**-**	**-**	**-**	**(0.7)**	**(0.7)**
Carrying amount at end of year	**2,083.2**	**37.0**	**0.6**	**126.5**	**2,247.3**
Cost	**2,083.2**	**50.0**	**9.8**	**248.9**	**2,391.9**
Accumulated amortisation	**-**	**(13.0)**	**(9.2)**	**(122.4)**	**(144.6)**
	2,083.2	**37.0**	**0.6**	**126.5**	**2,247.3**
Includes capital works in progress of:				**36.8**	**36.8**
2023					
Carrying amount at beginning of year	2,083.2	38.5	9.4	99.5	2,230.6
Additions:					
- acquired	-	-	-	34.3	34.3
- internally developed	-	-	-	30.3	30.3
Transfers	-	-	-	(8.3)	(8.3)
Amortisation	-	(0.7)	(4.4)	(25.3)	(30.4)
Disposals	-	-	-	(1.1)	(1.1)
Carrying amount at end of year	2,083.2	37.8	5.0	129.4	2,255.4
Cost	2,083.2	50.0	9.8	218.9	2,361.9
Accumulated amortisation	-	(12.2)	(4.8)	(89.5)	(106.5)
	2,083.2	37.8	5.0	129.4	2,255.4
Includes capital works in progress of:				62.0	62.0

Amortisation policy - straight line basis over useful life (years):		65	2	3 – 5	

Goodwill arising in a business combination represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired and liabilities assumed. All business combinations are accounted for by applying the acquisition method. Any contingent consideration is recognised at fair value at the acquisition date. Negative goodwill arising on an acquisition is recognised directly in the income statement. Goodwill is not amortised, and is stated at cost less any accumulated impairment losses. Any impairment losses recognised against goodwill cannot be reversed.

Brand names that are acquired by the Group with a finite useful life are stated at cost less accumulated amortisation.

Other intangible assets that are acquired by the Group with a finite useful life are stated at cost less accumulated amortisation. The cost of internally developed software includes the cost of materials, direct labour and an appropriate proportion of overheads.

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

C3 Impairment testing

Goodwill is tested for impairment annually, or whenever there is an indicator of impairment.

Carrying amount of goodwill allocated to each cash generating unit (CGU):

	2024 $m	2023 $m
Lotteries	**1,511.0**	1,511.0
Keno	**572.2**	572.2
	2,083.2	2,083.2

In accordance with the Group's accounting policies, the Group performs its impairment testing annually at 30 June.

The recoverable amount of each CGU is determined based on fair value less costs of disposal, calculated using discounted cash flows. The cash flow forecasts are principally based upon a five year period and extrapolated using long term growth rates ranging from 2.5% to 3.5% (2023: 2.5% to 3.5%). These cash flows are then discounted using a relevant long term post tax discount rate, ranging between 7.5% and 8.6% (2023: 7.5% and 8.6%). This is considered to be level 3 in the fair value hierarchy (refer to note B5 for explanation of the valuation hierarchy).

Key assumptions on which management has based its cash flow projections:

- State tax regimes and the regulatory environment in which the Group currently operates remain largely unchanged.
- Growth rates used to extrapolate cash flows are either in line with or do not exceed the long term average growth rate for the industry in which the CGU operates.
- Discount rates applied are based on the post tax weighted average cost of capital applicable to the relevant CGU.
- Terminal growth rate used is in line with the forecast long term underlying growth rate in the Consumer Price Index.

The key estimates and assumptions used to determine the fair value less costs of disposal of a CGU are based on management's current expectations after considering past experience and external information, and are considered to be achievable. Management do not believe that reasonably possible changes to any of the key estimates and assumptions would trigger considerations of impairment of any of the Group's CGUs.

At each balance date, in addition to goodwill, all non-current assets are reviewed for impairment if events or changes in circumstances indicate they may be impaired. When an indicator of impairment exists, the Group makes a formal assessment of recoverable amount. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the greater of fair value less costs of disposal and value in use. It is determined for an individual asset, unless the asset's recoverable value cannot be estimated as it does not generate cash inflows that are largely independent of those from other assets or groups of assets. In this case, the recoverable amount is determined for the CGU, being assets grouped at the lowest levels for which there are separately identifiable cash flows.

Goodwill acquired through business combinations have been allocated to each CGU expected to benefit from the business combination's synergies for impairment testing.

C4 Property, plant and equipment

	Leasehold improvements $m	Plant and equipment $m	Total $m
2024			
Carrying amount at beginning of year	**16.8**	**55.9**	**72.7**
Additions	**0.8**	**21.5**	**22.3**
Transfers	**2.2**	**13.4**	**15.6**
Depreciation	**(3.7)**	**(21.0)**	**(24.7)**
Carrying amount at end of year	**16.1**	**69.8**	**85.9**
Cost	**35.0**	**214.4**	**249.4**
Accumulated depreciation and impairment	**(18.9)**	**(144.6)**	**(163.5)**
	16.1	**69.8**	**85.9**
Includes capital works in progress of:	**-**	**17.6**	**17.6**
2023			
Carrying amount at beginning of year	17.3	54.2	71.5
Additions	4.3	13.0	17.3
Transfers	-	8.3	8.3
Depreciation	(2.6)	(19.1)	(21.7)
Impairment (i)	(2.2)	(0.5)	(2.7)
Carrying amount at end of year	16.8	55.9	72.7
Cost	32.1	180.0	212.1
Accumulated depreciation and impairment	(15.3)	(124.1)	(139.4)
	16.8	55.9	72.7
Includes capital works in progress of:	4.2	8.8	13.0

(i) Comprises write down of assets in respect of surplus corporate lease space.

