Company:	**The Lottery Corporation**
Title:	**Transcript of TLC HY25 Results**
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Ms van der Merwe: Well, good morning, and thank you for joining us today. I'm Sue van der Merwe, Chief Executive Officer of The Lottery Corporation and I'm pleased to announce the company's financial results for the first half of FY25. Our CFO Adam Newman and I will take you through the Investor Presentation that was lodged with the ASX this morning.

Before I get into the result, I wanted to recap TLC's key differentiators which we've highlighted on Slides 4 and 5. We operate in a resilient Australian lotteries industry, which has grown ahead of population growth and inflation over the long term, driven by widespread public acceptance and participation, low levels of harm and continued contribution to the community. We expect this growth to continue into the future, underpinned by continued product innovation and resilient consumer demand, with customers continuing to dream of winning big. And to that end, I want to acknowledge our $100 million Oz Lotto jackpot offer earlier this month and, particularly, congratulate the player from Western Sydney, who answered that magic phone call to hear that she was the single biggest individual winner for Oz Lotto in the game's 30-year history.

As Australia's largest lottery operator and the only large-scale, listed, pure-play lottery company globally, TLC has a strong market position, underpinned by exclusive and/or long-dated licences and approvals. We have a diverse portfolio of brands that enjoy awareness of more than 90% of the Australian population. Our diverse retail distribution network and growing digital footprint, as well as our strong cash flow generation and low capital intensity, make us highly defensive.

Looking at our highlights then for the first half of FY25, we delivered a resilient financial performance, powered by the strength of our diversified game portfolio, proactive portfolio management, and the ongoing benefits of our customer-focused innovation. The result was delivered against a backdrop of 14% lower Division 1 prize offerings across our three largest games, and economic pressures that saw some consumers seeking value and purchasing less frequently. In that context, our product portfolio performed well, with consistently strong participation levels reflected in the steady performance of our base games, which were broadly in line with the second half of FY24 on a like-for-like basis. We continued our targeted strategy of accelerating the Powerball sequence to stimulate larger jackpots, which ultimately delivered two $100 million jackpots in the first half.

We grew our active registered customer numbers and digital share, versus the PCP and, pleasingly, we held on to most of the gains we made during the large jackpots in the second half of last financial year.

We continue to see strong retail performance in Keno, where local area marketing and our 'Together We Play' campaign have helped leverage Keno's position as a social game. And, importantly, we remained focused on capital and cost discipline to support our margins.

We continue to actively manage our portfolio and evolve our games with customer-centric innovation. During the half, the new Friday Weekday Windfall draw generated significant incremental turnover and following its success we're on track to refresh Saturday Lotto, our second largest game.

We also made operational improvements to our ID verification processes and that's resulted in a significant uplift in conversion of customers to registered players. And we're on schedule to deliver enhanced personalisation at scale through our new customer data platform to be launched this half. Importantly, in the first half our operations returned more than $800 million to state governments, $324 million in commission to our retail partners and $2.6 billion to winning customers, including making 161 new millionaires.

We continue to progress our responsible play efforts to support our customers and preserve value, including proactively introducing mandatory spend limits on online Keno play. We continue to engage with governments and regulators about an appropriate regulatory framework for lottery and Keno products to safeguard community returns and prioritise player protection.

Finally, our performance, strong financial position and cash flow enabled the Board to determine to hold the interim dividend at $0.08 per share, consistent with last year and in line with our capital management framework.

I'll hand over to Adam now to cover the financials in more detail.

Mr Newman: Thanks, Sue and good morning, everyone. My key message at the outset is that The Lottery Corporation remains well positioned for sustainable growth and delivering long-term value through strong cash flow generation, digital transformation and operational efficiency. As Sue mentioned, our headline results were impacted by jackpot outcomes with Division 1 offers across our three largest games down 14%. Revenue decreased 5.6%. If we adjust for the impact of below model outcomes and the timing of the Saturday end-of-year event, revenues rose approximately 2% - a good underlying performance in a challenging economic environment.

Variable contribution decreased 4.2 % in line with the decline in revenue to $512 million, while operating expenses increased $7 million or 5%, largely due to the run rate impact of separation. As a result, EBITDA decreased 7.4 % to $370 million and net profit after tax, decreased 9.9% to $176 million. Despite this, and as Sue mentioned, we are pleased to have maintained our dividend at $0.08 per share fully franked and this equates to a payout ratio of 101% for the half.

