

29 September 2022

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

ANNUAL REPORT 2022

Attached is the Annual Report 2022 for The Lottery Corporation.

The Annual Report is also available on The Lottery Corporation's website at:
www.thelotterycorporation.com/investors/annual-reports

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

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The Lottery Corporation Limited

2022 Annual Report



Contributed over
\$1.7 Billion
to help support communities
through State Lottery and Keno taxes¹



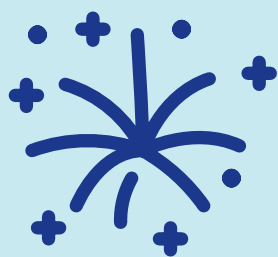
Supported more than
7,200 businesses
through commissions, many
of these small businesses



Paid
\$4.9 Billion
in Lottery & Keno prize money
to over 195 Million winners²

¹ On a Comparable basis. FY22 Australia-wide (ex. WA).

² On a Comparable basis. Prizes paid in the Saturday Lotto, Monday & Wednesday Lotto, Oz Lotto®, Powerball®, Set for Life®, Super 66, Lotto Strike, Instant Scratch-Its® and Keno games in FY22 Australia-wide (ex. WA).



Over

50 draws

that offered a major prize
of \$15 Million or more³



Made over

300 Lotteries & Keno
millionaires

who collectively took home
more than \$1.3 Billion⁴



Over

130 Instant Scratch-Its[®]

top prize winners who won
more than \$14.5 Million⁵

³ In the Saturday Lotto, Oz Lotto[®], Powerball[®] and Lucky Lotteries[®] games in FY22.

⁴ Draws of the Saturday Lotto, Monday & Wednesday Lotto, Oz Lotto[®], Powerball[®] and Keno games had 316 \$1M+ winning entries from individuals in FY22 Australia-wide (ex. WA).

⁵ In FY22 Australia-wide (ex. WA).

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Who We Are

The Lottery Corporation is the driving force behind Australia's leading lottery and Keno games and one of the best-performing lottery businesses in the world.¹ We operate a diversified and balanced portfolio of high-profile brands under exclusive and/or long-dated licences and approvals.

We bring Australia's largest lottery games to more than 8 million active customers. We operate through more than 7,200 retail points of distribution², as well as digitally.

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

The Lottery Corporation offers infrastructure-like and defensive qualities, including strong cashflow generation, with low capital intensity.

More information can be found at www.thelotterycorporation.com

The Lottery Corporation was created following its demerger from Tabcorp Holdings Limited in June 2022.

The Lottery Corporation has significant scale and reach



7,200+ retail points of distribution²

Lotteries has one of Australia's largest retail franchise networks



Fast growing digital channels

Lotteries 37.7%; Keno 18.8% (digital share of FY22 turnover)



8.3 million³ total active customers

Equivalent of 46% of the Australian adult population³
Including 4.1 million active registered customers



Over 660 million lottery entries sold in FY22

¹ The Lottery Corporation has the third-highest draw lottery game sales per capita. Source: La Fleur's Almanac 2021 (Lotto and spiel).

² As at 30 June 2022. Comprises 3,857 Lotteries outlets and 3,412 Keno venues.

³ Roy Morgan Gambling Monitor, April 2021-March 2022. Based on percentage of respondents who had purchased a lottery product over the last 12 months in The Lottery Corporation's jurisdictions of operations, and Australian adult population as at March 2022, based on Australian Bureau of Statistics monthly estimates.

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The Lottery Corporation was listed on the Australian Securities Exchange on 24 May 2022.



Day one celebrations

The Lottery Corporation



FY22 Highlights

For our shareholders



Demerger successfully executed. Work continues to fully operationalise the separation



The Lottery Corporation Limited listed on the Australian Securities Exchange on 24 May 2022



Record result following a strong FY21 shows strength of balanced game portfolio

\$3,507M

Comparable¹ Group Revenue

\$603M

Comparable¹ Group EBIT before significant items

For our customers

7,200+

Retail points of distribution

Lotteries **37.7%** Keno **18.8%**
(Digital share of FY22 turnover)
Fast growing digital channels

660M+

Lotteries entries sold

8.3M

Total active customers

\$4.9B

In total prizes won by customers in FY22 (on Comparable basis)

For our community



\$1.7B

In Lottery and Keno taxes generated for governments, (on Comparable basis) contributing to Australian communities



More than

\$500M

In commissions paid to newsagents, licensed venues and other retail partners (on Comparable basis)



Responsible Play Programs

Highest level of certification under the World Lottery Association's Responsible Gaming Framework

¹ Comparable information includes the operational trading result of Keno for the periods prior to the date of acquisition by The Lottery Corporation. Refer to page 25 for further information. This information is "Non-IFRS" information and is unaudited. The Reported Group Revenue totalled \$3,279 million and the Reported Group EBIT before significant items totalled \$548 million for the financial year ended 30 June 2022.

Letter from the Chairman & CEO

Our brands and games have been adding excitement to the lives of Australians for more than 140 years. We are the driving force behind Australia's largest lottery games and one of the highest performing lotteries businesses globally¹.

Dear Shareholders,

We are pleased to present The Lottery Corporation's first Annual Report.

A landmark year for our Company

The successful demerger of the Lotteries and Keno business from the Tabcorp Group on 1 June 2022 enabled the creation of The Lottery Corporation as a standalone entity listed on the Australian Securities Exchange.

It was a watershed moment for a business that dates back to 1881 when George Adams organised the first Tattersall's public sweep on the Sydney Cup. Our story spans more than 140 years, our brands are entrenched in the hearts and minds of Australians and today we're proud to be one of the highest performing lotteries globally and the leader in the Australian lotteries and keno market.

Our business is one of significant scale and reach with the equivalent of 46% of the Australian adult population purchasing a lottery ticket in the past year, an extensive retail footprint of more than 7,200 outlets including one of Australia's largest retail franchise networks, 4.1 million active registered lottery customers and high performing digital channels.

Forging our own path

There were two overarching priorities for the year: delivering the demerger and maintaining momentum in the business.

The demerger required detailed strategic planning, highly focused project management and many regulatory approvals. It was a significant achievement to have delivered it successfully and on time.

As a standalone entity, the Board and management team are now solely focussed on our core Lotteries and Keno businesses, which continued their recent strong momentum.

A record financial result

The Lottery Corporation delivered a record result in FY22, following strong performance in FY21 when we saw a rise in lottery product purchases during the height of the COVID pandemic. Once again, the resilience of lotteries in different trading conditions was demonstrated.

On a Comparable basis, Group Revenue increased 9.4% to \$3,507m and Comparable Group EBIT before significant items increased 13.8% to \$603m. The result reflects the strength of our strategic approach to managing a diverse and balanced product and game portfolio, the success of our omni-channel distribution strategy and our focus on being customer-led.

The Keno business performed well given retail closures in the first half and rebounded strongly as COVID restrictions eased. Overall revenue was flat with the impact of COVID-related venue closures mostly offset by digital growth.

Successful delivery of key initiatives

Strong growth in our Lotteries business was underpinned by several initiatives focused on product innovation, active portfolio and jackpot sequence management, digital enhancements and retail uplift.

The Oz Lotto game change implemented in May 2022 was designed to reinforce Oz Lotto's strategic position in the jackpot segment of the game portfolio and has been well received by customers. Success of the previous changes to Saturday Lotto and Set for Life were demonstrated through their resilient performance in the face of heightened jackpot activity from Powerball in FY22.

Active jackpot sequence management was instrumental in delivering a new record for Powerball in February 2022 with the \$120 million new jackpot level outselling the \$150 million draw of 2019.

A continual focus on digital innovation and capability, from both a selling and customer engagement perspective, saw the digital share of Lotteries turnover grow to just under 38%, driving margin improvement.

The launch of our omni-channel program into South Australia completed the final phase of our national rollout and we continued to invest in our retail network building a contemporary and accessible retail presence.

On Keno, a new 20-year Victorian licence on a non-exclusive basis was secured, with the licence now allowing for digital sales. Customer-led initiatives centred around new payment methods with Paypal and improving the in-venue experience through digitised play.

¹ The Lottery Corporation has the third-highest draw lottery game sales per capita. Source: La Fleur's Almanac 2021 (Lotto and spiel).



Steven Gregg
Chairman



Sue van der Merwe
Managing Director
and CEO

Positive impacts

Steeped in our history and often referred to as part of our company's DNA is a long record of making a meaningful difference in the community – something about which our team has a real sense of pride.

In FY22 we created more than 320 new millionaires and, all up, customers won \$4.9b in prizes. Our operations generated \$1.7b in taxes paid to governments, and more than \$500m in commissions was earned by our retail partners, many of whom are small businesses. You can read more about the positive impacts we have made in the Corporate Responsibility segment of this Annual Report.

Capital and dividends

As foreshadowed in the Demerger Scheme Booklet, The Lottery Corporation did not pay a final dividend for FY22.

Tabcorp announced a final dividend with reference to the five months of The Lottery Corporation earnings prior to the demerger, in addition to the 2H22 earnings of Tabcorp.

The Lottery Corporation is expected to pay its first dividend in March 2023, subject to business performance and all necessary Board approvals. This is anticipated to be an interim dividend for 1H23 with reference to the seven months of earnings post demerger.

The Board and management are refining a financial framework for optimising shareholder value focused on maintaining and growing dividends, targeting outcomes consistent with a strong investment grade credit rating and a disciplined approach to organic and inorganic capital investments.

Our Board

The Lottery Corporation Board has deep knowledge and direct experience of the Lotteries and Keno businesses with three independent, non-executive directors (Harry Boon, Anne Brennan and Steven Gregg) being directors of Tabcorp prior to the demerger.

In addition to the three non-executive directors, three observers have been appointed to the Board: Doug McTaggart, John O'Sullivan and Megan Quinn. They will be appointed as non-executive directors following the receipt of necessary regulatory and ministerial consents. The Board considers that the observers' skills and experience will strengthen and complement the Board's existing skills and experience.

Our people and partners

Our employees and business partners played a vital role in our success during such a pivotal year. We are proud of our teams for maintaining momentum in the business and executing on the demerger while dealing with the impacts of COVID, particularly in Keno.

We thank our business partners for their support and contribution to a successful year.

Our strategic priorities and focus areas for FY23

The first year of our business is an exciting one for our team.

We will continue to invest in a customer-led focus on product innovation including enhancements to our draw lottery products and innovation in Instant Scratch-Its ticket range.

Deepened engagement with customers across all channels and an emphasis on customer experience will see us deliver online store syndicates to assist retailers and drive greater customer adoption.

Our omni-channel strategy will focus on digital expansion and integrating the retail and digital customer experience. We will deliver ongoing web and mobile feature enhancements and leverage our Victorian Keno retail and digital licence through marketing and venue integration.

Conclusion

In closing, The Lottery Corporation has begun life as a standalone company with momentum, having delivered a record result in FY22 following a very strong FY21.

We intend to build on the history of Australian lotteries and continue to do what's been central to our games for 140 years – making a better future, and delivering winning moments to our people, our customers and our communities.

We want to thank you, our shareholders, for your ongoing support through the demerger and during this next exciting phase in The Lottery Corporation's history.

Steven Gregg
Chairman

Sue van der Merwe
Managing Director and CEO

Our History, Our Industry and Our Licences

The Lottery Corporation was created following its demerger from Tabcorp in 2022. We are excited by what's to come, but it could not have happened without the story that brought us here.

Below is a brief outline of our history, the industry in which we operate and the licences we hold.

Our History

The Lottery Corporation's Lotteries business dates back to 1881 when George Adams organised the first Tattersalls public sweep on the Sydney Cup; and by 1896, Tattersalls Sweeps began selling tickets across Australia and New Zealand by post.

In 1954, Tattersalls expanded its operations from Tasmania to Victoria by successfully acquiring the Victorian lottery licence. Tatts Group also acquired lottery operator businesses from various governments including Golden Casket in Queensland in 2007, NSW Lotteries in 2010 and the rights to sell South Australian lottery products in 2012 (which included South Australian Keno).

Tabcorp launched Club Keno in New South Wales in 1991, which operates under a co-licensee arrangement with Clubs NSW (ClubKeno Holdings). Over time, its Keno game (and geographic portfolio) broadened.

Over recent years, The Lottery Corporation's Lotteries and Keno businesses have successfully executed important game development initiatives including Powerball changes in FY18, the Keno Mega Millions launch in New South Wales and the Australian Capital Territory in FY17 and in Victoria and Queensland in FY18, Set for Life changes in FY20 and Saturday Lotto changes in FY21.



June 2022

The Lottery Corporation™ officially launches

ASX/TLC

May 2022

The Lottery Corporation (TLC) lists on the ASX



February 2022

Awarded a new 20-year Keno licence (non-exclusive) in Victoria until 2042



December 2021

The Lottery Corporation™ announced as the name of Tabcorp's demerged Lotteries & Keno business

Tabcorp

July 2021

Tabcorp announces plans to demerge its Lotteries & Keno business



2019

Omni-channel program launches, supporting retailers to provide an enhanced omni-channel customer experience

Tabcorp

2017

Tabcorp combines with Tatts Group Limited to create a world-class, diversified entertainment group under the Tabcorp brand



2016

Launch of The Lott umbrella brand



2015

Set For Life launches



2012

Tatts Group acquires SA Lotteries



2010

Tatts Group acquires NSW Lotteries



2007

Tattersalls acquires Talarus and Golden Casket and changes its name to Tatts Group Limited



2005

Tattersalls lists on the ASX



1996

Powerball launches



1994

Oz Lotto - Australia's first national game - launches



1991

Keno is introduced in NSW registered clubs



1982

Instant lotteries, now sold under the brand Instant Scratch-Its, go on sale for the first time



1881

George Adams organises the first Tattersalls public sweep on the Sydney Cup

Our Industry

Lotteries Industry Overview

The Australian lottery industry is licensed and regulated at a State and Territory level, with State regulators overseeing compliance of legislation, rules and regulation relating to the lottery games. The Lottery Corporation maintains exclusive and/or long-dated licences or authorities to operate in all States and Territories (excluding Western Australia). Lottery games are State/Territory specific, except for national games which are collectively operated under a contractual relationship between lottery operators which allows for combined prize pools enabling larger jackpots and promotional game offerings nationally. National games include Powerball, Monday & Wednesday Lotto, Saturday Lotto, Oz Lotto and Set for Life. Where The Lottery Corporation runs pooled products solely in jurisdictions in which it is licensed, such as Lucky Lotteries and Instant Scratch-Its, this is conducted under multi-jurisdictional operating agreements between relevant lottery operators.

In Australia (excluding Western Australia), The Lottery Corporation is the sole retail distributor of lottery products. The Lottery Corporation also sells lottery products digitally through various distribution channels in its licensed jurisdictions and has relationships with five official lottery resellers, the largest of which is Jumbo Interactive Limited.

Long term growth in the Australian lottery industry is impacted by macroeconomic factors including population growth, growth in household disposable income and changes in the propensity to gamble.

The Australian lottery industry has shown resilience through the economic cycle, supported by shifts in consumer spending dynamics. In the COVID environment, the industry performed strongly. While the majority of retail distributors of lottery products including newsagents and fuel stations remained open during COVID related government restrictions, there was also an uptake of online channels, continuing the trend of digitalisation. Product innovation and game changes also continued during this period, further underpinning growth and reinforcing the resilience of the business and of the portfolio management approach.

Keno Overview

Keno is licensed and regulated at a State and Territory level, with licensed/authorised operators supplying Keno in venues such as hotels, clubs, wagering agencies and casinos. The Lottery Corporation has licences or authorities to operate in venues in New South Wales, Victoria, Queensland, South Australia and the Australian Capital Territory. As part of its approvals received to conduct Keno in the Australian Capital Territory and Victoria, The Lottery Corporation is also approved to operate an online Keno platform.

The remaining jurisdictional licences in Tasmania, Western Australia and the Northern Territory are held by other operators. These operators have arrangements in place with The Lottery Corporation which allow them to utilise The Lottery Corporation's Keno systems.

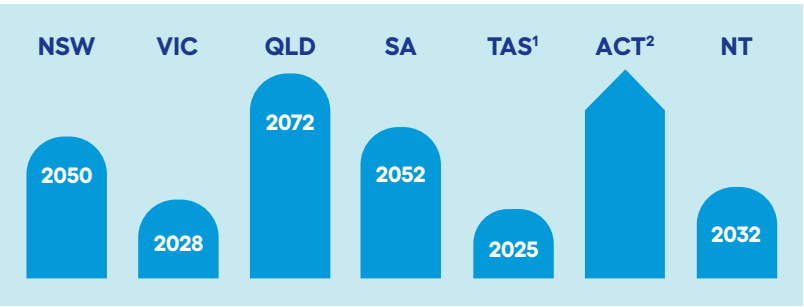
Our Licences

Lotteries

The Lottery Corporation holds exclusive and/or long-dated licences or approvals to operate in all Australian States and Territories (excluding Western Australia), with a retail distribution network and digital platforms.



Figure 1: Lotteries licences/approvals year of maturity

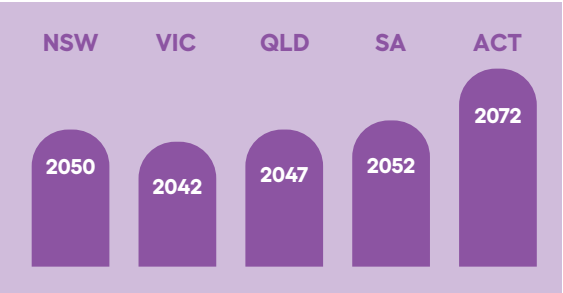


Keno

The Lottery Corporation is also licensed to provide Keno products to venues across New South Wales, Victoria, Queensland, South Australia and the Australian Capital Territory (including digital approvals in the Australian Capital Territory and Victoria). Keno can be played in venues including hotels, clubs, wagering agencies, casinos and TABs as well as online in the Australian Capital Territory. Keno is also distributed through Lottery outlets in South Australia.



Figure 2: Keno licences/approvals year of maturity³



¹ The Tasmanian Lotteries operates under renewable five-year permits linked to Victorian and Queensland licences.

² The ACT Lotteries Licence is indefinite unless revoked.

³ The NSW licence is operated with ClubKENO Holdings Pty Limited as co-licensee.

Our Strategy

Our brands and games have been adding excitement to Australians' lives for decades.

Group Strategy

The management team and Board are continuing to refine the company growth strategy which is underpinned by a customer-led focus on product innovation and deepened engagement across all channels and digital expansion. Further details about our strategy are set out on page 31.

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Innovate Game Portfolio

- Continue to optimise and refresh game portfolio to align with changing player motivations
- Innovation pipeline to be informed by deep in-house expertise and international partnerships



Enhance Customer Experience

- Further innovate tailored customer experiences to drive engagement across all channels
- Complement this with data-driven personalised marketing



Increase Digital Penetration as part of Omni-channel Strategy

- Continue to increase digital penetration through customer-led initiatives, increased digital conversion and greater integration with retail



Evolve Retail Footprint

- Further diversify retail channel mix through targeted growth in selected channels to meet changing customer purchasing behaviours



Pursue New Licence and Other Opportunities

- Explore opportunities for enhancements to existing licences
- Evaluate potential future new licence and other opportunities (domestically and internationally)

Strong Industry and Regulatory Engagement as well as Community Contribution



Key Initiatives Delivered in FY22

Strong growth in our Lotteries business was underpinned by a suite of initiatives focused around product innovation, active portfolio and jackpot sequence management, digital enhancements and retail uplift.



OZ LOTTO

Oz Lotto game change

A game change was implemented in May 2022 and was designed to reinforce Oz Lotto's strategic position in the jackpot segment of the game portfolio. The game change has been well received by customers.



POWERBALL

Active jackpot sequence management

Active jackpot sequence management was instrumental in delivering a new record for Powerball in February 2022 with the \$120 million new jackpot level outselling the \$150 million draw of 2019.



Digital innovation

A continual focus on digital innovation and capability, from both a selling and customer engagement perspective saw the digital share of lotteries turnover grow to just under 38%, driving margin improvement.



Omni-channel program

The launch of our omni-channel program into South Australia completed the final phase of our national rollout and we continued to invest in our retail network building a contemporary and accessible retail presence.



New Keno licence and initiatives

On Keno, a new 20-year Victorian licence on a non-exclusive basis was secured, with the licence now allowing for digital sales. We also completed customer-led initiatives centred around introduction of new payment methods with Paypal and improving the in-venue experience through digitisation of playing the game.

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Operating and Financial Review

Operating and Financial Review

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 Lottery Corporation holds exclusive and/or long-dated licences or approvals to operate in all Australian States and Territories (excluding Western Australia), with a retail distribution network and an online presence. The Lottery Corporation operates one of the highest performing lotteries businesses globally¹.
- **Keno** – The Lottery Corporation is also licensed to provide Keno products to venues across New South Wales, Victoria, Queensland, South Australia and the Australian Capital Territory (including digital approvals in the Australian Capital Territory and Victoria). Keno is supplied in licensed venues including hotels, clubs, casinos and TABs as well as online in the Australian Capital Territory. Keno is also distributed through lottery outlets in South Australia.

About The Lottery Corporation

- The leader in the Australian lotteries and Keno market and one of the highest performing lottery operators globally¹
- Diversified and balanced portfolio of high-profile and recognised brands
- Significant and diverse retail distribution; further upside potential from digital growth
- Infrastructure-like and defensive characteristics, including strong cashflow generation
- Lotteries has one of Australia's largest retail franchise networks and 8.3 million active customers²
- Strong strategy to drive earnings growth and shareholder returns



\$3,279 million³
Reported Revenue



\$538.4 million³
Reported EBIT

¹ The Lottery Corporation has the third-highest draw lottery game sales per capita worldwide. Source: La Fleur's Almanac 2021 (Lotto and spiel).

² Source: Roy Morgan Gambling Monitor, April 2021–March 2022. Based on percentage of respondents who had purchased a lottery product over the last 12 months in The Lottery Corporation's jurisdictions of operations, and Australian adult population as at March 2022, based on Australian Bureau of Statistics monthly estimates.

³ See discussion also on Comparable results set out in further sections of this report.