Depreciation policy - straight line basis over useful life (years):	7 – 14	3 – 10	

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed annually and adjusted prospectively, if appropriate.

Notes to the Financial Statements:
Section C – Operating Assets and Liabilities

For the year ended 30 June 2024

C5 Leases

(a) Group as a lessee

The Group has lease contracts for various properties and motor vehicles with lease terms expiring from 1 to 9 years.

Leases generally provide the Group with a right of renewal at which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on either movements in the Consumer Price Index or are subject to market rate review.

Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Property $m	Motor vehicle $m	Total $m
2024			
Carrying amount at beginning of year	**73.5**	**0.8**	**74.3**
Additions	**-**	**0.1**	**0.1**
Lease remeasurements	**6.6**	**-**	**6.6**
Depreciation	**(11.1)**	**(0.3)**	**(11.4)**
Impairment [(i)]	**1.1**	**-**	**1.1**
Carrying amount at end of year	**70.1**	**0.6**	**70.7**
2023			
Carrying amount at beginning of year	83.9	0.6	84.5
Additions	1.1	0.5	1.6
Lease remeasurements	1.7	-	1.7
Depreciation	(11.1)	(0.3)	(11.4)
Impairment	(2.1)	-	(2.1)
Carrying amount at end of year	73.5	0.8	74.3

Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2024 $m	2023 $m
Carrying amount at beginning of year	**89.4**	96.1
Additions	**0.1**	1.6
Lease remeasurements	**9.3**	1.3
Interest expense	**1.8**	1.6
Payments	**(12.0)**	(11.2)
Carrying amount at end of year	**88.6**	89.4
Current	**12.4**	10.4
Non current	**76.2**	79.0
	88.6	89.4

(i) Current year comprises a partial reversal of the write down of assets in respect of surplus corporate lease space, which was recognised in the prior year.

Notes to the Financial Statements:
Section C – Operating Assets and Liabilities

For the year ended 30 June 2024

C5 Leases (continued)

(b) Group as a lessor

Finance sub-leases

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	2024 $m	2023 $m
Less than one year	**0.8**	0.8
Between one to two years	**0.9**	0.9
Between two to three years	**0.9**	0.9
Between three to four years	**1.0**	0.9
Between four to five years	**1.0**	0.9
More than five years	**4.0**	5.0
Total undiscounted lease receivable	**8.6**	9.4
Unearned finance income	**(0.6)**	(0.7)
	8.0	8.7

Operating sub-leases

Future minimum rentals receivable under non-cancellable operating sub-leases as at 30 June:

Not later than one year	**4.6**	3.1
Later than one year but not later than five years	**5.6**	5.0
	10.2	8.1

Notes to the Financial Statements:
Section C – Operating Assets and Liabilities

For the year ended 30 June 2024

C5 Leases (continued)

When a contract is entered into, the Group assesses whether the contract contains a lease. A lease arises when the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At commencement of the lease, the Group recognises a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Right-of-use assets are recognised at the commencement date of the lease, which is when the underlying assets are available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, any make good costs, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment.

Lease liabilities are recognised at the commencement date of the lease, measured at the present value of lease payments to be made over the lease term using the Group's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. Lease payments include fixed payments or variable lease payments that depend on an index or a rate, incorporating the Group's expectations of extension options which is a key area of judgement. Option periods are only included in determining the lease term at inception when they are reasonably certain to be exercised.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. Lease liabilities are remeasured when there is a modification, a change in the lease term, or changes in future lease payments arising from a change in rates or index used to determine the payments.

Short term leases (lease term of 12 months or less) and **leases of low value assets** are recognised as an expense as incurred.

The Group enters into lease arrangements as lessor in respect of some property leases. When the Group is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately.

The sub-lease is a **finance lease** where it transfers substantially all the risks and rewards of ownership to the lessee. All other sub-leases are operating leases. The determination of whether a sub-lease is classified as a finance lease or operating lease is made by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

The Group recognises on the balance sheet a net investment in a lease as the sum of the lease payments receivable plus any unguaranteed residual value, discounted at the interest rate implicit in the lease.

Notes to the Financial Statements:
Section C – Operating Assets and Liabilities

For the year ended 30 June 2024

C6 Notes to the cash flow statement

	2024 $m	2023 $m
(a) Cash and cash equivalents comprise:		
Cash on hand and in banks - significant restrictions [i]	**374.0**	354.0
Cash on hand and in banks - available for corporate use	**71.9**	80.5
	445.9	434.5

For the purpose of the cash flow statement, cash comprises cash and bank overdrafts (refer to note B3).

(i) Significant restrictions

The Group operates under state and territory-based licences which have various regulatory requirements in place that restrict the Group's use of certain cash balances and other financial assets (refer to note B2) for payment of lotteries duties and licence fees and to satisfy customer prize payment obligations. These restrictions arise under the trading conditions for each licence in connection with the Group's liability obligations and vary by jurisdiction. Cash on hand and in banks subject to restrictions as presented are held in accounts segregated from cash held for general use for corporate purposes where required.