Interest expense for the period was $61 million, slightly lower than the prior year due to lower average debt levels. We are materially insulated from movements in interest rates, given that over 80% of our debt is fixed and hedged against foreign exchange movements and we earn significant interest income on our restricted and other cash balances.

It is worthwhile noting that this is the first time in several years that we haven't had significant items and with the separation program now complete, we don't anticipate any further significant items in the second half.

Moving to slide number 8, and you can see here that EBITDA has decreased from $399 million in the PCP to $370 million this half. Driven by unfavourable jackpot sequences, timing of the Saturday end-of-year Megadraw and the run rate impact of separation costs. Despite lower jackpot activity, we saw a further step up in lottery's digital share and increased interest revenue from Set for Life deposits.

The Keno result benefited from strong retail foot traffic, both in Queensland and in New South Wales.

We can now move to slide number 9 and I'd like to focus mainly here on OpEx and leverage. Over the past few years, we've worked hard to manage our underlying cost base during periods of significant change as we worked our way through separation and in the face of inflationary pressures. We've renegotiated major contracts, we've consolidated data centres, we've continued to rationalise applications and vendors, and maintained tight control over our discretionary expenditure and headcount in the face of lower revenues. Our FY25 OpEx target is $310-$320 million after absorbing approximately $12 million in estimated separation run rate impacts during the course of the year.

Consistent with prior periods, our OpEx skews to the second half and this is predominantly due to advertising and promotion expenditure with new products, new product launches and other branding activity. This is a resilient business that generates strong and predictable cash flows with low CapEx and a highly variable cost base. We allocate capital to drive long-term shareholder value in line with our capital allocation framework and our balance sheet provides flexibility in order to maximise returns for shareholders.

You'll note that leverage at the end of the period was 2.8 times EBITDA. Together with the Board, we will continue to monitor the Group's capital position with an intention to return to the target leverage range of 3 to 4 times EBITDA, while maintaining financial flexibility and the capacity to support our growth.

We continue to actively explore opportunities to deploy capital, to deliver long-term growth that is in line with our strategy, which includes licence enhancements.

We'll always exercise discretion and make pragmatic risk-based assessment of the near-term investment requirements and ultimately seek to return any excess funds to shareholders in the most tax-efficient manner. We did have $530 million of available liquidity at period end, with an average debt tenor of five years. We extended our syndicated bank facilities in September extending its (tranche) by two years and improving pricing, fixed at 5 basis points below prior levels.

So in summary, despite the lower jackpot activity and economic pressures, The Lottery Corporation has maintained a strong financial position and continued to deliver value to shareholders. The company's focus on digital transformation, operational efficiency and capital allocation has positioned it well for a sustainable growth. With strong cash flows in a flexible balance sheet, TLC is well equipped to continue to grow and deliver value to our shareholders.

Thank you and I'll now hand back to Sue.

Ms van der Merwe: Thanks, Adam. So now let's look at the results by segment, starting with lotteries on slide 11. Overall, we delivered a solid underlying performance, given the below average jackpot outcomes in the half and the move of the Saturday Lotto end-of-year Megadraw from December to January. Together, these factors had an estimated revenue impact of $140 million, $100 million of this relating to jackpots and more than $40 million relating to Saturday Lotto. The improved VC margin to 26.7% versus 26.3 % in the PCP was the result of digital share growth.

Slide 12 looks at our customer numbers and our lotteries turnover by channel. The overall trend for active customers remains positive, with more than 500,000 Australians added to our registered database in the past 12 months. We see significant upside from growing our known customer numbers, and we've focused on two things. Firstly, retaining existing customers through ongoing marketing initiatives, including personalisation and, then secondly, successful registration of new customers through improved onboarding processes. We are seeing good retention rates, and we're very pleased with an uplift to the ID verification rate to circa 83%. And that is also resulting in improvements to service levels and customer satisfaction scores for our contact centre.

From a channel perspective, turnover in retail was down 6.7%, and digital turnover was down by a more modest 3.5%. Both of those impacted by the lower Division 1 prize money on offer, versus the PCP.