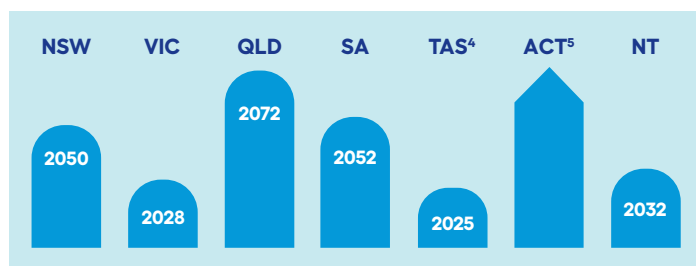


Our licences and approvals

Lotteries



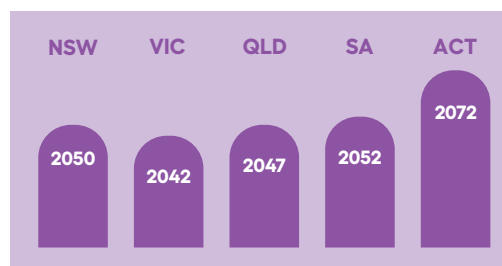
Figure 1: Lotteries licences/approvals year of maturity



Keno



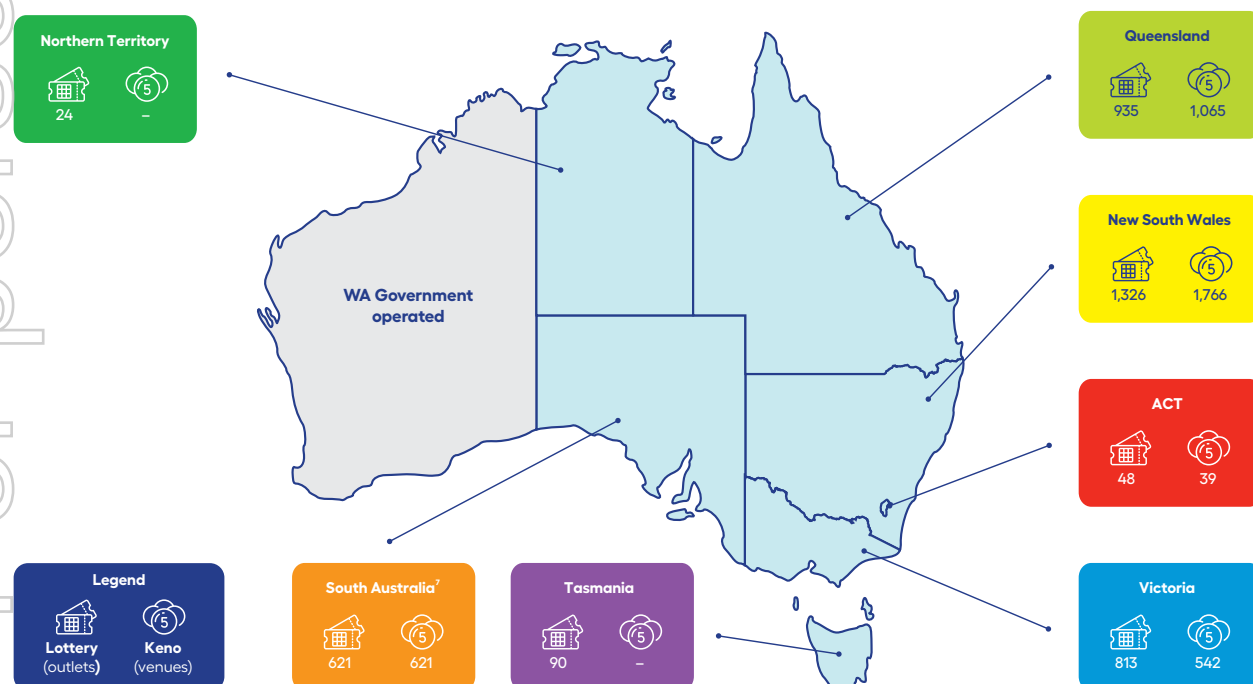
Figure 2: Keno licences/approvals year of maturity⁶



The Lottery Corporation national footprint

The Lottery Corporation has a retail footprint of more than 7,200 points of distribution making it one of the largest retail operations in the country. As at 30 June 2022, there were 3,857 Lotteries outlets and 3,412 Keno venues, as well as online distribution through various apps.

Figure 3: The Lottery Corporation map of distribution as at 30 June 2022



⁴ The Tasmanian Lotteries operates under renewable five-year permits linked to Victorian and Queensland licences.

⁵ The ACT Lotteries licence is indefinite unless revoked.

⁶ The NSW licence is operated with ClubKENO Holdings Pty Ltd as co-licensee.

⁷ Keno products are distributed through Lottery retail outlets in South Australia and are excluded from Keno number of venues total.

FY22 Financial Performance

Commentary on Results

Commentary on the **Reported** results below relates to the audited financial information with respect to:

- the Lotteries business for the year ended 30 June 2022; and
- the Keno business from the date of acquisition by The Lottery Corporation as part of the demerger from Tabcorp in May 2022 to 30 June 2022.

To enhance comparability between the financial years ended 30 June 2021 and 30 June 2022 and to provide more insight into the underlying performance of the businesses, equivalent financial information also has been included, referred to as **Comparable** results. The Comparable results for 30 June 2021 and 30 June 2022 are stated before significant items and include the earnings from the operational trading of Keno for the periods prior to the date of acquisition by The Lottery Corporation. They also include additional amortisation associated with the fair value uplift to licences upon the acquisition of Keno, as if the acquisition had taken place at the beginning of each period. The Comparable results do not include the full year impacts of dis-synergies associated with the demerger. This information is "Non-IFRS" information and is unaudited.



Group results for the year ended 30 June	Reported FY22 \$m	Reported FY21 \$m	Comparable FY22 \$m	Comparable FY21 \$m
Revenue	3,278.6	2,951.1	3,507.3	3,205.8
Taxes, levies, commission and fees	(2,440.5)	(2,222.7)	(2,549.6)	(2,338.0)
Operating expenses	(229.0)	(132.1)	(264.1)	(173.4)
Depreciation and amortisation	(61.9)	(56.9)	(90.5)	(89.9)
Impairment - other	(8.8)	–	–	–
EBIT	538.4	539.4		
EBIT before significant items	547.8	465.0	603.1	530.1
NPAT	346.6	399.3		
NPAT before significant items	373.2	324.9		
EPS – cents per share	15.6	17.9		

Review of Group Performance

The Lottery Corporation and its subsidiaries (the **Group**) reported revenue for the year ended 30 June 2022 of \$3,278.6m, up 11.1% on the previous year.

Group NPAT was \$346.6m. Group NPAT before significant items was \$373.2m, up 14.9% on the previous year.

The Reported operating result overwhelmingly relates to the Lotteries business, as it only includes Keno results for the period of ownership between May 2022 and 30 June 2022.

Further details about the operational performance and results of our Lotteries business, as well as the Keno business on a Comparable basis, 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 adjust 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	Gearing of 3.5x to 4.0x (Net debt / EBITDA)	Minimise the cost of borrowing	Strong investment grade credit rating
Actual	3.1x (as at 30 June 2022) based on FY22 Comparable EBITDA	Average interest rate of 5.4% (based on drawn debt as at 30 June 2022)	S&P Rating of BBB+

The Group targets a strong investment grade credit rating and, as at 30 June 2022, has a BBB+/stable rating. Gearing is managed primarily through the ratio of net debt to EBITDA. Net debt is gross debt (bank loans and USPP at the Australian dollar principal repayable under cross currency interest rate swaps) plus lease liabilities less unrestricted cash.

Prior to the demerger of the Group from Tabcorp, the funding of the Group was provided through a centralised treasury function within the Tabcorp Group, and accordingly a gearing ratio is not relevant for the prior year.

Dividends

The demerger of The Lottery Corporation from Tabcorp became effective on 1 June 2022. Tabcorp announced a final FY22 dividend with reference to the five months of The Lottery Corporation earnings prior to the demerger in addition to the 2H22 earnings of Tabcorp.

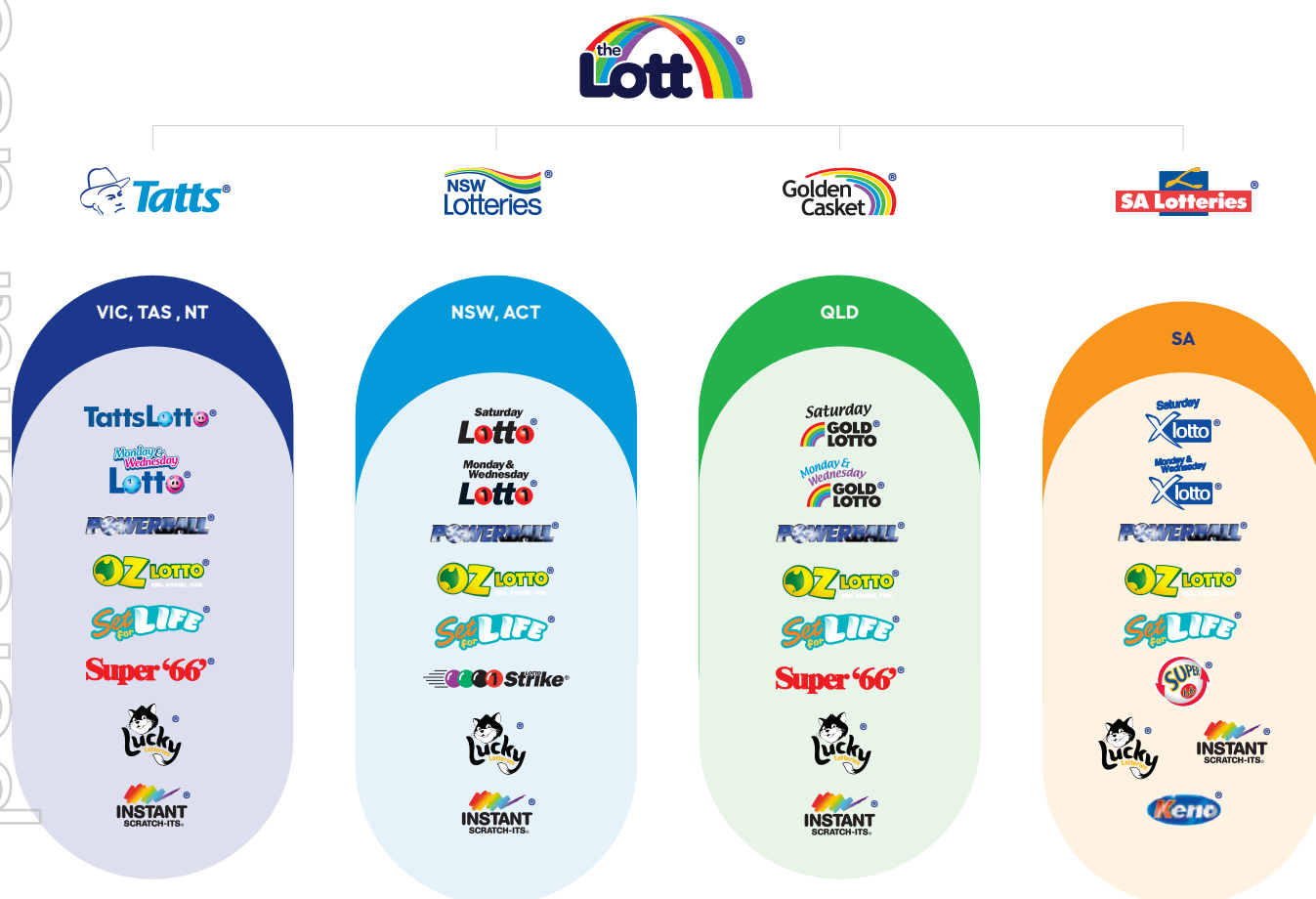
As foreshadowed in Tabcorp's Demerger Booklet, The Lottery Corporation determined not to pay a final dividend in respect of the year ended 30 June 2022. The Lottery Corporation anticipates that it is likely to pay its first dividend in or around March 2023 which, if approved, will be an interim dividend for FY23. The determination of a dividend remains subject to law, business performance and all necessary Board approvals.

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 seven core base games and three jackpotting games, providing choices that cover a range of player motivations.



The Lottery Corporation game portfolio offers a range of top prizes that appeal to an array of consumer purchase motivations. The products range from Instant Scratch-Its® offering players instant wins to Powerball®, 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 business has significant retail presence across Australia (excluding WA) through its distribution of Lottery products in 3,857 retail outlets⁸ and online.

The Lottery Corporation's retail network includes full-service outlets and instant-only outlets that are installed as a 'store within a store' format to provide brand identity under The Lott® alongside the respective licensee brands which follow a specific State-based identity.

⁸ As of 30 June 2022.

Participation across these channels has resulted in the equivalent of 46%⁹ of the Australian adult population purchasing a lottery product over the prior 12 months, which is equivalent to 8.3 million players.

Of these players, The Lottery Corporation has 4.1 million registered customers in its Lotteries database as at 30 June 2022, which accounted for approximately 60% of turnover in FY22. This database enables targeted one-to-one communications which supports and engages customers across multiple customer touch points.

The Lottery Corporation also offers its Lottery products digitally through its website and app under the 'The Lott' brand, with the digital share of Lotteries turnover 37.7% for FY22.

The Lottery Corporation has also officially authorised Jumbo Interactive (ASX: JIN) and four other lotteries resellers to resell lottery products online.

Review of FY22 Performance

	Reported FY22 \$m	Reported FY21 \$m	Comparable FY22 \$m	Comparable FY21 \$m
Lotteries results for the year ended 30 June				
Revenues	3,254.9	2,951.1	3,254.9	2,951.1
Taxes, levies, commission and fees	(2,430.1)	(2,222.7)	(2,430.1)	(2,222.7)
Operating expenses	(224.3)	(206.2)	(224.3)	(206.2)
EBITDA	600.5	522.2	600.5	522.2
Depreciation and amortisation	(59.0)	(56.9)	(59.0)	(56.9)
EBIT	541.5	465.3	541.5	465.3

The Lotteries business achieved a record result for FY22. Revenues were \$3,254.9m, up 10.3% and EBIT was \$541.5m, up 16.4%.

Lotteries' strong revenue performance during the period was driven by active portfolio and jackpot sequence management of the jackpot games in the portfolio (jackpot games turnover up 22.8%) as well as the continuing shift to digital, which is positive for margins.

Powerball® also benefited from a favourable jackpot run with 13 jackpots of \$50m or above, versus seven in FY21. The strength of Powerball's performance through effective management of the jackpot sequence was evident in the turnover for the \$120m jackpot in February 2022, which outsold the \$150m draw in September 2019.

A game change to Oz Lotto® – The Lottery Corporation's other jackpot game – was implemented in May 2022, and designed to deliver bigger wins and more prizes, in line with player motivations, with early signs encouraging and in line with expectations.

The overall performance of the base games was good (turnover down 1.7%) considering the particularly strong FY21. Notably, Saturday Lotto and Set for Life® consolidated gains from the prior period and recent game changes.

The Lotteries retail network was largely unaffected by COVID-19 restrictions and closures and remained resilient with turnover up 1.8% on the pcp. Digital turnover grew 25.8% and accounted for 37.7% of all Lotteries turnover.

Active registered customers grew 7.9% to 4.1m, with continued growth in customers who purchased tickets in both digital and retail channels.

As part of enhancing the customer experience, during the period expanded use was made of promotional draws, including a record \$40m Saturday Lotto draw and four additional promotional events for Monday & Wednesday Lotto.

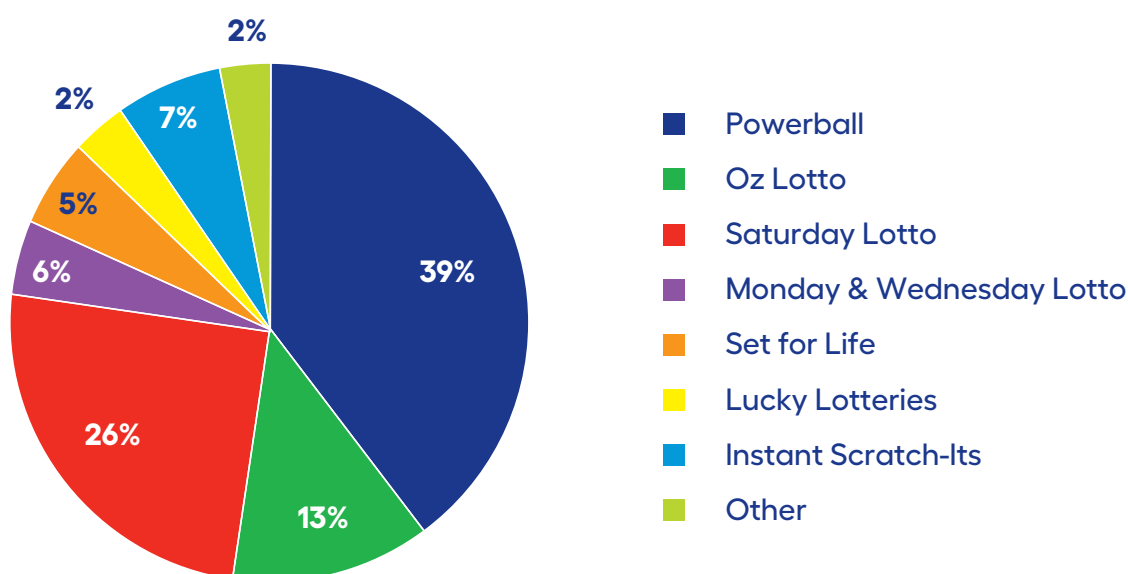
⁹ Source: Roy Morgan Gambling Monitor, April 2021–March 2022. Based on percentage of respondents who had purchased a lottery product over the last 12 months in The Lottery Corporation's jurisdictions of operations, and Australian adult population as at March 2022, based on Australian Bureau of Statistics monthly estimates.


4.1
million
 active registered
 Lotteries customers
 up 7.9% on FY21


 Over
660
million
 Lottery entries
 sold in FY22


 The equivalent of
46% of Australian
 adult population
 purchased a Lottery ticket
 in the last 12 months¹⁰

Figure 4: FY22 Lotteries Turnover by Product



¹⁰ Source: Roy Morgan Gambling Monitor, April 2021–March 2022. Based on percentage of respondents who had purchased a lottery product over the last 12 months in The Lottery Corporation's jurisdictions of operations, and Australian adult population as at March 2022, based on Australian Bureau of Statistics monthly estimates.

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 in venues such as pubs, clubs, hotels and casinos, with games typically running every three minutes. The Lottery Corporation operates a Keno distribution network of 3,412 venues¹¹ 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 hotels, clubs, casinos and TABs as well as online through its Australian Capital Territory and Victorian approvals.

Keno is delivered through an additional 621 South Australian outlets¹¹ which also sell lottery products.

Review of FY22 Performance

	Reported FY22 \$m	Reported FY21 \$m	Comparable FY22 \$m	Comparable FY21 \$m
Keno results for the year ended 30 June				
Revenues	23.7	–	252.4	254.7
Taxes, levies, commission and fees	(10.4)	–	(119.5)	(115.3)
Operating expenses	(4.2)	–	(39.9)	(41.6)
EBITDA	9.1	–	93.0	97.8
Depreciation and amortisation	(2.6)	–	(31.2)	(33.0)
EBIT	6.5	–	61.8	64.8

The Keno business was acquired in May 2022 from the Tabcorp Group as part of the corporate restructure required to effect the demerger. For the month of June 2022, Reported revenue for the Keno business was \$23.7m and EBIT was \$6.5m.

On a Comparable basis, Keno delivered revenue of \$252.4m, down 0.9% on the pcg and EBITDA of \$93.0m, down 4.9% on the pcg.

Keno's performance was largely in line with FY21 despite the impact of 16 weeks of COVID-19 venue closures in NSW in FY22. The result was supported by strong digital performance, while the retail channel rebounded strongly once COVID restrictions were eased.

NSW is Keno's largest market and one where current licence conditions and regulations do not allow digital sales. Keno benefited from digital turnover growth of 14.6% in other states, and improved retail performance in Queensland and Victoria.

Innovations including a digitally enhanced retail experience with digitised tickets and real-time win notifications were launched during FY22.

In April 2022, The Lottery Corporation secured a new 20-year Victorian Keno licence on a non-exclusive basis, which runs through to 2042 and allows for digital distribution in Victoria for the first time.



New
20 year
VIC
licence allowing
digital distribution



Played in
3,412
venues



Over
110 million
Keno tickets
sold in FY22

¹¹ As of 30 June 2022.

Strategy

The Company's management, in conjunction with its Directors, is continuing to refine The Lottery Corporation's strategy. As outlined in Tabcorp's Demerger Booklet, the strategy framework focuses on the following elements:



Innovate game portfolio

Over the past 11 years, The Lottery Corporation's businesses have successfully implemented 14 game initiatives. The Lottery Corporation intends to continue optimising and refreshing its game portfolio to align with changing player motivations, maximising relevance and reach. The Lottery Corporation's innovation pipeline will be informed by its in-house expertise along with international partnerships.



Increase digital penetration as part of the omni-channel strategy

Customers are more valuable if they engage in both retail and digital channels than if they engage in either channel alone. Additionally, digital sales of Lotteries products offer margin upside. The Lottery Corporation aims to continue to increase its digital penetration, through customer-led initiatives, increased digital conversion and greater integration with retail.



Pursue licence and other opportunities

The Lottery Corporation intends to explore opportunities for enhancements to existing licences and selectively evaluate potential future new licence opportunities (domestically and internationally) as and when they arise. The Lottery Corporation may also consider other acquisition and commercial transaction opportunities as and when they arise.



Further build on community contribution

The Lottery Corporation intends to continue to support governments, communities and small businesses through taxes, community contributions and charitable games. The Lottery Corporation intends to continue to maintain high standards around corporate responsibility and governance, system reliability, draw conduct and its responsible play framework.



Enhance customer experience

The Lottery Corporation intends to further innovate tailored customer experiences to drive engagement across all channels. Upcoming planned enhancements include introducing more omni-channel Keno offerings (including new retail digital hardware), new payment options, digital capability upgrades and contact centre transformation. The Lottery Corporation plans to complement this with data-driven personalised marketing, such as one-to-one marketing and cross-channel personalisation.



Evolve retail footprint

The Lottery Corporation recognises that its customers' purchasing behaviours continue to change and therefore intends to further diversify its retail channel mix through targeted growth in selected channels such as convenience fuel, convenience and pharmacy. Similar to Keno, The Lottery Corporation plans to invest in Lotteries retail hardware and the integration of digital features, which is expected to strengthen the Lotteries omni-channel offering.



Strong industry and regulatory engagement

The Lottery Corporation intends to maintain its deep relationships with regulators and industry stakeholders, and work collaboratively with its partners to help shape the future industry and regulatory landscape. In addition to its domestic presence, The Lottery Corporation has a strong standing and profile within the global lottery industry and is represented at the World Lottery Association and Asia Pacific Lottery Association executive level.

Material Risks

Material business risks

The Company takes a structured approach to identifying, evaluating and managing current and emerging risks which may affect achievement of strategic objectives. The Company has adopted a risk management framework which reflects ISO31000:2018, the international standard on risk management. An overview of the Company's major risks and associated mitigation strategies are set out below but is 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 it happen. However, some risks are affected by factors external to, and beyond the control of, the Company.