(b) Reconciliation of net profit after tax to net cash flows from operating activities	**2024 $m**	2023 $m
Net profit after tax	**414.0**	264.8
Add items classified as investing/financing activities:		
- net loss on disposal of non current assets	**0.6**	0.8
- other	**-**	0.7
Add non cash income and expense items:		
- depreciation and amortisation	**108.3**	98.2
- impairment	**(1.1)**	4.8
- share based payments expense	**4.1**	6.9
- other	**(1.1)**	1.9
Net cash provided by operating activities before changes in assets and liabilities	**524.8**	378.1
Changes in assets and liabilities:		
(Increase)/decrease in:		
- debtors	**4.3**	11.0
- prepayments	**(4.8)**	(8.6)
- other assets	**(6.6)**	(2.8)
(Decrease)/increase in:		
- payables	**(11.7)**	85.9
- provisions	**0.8**	1.2
- deferred tax liabilities	**(17.4)**	(33.2)
- provision for income tax	**4.4**	24.0
- other liabilities	**(1.0)**	0.9
Net cash flows from operating activities	**492.8**	456.5

Notes to the Financial Statements:
Section C – Operating Assets and Liabilities

For the year ended 30 June 2024

C7 Receivables

	2024 $m	2023 $m
Current		
Trade debtors	**14.9**	4.6
Allowance for expected credit losses	**-**	-
	14.9	4.6
Other	**32.8**	37.2
	47.7	41.8
Non current		
Other	**7.3**	8.0

Trade debtors are recognised and carried at original invoice amount less an allowance for any uncollectible amount.

Expected credit losses for the Group are calculated using a lifetime expected loss allowance under the simplified approach of AASB 9. The expected credit loss is based on historical credit loss experience adjusted for forward-looking factors specific to the debtors and the economic environment.

C8 Payables

	2024 $m	2023 $m
Current		
Payables (i)	**847.6**	883.9
Non current		
Payables (ii)	**349.3**	325.2

(i) Includes prize liabilities and customer account balances totalling $612.2m (2023: $582.1m).
(ii) Comprises prizes payable to the winners of certain lottery games where winnings are payable for up to 20 years (refer to note B2).

Payables are recognised initially at fair value, and subsequent to initial recognition are recognised at amortised cost which is calculated using the effective interest rate method.

Notes to the Financial Statements:
Section C – Operating Assets and Liabilities

For the year ended 30 June 2024

C9 Provisions

	2024 $m	2023 $m
Current		
Employee benefits	**15.0**	14.0
	15.0	14.0
Non current		
Employee benefits	**2.2**	2.4
Make good	**7.5**	7.2
	9.7	9.6

Movement in provisions other than employee benefits during the year are set out below:

	Make good $m
Carrying amount at beginning of year	**7.2**
Provisions made during year	**0.3**
Provisions used during year	**-**
Carrying amount at end of year	**7.5**

A **provision** is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recorded as a finance cost.

Employee benefits (short term) are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided and the obligation can be estimated reliably.

Employee benefits (long term) - the Group's net obligation is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is discounted to determine its present value. Remeasurements are recognised in the income statement in the period in which they arise. This excludes pension plans.

Make good provision is recognised for leasehold properties requiring remedial work at the end of the lease arrangement. The provision recognised represents the present value of the estimated expenditure required for remedial work.

Notes to the Financial Statements:
Section C – Operating Assets and Liabilities

For the year ended 30 June 2024

C10 Other current assets and liabilities

	2024 $m	2023 $m
Current assets		
SA Lotteries monies held in trust (i)	**99.6**	100.4
Other	**22.3**	15.6
	121.9	116.0
Current liabilities		
SA Lotteries monies held in trust (i)	**99.6**	100.4
Other	**1.5**	2.7
	101.1	103.1

(i) SA Lotteries is operated under a Master Agency Agreement with Lotteries Commission of South Australia, and monies are held in trust.

Notes to the Financial Statements:
Section D – Group Structure

For the year ended 30 June 2024

D1 Subsidiaries

The ultimate parent entity within the Group is The Lottery Corporation Limited.

The consolidated financial statements incorporate the assets, liabilities and results of The Lottery Corporation Limited and the following controlled entities, that were held in both current and prior period unless otherwise stated:

100% owned Australian subsidiaries in a deed of cross guarantee with The Lottery Corporation Limited (refer to note D2):

Club Gaming Systems (Holdings) Pty Ltd
Golden Casket Lottery Corporation Limited
Keno (ACT) Pty Ltd
Keno (NSW) Pty Ltd
Keno (QLD) Pty Ltd
Keno (VIC) Pty Ltd
Keno Online Pty Ltd
L&K Finance Pty Ltd
L&K Operations Pty Ltd
New South Wales Lotteries Corporation Pty Ltd
TAHAL Pty Ltd
Tattersall's Gaming Pty Ltd
Tattersall's Gaming Systems NSW Pty Ltd
Tattersall's Sweeps Pty Ltd
Tatts Employee Share Plan Pty Ltd
Tatts Employment Co (NSW) Pty Ltd
Tatts Keno Holdings Pty Ltd
Tatts Lotteries SA Pty Ltd
Tatts NT Lotteries Pty Ltd
Tatts Online Pty Ltd
tatts.com Pty Ltd
TattsTech Pty Ltd
Thelott Enterprises Pty Ltd
Wintech Investments Pty Ltd
50-50 Software Pty Ltd

International subsidiaries

Name	Country of incorporation	% equity interest
Tattersall's Investments (South Africa) (Pty) Limited (i)	South Africa	100

(i) Company was deregistered during the current year.

Subsidiaries are entities controlled by the Company. The Group controls an entity if and only if the Group has:

- power over the entity;
- exposure, or rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the entity to affect its returns.

The financial statements of subsidiaries are included in the consolidated financial report from the date control commences until the date control ceases.

Elimination of intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are undertaken in preparing the consolidated financial statements.