Slide 13 illustrates that demand for our base game stabilised, following softness in the second half of ‘24. Like-for-like sales for our three largest games were in line with, or up slightly on the second half of FY24. Instant Scratch-Its turnover was up 1.3%, a good result in the context of the economic environment and the more impulse nature of purchasing that product. Instant Scratch-Its skew more to younger adult players and we've been able to maintain its strong position through game innovation and targeting product positioning and gifting strategies. A good example is the successful introduction of our new ‘Loaded’ range, which is a range of games designed to appeal to a specific segment of our players, and what we've done is ensure that there's multiple price options available to those players so they can choose their spend level and engage in that product category.

Black Friday's growing influence on consumer spending patterns and advertising rates did pose some challenges for us this year, with price sensitivity and increased cost to reach consumers in what was a more competitive media market. And we switched our focus to be on search-orientated marketing to help stimulate demand.

Turning to our jackpot games, Oz Lotto and Powerball on slide 14. In the first half, both games offered significantly less jackpot value, with Oz Lotto's jackpot value, $115 million lower than the PCP, and Powerball's $42 million lower than the PCP. This is a normal part of the variation in jackpots that can impact volumes in the short term, but as we know, naturally smooths out over time. If you look at Powerball alone, there was a disproportionate number of wins very early in the sequence, with three out of five wins at the $12 million level, compared to the statistical forecast of one. And that meant we were back to the base $4 million jackpot offer more often than expected.

Sequencing our events and knowing when to accelerate draws and balance the portfolio is part of the art of game management and we use this to good effect in the half, accelerating the Powerball sequence twice and delivering two $100 million jackpots.

Oz Lotto sales were strong at its lower jackpot levels and the prize boost offer, which offers a 30% boost on Divisions 2 to 7 prize money, delivered the intended benefits, such as customer reactivation.

Turning to our Weekday Windfall game on slide 15, we're pleased with the early performance of this new game, which delivered over $50 million in incremental turnover in the half. We've seen an increase in the value from customers who were only playing Monday and Wednesday, with the extra Friday game representing about 65% of Monday & Wednesday sales. The new brand position around relaxing with family and friends, and the proposition of $1 million for up to six winners, three times per week, is resonating strongly with consumers. The Weekday 3 Play ticket has also been popular, making up more than 10% of total sales.

Our product innovation pipeline continues to deliver growth across the portfolio, which takes us to Saturday Lotto on slide 16. Saturday Lotto is the long-term foundation of our base game portfolio. Of all our games, it has the highest proportion of players playing their favourite numbers, meaning that the natural evolution of the game is to increase the price while maintaining the current matrix. At the heart of the game change is lifting the estimated Division 1 prize pool from $5 million to $6 million and applying a $0.10 increase in the game price from $0.75 to $0.85. And this will be the first price change for Saturday since 2020. We're looking forward to bringing those changes to market in May and we expect them to drive good sales momentum. At the same time, the commission rate on Lucky Lotteries will increase from 10% to 14% to 15%. Lucky Lottery sales are over 50% digital and we retain commission on most of our digital turnover, so that should be incrementally positive for margins going forward.

Next cab off the rank after that is planned to be Powerball in FY26, subject, as always, to regulatory approvals. The game's been a great performer for the portfolio and the matrix remains solid and it's still delivering the jackpots that it was designed to do. And we still see good upside and would expect a positive response to any changes to that game given the relatively inelastic demand for that product.

Now onto Keno, which delivered a strong underlying performance with the headline result impacted by our proactive decision to introduce mandatory spend limits on online play. VC margins have been impacted by the decline in online turnover, which has a higher margin than retail. Customers have responded well to the Together We Play campaign, which promotes the game as a social connector that brings people together.

As slide 18 shows, Keno is a retail-centric game, with a breakdown by channel, showing that retail volumes have remained robust. Retail performance was very strong in the first half with turnover up 5.6 % on the PCP, the third consecutive record for the first half. New South Wales and Queensland, where the game has a strong presence in pubs and clubs, drove much of the growth. Playing online can be a different and more solitary experience than playing in a pub or club, raising the potential risk profile for players. And this has been exacerbated with the aggressive marketing of online Keno by other operators. As an organisation that is committed to responsible gambling, we took the decision to introduce mandatory spend limits for all our online Keno players. This change went in market in September and has reduced the game's risk rating for vulnerable players based on the (Gamgard) tool we use to assess our products' risk. Naturally, the mandatory spend limits impacted turnover, but this is part of our long-term sustainability strategy for Keno, complementing other tools we have to help customers manage their play.