Risk	Description and Potential Consequences	Mitigations in Place
Breach of laws and licences, and compliance and conduct risks	The Company's businesses, as well as third parties that distribute its products (including retail venues and retailers) are regulated by laws, licences, regulations, rules, permits and other approvals. A material breach of the relevant obligations could impact those licences including suspension or loss of applicable licences, penalties or reputational damage. In addition, the loss or failure to renew a licence, may adversely affect the Company's financial performance and operating position.	• Employees, retailers and venues are provided with training and support to enable them to effectively manage their risk and compliance obligations. • The Company regularly engages with regulators and governments and has a robust environment for testing and approving systems before deployment. • Systems, processes and equipment are regularly monitored and tested and also assessed by Internal Audit regarding the adequacy of controls and processes for managing risk and compliance obligations.
Changes in laws and the regulatory environment	Changes in legislation, regulation, taxation or government policy (and related judicial decisions and enforcement policy) may have an adverse impact on the Company's operational and financial performance as a result of significant changes in the nature of operations, increased compliance or other costs, and potential changes in the level of competition in relevant markets.	• The Company regularly engages with regulators and governments, and from time to time makes submissions relating to proposed changes in relevant laws or regulations or enquiries. • To maintain the sustainability of its business, the Company engages with industry bodies to align business strategies with potential industry and/or legislative changes. • The Company invests in customer care initiatives and responsible play practices.
Competition and disruption	The Company's business may be affected by competing suppliers of lottery or Keno products, including from overseas-based operators. New competitors and disruptors may also enter the Company's traditional markets and be subject to less regulation compared to the Company. There is a risk that the Company may not be able to compete on the same terms as other operators, or may face increased levels of competition from suppliers of gaming products, which could adversely affect the Company's operational and financial performance.	• The Company operates in several Australian jurisdictions and market segments, which reduces the reliance on any single business, product or customer category. • The Company strives for continual improvement in its product and service offering to attract and retain customers, including customer service and relationship management insights, personalisation, and product and digital innovation. • The Company actively supports an industry where all operators can compete effectively and are required to adhere to, and are held to, the same laws, regulations, industry codes and standards.
Financial risks	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 impact its financing activities. The Company is also exposed to various financial risks arising from operating its Lotteries and Keno businesses. As part of its arrangements with its external financiers, the Company is subject to a number of customary conditions and financial covenants. A failure to comply with such conditions and covenants may require the Company to repay borrowings earlier than anticipated, or result in increased financing costs, which could in turn adversely affect the Company's financial performance.	• The Company's finance facilities and interest rate, credit, liquidity and currency risks are managed by its Treasury department in line with detailed policies approved by the Board. • The Company maintains an active capital management program with a range of funding sources and long dated maturities. • Various policies, controls and processes are in place to manage financial risks arising from the Company's operations.

Risk	Description and Potential Consequences	Mitigations in Place
Technology, cybersecurity and data/privacy risks	The Company's businesses rely on the successful operation of technology infrastructure, which could be adversely affected by various factors including attacks on technology systems and customer, company data and regulatory information, or an inability to recover from a significant hardware, software, digital or data centre failure. The Company also relies on technology infrastructure to support ongoing business growth. A significant cyber incident or prolonged failure of the computer systems could materially affect the Company's technology systems, equipment, operations or other related aspects as well as causing a breach of customer data or privacy. This may adversely impact the Company's reputation, operations or financial performance and expose it to regulatory enforcement actions.	• The Company's Technology team dedicates significant resources, systems and expertise to the identification, analysis, and mitigation of technology, cyber and data risks. • The Company maintains various support arrangements for cyber incident response and recovery. • The Company adopts practices, procedures and systems to support the appropriate management of data and its privacy, including through the appointment of a Privacy Officer and the establishment of a Privacy Policy. • The Company also has in place disaster recovery plans and business continuity plans to manage major technology failures, cyber-security attacks and privacy breaches should they occur.
Reliance on infrastructure and third-party commercial arrangements	The Company is reliant on key infrastructure and third-party commercial arrangements for the operation of its business. This includes reliance on Tabcorp for technology systems and other services under Transitional Services Agreements entered into in connection with the Company's demerger from Tabcorp. A significant malfunction or interruption to key infrastructure, or a failure of, significant interruption to, or reduction in the quality of third-party products and services for a sustained period of time, may have an adverse impact on the Company's reputation and operating and/or financial performance	• The Company's procurement function maintains commercial relationships across a diverse supplier base with clear contracts, terms of engagement, agreed service levels, regular reporting and monitoring, and appropriate risk mitigation and remediation action plans. • There is a detailed governance framework in place between the Company and Tabcorp to deliver and manage the Transitional Services Agreements.
People, health, safety and wellbeing	A 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, could expose the Company (and individual employees and Directors) to civil, criminal and/or regulatory action with associated financial and reputational consequences.	• The Board, the People and Remuneration Committee, the Chief People Officer and various management committees have responsibility for overseeing strategies and programs related to people, health, safety and wellbeing. • The Company is committed to providing a safe working environment and prioritises the health, safety and wellbeing of team members. The Company has implemented a health, safety and wellbeing framework which includes policies, procedures, reporting, training and education. • The Company intends on conducting regular surveys of team members to monitor employee wellbeing and has implemented various policies and programs aimed at supporting team member wellbeing.
Human capital management	The Company's performance and the execution of its strategies depends on its ability to attract and retain key senior management and operating personnel and on fostering a high-performance culture. A loss of key personnel, or an inability to attract the personnel with appropriate skills and experience, could have an adverse effect on the Company's performance and the delivery of its strategies and/or operations.	• The Company has in place a variety of avenues to attract, recruit, retain and develop high performing and high potential employees. It undertakes training and development programs to provide employees with career development opportunities. • The Company intends on conducting employee engagement surveys to monitor for emerging issues. • The Company's remuneration framework aims to attract, motivate and retain high calibre individuals.



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Our Executives

Our Executives



Sue van der Merwe
Managing Director & CEO

Sue is The Lottery Corporation's Managing Director and Chief Executive Officer after leading Tabcorp's Lotteries & Keno business as its Managing Director since the 2017 combination of Tabcorp and Tatts Group. She was previously Chief Operating Officer of Lotteries at Tatts Group.

In a career in lotteries spanning 30 years, she 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.



Loren Fisher
Chief Information Officer

Prior to joining The Lottery Corporation, Loren was Chief Digital and Information Officer at Youi Insurance where she was accountable for digital strategy and 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.

She holds a Bachelor of Commerce (Business Management) and Information Systems, and a certificate in Driving Digital Transformation from Harvard Business School. She was named in CIO Magazine's Top 50 CIO list for 2021.



Patrick McGlinchey

**Chief Legal & Risk Officer
and Co-Company Secretary**

Patrick most recently led the Legal, Risk, Regulatory and Governance teams at Tabcorp, which he joined in 2019.

He has extensive international experience in senior roles with multinationals and also the gambling entertainment industry, having served as Chief Legal Officer and Company Secretary at Aristocrat Leisure Limited. He was also Regional General Counsel Asia-Pacific at LafargeHolcim Group leading the legal, corporate governance and compliance teams across the Asia-Pacific region.

Patrick holds a Bachelor of Laws (Honours) and a Bachelor of Economics from University of Sydney and has attended various executive development courses including the International Institute for Management Development (Switzerland) and the Wharton School (USA).



Antony Moore

Chief Channel Officer

Antony was General Manager of Lotteries Retail at Tabcorp - and previously Tatts Group - since 2011, responsible for optimising the operational and strategic performance of the Lotteries retail distribution network.

He has more than 25 years' experience in senior retail operations, including roles with Retail Adventures, Rebel Group, Coles Supermarkets and Coles Liquor.

He is also a Director of the National Retail Association and the Franchise Council of Australia, is a FCA-certified Franchise Executive and is a Graduate Member of the Australian Institute of Company Directors.

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

Our Executives



Callum Mulvihill

Chief Commercial Operations Officer

Callum was most recently General Manager of Finance and Commercial for Tabcorp's Lotteries and Keno business since 2018, and has held numerous commercial and business development roles at Tatts Group since 2013.

Before that, he was General Manager of Marketing and Sales for the South Australian Government's SA Lotteries, leading the marketing, sales, customer relations and public relations functions from 2006 to 2013. In 2012, he also helped lead the company's integration to Tatts when it was appointed the government's Master Agent.

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 50-50 Foundation Limited. He has a Bachelor of Commerce and a Master of Business Administration, is a Certified Practising Accountant and a Graduate Member of the Australian Institute of Company Directors.



Adam Newman

Chief Financial Officer

Adam joined The Lottery Corporation after his tenure since 2019 as Tabcorp's Chief Financial Officer.

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

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



Andrew Shepherd

Chief Customer & Marketing Officer

Prior to The Lottery Corporation, Andrew was General Manager of Marketing for Tabcorp's Lotteries & Keno business. He joined Golden Casket in 1997, which a decade later became part of Tatts Group where he became Head of Marketing.

At Tabcorp and Tatts Group, Andrew was heavily involved in the launch of The Lott and its website and app development, the relaunch of Powerball and various other product changes and campaigns.

Over the past 30 years, he has worked in marketing in a number of industries including automotive, dairy and beverage.

Andrew holds a Bachelor of Business (Marketing), is a Graduate Member of the Australian Institute of Company Directors and a member of various industry associations including the Australian Association of National Advertisers and the Australian Direct Marketing Association.



Michelle Williams

Chief People Officer

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

Before that she was Group Director of Human Resources at Fairfax Media Limited 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 and Colonial Limited.

She holds a Bachelor of Commerce and Bachelor of Science and is a member of the Australian Human Resources Institute and a Graduate of the Australian Institute of Company Directors.

Daniel House



 **\$300,000**  

to help the Daniel Morcombe Foundation
in their mission to keep kids safe!

 Home of Australia's Lotteries

 by Golden Casket

 Daniel Morcombe FOUNDATION INC.

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Corporate Responsibility

Corporate Responsibility

The Lottery Corporation has a proud history of making positive contributions to:

- our customers (delivering winning moments and offering life changing prizes)
- our communities (through the generation of significant taxes paid to governments)
- our retail partners (to whom we pay commissions, including newsagencies, licensed venues and other retail partners).

We are committed to delivering positive impacts and sustainable services and products for our people, customers, communities, retail partners and the environment. As a newly listed entity, the Company has commenced a process to develop its sustainability strategy. We anticipate the strategy will be published on our website later in FY23.

An overview of our corporate responsibility initiatives and programs are set out below.

Our products

The Lottery Corporation offers Australian adults entertaining games with the chance of a thrilling win. We're committed to doing so responsibly and have programs in place to ensure legislative compliance and provide best practice in the service of our products and customers. The Company invests in world class customer care initiatives and responsible play practices. As part of this, we have achieved and maintained a 'Level 4' accreditation from the World Lotteries Association, being the highest level of certification under its Responsible Gaming Framework. The Lottery Corporation will continue to review and evolve its responsible play practices to ensure they remain aligned with customer and community expectations and to leverage advancements in technology and leading gambling harm minimisation research.

Ensuring a safe environment for our customers is central to our sustainable long-term success. Through our Responsible Play program and Customer Care Roadmap initiatives, the Company rigorously implements measures and safeguards to help minimise the potential for harm, prevent underage gambling, and assist those who may be at risk of experiencing problems to take action and access available support.

An example of leading responsible gambling safeguards can be found in the enhancements to The Lott and Keno's Early Intervention Modelling. This machine learning model uses academic research, behavioural science strategies and machine learning techniques to identify and track behavioural markers of harm that can aid in earlier and more effective identification of customers who have increasing risks of gambling harm.

The Lottery Corporation's responsible gambling measures include:

The Lott

- Lotteries Early Intervention model and program
- Ongoing Customer Care Roadmap development to uplift customer care tools (spend limits, take a break tool), responsible gambling content, interventions, and gambling harm predictive modelling
- The highest level of certification under the World Lotteries Association's Responsible Gaming Framework
- The use of GamGard, an online tool that assesses the risk and potential harm new products or product changes may pose
- Conspicuous 18+ messaging on Instants Scratch-Its.

Keno

- Keno Early Intervention model & program
- Continuing to grow the Customer Care Roadmap which includes expansion of spend limits, uplifting responsible gambling content, new in-channel interventions, and gambling harm predictive modelling.

More detail about our responsible play initiatives can be found on our website.



For more information on our responsible play initiatives:

www.thelotterycorporation.com/esg-strategy/responsible-entertainment

Our community

The Lottery Corporation continues a strong legacy of Australian lotteries supporting the community. We believe that contributing to the wellbeing of the communities in which we operate is important to our brands, consumers, and the business' long-term success.

In FY22, The Lottery Corporation contributed \$4.8 million¹ to not-for-profit organisations across Australia. This community funding was provided directly from budgeted and unclaimed prize money donations and in-kind giving. A further \$1.7 billion in Lottery and Keno taxes was generated for governments in FY22 (on a Comparable basis), contributing to Australian communities. In addition to supporting our long-term community partners, we continued to assist community and sporting groups through The Lottery Corporation's Charitable Games.

Community contributions

Our Lotteries business has a long history of contributing to causes that support healthy and happy communities. Lotteries in Australia have been giving back to the Australian community for over 140 years.

In FY22, The Lott was pleased to support various projects with \$4.8 million in Golden Casket unclaimed prize money and budgeted funding making a difference in our communities including:

- Funding two University of Queensland research projects. The first advances the development of venom peptides to alleviate pain associated with endometriosis and irritable bowel syndrome. The second continues research into using molecular clamp technology to supercharge vaccine production, producing a potentially game-changing approach to vaccine development for various viruses²
- Support of the Daniel Morcombe Foundation to continue its essential work in child safety education in both online and physical environments²
- For the fourth consecutive year, funding research into improved treatments and survivorship outcomes for children diagnosed with brain cancer at the Children's Brain Cancer Centre²
- A donation to Australian communities impacted by the Northern NSW and Southeast Queensland floods through the Australia Unites: Red Cross Flood Appeal²

In FY22, Keno also committed to a further two years of its community partnership with Disaster Relief Australia.

Disaster Relief Australia unites the skills and experiences of Australian Defence Force veterans, first responders, and civilians to rapidly deploy emergency response teams where they're needed most.

Charitable Games

The Lottery Corporation's Charitable Games team aims to be one of the biggest funders to good causes in Australia. In partnership with the 50-50 Foundation (an ACNC registered charity), the Australian Sports Foundation, and Sport Australia, Charitable Games helped raise over \$2.6 million in FY22. These funds have helped not-for-profit organisations and grassroots sporting clubs by leveraging our core lotteries capability through two charitable raffles, Play For Purpose and the 50-50 Charity Raffle.

Play for Purpose is the first charity raffle of its kind in Australia. Participants play for prizes while supporting charities and sporting clubs closest to their hearts, with more than 500 charitable causes registered on the platform. Four Play for Purpose draws were conducted in FY22, with \$1.2 million in prizes awarded to over 1,500 winners and \$2.1 million distributed to more than 500 charitable organisations.

The 50-50 Charity Raffle is one of Australia's largest event-based charity and sports fundraising raffles. The raffle operates at major live sporting events, allowing fans to play for large cash prizes while raising significant funds for charities.

Last year, 155 raffles were conducted in partnership with professional sports teams across New South Wales, the Australian Capital Territory, and Queensland, with the \$1 million raised split between cash prizes and charitable organisations.

¹ Does not include foregone revenue, management costs, and employee time.

² Contributions made in FY22 when the Company was part of the Tabcorp Group.

Environmental regulation and performance

The Lottery Corporation takes its responsibility for managing environmental impacts seriously, understanding this is a significant issue for our people, customers and the community.

While The Lottery Corporation's environmental footprint is relatively small when compared with other Australian companies, the Company acknowledges its impact on the environment, directly through our operations, and indirectly through the value chain. The Company seeks to minimise adverse environmental impacts through its operations and the delivery of its products and services.

The Lottery Corporation also recognises climate change is a significant global challenge and is committed to reducing its greenhouse gas emissions profile by identifying and managing climate-related risks and opportunities across the business.



More information is available on the Company's website at:
www.thelotterycorporation.com/esg-strategy



The Lott has supported University of Queensland research projects on the production of future vaccines, and novel treatments for chronic pain using spider venom.



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Corporate Governance

Corporate Governance

The Lottery Corporation is committed to high standards of corporate governance and the Board believes this underpins strong business performance. The Company is a newly listed entity on the ASX and intends to continually review and revise its corporate governance practices and policies to help ensure they remain aligned with developments in good corporate governance practices, its strategic priorities and shareholders' expectations.

For the financial year ended 30 June 2022, The Lottery Corporation complied with the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (4th edition) except as indicated in the Corporate Governance Statement. Where the Company has not complied with a recommendation, this is because the Company was newly listed on 24 May 2022, and it was not practicable for the Board to implement the recommendation in the short period of time between 24 May 2022 to 30 June 2022.

Details of The Lottery Corporation's compliance are set out in the 2022 Corporate Governance Statement and in the Appendix 4G. The Corporate Governance Statement is current as at 29 September 2022 and has been approved by the Board.



The Lottery Corporation's 2022 Corporate Governance Statement is available at:
www.thelotterycorporation.com/about/corporate-governance



Sue van der Merwe (CEO) and Patrick McGlinchey (Chief Legal and Risk Officer) celebrate TLC's listing on 24 May 2022.



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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 2022.

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 and financial review

The financial results of the Group for the financial year ended 30 June 2022 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 and 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, Monday & Wednesday Lotto, 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 2023) licences.
- ACT Approval to conduct a lottery indefinitely unless revoked.
- Northern Territory Lottery Agreement expires in June 2032.

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 lifechanging 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.
- 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 under a management agreement with ClubKENO Holdings Pty Ltd.
- 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

Demerger

On 1 June 2022, The Lottery Corporation separated from Tabcorp Holdings Limited (**Tabcorp**). Tabcorp made a distribution, with eligible shareholders retaining their existing shares in Tabcorp and receiving one The Lottery Corporation share for each Tabcorp share held at the record date.

In connection with the demerger, on 24 May 2022, The Lottery Corporation was listed on the Australian Securities Exchange (ASX). Its securities commenced trading on a conditional and deferred settlement basis on 24 May 2022, with normal settlement trading commencing on 2 June 2022 under the code 'TLC'.

Acquisition of Keno

In May 2022, as part of the corporate restructure required to effect the demerger from Tabcorp, The Lottery Corporation and its subsidiaries acquired 100% of the Keno business from Tabcorp. The business comprises the operations of Keno in licensed venues and TABs, and online distributors (where permitted) pursuant to licences and approvals in certain Australian states and territories.

US Private Placement debt (USPP)

Upon implementation of the demerger, Tabcorp Group's existing USPP debt was effectively transferred to The Lottery Corporation Group by way of Tabcorp prepaying 100% of the outstanding principal and interest amounts on each note and The Lottery Corporation issuing new notes to the USPP holders of like principal and interest amounts in lieu of the prepayment.

4. Other matters

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

5. Significant events after the end of the financial year

Other than the demerger from Tabcorp (effective 1 June 2022) and associated transactions, no other matters or circumstances 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.

6. 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 key priorities, which are discussed on page 15.

7. Likely developments and expected results

The Board will participate annually in a formal strategic review and planning process to provide guidance to management about the Group's strategic direction. The Lottery Corporation's management, in conjunction with its Board, is continuing to refine The Lottery Corporation's strategy. The refined strategy framework will focus on the elements outlined in the Operating and Financial Review.

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 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.

8. Directors

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

- Steven Gregg – appointed 20 May 2022
- Sue van der Merwe – appointed 20 May 2022
- Anne Brennan – appointed 20 May 2022
- Harry Boon – appointed 20 May 2022

It is intended that each of John O'Sullivan, Doug McTaggart and Megan Quinn will be appointed as non-executive directors of The Lottery Corporation subject to receipt of necessary regulatory and ministerial approvals. Each of John, Doug and Megan are currently observers to the Board. None of them have been involved in the preparation of this Directors' Report and, to the maximum extent permitted by law, they each expressly disclaim and take no responsibility for any statements in or omissions from this Directors' Report.

The Directors' qualifications, experience and special responsibilities are as follows:

Directors



Steven Gregg

Independent Chairman

Bachelor of Commerce

Steven Gregg is the Chairman of the Board of The Lottery Corporation. Steven was Chairman of Tabcorp until the implementation of the demerger.

He is the Chairman of the Nomination Committee, the Interim Chairman of the Risk and Compliance Committee, and a member of the Audit Committee and People and Remuneration Committee.

Steven is Chairman of Ampol Limited and a Director of Challenger Limited and thoroughbred bloodstock company William Inglis & Son Limited. He is also a Trustee of the Australian Museum Trust and Chairman of Unisson Disability Limited.

Steven is the former Chairman of Goodman Fielder Limited and Austock Group Limited.

Steven's executive career spanned investment banking and management consulting. He was a Senior Managing Director at ABN Amro Bank, and a Partner and Senior Adviser to McKinsey & Company.

Other ASX Company directorships in the past three years:

- Tabcorp Holdings Limited from July 2012 to May 2022
- Ampol Limited (previously Caltex Limited) since October 2015
- Challenger Limited since October 2012



Sue van der Merwe

Managing Director & CEO

Bachelor of Social Science,
Marketing and Economics

Sue van der Merwe is the Managing Director and Chief Executive Officer of The Lottery Corporation. Sue was formerly Tabcorp's Managing Director – Lotteries and Keno following the combination of Tabcorp and Tatts Group in December 2017.

Sue has more than 30 years' experience in lotteries.

Sue is Chairman of the Asia Pacific Lottery Association, and a member of the World Lottery Association Executive Committee.



Harry Boon

Independent Non-Executive Director

Bachelor of Laws (Honours) | Bachelor of Commerce

Harry Boon is a Non-Executive Director of The Lottery Corporation. Harry was a Non-Executive Director of Tabcorp from December 2017 following the of Tabcorp-Tatts Group combination, until the demerger. He was previously the Chairman of Tatts Group and served as a Non-Executive Director of Tatts Group from May 2005.

He is Chairman of the People and Remuneration Committee, and a member of the Audit Committee, Risk and Compliance Committee and Nomination Committee.

Harry is the former Chairman of Asaleo Care Limited and a former Director of Toll Holdings Limited.

Harry was previously Chief Executive Officer and Managing Director of ASX-listed company Ansell Limited until he retired in 2004.

Other ASX Company directorships in the past three years:

- Tabcorp Holdings Limited from December 2017 to May 2022
- Asaleo Care Limited from May 2014 to June 2021



Anne Brennan

Independent Non-Executive Director

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

Anne Brennan is a Non-Executive Director of The Lottery Corporation. Anne was a Non-Executive Director of Tabcorp until the demerger.

She is the Chair of the Audit Committee, and a member of the Risk and Compliance Committee, People and Remuneration Committee and Nomination Committee.

Anne is a Director of GPT, Argo Investments Limited, Endeavour Group, NSW Treasury Corporation and Rabobank New Zealand Limited.

Anne previously served as a Director of Spark Infrastructure RE Limited, Charter Hall Group, Metcash Limited, Nufarm Limited, Myer Holdings Limited, Rabobank Australia Limited and Echo Entertainment Limited. Anne was formerly the Executive Finance Director of Coates Group and Chief Financial Officer at CSR Limited. She was previously a partner at 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 since September 2011
- Tabcorp Holdings Limited from July 2020 to May 2022
- Charter Hall Group from October 2010 to May 2021
- Metcash Limited from March 2018 to May 2021
- Nurfarm Limited from 2011 to May 2020
- Spark Infrastructure Group since June 2020



Doug McTaggart

Observer

Bachelor of Economics (Honours) | MA, PhD (Economics)
Fellow of the Australian Institute of Company Directors (AICD)
Senior Fellow of the Financial Services Institute of Australasia (FINSIA)

Doug McTaggart is an observer to the Board. Doug is a Director of Suncorp Group Limited, Chairman of Indigenous Business Australia Asset Management Pty Ltd and serves on the Australian National University Council.