Investments are initially recognised at cost, being the fair value of the consideration given, and if acquired prior to 1 July 2009 included acquisition charges associated with the investment. Subsequently investments are carried at cost less any impairment losses unless an accounting policy choice is made by a company to measure its investments at fair value, they are stated at fair value with any resultant gain or loss being recognised in the income statement.

D2 Deed of cross guarantee

The parties to the deed of cross guarantee, as identified in note D1, each guarantee the debts of the others. By entering into the deed, the subsidiaries are relieved from the requirements of preparation, audit and lodgement of a financial report and a Directors' report under *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*. Together with The Lottery Corporation Limited, the entities represent a 'Closed Group' for the purposes of the ASIC Instrument. The consolidated financial statements of the Group represent the results and the financial position of the Closed Group.

Notes to the Financial Statements:
Section D – Group Structure

For the year ended 30 June 2024

D3 Parent entity disclosures

	The Lottery Corporation	
	2024 $m	2023 $m
Result of the parent entity		
Profit for the year	**776.1**	1,364.2
Other comprehensive income	**-**	-
Total comprehensive income for the year	**776.1**	1,364.2
Financial position of the parent entity		
Current assets	**0.2**	3.4
Total assets	**11,633.9**	11,089.7
Current liabilities	**2,092.3**	2,015.0
Total liabilities	**2,092.3**	2,015.0
Net assets	**9,541.6**	9,074.7
Total equity of the parent entity comprising of:		
Issued capital	**782.7**	779.6
Retained earnings	**10,514.6**	10,050.1
Reserves	**(1,755.7)**	(1,755.0)
Total equity	**9,541.6**	9,074.7

Investment in subsidiaries
The Lottery Corporation has made an accounting policy choice to measure its investment in subsidiaries at fair value. Any resultant gain or loss on remeasurement is recognised in the income statement, and eliminates on consolidation at the Group level. The profit for the year includes the gain or loss on remeasurement.

Contingent liabilities
Refer to note E3.

Capital expenditure
The parent entity did not have any capital expenditure commitments for the acquisition of property, plant and equipment contracted but not provided for at 30 June 2024 or 30 June 2023.

Parent entity guarantees in respect of debts of its subsidiaries
The parent entity has entered into a deed of cross guarantee with the effect that the Company guarantees debts in respect of its subsidiaries. Further details of the deed of cross guarantee and the subsidiaries subject to the deed, are set out in note D2.

Tax consolidation
The Lottery Corporation Limited (the Head Company) and its 100% owned Australian tax resident subsidiaries have formed an income tax consolidation group, and are therefore taxed as a single entity. Members of the tax consolidation group entered into a tax sharing arrangement that provides for the allocation of income tax liabilities between the entities should the Head Company default on its tax payment obligations. At balance date, the possibility of default is considered remote.

Members of the tax consolidation group have entered into a tax funding agreement which requires each member of the tax consolidation group to make a tax equivalent payment to or from the Head Company, based on the current tax liability or current tax asset of the member. These amounts are recognised as either an increase or decrease in the subsidiaries' intercompany accounts with the Head Company. Deferred taxes are recognised separately by each member of the tax consolidation group. The Group applies the 'separate taxpayer within group' approach in calculating current taxes for each entity in the tax consolidation group.

Notes to the Financial Statements:
Section E – Other Disclosures

For the year ended 30 June 2024

E1 Employee share plans

During the prior year, the Company established share plans which provide equity instruments to senior executives and management as a component of their remuneration.

Long Term Incentive Plan (LTI Plan)

The LTI Plan is available at the most senior executive levels. Under the LTI Plan employees may become entitled to Performance Rights in the Company. Performance Rights are subject to a single performance measure, being relative total shareholder return (relative TSR), a market vesting condition with a positive absolute TSR gateway. Any Performance Rights that vest into shares following testing are subject to a one-year holding lock (introduced for Performance Rights granted in the current financial year onwards).

The fair value of Performance Rights under each performance measure is determined at grant date by an external valuer and takes into account the terms and conditions upon which they were granted. The fair value is recognised as an employee expense (with a corresponding increase in equity) over the vesting period.

For the relative TSR measure the fair value is recognised as an expense irrespective of whether the Performance Rights vest to the holder, and a reversal of the expense is only recognised in the event the instruments lapse due to cessation of employment within the vesting period.

The dilutive effect, if any, of outstanding Performance Rights is reflected in the computation of diluted earnings per share.

Short Term Incentive Plan (STI Plan)

For senior management it is mandatory to defer 25% (50% for the Managing Director and Chief Executive Officer) of their STI Plan into Restricted Shares, which are subject to a two year service condition. The cost of the Restricted Shares is based on the market price at grant date and is recognised over the vesting period. The share based payments expense in respect of the equity instruments granted is recognised in the income statement for the period.

Further explanation of the share plans is disclosed in the Remuneration Report.

Notes to the Financial Statements:
Section E – Other Disclosures

For the year ended 30 June 2024

E1 Employee share plans (continued)

Performance Rights (number)

Details of and movements in Performance Rights granted under the LTI Plan that existed during the current or prior year are:

			Movement during the year			
Grant date	**Expiry date**	**Balance at start of year**	**Granted**	**Forfeited**	**Vested**	**Balance at end of year**
2024						
8 November 2022	28 September 2025	**1,925,779**	**-**	**(175,072)**	**-**	**1,750,707**
19 October 2023	3 October 2026	**-**	**2,039,790**	**-**	**-**	**2,039,790**
		1,925,779	**2,039,790**	**(175,072)**	**-**	**3,790,497**
2023						
8 November 2022	28 September 2025	-	1,925,779	-	-	1,925,779

No Performance Rights were exercisable at the end of the current or prior year.