Our vision is to be the world's best lottery operator, with a purpose of creating positive impacts for all our stakeholders. Our vision, depicted on slide 20, is supported by strategies that drive the existing core business in the short term, supported by longer-term investments within our Develop and Discover pillars. We are successfully executing against our plan and slide 21 outlines our progress. Under Drive, we continue to see the benefits from our active game management to drive value from the portfolio, with Oz Lotto benefiting from an accelerated sequence which culminated in the $100 million jackpot in February.

Customer experience initiatives are on track, including our new customer data platform, which will be delivered next month. From this, we expect increased efficiency and effectiveness, with real-time communications and better commercial outcomes. The rollout of new terminals in our lotteries and Keno venues is commencing, starting with Queensland. These terminals run on software built in-house and will make for a much better experience for both the retailer and the customer.

We have four main priority areas under the Develop pillar for FY25. Digitally enabled membership has been implemented as planned, with further enhancements to be delivered in the second half of FY25. We continue to be focused on delivering bankable efficiencies, ensuring an optimised and sustainable cost base. Program activity continues around enhancing licence value with active engagement across multiple stakeholder groups. By June, we intend to integrate the Play For Purposeproduct into The Lott's app and website and make QR codes available for customers to scan in retail outlets.

Finally, on this slide under Discover, we continue to stay across developments and remain alive to opportunities in our industry, both domestically and internationally, that we think would create value for shareholders.

In closing, TLC delivered a resilient first half performance. The group's fundamentals remain strong. We'll continue to manage the business for long-term sustainable growth, act to preserve the value of our licences, and deliver benefits to stakeholders across the lottery ecosystem. Overall, I'm proud of the efforts of the team in the first half and look forward to reporting back on our progress later in the year. Thank you. We'll now take questions.

Operator: Thank you. The first question comes from Justin (Barrett) with CLSA. Please go ahead.

Mr Barrett: Hi, guys. Congrats on the result. My first question is maybe for Adam. It looks to me like you've done a really good job, Adam, and you made some comments in your opening remarks around offsetting the impacts of inflation. Do you see, as it currently stands, any opportunity to further drive efficiency in your cost space or rationalise that cost space even more?

Mr Newman: Hi, Justin. We've been on a bit of a journey, as you know, with separation and this year we've had the benefit of our ability to have the levers, the control of more of the levers, than we necessarily had in the past and as I flagged in my speech, some of the items that we've been focusing in on. That's going to continue to evolve. We will continue to work on optimising our cost base as best we can and, yes, there will be things that, not only into the second half, but into next year and we've talked about that really in the context of ensuring that we're releasing funds to enable us to reinvest back into the business and keep our ongoing OpEx below our normalised revenue rates, going forward.

Mr Barrett: Fantastic and then Sue, I guess throughout the prepared remarks, there's commentary on the tougher macroeconomic backdrop. I'm just wondering if you can provide any more details around how that's impacted your business in this result and how it may impact your business going forward. Is there anything you can give us on how you think it's impacted turnover from a quantitative standpoint or anything like that?

Ms van der Merwe: Hi Justin. I'll talk I guess to how we're seeing the health of the consumer and, overall, we're still seeing that as very positive and I think in the context of the lower jackpot offers that we had, that consumer sentiment actually was very resilient for us as a business. What we're seeing is that participation is remaining healthy and that's across all of our age demographics, which has been a positive sign. What we did see though was some players playing less often or spreading their spend across the portfolio of games, depending on what was on offer. Obviously, with interest rate cuts announced, we see it as something positive for our business going forward, but overall, a very resilient customer base still. I think the result is more about the jackpot offer variation and less really about the consumer sentiment side.

Operator: The next question comes from Adrian Lemme with Citi. Please go ahead.

Mr Lemme: Good morning, Sue and Adam. I just wanted to pick up on that question actually. So what we can see in the like-for-like for Powerball; is it the low jackpot levels? It looks like they're low single digit, sort of in line with what you've reported, but the $100 million draw, from what we can tell, looks like it's down sort of double digits on a PCP basis for the like-for-likes. And it looks like the revenue on the draw has been trending down since mid-2023. The last few $100 million dollar draws have had gaps of about three months, so I'm not sure if it's due to high jackpot fatigue, but what do you put it down to if those numbers are broadly correct? You know, you talked about lower marketing spend or is it lower marketing spend, because it's getting more expensive to advertise? I'm just trying to understand that, please?