Doug recently retired as Chairman of Spark Infrastructure RE Limited. He was also a Director of UGL Limited and Chairman of SunCentral Maroochydore Pty Ltd.

Doug is a former CEO of QIC Limited, Member of the Council of Australian Governments Reform Council, Councillor on the National Competition Council, and Professor of Economics and Associate Dean at Bond University.

Other ASX Company directorships in the past three years:

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



John O'Sullivan

Observer

Bachelor of Laws | Bachelor of Arts | Master of Laws
Fellow of the Australian Institute of Company Directors (AICD)

John O'Sullivan is an observer to the Board. John is Chairman of Serendipity Capital Holdings Limited, a Member of the Takeovers Panel and an Ambassador of 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 and Executive Chairman, Investment Banking and Capital Markets (Australia) at Credit Suisse Australia.

Other ASX Company directorships in the past three years:

- AMP Limited from June 2018 to April 2022



Megan Quinn

Observer

Graduate of the Australian Institute of Company Directors (AICD)

Megan Quinn is an observer to the Board. Megan is a non-executive director of Reece Limited, Invocare Limited and City Chic Collective Limited.

Megan has more than thirty years of international experience as a senior executive, advisor and Non-executive Director across a range of industries. She is a recognised global brand, digital transformation and multi-channel expert for her role as a co-founder of online luxury retailer Net-A-Porter.

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 since October 2018

9. 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:

Steven Gregg	Sue van der Merwe
45,820 fully paid ordinary shares	381,328 fully paid ordinary shares
Anne Brennan	Harry Boon
8,182 fully paid ordinary share (indirectly held)	76,364 fully paid ordinary shares (indirectly held)

10. 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.

11. 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 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.

12. Company secretary

Patrick McGlinchey is the Chief Legal & Risk Officer and Company Secretary of The Lottery Corporation.

From 2019 until implementation of the demerger from Tabcorp, Patrick led Tabcorp's Legal, Risk, Regulatory and Governance teams and was also Co-Company Secretary.

Previously, Patrick was Regional General Counsel Asia Pacific at LafargeHolcim Group leading the legal, corporate governance and compliance teams across the Asia Pacific region (including China and India). Patrick has extensive international experience in a range of senior executive roles with listed multinationals and also the gaming entertainment industry, having served previously as Chief Legal Officer and Company Secretary at Aristocrat Leisure Limited.

Patrick holds a Bachelor of Laws (Honours) and a Bachelor of Economics (Soc Sc) from the University of Sydney and has regularly advised on corporate governance matters and acted as a company secretary for a number of listed entities throughout his career.

13. 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 Lottery Corporation is committed to minimising the environmental impact of its operations and its products and services. The Lottery Corporation 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, and to reducing its greenhouse gas emissions.

During the financial year ended 30 June 2022, no environmental breaches have been notified to the Group by any government agency.

14. Political contributions and engagement

The Lottery Corporation has adopted a Political Contributions Policy.

As outlined in the Political Contributions Policy, The Lottery Corporation has a responsibility to its shareholders and stakeholders to participate in the process of public policy development and engages with various political parties and political forums as necessary. Public policy priorities which The Lottery Corporation advocates for include:

- 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 is committed to acting with integrity and adhering to the highest ethical standards. The Lottery Corporation takes a strict principles-based approach to making political contributions. These principles are:

- strict compliance with all laws in Australia and overseas;
- a transparent approach at all times;
- no 'cash-only donations' are to be made to any political party or affiliate;
- a bi-partisan approach to political contributions must be taken as much as is practicable; and
- all contributions must have a public policy focus with the aim of creating value for customers, partners, the community and shareholders.

The Lottery Corporation did not make any political contributions in FY22.

The Lottery Corporation's Political Contributions Policy is available on The Lottery Corporation website.

15. 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.

16. Auditors

The Group's external auditor is Ernst & Young. The Group's internal audit function is fully resourced by The Lottery Corporation, with specialist independent external support where necessary.

17. 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.

18. Non-audit services

Ernst & Young, the external auditor to the Company and the Group, provided non-statutory audit services to the Company during the financial year ended 30 June 2022. 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, acting as the Company's external auditor, received or are due to receive \$95,000 in relation to the provision of non-statutory audit services to the Company in respect of the financial year ended 30 June 2022. These engagements related to other services in connection with the demerger from Tabcorp. Amounts paid or payable by the Company for audit and non-statutory audit services are disclosed in note E4 to the Financial Report.

19. 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.

Note that this Directors' Report captures only the meeting and attendance information for the period 24 May 2022 (being the date the Company was listed on the ASX) to 30 June 2022.

Director	Board meetings held / attended	Audit Committee meetings held / attended	People and Remuneration Committee meetings held / attended	Risk and Compliance Committee meetings held / attended	Nomination Committee meetings held / attended
Steven Gregg	1/1	1/1	0/0	1/1	0/0
Sue van der Merwe	1/1	1/1	0/0	1/1	0/0
Anne Brennan	1/1	1/1	0/0	1/1	0/0
Harry Boon	1/1	1/1	0/0	1/1	0/0

Observer	Board meetings held / observed	Audit Committee meetings held / observed	People and Remuneration Committee meetings held / observed	Risk and Compliance Committee meetings held / observed	Nomination Committee meetings held / observed
Doug McTaggart	1/1	1/1	0/0	1/1	0/0
John O'Sullivan	1/1	1/1	0/0	1/1	0/0
Megan Quinn	1/1	1/1	0/0	1/1	0/0

20. Auditors' independence declaration

Included on page [xx] 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 2022. This auditor's independence declaration forms part of this Directors' Report.



Steven Gregg
Chairman

Melbourne
24 August 2022

21. Remuneration report

The Remuneration Report for the financial year ended 30 June 2022 forms part of this Directors' Report, and can be found on pages 30 to 57.

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



Sue van der Merwe
Chief Executive Officer



Building a better
working world

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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 2022, 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
24 August 2022

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Remuneration Report

Letter from the People and Remuneration Committee Chairman

Introduction

In FY22, our people rose to the challenge of delivering strong financial and operational results while meeting the additional pressures of executing a complex demerger and managing the effects of COVID-related lockdowns and restrictions. The Group's strong financial performance through the pandemic once again demonstrated the resilience of the business through economic cycles.

The Group delivered a record financial result in FY22, despite cycling a very strong result from FY21. Comparable Group revenue was up 9.4% to \$3.507 billion and Comparable Group EBITDA was up 11.9% to \$694 million. Successful management of jackpot sequences and favourable Powerball jackpots (our largest single game) aided this. Retail turnover remained resilient, while digital's increased share of turnover saw further margin improvement.

Fixed remuneration

Ms van der Merwe was appointed as MD & CEO on demerger. After considering her experience and market benchmarks, her annual fixed remuneration was set at \$1,500,000. Annual fixed remuneration of the executive Key Management Personnel (KMP) who transferred from Tabcorp to The Lottery Corporation in similar roles was held constant and will not increase in FY23. The People and Remuneration Committee considered this to be appropriate, given their remuneration is in line with the market. The executive KMP who were promoted into new roles on demerger, received remuneration uplifts, in line with their experience and market benchmarks.

FY22 short term incentive (STI) awards

Remuneration of executive KMP (including the MD & CEO) who transferred to The Lottery Corporation was pro rated for 11 months when they were employed by Tabcorp in their pre-demerger roles and for one month in their new roles with The Lottery Corporation, following the demerger. STI awards were calculated based on this pro rated remuneration.

The Board considered Tabcorp's and The Lottery Corporation's FY22 performance on the same pro rata basis and determined an STI pool at 100% of target. Factoring in financial and non-financial STI performance criteria, the MD & CEO was awarded an STI equivalent to 105% of her pro rata target STI opportunity and, other executive KMP received STI awards equivalent to, on average, 105% of their pro rata target STI opportunities. These were paid as a combination of cash and Restricted Shares.

Long term incentive (LTI) awards

Considering the short one-month period following the demerger, The Lottery Corporation did not provide LTI grants. These were provided by Tabcorp previously and vested on a pro rata basis on demerger. The Board intends to make LTI offers in November 2022. The MD & CEO's 2022 LTI offer will be presented to shareholders for approval at the 2022 Annual General Meeting, and all executive KMP 2022 LTI offers will be disclosed in the FY23 Annual Remuneration Report.

Non-executive Director fees

Recognising The Lottery Corporation's Non-executive Director responsibilities in a highly regulated business environment, and that The Lottery Corporation is one of the largest 50 ASX-listed companies, as well as Non-executive Director fees paid by similarly sized ASX-listed companies, the existing Tabcorp Non-executive Director fee levels were adopted for FY22 and FY23. Tabcorp reduced cash fees by 0.5% in July 2021 and The Lottery Corporation reduced cash fees by a further 0.5% in July 2022 to absorb the corresponding increases in the Superannuation Guarantee Contribution rates. This resulted in Non-executive Director fees remaining unchanged in FY22 and again in FY23.

Other remuneration

To retain key skills during the intensive demerger process and to ensure that both Tabcorp and The Lottery Corporation retain appropriate corporate knowledge, Tabcorp put in place retention arrangements for key people, including executive KMP. The retention plan was in the form of restricted Tabcorp shares, with a post-demerger restriction end date of July 2023. Executive KMP who transferred to The Lottery Corporation automatically forfeited these shares and The Lottery Corporation has elected to provide these executive KMP with a separate retention offer on substantially the same terms.

Conclusion

FY23 is an important foundational year for The Lottery Corporation as we chart a new course and strive to maximise long term value and deliver positive outcomes for our many stakeholders. The People and Remuneration Committee will focus on key remuneration, people, culture, and performance priorities to ensure that we continue to attract, retain, fairly reward, and motivate high calibre people to achieve strong, sustainable business performance.

Yours sincerely,



Harry Boon

People and Remuneration
Committee Chairman



1. 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 2022 (FY22).

KMP are those persons having the authority and responsibility for planning, directing, and controlling the activities of The Lottery Corporation, 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 (Cth) (the Corporations Act) and its regulations and has been audited as required by section 308(3C) of the Corporations Act.

On 12 May 2022, the shareholders of Tabcorp Holdings Ltd (Tabcorp) approved the demerger of The Lottery Corporation from Tabcorp, and on 24 May 2022, The Lottery Corporation's shares commenced trading on the ASX on a deferred settlement basis. The demerger was implemented on 1 June 2022. This is The Lottery Corporation's first Remuneration Report as a newly listed public company.

This Remuneration Report predominantly covers the period from 24 May 2022 to 30 June 2022, which is the portion of FY22 that The Lottery Corporation was listed on the ASX. It also provides a summary of the proposed remuneration arrangements for FY23, the first full financial year that The Lottery Corporation will be a separately listed company. This information provides our shareholders with an understanding of current remuneration arrangements (for the period of FY22 following the demerger) and, importantly, the Group's FY23 remuneration arrangements as a separately listed entity. This Remuneration Report also includes information on the arrangements applying

to executive KMP of Tabcorp (and the Lotteries & Keno business as a business of Tabcorp prior to the demerger) who are now employed by The Lottery Corporation. Their remuneration arrangements prior to, on, and following the demerger are presented at a high level in this Remuneration Report. Additional details on their remuneration arrangements prior to the demerger are outlined in Tabcorp's FY22 Annual Remuneration Report.

The FY22 remuneration framework and arrangements outlined in this report reflect those that were put in place by Tabcorp prior to the demerger. To ensure minimal disruption and, considering that the demerger occurred towards the end of FY22, Tabcorp's remuneration framework and incentive arrangements will be largely adopted by The Lottery Corporation for FY23. This was disclosed in the Tabcorp demerger booklet relating to the demerger of The Lottery Corporation (released to Tabcorp shareholders on 31 March 2022 (Demerger Booklet)). The Board deemed this to be appropriate, given that the Tabcorp remuneration framework is still relevant for The Lottery Corporation for FY23, as it establishes and rolls out its future strategy.

The Lottery Corporation will review its remuneration framework and arrangements during FY23 to ensure alignment with the future strategic direction and goals of the Group and to ensure that these continue to attract, retain, and motivate employees to achieve strong sustainable business performance and long term shareholder value creation. Any changes will apply for FY24 and will be outlined in The Lottery Corporation's FY23 Annual Remuneration Report.

2. Key Messages

a) The Lottery Corporation operating environment

The quality and defensive nature of the assets that comprise The Lottery Corporation, and the people that work for us, shone through in FY22. Our teams delivered strong financial and operational performance, while executing the demerger and continuing to manage the impacts of COVID-19. As a result, The Lottery Corporation has begun life as a standalone ASX-listed company with momentum.

The People and Remuneration Committee considered The Lottery Corporation's operational and financial performance, both as part of Tabcorp and as a standalone company, in reaching the decisions on remuneration detailed in this report.

b) Treatment of equity awards held by The Lottery Corporation executive KMP who were executive KMP of Tabcorp, on completion of the demerger

In FY22, the Tabcorp Board considered how it could most equitably treat equity awards granted under the pre-existing Tabcorp employee incentive plans that applied to executive KMP who transferred from Tabcorp to The Lottery Corporation, on demerger. The following principles were used:

No additional benefits

Executive KMP should not receive any additional benefits from the treatment.

Fairness

The treatment should strike a balance between what is fair for executives and for shareholders and achieve consistency between Tabcorp and The Lottery Corporation employees.

Simplicity and transparency

The treatment should minimise complexity and be transparent to both the executives and the market.

The resulting treatment of the equity awards on demerger is detailed in the Demerger Booklet and Tabcorp's FY22 Annual Remuneration Report.

Table 1: Overview of FY22 and FY23 remuneration

Non-executive Director fees	FY22	Board and Board Committee fees	Tabcorp fees were adopted with no adjustments and are in line with fees paid by organisations ranked 25 to 75 on the ASX by market capitalisation and Director responsibilities, skills, experience and workload. Cash fees decreased by 0.5% in July 2021, to absorb the corresponding SGC [®] rate increase. This resulted in fees remaining unchanged.		
	FY23	Board and Board Committee fees	No increase. Once again, cash fees decreased by 0.5% in July 2022 to absorb the corresponding SGC [®] rate increase. This resulted in fees remaining unchanged.		
MD & CEO remuneration	FY22	Fixed remuneration	Set at \$1,500,000 per annum on appointment. This is in line with fixed remuneration levels set in organisations ranked 25 to 75 on the ASX by market capitalisation.		
		Short term incentive (STI) opportunity and award	Pro rata target opportunity	Pro rata maximum opportunity	Actual FY22 award
			\$544,562	\$1,027,479	\$571,790 (105% of pro rata target / 56% of pro rata maximum).
			The actual FY22 STI award reflects Ms van der Merwe's performance and remuneration as Tabcorp's Managing Director Lotteries & Keno for 11 months and as MD & CEO of The Lottery Corporation for one month following the demerger. Ms van der Merwe is required to defer 25% of the portion of her FY22 STI award that relates to her role under Tabcorp and 50% that relates to her role under The Lottery Corporation, in Restricted Shares (restricted for two years).		
	Long term incentive (LTI) opportunity and vesting	The Lottery Corporation did not make an LTI grant as a separately listed ASX company. It is intended that the first LTI offer will be made in November 2022 when it will be presented to shareholders for approval at the 2022 Annual General Meeting.			
	FY23	Fixed remuneration	No adjustments.		
		STI opportunities	Target opportunity	Maximum opportunity	
			100% of fixed remuneration.	150% of fixed remuneration.	
		STI Deferral	50% of STI award in Restricted Shares, restricted for two years.		
	LTI opportunities	Target opportunity	Maximum opportunity (face value at grant)		
		100% of fixed remuneration.	200% of fixed remuneration.		
Other Executive KMP remuneration	FY22	Fixed remuneration	The previous Tabcorp executive KMP who transferred to The Lottery Corporation on demerger (Mr Newman and Mr McGlinchey) retained their pre-demerger fixed remuneration levels with no adjustments. The Board determined that their remuneration levels were in line with the market. Mr Mulvihill and Mr Shepherd were previous employees of Tabcorp and were promoted into their executive KMP roles on demerger when their new remuneration levels were set. Their remuneration levels are in line with expected remuneration levels for equivalent roles in organisations ranked 25 to 75 on the ASX by market capitalisation, considering their experience.		
		STI opportunity and award	Average pro rata target opportunity ⁽ⁱⁱ⁾	Average pro rata maximum opportunity ⁽ⁱⁱ⁾	Average actual pro rata FY22 award ⁽ⁱⁱ⁾
			\$210,395	\$420,790	\$221,480 (105% of pro rata target, 53% of pro rata maximum).
			The actual FY22 STI awards reflect the executive KMP's performance and remuneration for 11 months under Tabcorp and for one month under The Lottery Corporation.		
	LTI opportunity and vesting	The Lottery Corporation did not make LTI grants as a separately listed ASX company. It is intended that the first LTI offers will be made in November 2022.			
	FY23	Fixed remuneration	No adjustments.		
		STI opportunities	Target opportunity	Maximum opportunity	
			50% of fixed remuneration.	100% of fixed remuneration.	
		LTI opportunities	Target opportunity	Maximum opportunity (face value at grant)	
		50% of fixed remuneration.	100% of fixed remuneration.		

⁽ⁱ⁾ "SGC" refers to the mandatory "Superannuation Guarantee Contribution".

⁽ⁱⁱ⁾ The average STI pro rata target and maximum opportunities and the average actual pro rata FY22 STI award reflect a full 12 months of FY22 for Mr Newman and Mr McGlinchey (as executive KMP for the full 12 months of FY22 across Tabcorp and The Lottery Corporation) and for one month of FY22 post-demerger for Mr Mulvihill and Mr Shepherd (when they became executive KMP on 1 June 2022).





3. Key Management Personnel

Table 2: KMP for FY22

Name	Position Held	Period in position if less than full year
Non-executive Directors		
Steven Gregg ⁽ⁱ⁾	Chairman and Non-executive Director	From 24 May 2022
Harry Boon ⁽ⁱⁱ⁾	Non-executive Director	From 24 May 2022
Anne Brennan ⁽ⁱⁱ⁾	Non-executive Director	From 24 May 2022
Observers (to become Non-executive Directors, pending regulatory approval)		
Doug McTaggart ⁽ⁱⁱⁱ⁾	Observer	From 1 June 2022
John O'Sullivan ⁽ⁱⁱⁱ⁾	Observer	From 1 June 2022
Megan Quinn ⁽ⁱⁱⁱ⁾	Observer	From 1 June 2022
Executive Director		
Sue van der Merwe ^(iv)	MD & CEO	From 1 June 2022 (Director of The Lottery Corporation from 24 May 2022)
Executive KMP		
Patrick McGlinchey ^(v)	Chief Legal and Risk Officer	From 1 June 2022
Callum Mulvihill ^(vi)	Chief Commercial Operations Officer	From 1 June 2022
Adam Newman ^(v)	Chief Financial Officer	From 1 June 2022
Andrew Shepherd ^(vi)	Chief Customer & Marketing Officer	From 1 June 2022

⁽ⁱ⁾ Mr Gregg was Tabcorp's Board Chairman and retired as a Director of Tabcorp on 31 May 2022.

⁽ⁱⁱ⁾ Mr Boon and Ms Brennan retired as Non-executive Directors of Tabcorp on 31 May 2022.

⁽ⁱⁱⁱ⁾ Mr McTaggart, Mr O'Sullivan, and Ms Quinn were appointed as observers to The Lottery Corporation Board from 1 June 2022. They will remain observers until all required regulatory and ministerial approvals are obtained. Under this arrangement, they observe Board and Board Committee meetings but do not participate in making decisions.

^(iv) Ms van der Merwe was Tabcorp's Managing Director Lotteries & Keno until her appointment as The Lottery Corporation's MD & CEO (on 1 June 2022).

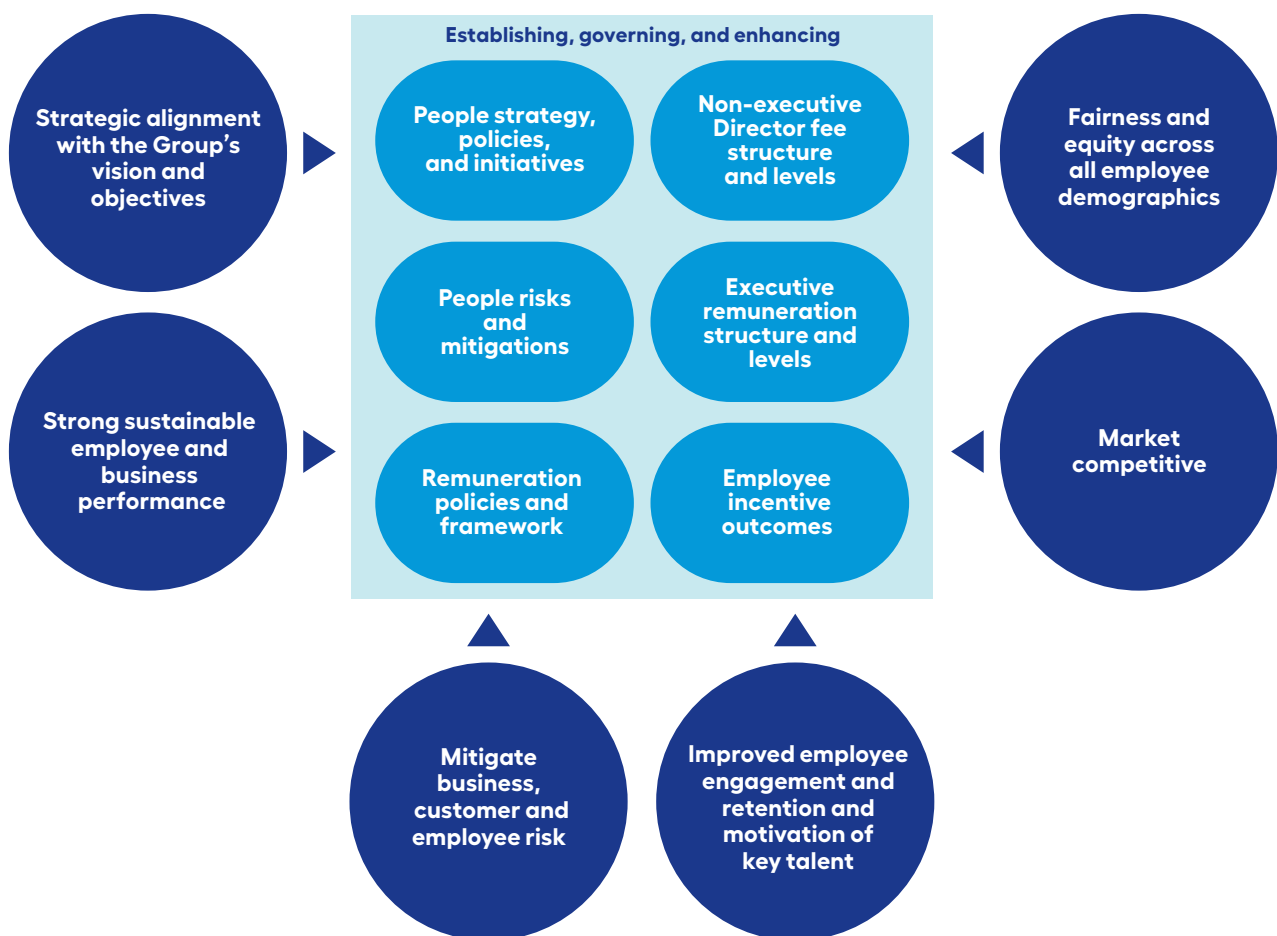
^(v) Mr McGlinchey and Mr Newman were executive KMP of Tabcorp prior to the demerger where they held equivalent roles. The disclosure in this report includes their remuneration from the date of their appointment to The Lottery Corporation. Refer to Tabcorp's FY22 Annual Remuneration Report for their remuneration arrangements prior to 1 June 2022.