Fair value of equity instruments

Performance Rights have been independently valued at the date of grant using a Monte Carlo simulation option pricing model.

The weighted average fair value of Performance Rights granted during the year was $1.73 (2023: $2.42).

The assumptions underlying the Performance Rights valuations are:

Grant date	**Expiry date**	**Share price at date of grant $**	**Expected volatility in share price %**	**Expected dividend yield %**	**Risk free interest rate %**	**Value per Performance Right $**
8 November 2022	28 September 2025	4.47	20.00	3.44	3.45	2.42
19 October 2023	3 October 2026	4.42	20.00	3.92	4.15	1.73

The expected volatility reflects the volatility in the Company's share price post demerger, together with consideration of the historic volatility of Tabcorp as a consolidated business prior to the demerger.

Notes to the Financial Statements:
Section E – Other Disclosures

For the year ended 30 June 2024

E2 Pensions and other post employment benefit plans

The Group has a defined benefit superannuation plan (closed to new entrants), the New South Wales Lotteries Corporation Pty Limited defined benefit plan, which provides benefits based on salary and length of service. The plan is governed by the employment laws of Australia and the Group contributes to the plan at rates based on actuarial advice.

	Fair value of plan assets $m	Present value of defined benefit obligation $m	Net defined benefit plan liabilities $m
Reconciliation of the net defined benefit liabilities recognised in the balance sheet (i)			
Balance at 30 June 2022	19.4	(21.1)	(1.7)
Actuarial gains/(losses)	0.8	(0.3)	0.5
Benefits paid	(1.1)	1.1	-
Other	1.8	(1.0)	0.8
Balance at 30 June 2023	**20.9**	**(21.3)**	**(0.4)**
Actuarial gains/(losses)	**0.4**	**(1.1)**	**(0.7)**
Benefits paid	**(1.2)**	**1.2**	**-**
Other	**2.0**	**(1.2)**	**0.8**
Balance at 30 June 2024	**22.1**	**(22.4)**	**(0.3)**

(i) Net defined benefit plan liabilities are recognised on the balance sheet in other non current liabilities.

	2024 $m	2023 $m
Amounts recognised in other comprehensive income	**(0.7)**	0.5

Fair value of plan assets
The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2024 %	2023 %
Cash	**6.7**	14.3
Fixed interest	**3.0**	3.8
Australian equities	**16.3**	25.9
International equities	**40.1**	37.7
Property	**5.7**	2.1
Alternatives	**28.2**	16.2
	100.0	100.0

The Trustees are responsible for the governance and administration of the fund, the management and investment of the fund assets and compliance with other applicable regulations.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The fund has no significant concentration of investment risk or liquidity risk.

The Group's total defined benefit obligation is not materially sensitive to changes in assumptions.

Defined benefit plans are recognised in the balance sheet as the difference between the present value of the estimated future benefits that will be payable to plan members and the fair value of the plan's assets. An annual adjustment is made to recognise all movements in the carrying amount of the plan in the income statement, except for the portion of the movement that is attributable to actuarial gains and losses, which are recognised directly in equity. Actuarial gains and losses represent the difference between previous actuarial assumptions of future outcomes and the actual outcome, in addition to the effect of changes in actuarial assumptions.

Notes to the Financial Statements:
Section E – Other Disclosures

For the year ended 30 June 2024

E3 Contingencies

Details of contingencies where the probability of future payments is not considered remote are set out below as well as details of contingencies, which although considered remote, the Directors consider should be disclosed as they are not disclosed elsewhere in the notes to the financial statements.

(a) Legal disputes
From time to time, controlled entities within the Group become party to disputes and/or receive claims in the ordinary course of business, including disputes with retail partners and claims from customers in relation to prizes. There are outstanding legal actions on foot and other potential legal exposures between controlled entities and third parties at 30 June 2024. It is not currently expected that any liabilities arising from any current disputes would have a material adverse effect on the Group's financial position.

E4 Related party disclosures

Compensation of Key Management Personnel (KMP)

	2024 **$**	2023 $
Short term	**6,803,140**	6,267,249
Other long term	**407**	64,036
Post employment	**426,201**	416,349
Share based payments	**2,321,147**	2,321,710
	9,550,895	9,069,344

E5 Auditor's remuneration

	2024 **$000**	2023 $000
Amounts received or due and receivable by Ernst and Young for:		
- audit and review of the statutory financial report of the Group and subsidiaries	**1,920**	1,405
- other assurance and agreed upon procedures services under other legislation or contractual arrangements [i]	**236**	399
- other services [ii]	**-**	78
	2,156	1,882

(i) Includes $140,000 (2023: $300,000) for which the Group has been, or is entitled to be, reimbursed by the Lotteries Commission of South Australia.

(ii) The Group engages Ernst and Young to provide permitted non-audit services where there is a compelling reason to do so provided stringent independence requirements are satisfied.

Notes to the Financial Statements:
Section E – Other Disclosures

For the year ended 30 June 2024

E6 Other accounting policies

(a) Statement of compliance

(i) Changes in accounting policy and disclosures

A number of new and amended accounting standards became mandatorily applicable for the Group for the first time in the current financial year. The adoption of these new and amended standards had no impact on the financial position or performance of the Group, or the disclosures included in this Financial Report.