Ms van der Merwe: Yes, thanks Adrian. The Black Friday promotional activity that happened through November definitely had some impact on us. That is something that we are absolutely looking at for next year's Black Friday event because it's becoming a longer event. From our understanding of consumer behaviour,people are planning towards that event and what they're going to spend their money on during that Black Friday event. So we definitely saw some impact from that and the advertising became more expensive because there was a really very high level of advertising for the Black Friday event. I think as it goes to our products, it is as you know, impacted by what else is on offer through the portfolio, but also even for example in the recent run through to the $100m Oz Lotto, the Australia Day public holiday on the week of the $70 million had an impact on that. There were other things happening in North Queensland. We had extensive flooding happening. So there's always so many factors. It's never easy to deduce exactly what is impacting by a certain quantitative amount. And yes, we do have, generally, a softer result on a big offer the second time that we offer it. Adam, did you want to add something?

Mr Newman: I think I covered most of those. I think some of that weakness, particularly in the November one was Black Friday related. Getting down below the $100 million, I think the performance still continues to be quite strong – from a Powerball perspective, in particular.

Ms van der Merwe: I was just going to add, perhaps, this shifting of spend between offers, perhaps happens more so as those jackpots get higher, because normally those jackpots would benefit from people increasing, they spend - taking bigger entries, taking multiple entries, so perhaps you see some of that behaviour impacting a little bit more. But again, as interest rates come back off, that will be a positive sign for us.

Mr Lemme: Thanks very much. And can I just ask one clarifying question? Just with the upcoming Powerball game change, I know that the Saturday and then the Friday, those recent game innovations have tended to fall into around May, like late in the financial year. Is that what we should expect for Powerball, that it mostly, you know, any benefits might come in FY27? Thank you.

Ms van der Merwe: More than likely, we haven't looked at the timing for that one, but it does, you know from our experience, we know that leaving a gap of around 12 months, works well in terms of stabilising the players' behaviour across the portfolio of games.

Operator: And the next question comes from Annabel Li with Goldman Sachs. Please go ahead.

Ms Li: Morning Sue and Adam. Thanks for taking questions. I've just got one on Powerball. Just an understanding might be early days still, but I just wanted to check if there was any further detail you could provide on what these changes might be, if it might be as big as the last change implemented a few years ago. I also think you flagged potential changes with Set for Life at the full year last year. Are you able to give us any colour also on any of your latest thinking around that?

Ms van der Merwe: Hi, Annabel. We haven't settled on what that change will be. We mentioned at Investor Day that Powerball is still delivering to its intended design in terms of $100 million jackpots, $150 millions, and then the very one-in-seven-year event of the $200 million during last financial year. So that matrix is still performing very well a number of years on from when we did the change, but as always with game changes we start by looking at what objective we want to achieve in terms of what we want to deliver to the market in the context of the rest of the game portfolio, and then we look at what we need to do to deliver to that and then test different options with consumers. That sort of research testing normally goes through a number of different rounds and refining. So there's a lot of work still to go on that. But everything will be up for consideration, noting that the matrix is still performing very well. And also, I know you asked about Set for Life too, so that's even another year out from that. So definitely having started to consider what those changes would be. It's more about planning, always planning ahead and knowing that we are constantly adjusting the games in the portfolio to retain a strong position for each game and grow the overall pie across the portfolio.

Operator: And the next question comes from Kai Erman with Jefferies, please go ahead.

Mr Erman: Hi, Sue and Adam, thanks very much for taking my questions. First one just relates to the strong performance of Powerball given the jackpot backdrop. Given that you did (flat) actual sales in Powerball, could you please talk about how much additional leverage there is in the sales growth to recovering jackpot values, as well as the margin upside opportunity, given jackpot games typically have high digital penetration and that digital penetration has been performing quite strongly?

Mr Newman: Yeah, you covered a lot there. You pointed out correctly that the performance of Powerball was good despite Division 1 offers being down also from a Powerball perspective. Can you just repeat for me again, just what is it that you are wanting - yes, the jackpot games do have higher digital penetration at the end of the day. I'm not too sure I've got the second part of your question though.

Mr Erman: Just in terms of the potential margin upside opportunity, if jackpot values sort of revert going forward?