^(vi) Mr Mulvihill and Mr Shepherd were employees of Tabcorp and were promoted into their executive KMP roles from 1 June 2022.

4. Remuneration Governance

The People and Remuneration Committee has been established with three independent Non-executive Directors and assists the Board in fulfilling its responsibilities with respect to people and remuneration matters as outlined below.

Diagram 1: Overview of remuneration governance



The People and Remuneration Committee reviews remuneration arrangements to ensure they continue to be fair, competitive, encourage strong business performance and shareholder value creation and are in line with The Lottery Corporation's approach to risk management and compliance. The People and Remuneration Committee and the Board consider feedback from shareholders, shareholder representative groups, proxy advisors and other stakeholders when determining remuneration arrangements and outcomes.

To inform its decisions, the People and Remuneration Committee will source a range of data and may receive independent advice, as appropriate. No remuneration-related advice was sought, and no remuneration recommendations were received by The Lottery Corporation in respect of executive KMP during FY22 and to the date of this report. In determining executive KMP remuneration outcomes, the People and Remuneration Committee also receives feedback from the Board Risk and Compliance Committee.

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

5. Executive KMP Remuneration

a) Strategy

The Lottery Corporation aims to reward its executive KMP competitively and appropriately for:

Creating long term shareholder value

The Lottery Corporation's short and long term incentive performance measures are directly linked to long term shareholder value creation.

Behaving in line with The Lottery Corporation's expectations

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

Acting in line with The Lottery Corporation's risk management framework

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

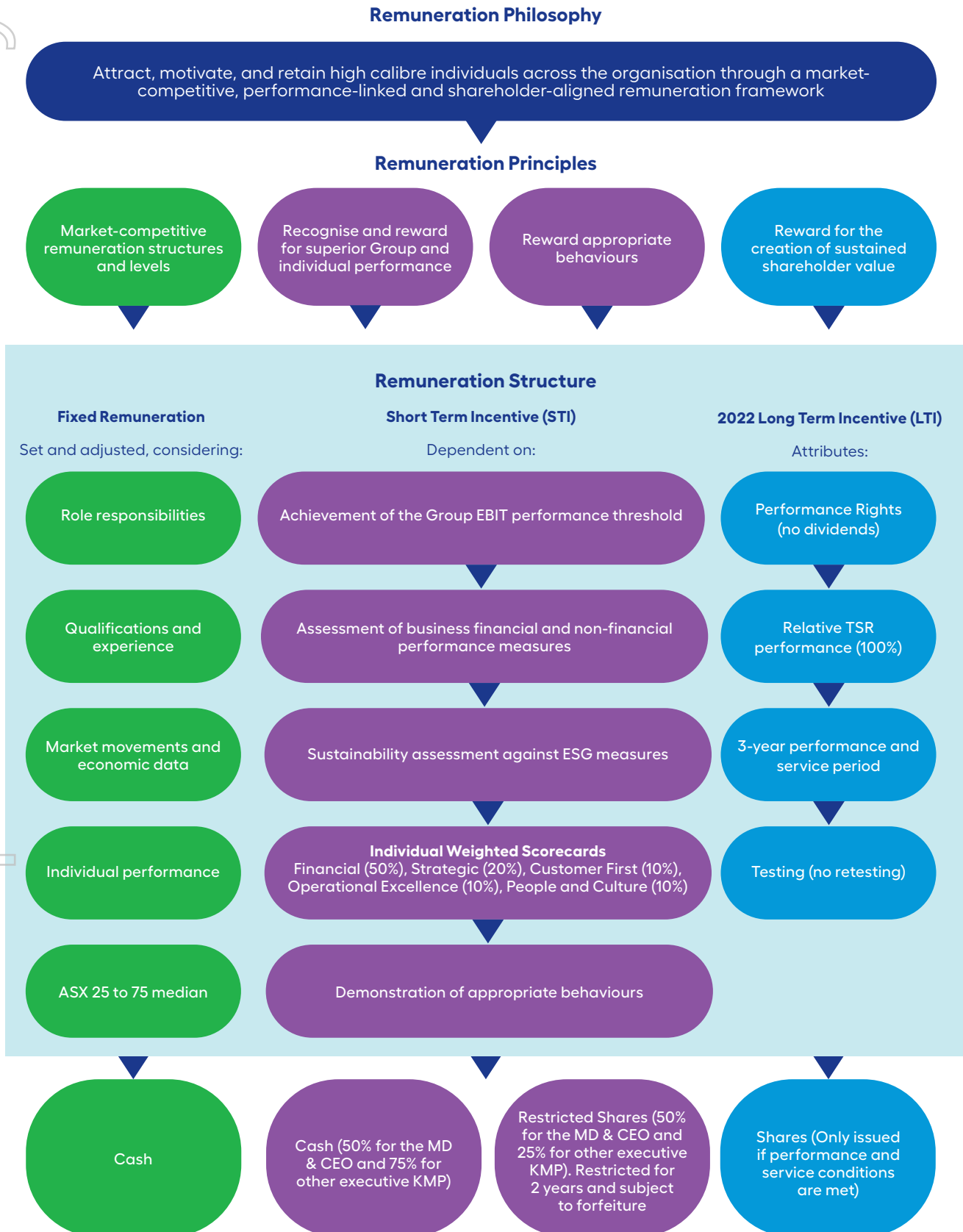
Strong Group financial and non-financial performance

The STI pool is based on a financial hurdle and assessment of a range of non-financial measures (including people, environment, community, product and other ESG measures).

50% of executive KMP STI awards are based on financial performance. 50% is based on non-financial strategic, operational, customer and people measures.

b) Structure

Diagram 2: Executive KMP remuneration philosophy, principles and structure



c) Remuneration packages

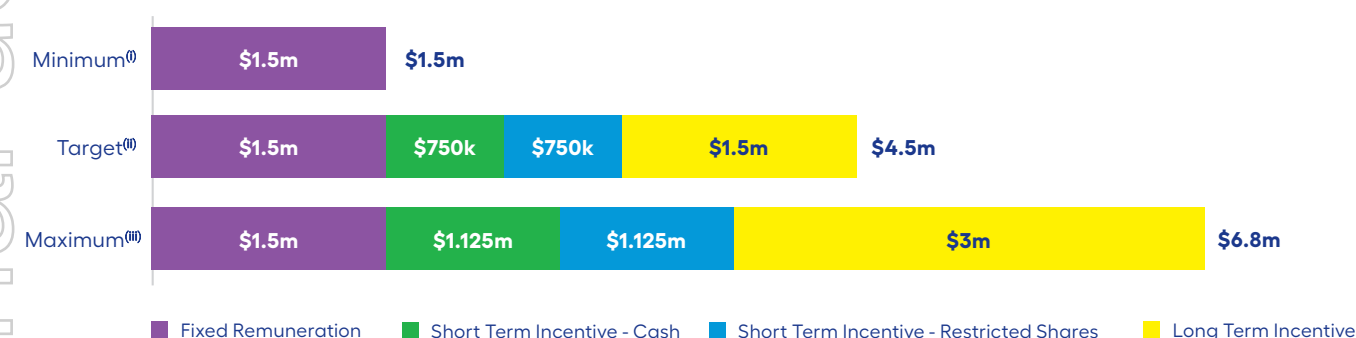
The following diagrams detail the contractual annual executive KMP remuneration packages at minimum, target and stretch performance levels. In FY22, however:

- The Lottery Corporation (as a separately listed business) did not make an LTI grant (this was provided by Tabcorp prior to the demerger and vested on a pro rata basis on demerger). It is intended that The Lottery Corporation will provide an LTI offer following the 2022 Annual General Meeting.
- Fixed remuneration levels and STI and LTI opportunities were pro rated between the executive KMP's previous roles within Tabcorp for 11 months of FY22 and their new roles within The Lottery Corporation for one month following the demerger.

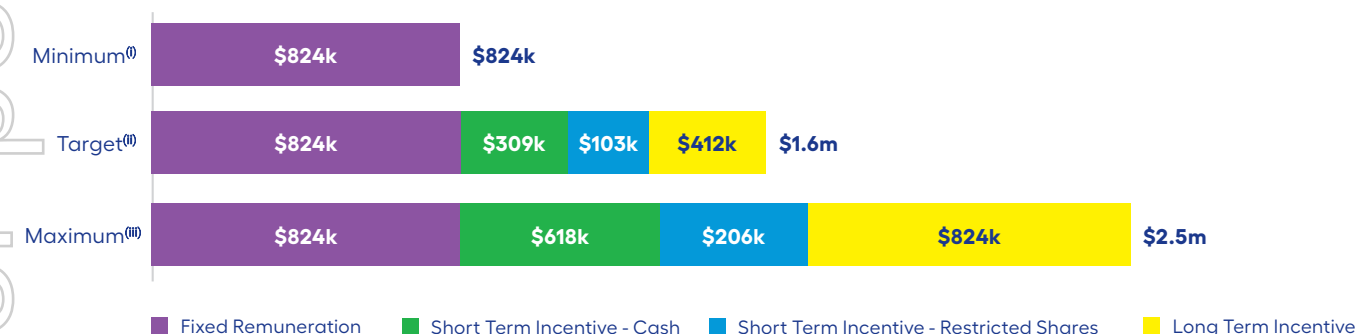
Executive KMP remuneration packages are set in line with their responsibilities and are reviewed annually against market peers to ensure they remain competitive and that executive KMP skills are retained. The Lottery Corporation benchmarks its remuneration to organisations ranked 25 to 75 on the ASX.

Diagram 3: Annual executive KMP remuneration packages (effective from 1 June 2022)

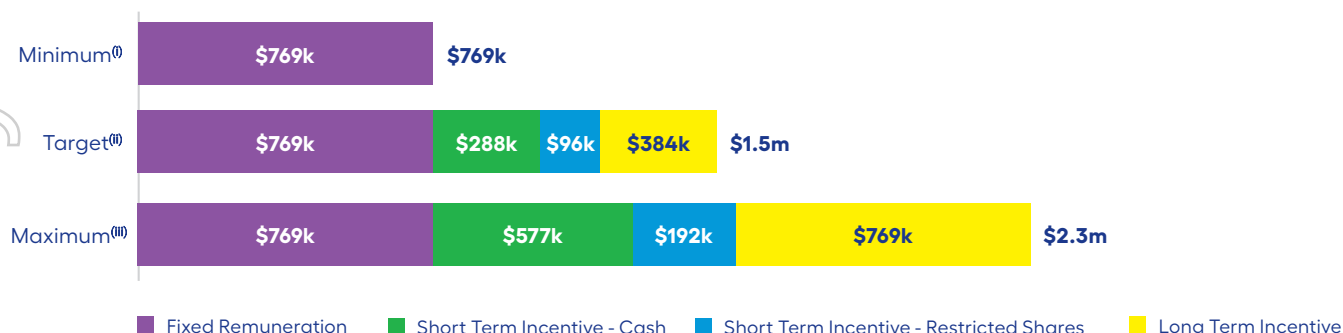
MD & CEO



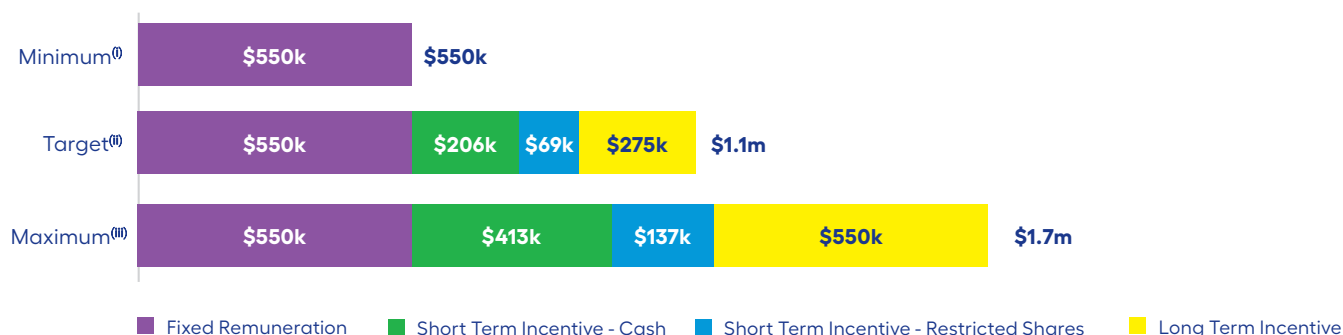
Chief Financial Officer



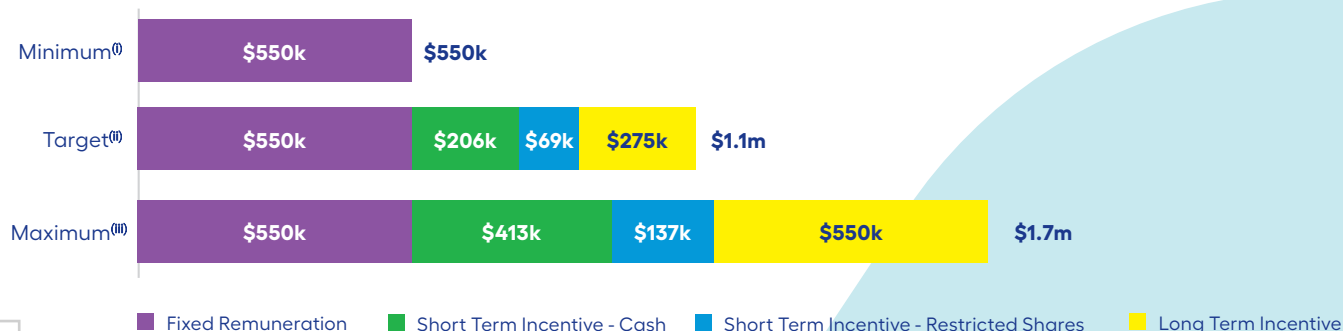
Chief Legal & Risk Officer



Chief Commerical Operations Officer



Chief Customer & Marketing Officer



⁽ⁱ⁾ The “minimum” value represents annual remuneration where short and long term performance is below target and no STI awards are made and LTI Performance Rights (granted in that year) are assumed not to vest.

⁽ⁱⁱ⁾ The “target” value represents annual remuneration where target levels of performance have been achieved and the target STI opportunity is awarded and 50% of the LTI Performance Rights (granted in that year) are assumed to vest. This LTI value is calculated using The Lottery Corporation’s share price as at the LTI grant date.

⁽ⁱⁱⁱ⁾ The “maximum” value represents annual remuneration where stretch levels of performance have been achieved and the maximum STI opportunity is awarded and 100% of the LTI Performance Rights (granted in that year) are assumed to vest. This LTI value is calculated using The Lottery Corporation’s share price as at the LTI grant date.

The MD & CEO’s target remuneration package is 66.6% variable and at risk (77% at maximum). On average, 50% of the executive KMP’s (excluding the MD & CEO) target remuneration packages are variable and at risk (67% at maximum).

d) Remuneration framework

(i) Fixed remuneration

The Lottery Corporation attracts and retains 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 market benchmarks.
What is The Lottery Corporation's remuneration benchmarking peer group?	The ASX 25 to 75 group of companies.

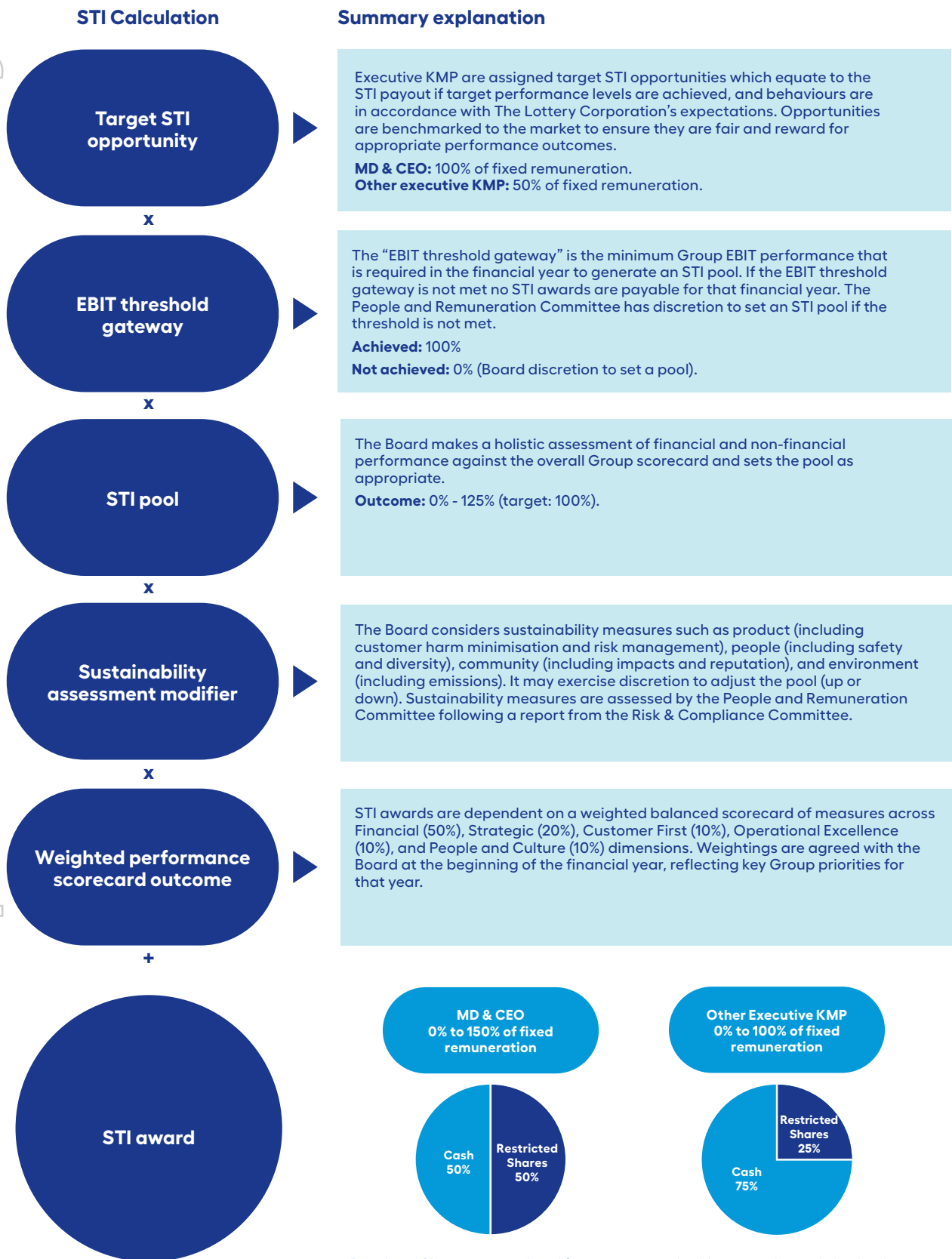
(ii) STI

The STI plan focuses participants on achieving the current year's Group financial and non-financial performance targets which, in turn, delivers the Group's strategy over the longer term. The STI plan also rewards participants for the demonstration of key behaviours that set the tone and culture of the organisation.

The Lottery Corporation's FY22 and FY23 STI structures are based on the Tabcorp STI structure. During FY23, a review of the entire remuneration framework, including the STI plan, will be undertaken to ensure it continues to attract and retain top talent and motivates employees to achieve the organisation's short and long term strategic objectives and to create long term shareholder value.



Diagram 4: Executive KMP STI operation summary



Restricted Shares are restricted for two years and subject to malus and clawback.

Table 3: 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 until the end of the original restriction period (unless the Board determines otherwise).
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 with 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) and subject to malus and claw back 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) 2022 LTI

As disclosed in the Demerger Booklet and for continuity, most of the Tabcorp LTI structure has been adopted for 2022. The Lottery Corporation intends to provide an LTI offer under this structure to executive KMP in around November 2022. Shareholder approval of the MD & CEO's 2022 LTI Offer will be sought at the 2022 Annual General Meeting.

Following the demerger, the Board reviewed the LTI structure and determined that, for 2022 only, the intended LTI offer will include a single performance measure, being Relative Total Shareholder Return (TSR). Return on Invested Capital (ROIC), which was previously included as a financial measure (under Tabcorp's recent LTI grants), will not be included as a measure for the 2022 LTI offer. Following the recent demerger:

- a baseline FY22 ROIC target consistent with future ROIC targets cannot be determined due to the absence of a comparable opening balance sheet as at 30 June 2021.
- The Lottery Corporation is still finalising its three-year Business Plan as a standalone ASX-listed company, and it is intended to base future ROIC targets on this Plan.

A review of the LTI structure will be undertaken in FY23 and it is intended that a second internal financial measure will be included in the 2023 LTI offer.