(ii) New Australian Accounting Standards or International Financial Reporting Standards issued but not yet effective

The following new and amended accounting standards and interpretations have been recently issued by the Australian Accounting Standards Board but not yet effective, and are considered relevant to the Group. They are available for early adoption but have not been applied by the Group in this Financial Report:

AASB 18 Presentation and Disclosure in Financial Statements is applicable to the Group from 1 July 2027. It introduces requirements for the presentation of newly defined subtotals in the income statement and the disclosure of management-defined performance measures and enhances requirements for the aggregation and disaggregation of information. It also requires all income and expenses to be classified as either operating, investing or financing in the income statement.

The Group has not yet completed its assessment of the impact of this new standard on the Financial Report.

(b) Goods and services tax

Revenues, expenses, assets and liabilities are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- certain Keno revenues, due to the GST being offset against government taxes; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(c) Foreign currency translation and balances

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at balance date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement with the exception of differences on foreign currency borrowings that are in an effective hedge relationship. These are taken directly to equity until the liability is extinguished at which time they are recognised in the income statement. Refer to note B4 for further detail.

Non monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

Consolidated Entity Disclosure Statement

As at 30 June 2024

Entity name	Entity type	Body corporate country of incorporation	Body corporate % of share capital held	Country of tax residence
The Lottery Corporation Limited	Body corporate	Australia		Australia
Club Gaming Systems (Holdings) Pty Ltd [(i)]	Body corporate	Australia	100	Australia
Golden Casket Lottery Corporation Limited	Body corporate	Australia	100	Australia
Keno (ACT) Pty Ltd	Body corporate	Australia	100	Australia
Keno (NSW) Pty Ltd	Body corporate	Australia	100	Australia
Keno (QLD) Pty Ltd	Body corporate	Australia	100	Australia
Keno (VIC) Pty Ltd	Body corporate	Australia	100	Australia
Keno Online Pty Ltd	Body corporate	Australia	100	Australia
L&K Finance Pty Ltd	Body corporate	Australia	100	Australia
L&K Operations Pty Ltd	Body corporate	Australia	100	Australia
New South Wales Lotteries Corporation Pty Ltd	Body corporate	Australia	100	Australia
TAHAL Pty Ltd	Body corporate	Australia	100	Australia
Tattersall's Gaming Pty Ltd	Body corporate	Australia	100	Australia
Tattersall's Gaming Systems NSW Pty Ltd	Body corporate	Australia	100	Australia
Tattersall's Sweeps Pty Ltd	Body corporate	Australia	100	Australia
Tatts Employee Share Plan Pty Ltd	Body corporate	Australia	100	Australia
Tatts Employment Co (NSW) Pty Ltd	Body corporate	Australia	100	Australia
Tatts Keno Holdings Pty Ltd	Body corporate	Australia	100	Australia
Tatts Lotteries SA Pty Ltd	Body corporate	Australia	100	Australia
Tatts NT Lotteries Pty Ltd	Body corporate	Australia	100	Australia
Tatts Online Pty Ltd	Body corporate	Australia	100	Australia
tatts.com Pty Ltd	Body corporate	Australia	100	Australia
TattsTech Pty Ltd	Body corporate	Australia	100	Australia
Thelott Enterprises Pty Ltd	Body corporate	Australia	100	Australia
Wintech Investments Pty Ltd	Body corporate	Australia	100	Australia
50-50 Software Pty Ltd	Body corporate	Australia	100	Australia
The CGS Trust	Trust	N/A	N/A	Australia
50-50 Foundation Limited [(ii) (iii)]	Body corporate	Australia	N/A [(iv)]	Australia
50-50 Foundation [(ii)]	Trust	N/A	N/A	Australia

(i) Trustee to The CGS Trust.

(ii) Charitable entities are deemed to be controlled by the Group under Australian Accounting Standards, notwithstanding that the Group does not legally control those charitable entities. Not consolidated into the Group financial statements on the basis of materiality.

(iii) Trustee to the 50-50 Foundation.

(iv) Entity is a company limited by guarantee.

Directors’ Declaration

In the opinion of the Directors of The Lottery Corporation Limited:

(a) the financial statements and notes of the Group are in accordance with the *Corporations Act 2001* (Cth), including:

   (i) giving a true and fair view of the Group’s financial position as at 30 June 2024 and of its performance for the year ended on that date; and

   (ii) complying with Accounting Standards and *Corporations Regulations 2001* (Cth);

(b) the consolidated entity disclosure statement required by section 295(3A) of the *Corporations Act 2001* (Cth) is true and correct;

(c) the financial statements and notes also comply with International Financial Reporting Standards; and

(d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2024.

In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note D2 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

Signed in accordance with a resolution of Directors.

Doug McTaggart
Chairman

Sue van der Merwe
Managing Director and Chief Executive Officer

21 August 2024

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

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Fax: +61 3 8650 7777
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Independent auditor's report to the members of The Lottery Corporation Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of The Lottery Corporation Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated balance sheet as at 30 June 2024, the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Reliance on automated processes and controls related to revenue

Why significant	How our audit addressed the key audit matter
The Group's financial reporting processes are reliant on IT systems with automated processes and controls over the capturing and recording of Lotteries and Keno subscription and commission revenue transactions. During the year, the Group implemented a new Enterprise Resource Planning (ERP) IT system which was of significance to our audit of the Lotteries and Keno subscription and commission revenue transactions. Given the significance of these processes and controls to the recording of subscription and commission revenue, the understanding and testing of these IT systems and the related processes and controls was considered a key audit matter.	With the involvement of our IT specialists, we assessed the operating effectiveness of the IT control environment and automated transaction processing controls relevant to the recording of subscription and commission revenue throughout the year. When testing controls was not considered an appropriate or efficient testing approach, alternative audit procedures were performed on the financial information being produced by those IT systems.