Mr Newman: Yeah, so we did call out in the presentation that for Powerball, the impact of luck was about $150 million for the half. So that's probably a pretty good number to use from that perspective. So the revenue call out was $100 million - and $200 in total, $150 of that related to Powerball. So that'd be the best starting point, I think.

Mr Erman: And then another, if I may, just in regards to the softer digital retail turnover relative to digital, do you think that's more around the sort of leverage to jackpots compared to digital? Is there anything to call out there? And how is the rollout of the new retail initiatives and partnerships flagged at the investor day tracking?

Mr Newman: Yeah, so what was the second part of the question there?

Mr Erman: Just about some of the things like at the Investor Day in regards to retail partnerships and rolling out the products in sort of new venues, how that's tracking?

Mr Newman: Yeah, so I think at the moment we're on a little bit of a pause in relation to some of those rollouts at the present point in time. So it's going probably a little bit slower than we anticipated, but the expectation is that that'll pick up in due course. There's some company-specific issues that they're working their way through, which has caused a bit of a pause in that regard.

Operator: And the next question comes from Andre Fromyhr with UBS. Please go ahead.

Mr Fromyhr: Good morning. Thank you. I just wanted to go back on to the proposed game innovations, in particular, the Saturday Lotto. Can you talk us through the sort of maths around expected impacts financially from the game changes. So is a 13% increase in ticket price - does that still provide a net benefit to The Lottery Corp after you increase the Div 1 by 20% or is that also why you're packaging in the Lucky Lotteries commission change in the same round?

Ms van der Merwe: No, they're totally separate innovations for different reasons. The Lucky Lotteries one is going to be a benefit for our retail network, so that's more designed around that. On Saturday, the return to (players) stays the same, so the breakup stays the same. It's just that we're putting more into the Division 1 prize pool and that'll come by virtue of the revenue uplift that we get through the price increase and some small modifications to how we distribute the prize pool across the divisions, but very minor, not noticeable to players. So that price increase we would normally expect a 50 to 75% retention of the of the price increase that we're pushing through.

Mr Fromyhr: Are you expecting a demand response as well to that change in the Div 1 or you know, I take your point, the existing demand for these products is relatively stable?

Ms van der Merwe: Well, the increase in Div 1 is the benefit that we deliver to players as a result of the price increase and, I guess, to give them their value from the fact that they're paying more. So on jackpot games, when we do the price increase, it usually leads to higher jackpot offers. On a base game, it will lead to higher prizes across all of the prize divisions and, in this case, we're tipping a bit more of that benefit into the Division 1 prize pool. So that's what gives us the 50 to 75% retention of the price increase that we aim for.

Operator: And the next question comes from David Fabris with Macquarie. Please go ahead.

Mr Fabris: Oh, hi Sue. Hi Adam. Look, I just wanted to try and get a better understanding of the cost base. I appreciate that you've given guidance for FY25. I assume that it's lower than usual though given the link to marketing spend and lottery volume. So if that's the case, can you help us understand how to build up the cost base in ’26, premised on normal volumes?

Mr Newman: Yeah. Hi, David. Look, I think maybe, when we get to ‘26, it may be at the full year, but I think the way that we've broken out from OpEx perspective on the full year guidance, and it's consistent with the seasonality that we've seen in other years at the end of the day. So the step up in the second half does relate to principally spending from an advertising and promotion perspective. But I'm not sure, you know, we get ebbs and flows on our advertising and promotion expenditure across the year, depending upon jackpot activity, depending upon what price some game changes are being made and what other rebranding activities are necessarily being done. I'm not sure that for this year there's necessarily a very strong read-through for next year in terms of A&P spend being down in the first half, because of where we're up from a jackpot sequencing. It does tend to even across, over the course of 12 months.

Mr Fabris: Yeah, okay. I mean, if you put it another way then, I mean, how much higher would have OpEx been in the first half had we had a normal period of jackpot activity and not the Saturday Lotto timing issue?

Mr Newman: Yeah, look, maybe a couple of million dollars, two to four million dollars, maybe. Four is probably on the high side.

Mr Fabris: Yeah, okay. That's helpful. Thank you.

Ms van der Merwe: I was just going to add, we've got, you know, an optimisation program underway and a very strong focus on costs. And I think I spoke at the full year around making sure that we were going to be focused on that, heading into ‘25. And, you know, we all have targets across the executive team and then that flows down into each area to target savings. So, there's that sort of playing into the result that we've been able to deliver on OpEx as well.