Diagram 5: 2022 LTI operation

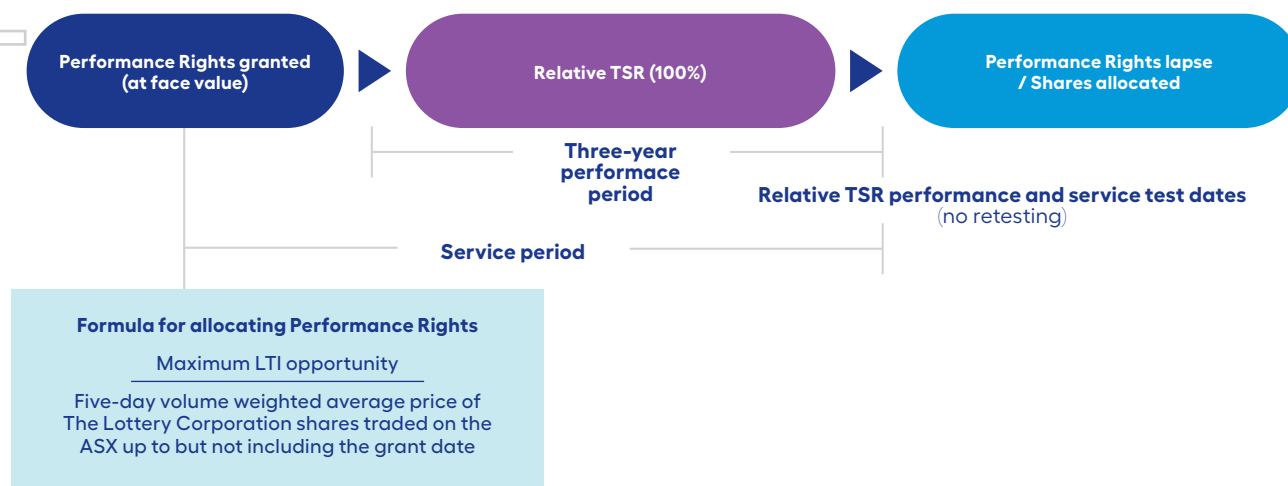


Table 4: 2022 LTI offer summary

On what basis will Performance Rights be allocated?	Participants will be 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, subject to the satisfaction of performance and service conditions. Performance Rights do not attract dividends or voting rights.			
What will the performance measures be?	Vesting of Performance Rights will be subject to relative TSR performance. If performance conditions are not met, Performance Rights will lapse. It is intended that a second internal financial measure will be adopted for the 2023 LTI Offer.			
What is “relative TSR”?	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.			
What will the performance conditions be?	Relative TSR			
		Percentile ranking ⁽ⁱ⁾	% of Performance Rights that will vest	Peer Group
	Below target	Below 50th percentile	0%	Companies included in the S&P/ASX 100 index excluding organisations operating in the Metals & Mining and Oil and Gas sectors ⁽ⁱⁱⁱ⁾ .
	Target ⁽ⁱⁱ⁾	50th percentile	50%	
	Maximum ⁽ⁱⁱ⁾	75th percentile	100%	
When will performance and service conditions be tested?	Relative TSR will be tested at the end of the three-year performance period, anticipated to be in September 2025.			
What if performance and service conditions are met?	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).			
What happens when an LTI participant leaves the Group?	If a participant resigns or is dismissed 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 performance period that the participant was employed) remain on foot and are subject to the original terms and conditions (including performance conditions), unless the Board determines otherwise.			
What happens if there is a change of control?	The Board can determine, in its absolute discretion, the appropriate treatment regarding any unvested Performance Rights.			
Can Performance Rights be cancelled or clawed back?	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.			
Accounting treatment	Performance Rights are expensed on a straight-line basis over the vesting period. Under 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.			

⁽ⁱ⁾ The vesting schedule aligns to 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.

(iv) The Lottery Corporation 2022 Retention Plan

Legacy Tabcorp 2021 Retention Plan

In July 2021, Tabcorp implemented the Tabcorp 2021 Retention Plan for key senior leaders, including executive KMP who are now executive KMP of The Lottery Corporation. Under this Plan, participants were granted shareholder-aligned Tabcorp Restricted Shares (Tabcorp Retention Shares) which were restricted and subject to a service condition until July 2023.

This Plan was established to retain key talent, critical skills, and corporate knowledge whilst there was significant job uncertainty during the demerger process and to ensure that the demerger was successfully completed in the disclosed timeframes. It was also intended that this Plan would retain key talent following the demerger so that Tabcorp and The Lottery Corporation would be best placed whilst they establish themselves as separate companies. More details regarding the Tabcorp 2021 Retention Plan can be found in the FY22 Tabcorp Annual Remuneration Report.

As disclosed in the Demerger Booklet, upon demerger, Tabcorp Retention Shares held by The Lottery Corporation executive KMP (who were previously Tabcorp employees) were forfeited when they transferred to The Lottery Corporation, meaning these executive KMP did not receive any benefit from these Tabcorp Retention Shares.

The Lottery Corporation 2022 Retention Plan

In June 2022, The Lottery Corporation provided a limited Retention Plan offer to key employees, in the form of shareholder-aligned The Lottery Corporation Restricted Shares (The Lottery Corporation Retention Shares), subject to service-based conditions and restrictions until July 2023. This Offer was provided, considering:

- retention of critical talent whilst The Lottery Corporation establishes itself, following the demerger.
- the significant increase in pressure in attracting and retaining critical talent in a heightened competitive talent market.
- the forfeiture of the Tabcorp Retention Shares.

This offer was only provided to employees who were originally part of the 2021 Tabcorp Retention Plan and who forfeited their Tabcorp Retention Shares when transferring to The Lottery Corporation. The Lottery Corporation Retention Shares are subject to the same terms and conditions as the original Tabcorp Retention Shares, except that the service conditions relate to The Lottery Corporation.





Table 5: Overview of The Lottery Corporation 2022 Retention Plan

Why was a Retention Plan appropriate?	To continue the principles of the Tabcorp 2021 Retention Plan and ensure that The Lottery Corporation retains key skills, knowledge and leadership through the initial period following the demerger. The Lottery Corporation also recognised that the current executive KMP forfeited their entire Tabcorp Retention Share grant on demerger.			
How were participants determined?	Participants who forfeited their Tabcorp Retention Shares were selected to participate.			
How were the retention values determined?	The number of The Lottery Corporation Retention Shares granted was determined considering the value of the Tabcorp Retention Shares forfeited, the value of The Lottery Corporation Shares following the demerger and lost dividends resulting from the forfeiture of Tabcorp Retention Shares. The Lottery Corporation Retention Shares are subject to forfeiture conditions.			
	Executive KMP	Tabcorp	The Lottery Corporation	
		Forfeited Retention Shares	Granted Retention Shares	
		\$ value	\$ value	No. granted
	Sue van der Merwe	301,069	305,034	67,589
	Patrick McGlinchey	409,950	415,305	92,033
	Callum Mulvihill	219,664	222,558	49,314
	Adam Newman	437,277	443,037	98,168
	Andrew Shepherd	219,664	222,558	49,314
What instrument was used?	Restricted Shares.			
What are the service conditions that apply?	Participants must remain employed until July 2023 to receive the shares.			
Accounting treatment	Retention Shares are expensed on a straight-line basis over the vesting period from June 2022 to July 2023.			
Has approval under ASX listing rule 10.14 been obtained?	A waiver for shares issued under this award has been obtained from the requirement in ASX Listing Rule 10.14 and covers all additional persons who become entitled to participate in an issue of securities under the Plan after Listing.			
Can Retention Shares be forfeited or clawed back?	Retention 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 Retention Shares have become unrestricted, the Board may require the participants to (amongst other things) repay all or part of the value of the Retention Shares.			

(v) 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, 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).

(vi) Executive Shareholding Policy

The Executive Shareholding Policy ensures that the interests of executives, the Group and shareholders are aligned. The Lottery Corporation policy was reviewed and approved as part of the preparation for the demerger. 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.

(vii) Executive KMP employment contracts

Table 6: Executive KMP employment contracts and notice periods

Current executive KMP	Position	Contract duration	Minimum notice period (months)	
			Executive	The Lottery Corporation
Sue van der Merwe	MD & CEO	Open ended	6	12
Patrick McGlinchey	Chief Legal and Risk Officer	Open ended	6	9
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.

6. Executive KMP Remuneration Outcomes in FY22

a) Business performance

As The Lottery Corporation listed on the ASX on 24 May 2022, the table below shows reported Group performance and STI outcomes for FY22 only. This table will be expanded in future years to provide comparative metrics for the financial years in which The Lottery Corporation operates and will address the statutory requirement to provide a five-year outline of the link between Group performance and executive remuneration.

Table 7: FY22 Group reported financial performance and remuneration outcomes

	Measurement unit	FY22
Earnings before Interest and tax (EBIT) ⁽ⁱ⁾	\$m	538.4
Net profit after tax (NPAT) ⁽ⁱ⁾	\$m	346.6
Basic earnings per share (EPS) ⁽ⁱ⁾	Cents	15.6
Closing share price (as at 30 June 2022) ⁽ⁱⁱ⁾	\$	4.52
Dividends ⁽ⁱⁱⁱ⁾	Cents per Share	n/a
STI awards		
STI pool	% of target pool	100%
MD & CEO	% of pro rata target opportunity	105%
Other Executive KMP (average)	% of pro rata target opportunity	105%

⁽ⁱ⁾ Reported result includes earnings for the Lotteries business for 12 months and the Keno business for one month, following the acquisition in connection with the demerger.

⁽ⁱⁱ⁾ Opening share price is as at 24 May 2022 was \$4.61.

⁽ⁱⁱⁱ⁾ No dividends have been paid by The Lottery Corporation since it listed on the ASX on 24 May 2022.

b) FY22 STI outcomes

FY22 was a complex year for determining the STI pool and executive KMP STI awards:

- The Lotteries and Keno businesses operated under Tabcorp for 11 months of FY22 when they demerged and separately listed on the ASX for the remaining month as The Lottery Corporation.
- COVID-related lockdowns and business interruptions from floods impacted both Tabcorp and The Lottery Corporation.
- The demerger took significant effort to complete in a compressed timeframe, and employees continued to deliver normal business operations and other important strategic projects in FY22, in addition to the demerger. It is anticipated that this workload will not subside for some time following the demerger as the Group fully separates from Tabcorp.

The People and Remuneration Committee carefully considered these factors, as well as Tabcorp's and The Lottery Corporation's financial and non-financial performance in FY22 and the shareholder value created by the demerger.

(i) The FY22 STI Pool

In determining the FY22 STI pool, the People and Remuneration Committee also considered:

- Tabcorp's financial performance for 11 months of FY22 when The Lottery Corporation's businesses were part of Tabcorp.
- The Lottery Corporation's strong performance (financial and non-financial) whilst part of Tabcorp, including successful active management of jackpot sequences and favourable Powerball jackpots (not in management's control) that contributed to the strong Lotteries results.
- The Lottery Corporation's performance (financial and non-financial) in the last month of FY22 as a standalone business.
- the effort required to deliver the demerger and the value it has created for shareholders.
- the competitive talent market and the need to retain and motivate key talent as The Lottery Corporation establishes itself, following the demerger.

Considering the above factors, the Board set an STI pool of **100% of target**.

(ii) Executive KMP FY22 STI awards

In assessing FY22 individual executive KMP STI outcomes, the Board considered:

- Ms van der Merwe's role as the leader of The Lottery Corporation for the full year (as Managing Director Lotteries and Keno for 11 months under Tabcorp, and MD & CEO of The Lottery Corporation for one month following the demerger).
- Mr Newman's contribution to strong Lotteries and Keno financial performance while under Tabcorp and The Lottery Corporation following the demerger, as well as his significant contribution to the successful completion of the demerger and other strategically important projects.
- Mr McGlinchey's contribution to Tabcorp's and The Lottery Corporation's risk management and compliance framework and performance, and his significant contribution to the successful completion of the demerger and other strategically important projects.
- Mr Mulvihill's and Mr Shepherd's roles as leaders of the Lotteries and Keno businesses' commercial operations and customer and marketing functions for the full year (whilst The Lottery Corporation was part of Tabcorp and as a standalone business following the demerger), and their contributions to the achievement of strong strategic, commercial and customer results.

The following table provides a summary of the Group's financial and non-financial performance over FY22.

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Table 8: FY22 Group STI scorecard and performance outcomes

Scorecard Category	Key Priorities	FY22 Performance Outcomes	Comments
Financial	Achieve profit targets Cost management	Above target	- Comparable Group EBITDA of \$694m, well above target. - Revenue uplift of 9.4%, aided by Powerball (a combination of active successful management of jackpot sequences and favourable jackpot outcomes). - Turnover growth of 5-10% per annum as compared to pre-COVID levels for most games[®], illustrating the strength of the balanced portfolio. - Continued uplift in digital share of turnover (up from 33% to 38%) which drove further margin improvement balanced with resilient performance in retail. - Operating expenses to revenue ratio of 7.3%, favourable when compared to 7.5% in FY21.
Strategic	Successfully complete the demerger Progress growth opportunities	Above target	- Legal day 1 separation completed successfully on 1 June 2022, on time, with risks well managed and within cost expectations. The demerger has resulted in value creation for shareholders. - Victorian Keno licence secured for a new and enhanced 20-year term, offering retail and digital delivery. - Oz Lotto game changes successfully implemented.
Operational Excellence	Compliance and Reputation Highest Standard of responsible play	At target	- Improvements in enterprise resilience and vulnerability management with continuing projects focused on security transformation, reducing cyber risk, privacy and data protection, and business continuity. - Lotteries maintained the highest level of responsible play with World Lotteries Association level 4 accreditation. - Keno early intervention model and strategies implemented to support proactive customer care.
Customer First	Customer growth and retention Customer experience Digital innovation and performance	At target	- Strong customer acquisition with Lotteries active customers up 7.8% on FY21. - Customer retention improved, up 5% in Lotteries and 4.1% in Keno. - Digital growth in both Lotteries and Keno continues to track positively against targets.
People and Culture	Improve employee experience Strong health and safety performance Employee retention	At target	- Employee wellbeing and safety programs successfully implemented to ensure employees were supported through the demerger and major events (e.g. COVID-19 and floods). - The Lottery Corporation organisation structure developed, and all key appointments in place prior to the implementation of the demerger, with most of the roles filled with internal talent to support retention. - Safety performance above target with respect to lost time injury frequency rates.

[®] Based upon like-for-like turnover growth from FY20 to FY22, excluding price/game changes.

Table 9: Executive KMP FY22 STI awards

Executive KMP	Financial Year	Total STI awarded					STI foregone
		Total ⁽ⁱ⁾	Cash portion	Deferred portion	As a % of pro rata STI target	As a % of pro rata STI maximum	As a % of pro rata STI target
		\$	\$	\$	%	%	%
Sue van der Merwe ⁽ⁱⁱ⁾	FY22	571,790	396,479	175,311	105	56	-
Patrick McGlinchey ⁽ⁱⁱⁱ⁾	FY22	403,594	302,695	100,899	105	53	-
Callum Mulvihill ^(iv)	FY22	25,993	19,495	6,498	115	58	-
Adam Newman ⁽ⁱⁱⁱ⁾	FY22	432,600	324,450	108,150	105	53	-
Andrew Shepherd ^(iv)	FY22	23,733	17,800	5,933	105	53	-

⁽ⁱ⁾ The minimum STI value possible is zero.

⁽ⁱⁱ⁾ As Ms van der Merwe was executive KMP and Managing Director of the Lotteries and Keno businesses whilst under Tabcorp (until 31 May 2022) and executive KMP and MD & CEO of The Lottery Corporation from 1 June 2022, her STI award included in the table represents a full FY22. Her FY22 STI award and targets have been pro rated between her pre-demerger and post-demerger roles (remuneration levels and STI opportunities).

⁽ⁱⁱⁱ⁾ Mr McGlinchey and Mr Newman were executive KMP of Tabcorp until 31 May 2022 and both commenced in the same roles and as executive KMP of The Lottery Corporation on 1 June 2022. Their STI awards included in the table represent a full FY22. Their remuneration packages remained unchanged on demerger and thus there is no pro rating of their STI awards or targets.

^(iv) Mr Mulvihill and Mr Shepherd commenced as executive KMP on 1 June 2022. The STI award included in the table represents only the period as executive KMP (i.e. from 1 June 2022).

c) Actual remuneration earned in FY22

Ordinarily, The Lottery Corporation would provide a non-statutory voluntary disclosure of the total remuneration received by executive KMP in the respective financial year. This information is supplementary to the remuneration disclosure prepared in accordance with the statutory requirements and Australian Accounting Standards. This information helps shareholders understand the cash and other benefits received by executive KMP from the various components of their remuneration.

Given that The Lottery Corporation listed on 24 May 2022 and this Remuneration Report reflects outcomes for the period 24 May 2022 to 30 June 2022, it was felt the inclusion of this table would not be beneficial for shareholders in FY22. This table will, however, be included in FY23 when The Lottery Corporation will have been listed for a full 12 months.

7. Changes to Executive KMP Remuneration Arrangements for FY23

The Lottery Corporation adopted the Tabcorp executive remuneration framework and incentive plans to ensure minimal disruption and uncertainty. This was particularly important as the demerger from Tabcorp became effective towards the end of FY22. There will be minimal changes to the remuneration framework in FY23, whilst The Lottery Corporation establishes its future corporate plan and strategy.

A review of the remuneration arrangements for FY24 will be conducted during FY23 (The Lottery Corporation's first full financial year as a separately ASX-listed business) to ensure the remuneration framework remains fit for purpose and aligned to the future strategic direction of the Group.



8. Non-executive Director Fees

a) Strategy and framework

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.

b) FY22 fee structure

The Tabcorp Non-executive Director fee levels were adopted by The Lottery Corporation for FY22 (with no adjustments) and are in line with fee levels paid by organisations ranked 25 to 75 on the ASX (by market capitalisation). The Board felt this was appropriate, given The Lottery Corporation is ranked amongst the 50 largest companies on the ASX and remunerating Non-executive Directors competitively is important in attracting and retaining desired experience and knowledge in a regulated business. The Board will continue to review fees to ensure they remain competitive and remunerate Non-executive Directors fairly for their responsibilities and contribution.

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

Table 10: FY22 Non-executive Director fee structure (inclusive of superannuation)

Committee Structure		Annual fees \$
Board	Chairman	580,350
	Member ⁰	186,150
Audit Committee	Chairman	54,750
	Member	24,090
Risk and Compliance Committee	Chairman	49,275
	Member	21,900
People and Remuneration Committee	Chairman	49,275
	Member	21,900

⁰ The fees paid to Board members are inclusive of services on the Nomination Committee.

c) Fees paid during FY22

There were no adjustments to Non-executive Director fees in FY22. Cash fees were reduced by 0.5% in July 2021 and again in July 2022 to absorb the corresponding Superannuation Guarantee Contribution rate increases. This resulted in the overall Board fees remaining unchanged in FY22 and will remain unchanged in FY23.

Certain Non-executive Directors may receive additional fees for membership of other Board Sub-Committees, however during FY22 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 11: Non-Executive Director fees from 24 May 2022 to 30 June 2022

Non-executive Directors	Short term			Post-employment	
	Year ⁽¹⁾	Fees \$	Non-monetary benefits \$	Superannuation \$	Total \$
Current					
Steven Gregg	FY22	55,957	-	5,596	61,553
Harry Boon	FY22	27,134	-	2,713	29,847
Anne Brennan	FY22	27,450	-	2,745	30,195
Observers (to become Non-executive Directors, pending regulatory approval⁽²⁾)					
Doug McTaggart	FY22	14,102	-	1,410	15,512
John O'Sullivan	FY22	14,102	-	1,410	15,512
Megan Quinn	FY22	14,102	-	1,410	15,512
Total	FY22	152,847	-	15,284	168,131

⁽¹⁾ Fees disclosed apply for the period from 24 May 2022 to 30 June 2022.

⁽²⁾ Mr McTaggart, Mr O'Sullivan and Ms Quinn were appointed as observers on 1 June 2022. They will become Non-executive Directors once regulatory and ministerial approvals have been granted.

d) Maximum aggregate fee pool

The maximum aggregate fee pool is set at \$3.0 million (approved by shareholders on 12 May 2022). No adjustment to this limit is proposed for FY23. Total fees paid (including superannuation) to Non-executive Directors in FY22 was \$168,131 (including observer fees paid to Mr McTaggart, Mr O'Sullivan and Ms Quinn).

e) 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 \$169,227, excluding superannuation), and the Board Chairman to hold a minimum shareholding equivalent to double this annual Board Member base fee. The Non-executive Directors are required to reach the applicable threshold within three years of appointment.

9. 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 12: Executive KMP remuneration for FY22

Current Executive KMP	Financial Year	Short term			Long term	Post-employment	Charge for share-based allocation ^(iv)	Total	Performance related ^(v)
		Salary and fees ⁽ⁱ⁾	Non-Monetary Benefits ⁽ⁱⁱ⁾	Cash bonus ⁽ⁱⁱⁱ⁾	Accrued leave benefits	Superannuation	Restricted Shares		
		\$	\$	\$	\$	\$	\$	\$	%
Sue van der Merwe ^(vi)	FY22	134,650	207	72,648	470,660	13,458	24,079	715,702	14
Patrick McGlinchey ^(vi)	FY22	62,099	259	24,879	5,109	1,964	29,892	124,202	44
Callum Mulvihill ^(vi)	FY22	43,869	207	19,495	4,249	1,964	16,073	85,857	41
Adam Newman ^(vi)	FY22	66,703	194	26,667	5,560	1,964	31,886	132,974	44
Andrew Shepherd ^(vi)	FY22	43,869	207	17,800	3,820	1,964	16,057	83,717	40
Total	FY22	351,190	1,074	161,489	489,398	21,314	117,987	1,142,452	

⁽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 Accounting Standards.

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

^(v) Represents the sum of the cash bonus (from STI awards) and Restricted Shares (from STI and Retention awards) as a percentage of total remuneration, excluding termination payments.

^(vi) Ms van der Merwe commenced as a Director on 24 May 2022 and as MD & CEO on 1 June 2022. Remuneration reflects the period as executive KMP for The Lottery Corporation. "Long term" reflects uplift in accrued leave benefits arising from the remuneration increase effective on commencement as MD & CEO. Ms van der Merwe participates in a defined benefit superannuation plan owned and managed by the Queensland Government.

^(vii) Mr McGlinchey, Mr Mulvihill, Mr Newman, and Mr Shepherd commenced as executive KMP on 1 June 2022 and remuneration reflects the pro rata period as KMP of The Lottery Corporation. Total target remuneration is set out in section 5 (c) of this Report.

Table 13: KMP interests in The Lottery Corporation shares for FY22 (number)

KMP	Balance at KMP commencement date ⁽ⁱ⁾	Granted as remuneration	Net change other ⁽ⁱⁱ⁾	Balance at end of year
Non-executive Directors				
Steven Gregg	45,820	-	-	45,820
Harry Boon	76,364	-	-	76,364
Anne Brennan	8,182	-	-	8,182
Future Non-executive Directors, pending regulatory approval				
Doug McTaggart	n/a	-	-	-
John O'Sullivan	n/a	-	41,191	41,191
Megan Quinn	n/a	-	-	-
Executive Director				
Sue van der Merwe	381,328	-	-	381,328
Current executive KMP				
Patrick McGlinchey	264,103	-	-	264,103
Callum Mulvihill	46,028	-	-	46,028
Adam Newman	353,104	-	-	353,104
Andrew Shepherd	56,461	-	-	56,461
Total	1,231,390	-	41,191	1,272,581

⁽ⁱ⁾ Refer to Table 2 for KMP commencement dates.

⁽ⁱⁱ⁾ Includes voluntary on-market transactions.

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 FY22 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.