Impairment assessment of Keno's licence intangibles, other intangibles and goodwill

Why significant	How our audit addressed the key audit matter
The Group has licence intangibles of $259.1 million, other intangibles of $38.2 million and goodwill of $572.2 million attributable to the Keno cash generating unit (CGU). The assets of the Keno CGU were remeasured at fair value at the time of the demerger in 2022. For this reason, minimal headroom exists between the carrying value of the assets and their recoverable amount. An impairment assessment is performed on an annual basis for goodwill and indefinite life intangibles. Finite life intangibles including license intangibles and other intangibles are assessed for impairment when there is a trigger. This assessment determines whether the carrying value of these assets and the related non-current assets exceed the recoverable amount. There are judgements inherent in the cash flow forecast including forecast business growth rates, discount rates, licence renewal and terminal value assumptions. The estimate of recoverable amount is sensitive to changes in these assumptions. Given the value of goodwill, licences and other intangibles and the judgements and estimation involved in impairment testing, this was a key audit matter.	Our audit procedures included the following: ► We evaluated the future cash flow forecasts supporting the impairment assessment for goodwill, licence intangibles, other intangibles, and the related non-current assets within the Keno CGU. ► We evaluated the appropriateness of the forecasts by comparing the future cash flows to approved budgets and compared the Keno CGU's results to historical forecasts to assess forecast accuracy. ► We performed sensitivity analysis around the key assumptions to ascertain the extent of change in those assumptions that would either individually or collectively result in impairment. ► We involved our valuation specialists to assess whether the methodology applied is in accordance with Australian Accounting Standards and evaluated key assumptions including licence renewal and terminal values, long term growth rates, discount rates, capital expenditure assumptions and working capital requirements applied in the impairment model. ► We performed market capitalisation and earnings multiples cross checks in comparison with other comparable businesses to assess the output of impairment testing models. ► We assessed the Group's determination of the cash generating units (CGUs) used for their impairment assessment is in accordance with Australian Accounting Standards. ► We tested the mathematical accuracy of the discounted cash flow models. ► We assessed the adequacy of the associated disclosures made within Note C3 - Impairment testing.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2024 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

b. the consolidated entity disclosure statement that is true and correct in accordance with the *Corporation Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.

- 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Building a better working world

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of The Lottery Corporation Limited for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Michael Collins
Partner
Melbourne
21 August 2024

Shareholder Information

As at 31 July 2024

Securities on Issue

The Lottery Corporation has on issue 2,225,771,703 fully paid ordinary shares (shares) which are quoted on the ASX under the code TLC. These shares represent the only Company securities quoted on the ASX.

Voting Rights

Shares issued by The Lottery Corporation carry one vote per share.

Substantial Shareholders

The following organisations have disclosed a substantial shareholder notice to The Lottery Corporation.

Name	No. of ordinary shares	% of issued capital
AustralianSuper	283,649,079	12.74
State Street Corporation	157,126,240	7.06
BlackRock Group	123,793,533	5.56
Vanguard Group	112,955,745	5.08

On-market Buy Back

There is no current on-market buy back.

Distribution of Securities Held

No. of shares held	No. of holders	No. of ordinary shares	% of issued capital
1 to 1,000	72,922	24,218,535	1.09
1,001 to 5,000	59,388	142,201,951	6.39
5,001 to 10,000	10,557	74,975,893	3.37
10,001 to 100,000	7,597	163,849,014	7.36
100,001 and Over	313	1,820,526,310	81.79
Total	**150,777**	**2,225,771,703**	**100**

Unmarketable Parcels

As at 31 July 2024, there were 10,967 shareholders holding less than a marketable parcel of TLC shares. These shareholders held a combined total of 515,867 securities.

A marketable parcel of TLC shares was 101 shares, based on a closing price of $4.970 on 31 July 2024.

Twenty Largest Registered Holders of Ordinary Shares

Investor name	No. of ordinary shares	% of issued capital
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	645,568,703	29.00%
J P MORGAN NOMINEES AUSTRALIA LIMITED	590,261,185	26.52%
CITICORP NOMINEES PTY LIMITED	216,105,724	9.71%
BNP PARIBAS	157,468,726	7.07%
NATIONAL NOMINEES LIMITED	33,662,845	1.51%
NETWEALTH INVESTMENTS LIMITED	14,598,028	0.66%
WENTWORTH INVESTMENTS	12,966,844	0.58%
IOOF INVESTMENT MANAGEMENT LIMITED	10,917,143	0.49%
ARGO INVESTMENTS LIMITED	10,548,951	0.47%
INVIA CUSTODIAN PTY LIMITED	6,301,090	0.28%
WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	6,040,040	0.27%
NEWECONOMY COM AU NOMINEES PTY LIMITED	5,170,513	0.23%
MUTUAL TRUST PTY LTD	3,105,199	0.14%
TABCORP NRT LIMITED	3,020,448	0.14%
MRS VICKI LEA MAY BRAUN	2,967,441	0.13%
KAYAAL PTY LTD	2,681,819	0.12%
GEANMONEY INVESTMENTS PTY LTD	2,400,000	0.11%
MR GEOFFREY WILLIAM NETTE	2,225,015	0.10%
KERRERA PTY LTD	2,020,050	0.09%
RIVER CAPITAL PTY LTD	2,000,000	0.09%
Total Top 20	**1,730,029,764**	**77.73%**