Mr Fabris: No, that's helpful. I appreciate that. And just a second question. Just thinking about the leverage debate, right, you know, how can you get back into the target range? Can you maybe talk through capital management beyond a special dividend of why or why not it might not

	make sense and then just any updates on discussions around the Victorian lottery licence would be helpful.
Mr Newman:	Yeah, so take maybe the take the Vic licence in the first instance. I mean we have conversations with governments over time, as you know, appreciate. However, it's sort of commercially sensitive in nature. I think the best way to sort of talk to this particular issue is what we had in the pre-prepared materials, what we've talked about, the fact that it is our intention to return the leverage to the target leverage range. And that, you know, we are continuing to explore opportunities to deploy capital in line with our strategy, and that also includes licence enhancements, and there's probably not much more than we can say at this point in time with regards to the Victorian licence. And then back to capital management, you're right, we ended up at 2.8 times. We're maintaining balance sheet capacity along the lines that I just talked about, and it is our intention that we'll get back up into that range. Special dividends are obviously impacted by franking credits and as we've talked about before. Our franking credit balance was zero when we came out of the demerger, but I don't think there's anything that would preclude us necessarily undertaking share buybacks, even though we traded at relatively high multiple and you know you look at the factors like your PE ratio in terms of the ratio from a debt perspective, but I don't see any impediments in that regard.
Mr Fabris:	So you're kind of suggesting that we should be thinking about buybacks or you're just kind of saying it's an option?
Mr Newman:	Ultimately, it’s a decision for the Board, but it is an option.
Operator:	The next question comes from Rohan Sundram with MST Financial. Please go ahead.
Mr Sundram:	Hi Sue and Adam, thanks for your comments earlier. My question was going to be around capital management, but you largely answered it. So can I just confirm if there is - how comfortable would the Group be in doing capital management independent of a licence outcome scenario? Maybe just how confident are you in the Group situation and position to want to do that?
Mr Newman:	Yes, hi, Rohan, thanks for your question. So is your question asking, would we do capital management as well as a licence enhancement or in addition to?
Mr Sundram:	Yeah, maybe even prior to, and how confident are you in the Group's position to even consider such a possibility?
Mr Newman:	Yeah, well, there's a whole bunch of factors that I think go in at the end of the day - that factor into the overall equation. At the present point in

time, as I said before, we remain open to capital management and we stated that it is the intention to get back to our target range. I don't know that I can be much more specific than that. It's a bit too early.

Operator: And the final question comes from Sam Bradshaw with Evans and Partners. Please go ahead.

Mr Bradshaw: Good morning to Sue and Adam. My question just on the Keno pre-commitment limits. Should we view this as an indicator of your expectations for how the ongoing Federal review will kind of shake out? Thanks.

Ms van der Merwe: Hi. I'll take that. The Federal review, as you know, we very much welcome that Federal review and we welcome the fact that it also includes Keno. I think for us, our product range and most of our revenue basis is sitting in our lottery products, which are assessed as low harm and for those people that play lotteries and Instant Scratch-Its, it's almost close to zero, the percentage of gambling harm. So for us, this is about our wider business, I suppose, model and our ESG strategy and the type of business we are. And the Keno product fits well within our lottery business and it sits at a medium harm profile on that (Gamgard) assessment. However, online with its higher repetitive nature product in that online environment and the different environment that people are participating in that product, assesses that the online Keno product is high. So in the context of our overall business positioning and our commitments to responsible gambling, we took that that position for the long-term sustainability of our business, and so we've made the decision to introduce those limits and that's brought that product assessment back down to a medium level, more in line with the overall Keno product. You know, we believe that the Keno product is, it's a great product. It's a product that's played in a social environment. It's about connecting people in that social environment and that's where we like to see that product. So, you know, we've done it because we think it's the right thing for the product. It's the right thing for consumers and it's the right thing for our business going forward, and I guess the Federal inquiry is somewhat separate, but very much welcomed by us.

Operator: There are no further questions at this time. I'll now hand back to you, Ms Sue van der Merwe for any closing remarks.

Ms van der Merwe: Thank you, everyone, I appreciate you taking the time to join us and appreciate the questions and the discussion around those. Wishing you all a good day.

END OF TRANSCRIPT