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Financial Report

Income statement

For the year ended 30 June 2022

	Note	2022 \$m	2021 \$m
Revenue	A3	3,278.6	2,951.1
Other income/(loss)	A3	(0.4)	73.9
Commissions and fees		(483.5)	(457.7)
Government taxes and levies		(1,957.0)	(1,765.0)
Employment costs		(96.2)	(88.6)
Communications and technology costs		(39.8)	(30.8)
Advertising and promotions		(46.8)	(43.0)
Other expenses		(45.8)	(43.6)
Depreciation and amortisation	A3	(61.9)	(56.9)
Impairment - other	A3	(8.8)	-
Profit before income tax and net finance costs		538.4	539.4
Finance income		0.1	0.3
Finance costs	A3	(12.2)	(2.7)
Profit before income tax		526.3	537.0
Income tax expense	A4	(179.7)	(137.7)
Net profit after tax		346.6	399.3
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	20.6	-
Change in fair value of equity instruments		(0.1)	-
Income tax relating to these items	B4.4	(5.9)	-
Items that will not be reclassified to profit or loss			
Actuarial gains on retirement benefit obligation	E1	4.0	1.1
Income tax relating to these items		(1.2)	(0.4)
Other comprehensive income for the year, net of income tax		17.4	0.7
Total comprehensive income for the year		364.0	400.0
		2022 cents	2021 cents
Earnings per share:			
Basic and diluted earnings per share	A2	15.6	17.9

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

Balance sheet

As at 30 June 2022

	Note	2022 \$m	2021 \$m
Current assets			
Cash and cash equivalents	C6	316.2	211.9
Receivables	C7	47.9	26.0
Prepayments		4.2	1.3
Derivative financial instruments	B4	1.3	-
Other financial assets	B2	225.5	128.9
Other	C10	111.6	89.9
Total current assets		706.7	458.0
Non current assets			
Receivables	C7	8.7	-
Other financial assets	B2	89.3	128.2
Licences	C1	750.7	496.0
Other intangible assets	C2	2,230.6	1,597.5
Property, plant and equipment	C4	71.5	28.7
Right-of-use assets	C5	84.5	2.8
Prepayments		2.1	-
Derivative financial instruments	B4	271.0	-
Other		2.2	-
Total non current assets		3,510.6	2,253.2
TOTAL ASSETS		4,217.3	2,711.2
Current liabilities			
Payables	C8	830.2	1,978.4
Lease liabilities	C5	9.6	0.5
Current tax liabilities		12.2	-
Provisions	C9	13.0	2.4
Derivative financial instruments	B4	0.9	-
Other	C10	100.4	88.1
Total current liabilities		966.3	2,069.4
Non current liabilities			
Payables	C8	291.0	230.6
Interest bearing liabilities	B3	2,389.2	-
Lease liabilities	C5	86.5	2.7
Deferred tax liabilities	A4	220.2	117.6
Provisions	C9	9.0	0.2
Other		12.3	18.4
Total non current liabilities		3,008.2	369.5
TOTAL LIABILITIES		3,974.5	2,438.9
NET ASSETS		242.8	272.3
Equity			
Issued capital		785.9	8.3
Retained earnings		579.5	264.1
Reserves		(1,122.6)	(0.1)
TOTAL EQUITY		242.8	272.3

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

Cash flow statement

For the year ended 30 June 2022

	Note	2022 \$m	2021 \$m
Cash flows from operating activities			
Net cash receipts in the course of operations		3,417.5	3,042.7
Payments to suppliers, service providers and employees		(750.1)	(725.9)
Payments to government (including GST)	E3	(1,880.4)	(1,856.9)
Finance income received		0.1	0.2
Finance costs paid		(5.8)	(2.7)
Income tax paid	E3	(156.9)	(148.5)
Net cash flows from operating activities	C6	624.4	308.9
Cash flows from investing activities			
Cash acquired from business acquisition	D4	18.7	-
Payment for property, plant and equipment and intangibles		(24.4)	(21.2)
Proceeds from sale of property, plant and equipment		-	15.4
Proceeds from sale of shares in an associate		-	97.8
Payment for other financial assets		(57.8)	(72.8)
Net cash flows from/(used in) investing activities		(63.5)	19.2
Cash flows from financing activities			
Repayment of loan from Tabcorp Group		(835.0)	(329.1)
Proceeds from borrowings		380.0	-
Payment of lease liabilities		(1.6)	(1.6)
Net cash flows used in financing activities		(456.6)	(330.7)
Net increase/(decrease) in cash held		104.3	(2.6)
Cash at beginning of year		211.9	214.5
Cash at end of year	C6	316.2	211.9

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

Statement of changes in equity

For the year ended 30 June 2022

	Number of ordinary shares m	Issued capital		Reserves				Total equity \$m
		Ordinary shares \$m	Retained earnings \$m	Hedging \$m	Demerger \$m	Common control \$m	Other \$m	
2022								
Balance at beginning of year	8.3	8.3	264.1	-	-	-	(0.1)	272.3
Profit for the year	-	-	346.6	-	-	-	-	346.6
Other comprehensive income	-	-	2.8	14.7	-	-	(0.1)	17.4
Total comprehensive income	-	-	349.4	14.7	-	-	(0.1)	364.0
Dividends paid ⁽ⁱ⁾	-	-	(80.0)	-	-	-	-	(80.0)
Shares issued in relation to the demerger ⁽ⁱⁱ⁾	2,217.5	777.6	-	-	-	-	-	777.6
Arising on demerger from Tabcorp	-	-	-	-	623.6	46.0	-	669.6
Transfer of financial instruments ⁽ⁱⁱⁱ⁾	-	-	-	-	(1,760.7)	-	-	(1,760.7)
Transfers	-	-	46.0	-	-	(46.0)	-	-
Balance at end of year	2,225.8	785.9	579.5	14.7	(1,137.1)	-	(0.2)	242.8
Total reserves (\$1,122.6m)								
2021								
Balance at beginning of year	8.3	8.3	288.1	-	-	-	(0.1)	296.3
Profit for the year	-	-	399.3	-	-	-	-	399.3
Other comprehensive income	-	-	0.7	-	-	-	-	0.7
Total comprehensive income	-	-	400.0	-	-	-	-	400.0
Dividends paid ⁽ⁱ⁾	-	-	(424.0)	-	-	-	-	(424.0)
Balance at end of year	8.3	8.3	264.1	-	-	-	(0.1)	272.3
Total reserves (\$0.1m)								

Notes

⁽ⁱ⁾ Represents dividends paid to Tatts Group Limited whilst a wholly owned subsidiary of Tabcorp, which were settled through intercompany account.

⁽ⁱⁱ⁾ Prior to the demerger the settlement of intercompany balances with Tabcorp was treated as a capital contribution.

⁽ⁱⁱⁱ⁾ During the year ended 30 June 2022, The Lottery Corporation Limited distributed a Promissory Note to Tatts Group Limited, representing the value of the US Private Placement debt and the associated derivatives effectively transferred from Tabcorp.

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.

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 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 2022

The Lottery Corporation Limited (The Lottery Corporation or the Company) is a company limited by shares which began trading on the Australian Securities Exchange (ASX) on 24 May 2022. 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 2022 comprises the Company and its subsidiaries (the Group).

The Group applied AASB 1 *First-time Adoption of Australian Accounting Standards* in the financial statements for the year ended 30 June 2006. In preparing its financial statements for the year ended 30 June 2022, the Group resumes the application of Tier 1 reporting requirements and applies the election in AASB 1 to apply other Australian Accounting Standards in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* as if the Group had never stopped applying Australian Accounting Standards or International Financial Reporting Standards. Since the Group has complied with all recognition and measurement requirements of Australian Accounting Standards and the demerger from Tabcorp Holdings Limited (Tabcorp) did not result in changes to the Group's accounting policies, the Group has not presented a third balance sheet as at 1 July 2020.

On 5 July 2021, Tabcorp Holdings Limited announced its intention to demerge its Lotteries and Keno business. The demerger was completed on 1 June 2022, resulting in The Lottery Corporation Limited operating as a separate ASX listed company. At the implementation date of the demerger on 1 June 2022, all Tabcorp US Private Placement notes, together with the associated derivative financial instruments were effectively transferred from Tabcorp to The Lottery Corporation. In preparation for the demerger, Tabcorp completed an internal restructure which included the transfer of the Keno business previously held by Tabcorp and its controlled entities (Tabcorp) to The Lottery Corporation Group. Management have elected to apply the acquisition method for business combinations to account for the Keno business acquisition. Consequently, the prior year results for the Group do not include the results from the Keno business and the current year includes the results from the Keno business from the date the control was transferred from Tabcorp in May 2022. Refer to note D4 for further details.

The Financial Report was authorised for issue by the Board of Directors on 24 August 2022.

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 Group's balance sheet reflects a net current asset deficiency. This largely arises due to prize liabilities and customer account balances totalling \$599.9m (2021: \$491.1m) being classified as current liabilities under Australian Accounting Standards as the Group does not have an unconditional right to defer payment beyond 12 months, notwithstanding these are not expected to be fully settled within the next 12 months. The Group maintains sufficient undrawn facilities to meet working capital requirements, including settlement of prize money and customer account balances as required. In order to minimise finance costs, excess cash is used to reduce non current interest bearing liabilities until the current liabilities become due.

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 (continued)

For the year ended 30 June 2022

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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
A4 Income tax	Calculation of provision for income tax.
B2 Other financial assets	Fair value measurement.
B4 Derivative financial instruments	
C1 Licences	Asset useful lives.
C2 Other intangible assets	
C4 Property, plant and equipment	
C3 Impairment testing	Recoverable amount of cash generating units (CGUs).
C5 Leases	Lease term, make good and incremental borrowing rate.
C9 Provisions	Future obligations and probability of outflow.
D4 Business combinations	Acquisition date fair value of identifiable assets and liabilities.
E2 Contingencies	Assessment of possible obligation and probability of outflow.

Notes to the financial statements:

Section A – Group performance

For the year ended 30 June 2022

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.

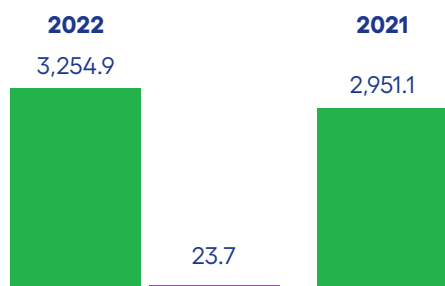
The Group has two operating segments at year end. The Keno segment reflects the results of the Keno business since acquisition in May 2022.

The Lottery Corporation

Lotteries

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

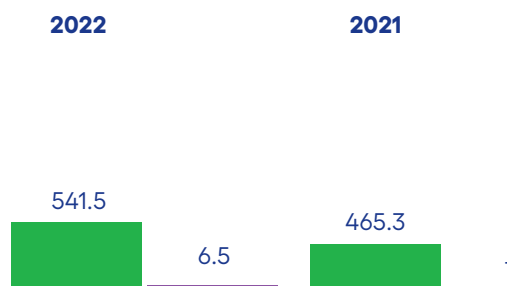
Segment revenue \$m



Keno

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

Segment profit before interest and tax \$m



Lotteries Keno

Notes to the financial statements:

Section A – Group performance

For the year ended 30 June 2022

A1 Segment information (continued)

	Lotteries \$m	Keno \$m	Total \$m
2022			
Segment revenue	3,254.9	23.7	3,278.6
Segment profit before interest and tax	541.5	6.5	548.0
Depreciation and amortisation	59.0	2.6	61.6
Capital expenditure ⁽ⁱ⁾	36.3	2.0	38.3
2021			
Segment revenue	2,951.1	-	2,951.1
Segment profit before interest and tax	465.3	-	465.3
Depreciation and amortisation	56.9	-	56.9
Capital expenditure ⁽ⁱ⁾	28.8	-	28.8

⁽ⁱ⁾ Capital expenditure excludes the acquisition of licences, unallocated items, make good provisions raised during the year and additions to right-of-use assets. It includes the Group's share of capital expenditure on shared corporate and technology assets incurred by Tabcorp prior to demerger.

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

	Revenue		Profit before income tax		Depreciation and amortisation		Impairment	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m	2022 \$m	2021 \$m
Segment total (per above)	3,278.6	2,951.1	548.0	465.3	61.6	56.9	-	-
Unallocated items:								
- significant items:								
- impairment - other ⁽ⁱ⁾	-	-	(8.8)	-	-	-	8.8	-
- demerger related costs	-	-	(0.6)	-	-	-	-	-
- net gain on disposal of investment in an associate ⁽ⁱⁱ⁾	-	-	-	74.4	-	-	-	-
	-	-	(9.4)	74.4	-	-	-	-
- finance income	-	-	0.1	0.3	-	-	-	-
- finance costs	-	-	(12.2)	(2.7)	-	-	-	-
- other	-	-	(0.2)	(0.3)	0.3	-	-	-
Total per income statement	3,278.6	2,951.1	526.3	537.0	61.9	56.9	8.8	-

⁽ⁱ⁾ Comprises write down of right-of-use assets in respect of surplus corporate lease space on first time recognition on demerger from Tabcorp.

⁽ⁱⁱ⁾ During the prior year, the Group disposed of its 7,234,178 shares (11.6% interest) in Jumbo at a price of \$13.52 per share, with a profit before tax impact of \$74.4m.

Notes to the financial statements:

Section A – Group performance

For the year ended 30 June 2022

A2 Earnings per share

	2022 \$m	2021 \$m
Earnings used in calculation of earnings per share (EPS) attributable to shareholders	346.6	399.3
	2022 Number (m)	2021 Number (m)
Weighted average number of ordinary shares used in calculating basic and diluted EPS ⁽ⁱ⁾	2,225.8	2,225.8

⁽ⁱ⁾ The weighted average number of ordinary shares for the current and comparative year has been restated to reflect the change in the Company's capital structure as a result of the demerger from Tabcorp, as if the change had occurred at the beginning of the comparative year.

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 Revenue and expenses

	Note	2022 \$m	2021 \$m
(a) Revenue comprises:			
Revenue from contracts with customers ⁽ⁱ⁾		3,278.6	2,951.1
(b) Other income/(loss)			
Net gain on disposal of investment in an associate		-	74.4
Net loss on disposal of non current assets		(1.1)	(0.5)
Other		0.7	-
		(0.4)	73.9
(c) Employment costs include:			
Defined contribution plan expense		3.9	3.1
(d) Finance costs ⁽ⁱⁱ⁾			
Interest costs on interest bearing liabilities		9.6	0.3
Interest costs on lease liabilities	C5	0.2	0.1
Corporate recharge ⁽ⁱⁱⁱ⁾		1.3	1.6
Other		1.1	0.7
		12.2	2.7
(e) Impairment - other			
Right-of-use assets	C5	8.8	-
(f) Depreciation and amortisation			
Licences	C1	25.4	24.6
Other intangible assets	C2	15.2	12.2
Property, plant and equipment	C4	7.1	7.4
Right-of-use assets	C5	1.9	1.7
Corporate recharge ⁽ⁱⁱⁱ⁾		12.3	11.0
		61.9	56.9

⁽ⁱ⁾ Includes management fees recognised in relation to the Master Agent Agreement associated with the operation of SA Lotteries of \$136.9m (2021: \$120.5m).

⁽ⁱⁱ⁾ Includes costs associated with interest bearing liabilities assumed from the demerger date of 1 June 2022. Prior to the demerger of the Group from Tabcorp, the funding of the Group was provided through a centralised treasury function within Tabcorp. All finance costs were paid by Tabcorp, and as such the finance costs during the periods presented do not reflect the financing arrangements of the Group going forward.

⁽ⁱⁱⁱ⁾ Represents recharge for lease interest, depreciation and amortisation on corporate assets owned by Tabcorp, representing usage by the Group prior to the demerger.

Notes to the financial statements:

Section A – Group performance

For the year ended 30 June 2022

A3 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 received for lotteries less prizes payable when the official draw for each game is completed. 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.

Keno revenue is recognised as the residual value after deducting the return to customers from Keno turnover.

Interest revenue earned in the ordinary course of operations 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 when incurred.

A4 Income tax

(a) The major components of income tax expense are:	2022 \$m	2021 \$m
Current tax	(168.5)	(148.2)
Deferred tax	(11.2)	10.5
	(179.7)	(137.7)
Income tax reconciliation:		
Profit before income tax	526.3	537.0
Income tax payable at the 30% company tax rate	(157.9)	(161.1)
Tax effect of adjustments in calculating taxable income:		
- recognition of tax expense upon establishment of the tax consolidation group and resetting tax values ⁽ⁱ⁾	(19.9)	-
- amortisation of licences	(3.8)	(3.8)
- net gain on disposal of investment in an associate	-	22.3
- other	1.9	4.9
Income tax expense	(179.7)	(137.7)

⁽ⁱ⁾ Refer to note A4(c).

Notes to the financial statements:

Section A – Group performance

For the year ended 30 June 2022

A4 Income tax (continued)

(b) Deferred tax assets/(liabilities)

	Balance at 30 June 2021 \$m	Recognised in income statement \$m	Recognised directly in equity \$m	Additions on demerger from Tabcorp \$m	Acquisition via business combination \$m	Balance at 30 June 2022 \$m
Licences	(116.4)	3.5	-	-	(83.8)	(196.7)
Right-of-use assets	(0.8)	(24.5)	-	-	-	(25.3)
Other intangible assets	(13.3)	(7.9)	-	-	(6.3)	(27.5)
Lease liabilities	1.0	28.0	-	-	-	29.0
Provisions	0.8	3.1	-	2.6	0.2	6.7
Property, plant and equipment	2.5	(5.9)	-	(2.0)	1.9	(3.5)
Unlisted investments - managed fund	0.1	(3.1)	-	-	-	(3.0)
Deferred revenue	4.1	(0.5)	-	-	-	3.6
Other	3.0	(3.5)	(1.2)	-	(0.6)	(2.3)
Accrued expenses	1.4	(0.4)	-	-	2.5	3.5
US Private Placement	-	-	-	1.2	-	1.2
Fair value of cash flow hedges	-	-	(5.9)	-	-	(5.9)
Net deferred tax assets/(liabilities)	(117.6)	(11.2)	(7.1)	1.8	(86.1)	(220.2)

	Balance at 1 July 2020 \$m	Recognised in income statement \$m	Recognised directly in equity \$m	Additions on demerger from Tabcorp \$m	Acquisition via business combination \$m	Balance at 30 June 2021 \$m
Licences	(119.9)	3.5	-	-	-	(116.4)
Right-of-use assets	(1.0)	0.2	-	-	-	(0.8)
Other intangible assets	(13.7)	0.4	-	-	-	(13.3)
Lease liabilities	1.2	(0.2)	-	-	-	1.0
Provisions	1.0	(0.2)	-	-	-	0.8
Property, plant and equipment	2.3	0.2	-	-	-	2.5
Unlisted investments - managed fund	-	0.1	-	-	-	0.1
Deferred revenue	-	4.1	-	-	-	4.1
Other	1.3	2.1	(0.4)	-	-	3.0
Accrued expenses	1.1	0.3	-	-	-	1.4
Net deferred tax assets/(liabilities)	(127.7)	10.5	(0.4)	-	-	(117.6)

Notes to the financial statements:

Section A – Group performance

For the year ended 30 June 2022

A4 Income tax (continued)

(c) Tax consolidation

Effective 1 June 2022, the Company and its 100% owned Australian subsidiaries formed an income tax consolidated group. As a consequence, the tax cost base of the Group's assets had to be reset. An income tax expense of \$19.9m was recognised in the current year as a result of resetting the tax values of certain assets. Prior to demerger, the Company and its 100% controlled entities were members of the Tabcorp tax consolidation group. The Group's entities exited clear from any further income tax liability in respect of the period while it was a member of the Tabcorp tax consolidation group with effect from 1 June 2022.

(d) Franking credit balance

Prior to the demerger of the Group from Tabcorp, any franking credits attributable to the Group companies previously included in Tabcorp were transferred to Tabcorp as head company of the tax consolidation group. At the effective date of the demerger, all franking credits were retained by the head company, being Tabcorp Holdings Limited. Accordingly, franking credits available at 30 June 2022 and 30 June 2021 are nil.

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.

A5 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 2022

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 as at 30 June 2022 has a BBB+/stable rating. Gearing is managed primarily through the ratio of net debt to earnings before interest, tax, depreciation, amortisation and impairment (EBITDA).

Prior to the demerger of the Group from Tabcorp, the funding of the Group was provided through a centralised treasury function within the Tabcorp Group, and accordingly a gearing ratio is not relevant for the prior year.

At 30 June the Group's gearing ratio was:

	2022 \$m
Net debt ⁽ⁱ⁾	2,181.4
Comparable EBITDA (before significant items) ⁽ⁱⁱ⁾	693.7
Gearing ratio	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.

⁽ⁱⁱ⁾ Comparable EBITDA includes the results of the Keno group as if it was acquired from 1 July 2021.

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.

	2022 \$m	2021 \$m
Equity instruments at fair value through other comprehensive income		
Unlisted investments – managed fund	21.6	21.7
Debt instruments at amortised cost		
Investment – term deposits	293.2	235.4
	314.8	257.1
Current	225.5	128.9
Non current	89.3	128.2
	314.8	257.1

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 2022

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. Historically, Tabcorp had maintained a group capital management strategy with no separate debt facilities or financing structures for The Lottery Corporation. At the implementation date of the demerger on 1 June 2022 all Tabcorp US Private Placement notes outstanding were cancelled and equivalent notes issued by The Lottery Corporation to the existing note holders. Bank loans and a bank overdraft were also established.

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

Facility	Details	Facility limit \$m	Maturity	2022 \$m	2021 \$m
Bank overdraft	Floating interest rate overdraft facility. Subject to financial undertakings as to gearing and interest cover (reporting commences on 30 June 2023).	100.0	Apr-23	-	-
Bank loans - unsecured	Floating interest rate revolving facility. Subject to financial undertakings as to gearing and interest cover (reporting commences on 30 June 2023).	400.0	Jul-25	338.8	-
		550.0	Jul-27	37.3	-
		950.0		376.1	-
US Private Placement	Fixed interest rate US dollar debt. At 30 June 2022 aggregate US dollar principal of \$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. Subject to financial undertakings as to gearing and interest cover (reporting commences on 30 June 2023).	USD 105.0	Jun-26	153.1	-
		USD 450.0	Jun-28	657.7	-
		USD 520.0	Jun-30	761.6	-
		USD 175.0	Jun-33	257.4	-
		AUD 97.3	Jun-35	91.8	-
		AUD 97.3	Jun-36	91.5	-
				2,013.1	
				2,389.2	
Current				-	-
Non current				2,389.2	-
				2,389.2	-

Notes to the financial statements:

Section B – Capital and risk management

For the year ended 30 June 2022

B3 Interest bearing liabilities (continued)

B3.1 Changes in liabilities arising from financing activities:

	Balance at 30 June 2021 \$m	Cash flows \$m	Foreign exchange movement \$m	Changes in fair values \$m	Lease additions \$m	Additions due to demerger ⁽ⁱ⁾ \$m	Other \$m	Balance at 30 June 2022 \$m
Interest bearing liabilities								
Non current	-	380.0	75.2	-	-	1,937.9	(3.9)	2,389.2
Cross currency interest rate swaps								
Non current assets	-	-	-	(86.2)	-	(154.2)	-	(240.4)
Lease liabilities								
Current	0.5	(1.6)	-	-	0.7	-	10.0	9.6
Non current	2.7	-	-	-	94.0	-	(10.2)	86.5
	3.2	378.4	75.2	(86.2)	94.7	1,783.7	(4.1)	2,244.9
	Balance at 30 June 2020 \$m	Cash flows \$m	Foreign exchange movement \$m	Changes in fair values \$m	Lease additions \$m	Additions due to demerger ⁽ⁱ⁾ \$m	Other \$m	Balance at 30 June 2021 \$m
Lease liabilities								
Current	0.9	(1.6)	-	-	-	-	1.2	0.5
Non current	3.0	-	-	-	-	-	(0.3)	2.7
	3.9	(1.6)	-	-	-	-	0.9	3.2

⁽ⁱ⁾ Relates to the US Private Placement and associated derivatives effectively transferred from Tabcorp as a result of the demerger. Refer to note C6(c).