Key Dates

2024	
Half year results	21 February
Ex-dividend for interim dividend	28 February
Record date for interim dividend	29 February
Interim dividend payment	28 March
End of financial year	30 June
Full year results announcement	21 August
Ex-dividend for final dividend	28 August
Record date for final dividend	29 August
Final dividend payment	25 September
Annual General Meeting - Melbourne	1 October

Indicative Key Dates

2025 (i)	
Half year results	19 February
Ex-dividend for interim dividend	26 February
Record date for interim dividend	27 February
Interim dividend payment	27 March
End of financial year	30 June
Full year results announcement	20 August
Ex-dividend for final dividend	27 August
Record date for final dividend	28 August
Final dividend payment	25 September
Annual General Meeting	15 October

(i) Proposed dates set out above are subject to change. Payment of any dividend is subject to Board approval and the key dates for each dividend will be confirmed to the ASX. Please refer to the Company's website for any updates.

Notice of meeting

The 2024 Annual General Meeting of The Lottery Corporation will be held in person on Tuesday, 1 October 2024, commencing at 10:00am (Melbourne time) at The Events Centre, Tower 2, Level 5, 727 Collins Street Docklands VIC 3008.

The Notice of Meeting for the 2024 Annual General Meeting is available on our website at:
www.thelotterycorporation.com/investors/annual-general-meeting

Glossary

Term	Definition
ASX	the Australian Securities Exchange.
Board	the Board of The Lottery Corporation Limited.
Company	The Lottery Corporation Limited (ABN 21 081 925 706).
CEO	Chief Executive Officer.
Corporations Act	the Corporations Act 2001 (Cth).
CPS	cents per share.
Directors	the Directors of the Board of The Lottery Corporation.
Directors' Report	the report on pages 40 to 76.
DRP	dividend reinvestment plan.
EBIT	earnings before interest and Tax (i).
EBITDA	earnings before interest, taxes, depreciation, and amortisation (i).
EPS	earnings per share.
ESG	environmental, social and governance.
Financial Report	the report on pages 77 to 123.
FY23	the financial year ended 30 June 2023.
FY24	the financial year ended 30 June 2024.
Group	The Lottery Corporation Limited and its subsidiaries.
Keno	refers to a random number game offered by the Company as further described on page 20 of this report or the Company's Keno business segment.
KMP	key management personnel.
Lottery or Lotteries	refers to the Company's lotteries business and includes the lotteries products as further described on pages 17 and 18 of this report.
LTI	long term incentive.
LTIFR	lost time Injury frequency rate.
MD	Managing Director.
n.m.	not meaningful.

(i) Includes interest revenue earned in the ordinary course of operations from certain prize-related financial assets.

Term	Definition
non-IFRS	non-International Financial Reporting Standards.
NPAT	net profit after tax.
Operating & Financial Review	the report on pages 12 - 29.
p.a.	per annum.
pcp	prior corresponding period.
Performance Rights	a right to receive one ordinary The Lottery Corporation share, at no cost to the employee, subject to the satisfaction of performance and service conditions.
Remuneration Report	the report on pages 50 to 76.
Restricted Shares	The Lottery Corporation shares that are registered in the employee's name and placed under a holding lock on the share register. The shares are restricted from trading until the end of the applicable restriction period and are subject to forfeiture, malus, and clawback conditions.
S&P	Standard and Poor Global Ratings.
STI	short term incentive.
SGC	superannuation guarantee contribution - the minimum superannuation contributions The Lottery Corporation is required to make into a nominated superannuation fund on behalf of the employee.
Tabcorp Holdings or Tabcorp	Tabcorp Holdings Limited (ABN 66 063 780 709).
The Lott®	umbrella brand for the entire Lotteries business.
TSR	total shareholder return.
Turnover	game sales, excluding commissions paid.

Directory

Share Registry

For any queries about shareholdings in The Lottery Corporation Limited, please direct all correspondence to our share registry Link Market Services.

Link Market Services
Level 12, 680 George Street
Sydney NSW 2000 Australia

Telephone (within Australia)	1800 550 560	Telephone (outside Australia)	+61 1800 550 560

Email thelotterycorporation@linkmarketservices.com.au
Website www.linkmarketservices.com.au

Registered Office

The Lottery Corporation Limited
Level 8, 180 Ann Street
Brisbane QLD 4000 Australia

Telephone 07 3001 9300

Corporate information

The Company is a company limited by shares that is incorporated and domiciled in Australia.

Copyright

Investment warning

Past performance of shares is not necessarily a guide to future performance. The value of investments and any income from them is not guaranteed and can fall as well as rise. The Lottery Corporation recommends investors seek independent professional advice before making investment decisions.

Sydney Office

Level 29, 680 George Street
Sydney NSW 2000 Australia

Telephone 02 8239 6400

Melbourne Office

Level 21, Tower 2
727 Collins Street
Melbourne VIC 3008 Australia

Telephone 03 6811 2700

Website

www.thelotterycorporation.com

Privacy

The Lottery Corporation respects the privacy of its stakeholders. The Lottery Corporation's Privacy Policy is available on the Company's website at www.thelotterycorporation.com.

Currency

References to currency are in Australian dollars unless otherwise stated.

Trade marks

® These trade marks are registered in Australia either across Australia or limited to certain State(s) or Territory(ies) and are owned by or licensed to a company in the Group.

The Lottery Corporation Limited | ABN 21 081 925 706