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 2022

B4 Derivative financial instruments

At the implementation date of the demerger on 1 June 2022 all Tabcorp US Private Placement notes, together with the associated derivative financial instruments were effectively transferred from Tabcorp to The Lottery Corporation.

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

	2022 \$m	2021 \$m
Current assets		
Interest rate swaps	1.3	-
Non current assets		
Cross currency interest rate swaps	240.4	-
Interest rate swaps	30.6	-
	271.0	-
	272.3	-
Current liabilities		
Interest rate swaps	0.9	-

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 2022

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	
	2022 \$m	2021 \$m
One to five years	136.7	-
More than five years	585.4	-
Notional principal	722.1	-
Fixed interest rate range p.a.	2.7% - 2.9%	-
Variable interest rate range p.a.	1.2% - 1.4%	-

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.

Notes to the financial statements:

Section B – Capital and risk management

For the year ended 30 June 2022

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:

	2022		2021	
	Pay principal AUD m	Receive principal USD m	Pay principal AUD m	Receive principal USD m
One to five years	136.7	105.0	-	-
More than five years	1,489.8	1,145.0	-	-
Notional principal	1,626.5	1,250.0	-	-
Fixed interest rate range p.a.	5.3% - 5.6%	4.6% - 5.0%	-	-
Variable interest rate range p.a.	3.3% - 3.7%		-	

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.

	2022 \$m	2021 \$m
Interest rate swaps	10.4	-
Cross currency interest rate swaps	85.9	-
	96.3	-

The ineffectiveness recognised in the income statement was immaterial in the current financial year (2021: nil).

Notes to the financial statements:

Section B – Capital and risk management

For the year ended 30 June 2022

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 2021	-
Effective portion of changes in fair value arising from:	
- Interest rate swaps	10.4
- Cross currency interest rate swaps	85.9
Loss on revaluation of USD debt	(75.2)
Other	(0.5)
	20.6
Tax effect	(5.9)
As at 30 June 2022	14.7

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	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m
Financial liabilities				
US Private Placement	2,013.1	-	1,982.9	-

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 estimated cash flows and estimated discount rates 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 reference 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 2022.

Notes to the financial statements:

Section B – Capital and risk management

For the year ended 30 June 2022

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 2022 after taking into account the effect of interest rate swaps and floating rate term deposits, approximately 87.6% of the Group's borrowings are at a fixed rate of interest.

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

	2022 \$m	2021 \$m
Cash assets	257.9	181.3
Investment - term deposits	106.5	136.6
	364.4	317.9
Bank loans - unsecured	(376.1)	-
Interest rate swaps- notional principal amounts	(722.1)	-
Cross currency interest rate swaps - notional principal amounts	(722.1)	-
	(1,820.3)	-

Notes to the financial statements:

Section B – Capital and risk management

For the year ended 30 June 2022

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)	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m
AUD				
+ 0.5% (50 basis points)	1.1	1.1	50.9	-
- 0.5% (50 basis points)	(1.1)	(0.1)	(52.5)	-
USD				
+ 0.2% (20 basis points)	-	-	(23.4)	-
- 0.2% (20 basis points)	-	-	23.7	-

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, as well as a review of the last two years' historical movements and economic forecasters' expectations;
- 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.

Notes to the financial statements:

Section B – Capital and risk management

For the year ended 30 June 2022

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)	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m
AUD/USD + 10 cents	-	-	(11.3)	-
AUD/USD - 10 cents	-	-	16.0	-

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 2022

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, 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 \$15.4m (2021: nil).

Notes to the financial statements:

Section B – Capital and risk management

For the year ended 30 June 2022

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 2022, 3.5% of debt facilities will mature in less than one year. There were no debt facilities in the prior year.

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:

	2022			2021		
	< 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	(830.2)	(75.7)	(215.3)	(655.9)	(63.9)	(166.7)
Payables - amounts owed to related entities	-	-	-	(1,322.5)	-	-
Bank loans - unsecured	(16.4)	(1,291.3)	(46.8)	-	-	-
US Private Placement	(90.6)	(492.2)	(1,971.7)	-	-	-
Lease liabilities	(11.1)	(50.8)	(42.3)	(0.4)	(0.5)	(3.7)
Net outflow	(948.3)	(1,910.0)	(2,276.1)	(1,978.8)	(64.4)	(170.4)
Derivative financial instruments						
Financial assets						
Interest rate swaps - receive AUD floating	13.5	3,859.8	1,098.1	-	-	-
Cross currency interest rate swaps - receive USD fixed	79.5	448.2	1,684.1	-	-	-
	93.0	4,308.0	2,782.2	-	-	-
Financial liabilities						
Interest rate swaps - pay AUD fixed	(20.0)	(76.3)	(15.7)	-	-	-
Cross currency interest rate swaps - pay AUD floating	(74.2)	(4,255.4)	(2,783.1)	-	-	-
	(94.2)	(4,331.7)	(2,798.8)	-	-	-
Net outflow	(1.2)	(23.7)	(16.6)	-	-	-

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 2022

C1 Licences

	Lotteries licences \$m	Keno licences \$m	Total \$m
2022			
Carrying amount at beginning of year	496.0	-	496.0
Acquisition via business combinations (refer to note D4)	-	280.1	280.1
Amortisation	(24.6)	(0.8)	(25.4)
Carrying amount at end of year	471.4	279.3	750.7
Cost	664.6	280.1	944.7
Accumulated amortisation	(193.2)	(0.8)	(194.0)
	471.4	279.3	750.7
2021			
Carrying amount at beginning of year	520.6	-	520.6
Amortisation	(24.6)	-	(24.6)
Carrying amount at end of year	496.0	-	496.0
Cost	664.6	-	664.6
Accumulated amortisation	(168.6)	-	(168.6)
	496.0	-	496.0
Amortisation policy - straight line basis over useful life (years)	10 - 65	10 - 34	
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.

Notes to the financial statements:

Section C – Operating assets and liabilities

For the year ended 30 June 2022

C2 Other intangible assets

	Goodwill \$m	Brand names \$m	Customer related assets \$m	Software \$m	Total \$m
2022					
Carrying amount at beginning of year	1,511.0	39.3	-	47.2	1,597.5
Additions:					
- acquired	-	-	-	1.9	1.9
- internally developed	-	-	-	19.5	19.5
Additions on demerger from Tabcorp	-	-	-	21.1	21.1
Acquisition via business combinations (refer to note D4)	572.2	-	9.8	24.9	606.9
Amortisation	-	(0.8)	(0.4)	(14.0)	(15.2)
Disposals	-	-	-	(1.1)	(1.1)
Carrying amount at end of year	2,083.2	38.5	9.4	99.5	2,230.6
Cost	2,083.2	50.0	9.8	163.6	2,306.6
Accumulated amortisation	-	(11.5)	(0.4)	(64.1)	(76.0)
	2,083.2	38.5	9.4	99.5	2,230.6
Includes capital works in progress of:				22.5	22.5
2021					
Carrying amount at beginning of year	1,511.0	40.1	-	45.0	1,596.1
Additions:					
- acquired	-	-	-	8.5	8.5
- internally developed	-	-	-	5.5	5.5
Amortisation	-	(0.8)	-	(11.4)	(12.2)
Transfers	-	-	-	(0.1)	(0.1)
Disposals	-	-	-	(0.3)	(0.3)
Carrying amount at end of year	1,511.0	39.3	-	47.2	1,597.5
Cost	1,511.0	50.0	-	149.9	1,710.9
Accumulated amortisation	-	(10.7)	-	(102.7)	(113.4)
	1,511.0	39.3	-	47.2	1,597.5
Includes capital works in progress of:				9.5	9.5
Amortisation policy - straight line basis over useful life (years):		65	2	2 – 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.

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.

Notes to the financial statements:

Section C – Operating assets and liabilities

For the year ended 30 June 2022

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):

	2022 \$m	2021 \$m
Lotteries	1,511.0	1,511.0
Keno	572.2	-
	2,083.2	1,511.0

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 four year period and extrapolated using long term growth rates ranging from 2.5% to 3.5% (2021: 3.5%). These cash flows are then discounted using a relevant long term post tax discount rate, ranging between 7.5% and 8.6% (2021: 7.5%).

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 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.

Following the acquisition of the Keno business from Tabcorp and recognition of its net assets at fair value, the Keno CGU is held at its recoverable amount. Adverse movements in key assumptions may lead to an impairment.

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.

Notes to the financial statements:

Section C – Operating assets and liabilities

For the year ended 30 June 2022

C4 Property, plant and equipment

	Freehold land \$m	Buildings \$m	Leasehold improvements \$m	Plant and equipment \$m	Total \$m
2022					
Carrying amount at beginning of year	3.9	2.5	2.1	20.2	28.7
Additions	-	-	0.2	6.1	6.3
Additions on demerger from Tabcorp	-	-	15.6	20.7	36.3
Acquisitions via business combinations (refer to note D4)	-	-	-	13.3	13.3
Transfers	-	(0.2)	-	0.2	-
Disposals	(3.9)	(2.1)	-	-	(6.0)
Depreciation	-	(0.2)	(0.6)	(6.3)	(7.1)
Carrying amount at end of year	-	-	17.3	54.2	71.5
Cost	-	-	27.8	158.9	186.7
Accumulated depreciation	-	-	(10.5)	(104.7)	(115.2)
	-	-	17.3	54.2	71.5
Includes capital works in progress of:		-	0.2	9.4	9.6
2021					
Carrying amount at beginning of year	3.9	2.6	1.6	21.0	29.1
Additions	-	0.2	0.9	6.3	7.4
Disposals	-	-	-	(0.5)	(0.5)
Depreciation	-	(0.3)	(0.4)	(6.7)	(7.4)
Transfers	-	-	-	0.1	0.1
Carrying amount at end of year	3.9	2.5	2.1	20.2	28.7
Cost	3.9	5.1	5.1	114.5	128.6
Accumulated depreciation	-	(2.6)	(3.0)	(94.3)	(99.9)
	3.9	2.5	2.1	20.2	28.7
Includes capital works in progress of:		-	-	4.4	4.4
Depreciation policy - straight line basis over useful life (years):		40	3 – 13	4 – 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 2022

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 11 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
2022			
Carrying amount at beginning of year	2.6	0.2	2.8
Additions ⁽ⁱ⁾	100.7	0.6	101.3
Lease remeasurements	0.2	0.3	0.5
Reduction due to finance lease receivable ⁽ⁱⁱ⁾	(9.4)	-	(9.4)
Depreciation	(1.4)	(0.5)	(1.9)
Impairment ⁽ⁱⁱⁱ⁾	(8.8)	-	(8.8)
Carrying amount at end of year	83.9	0.6	84.5
2021			
Carrying amount at beginning of year	2.6	0.7	3.3
Lease remeasurements	0.5	0.7	1.2
Depreciation	(0.5)	(1.2)	(1.7)
Carrying amount at end of year	2.6	0.2	2.8

Lease liabilities

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

	2022 \$m	2021 \$m
Carrying amount at beginning of year	3.2	3.9
Additions	94.7	-
Lease remeasurements	(0.2)	0.9
Interest expense	0.2	0.1
Payments	(1.8)	(1.7)
Carrying amount at end of year	96.1	3.2
Current	9.6	0.5
Non current	86.5	2.7
	96.1	3.2

⁽ⁱ⁾ Includes the recognition of Corporate property leases on assignment of relevant lease obligations from Tabcorp on demerger.

⁽ⁱⁱ⁾ Includes the recognition of lease receivable on sub lease of floor space to Tabcorp.

⁽ⁱⁱⁱ⁾ Comprises write down of right-of-use assets in respect of surplus corporate lease space.

Notes to the financial statements:

Section C – Operating assets and liabilities

For the year ended 30 June 2022

C5 Leases (continued)

(b) Group as a lessor

Finance sub-leases

The Group has sub-leased properties that were initially recognised as part of right-of-use assets. The sub-leases have terms of 11 years and the Group has classified the leases as finance sub-leases.

There was no gain or loss on derecognition of the right-of use-assets pertaining to the properties.

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

	2022 \$m	2021 \$m
Less than one year	0.8	-
Between one to two years	0.8	-
Between two to three years	0.8	-
Between three to four years	0.9	-
Between four to five years	0.9	-
More than five years	6.0	-
Total undiscounted lease receivable	10.2	-
Unearned finance income	(0.9)	-
	9.3	-

Operating sub-leases

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

Not later than one year	2.2	-
Later than one year but not later than five years	5.1	-
	7.3	-

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.

Notes to the financial statements:

Section C – Operating assets and liabilities

For the year ended 30 June 2022

C5 Leases (continued)

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 2022

C6 Notes to the cash flow statement

	2022 \$m	2021 \$m
(a) Cash and cash equivalents comprise:		
Cash on hand and in banks	316.2	211.9

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

Significant restrictions

The Group operates under various state based licences which have regulatory requirements in place that restrict the Group's use of certain cash balances. The carrying amount of these cash balances included within the consolidated financial statements is \$200.4m (2021: \$165.3m).

	2022 \$m	2021 \$m
(b) Reconciliation of net profit after tax to net cash flows from operating activities		
Net profit after tax	346.6	399.3
Add items classified as investing/financing activities:		
- net gain on disposal of investment in an associate	-	(74.4)
- net loss on disposal of non current assets	1.1	0.5
Add non cash income and expense items:		
- depreciation and amortisation	61.9	56.9
- impairment - other	8.8	-
- share based payments expense	1.8	-
- other	8.0	(1.7)
Net cash provided by operating activities before changes in assets and liabilities	428.2	380.6

Changes in assets and liabilities:

(Increase)/decrease in:

- debtors	(16.3)	(11.1)
- prepayments	(5.0)	0.1
- other assets	(0.4)	(1.9)

(Decrease)/increase in:

- payables	192.8	(61.6)
- provisions	3.3	(0.6)
- deferred tax liabilities	10.6	(10.1)
- provision for income tax	12.2	(0.7)
- other liabilities	(1.0)	14.2

Net cash flows from operating activities	624.4	308.9
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(c) Non cash financing activities

The US Private Placement debt of \$1,937.9m and associated derivative financial instruments of \$176.0m were effectively transferred from Tabcorp on the demerger, and have been recognised in the demerger reserve.

Notes to the financial statements:

Section C – Operating assets and liabilities

For the year ended 30 June 2022

C7 Receivables

	2022 \$m	2021 \$m
Current		
Trade debtors	23.5	11.9
Allowance for expected credit losses	(0.1)	(0.1)
	23.4	11.8
Other	24.5	14.2
	47.9	26.0
Non current		
Other	8.7	-

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

	2022 \$m	2021 \$m
Current		
Payables ⁽ⁱ⁾	830.2	655.9
Amounts payable to Tabcorp Group	-	1,322.5
	830.2	1,978.4
Non current		
Payables ⁽ⁱⁱ⁾	291.0	230.6

⁽ⁱ⁾ includes prize liabilities and customer account balances totalling \$599.9m (2021: \$491.1m).

⁽ⁱⁱ⁾ includes prizes payable to the winners of certain lottery games where winnings are payable for up to 20 years (refer to note B2).

Notes to the financial statements:

Section C – Operating assets and liabilities

For the year ended 30 June 2022

C9 Provisions	2022 \$m	2021 \$m
Current		
Employee benefits	12.2	2.3
Make good	-	0.1
Other	0.8	-
	13.0	2.4
Non current		
Employee benefits	2.2	0.2
Make good	6.8	-
	9.0	0.2

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

	Note	Make good \$m	Other \$m
Carrying amount at beginning of year		0.1	-
Provisions made during year		6.7	-
Provisions via business combinations	D4	-	0.8
Carrying amount at end of year		6.8	0.8

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 2022

C10 Other current assets and liabilities

	2022 \$m	2021 \$m
Current assets		
SA Lotteries monies held in trust ⁽ⁱ⁾	98.8	86.4
Other	12.8	3.5
	111.6	89.9
Current liabilities		
SA Lotteries monies held in trust ⁽ⁱ⁾	98.8	86.4
Other	1.6	1.7
	100.4	88.1

⁽ⁱ⁾ SA Lotteries is operated under a Master Agent 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 2022

D1 Subsidiaries

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

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 entered into on 15 June 2022 (refer to note D2):

50-50 Software Pty Ltd ⁽ⁱⁱⁱ⁾	L&K Finance Pty Ltd ⁽ⁱⁱ⁾	Tatts Lotteries SA Pty Ltd ⁽ⁱⁱⁱ⁾
Golden Casket Lottery Corporation Limited ⁽ⁱⁱⁱ⁾	L&K Operations Pty Ltd ⁽ⁱⁱ⁾	Tatts NT Lotteries Pty Ltd ⁽ⁱⁱⁱ⁾
Keno (ACT) Pty Ltd ⁽ⁱ⁾	TattsTech Pty Ltd ⁽ⁱⁱⁱ⁾	Tatts Online Pty Ltd
Keno (NSW) Pty Ltd ⁽ⁱⁱⁱ⁾	TAHAL Pty Ltd ⁽ⁱⁱⁱ⁾	tatts.com Pty Ltd ⁽ⁱⁱⁱ⁾
Keno (Qld) Pty Ltd ⁽ⁱⁱⁱ⁾	Tattersall's Sweeps Pty Ltd ⁽ⁱⁱⁱ⁾	Club Gaming Systems (Holdings) Pty Ltd ⁽ⁱ⁾
Keno Online Pty Ltd ⁽ⁱ⁾	Tatts Keno Holdings Pty Ltd ⁽ⁱ⁾	New South Wales Lotteries Corporation Pty Ltd ⁽ⁱⁱⁱ⁾
Tattersall's Gaming Pty Ltd	Tatts Employee Share Plan Pty Ltd	Tattersall's Gaming Systems NSW Pty Ltd
Tatts Employment Co (NSW) Pty Ltd	Thelott Enterprises Pty Ltd	Wintech Investments Pty Ltd
Keno (VIC) Pty Ltd (formerly Tabcorp Investments No.5 Pty Ltd) ⁽ⁱⁱⁱ⁾		

International subsidiaries

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

⁽ⁱ⁾ Company was acquired by the Group during the current year from Tabcorp, as part of the corporate restructure to effect the demerger.

⁽ⁱⁱ⁾ Company incorporated during the current year.

⁽ⁱⁱⁱ⁾ Removed from the deed of cross guarantee with Tabcorp Holdings Limited during the current year by way of a revocation deed.

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 2022

D3 Parent entity disclosures

	The Lottery Corporation	
	2022 \$m	2021 \$m
Result of the parent entity		
Profit for the year	676.6	2,285.6
Other comprehensive income	-	-
Total comprehensive income for the year	676.6	2,285.6
Financial position of the parent entity		
Current assets	34.7	15.3
Total assets	9,966.6	9,347.9
Current liabilities	2,039.0	1,047.8
Total liabilities	2,056.5	1,050.0
Net assets	7,910.1	8,297.9
Total equity of the parent entity comprising of:		
Issued capital	785.9	8.3
Retained earnings	8,886.2	8,289.6
Reserves	(1,762.0)	-
Total equity	7,910.1	8,297.9

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 E2.

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 2022 or 30 June 2021.

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.

Notes to the financial statements:

Section D – Group structure

For the year ended 30 June 2022

D4 Business combinations

In May 2022, as part of the corporate restructure required to effect the demerger, the Group acquired 100% of the Keno business from Tabcorp. The business comprises the operation of Keno pursuant to licences and approvals in certain Australian states and territories.

Management has elected to apply the acquisition method of accounting for business combinations under common control and therefore the assets and liabilities have been recognised at fair value. The Keno business has been valued based on its Enterprise Value. The accounting for the Keno acquisition has been provisionally determined as at 30 June 2022, as the process of fair valuing Keno's net assets is still in progress.

(a) Identifiable assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities as at the date of the acquisition were:

	2022 \$m
Cash and cash equivalents	18.7
Receivables	4.5
Other assets	5.5
Property, plant and equipment	13.3
Licences	280.1
Customer related assets	9.8
Software	24.9
Payables	(22.9)
Deferred tax liabilities	(86.1)
Provisions	(0.8)
Net identifiable assets acquired	247.0
Goodwill arising on acquisition ⁰	572.2
Enterprise Value	819.2

⁰ Goodwill recognised is primarily attributable to significant retail network footprint and value of Keno business beyond the useful lives of the current licences. The goodwill is not deductible for tax purposes.

(b) Purchase consideration

Consideration for the acquisition was \$195.9m and was settled via intercompany account with Tabcorp prior to the demerger. The difference between Enterprise Value and consideration transferred has been recognised as a capital contribution within the demerger reserve. Net cash inflow of \$18.7m represents the cash and cash equivalents held by the Keno business at the acquisition date.

(c) Revenue and profit contribution

	Since acquisition date \$m	If acquisition had taken place at beginning of the period	
		Keno \$m	Group \$m
Contribution of Keno business			
Revenue	23.7	252.4	3,507.3
Profit before interest and tax (includes significant items of \$9.4m refer to note A1)	6.5	61.8	593.7
Profit before income tax (includes significant items of \$9.4m refer to note A1)	6.5	61.8	581.6

Notes to the financial statements:

Section E – Other disclosures

For the year ended 30 June 2022

E1 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 2020	17.6	(25.7)	(8.1)
Actuarial gains/(losses)	1.7	(0.6)	1.1
Benefits paid	(1.1)	1.1	-
Other	1.6	(0.9)	0.7
Balance at 30 June 2021	19.8	(26.1)	(6.3)
Actuarial gains/(losses)	(0.8)	4.8	4.0
Benefits paid	(1.1)	1.1	-
Other	1.5	(0.9)	0.6
Balance at 30 June 2022	19.4	(21.1)	(1.7)

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

	2022 \$m	2021 \$m
Amounts recognised in other comprehensive income	4.0	1.1

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:

	2022 %	2021 %
Cash	13.7	12.2
Fixed interest	4.6	6.4
Australian equities	17.7	19.9
International equities	33.0	33.2
Property	6.4	7.9
Alternatives	24.6	20.4
	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.

Notes to the financial statements:

Section E – Other disclosures

For the year ended 30 June 2022

E1 Pensions and other post employment benefit plans (continued)

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.

E2 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 challenges

There are outstanding legal actions on foot and other potential legal exposures between controlled entities and third parties at 30 June 2022. It is expected that any liabilities arising from such legal action would not have a material adverse effect on the Group's financial position.

Notes to the financial statements:

Section E – Other disclosures

For the year ended 30 June 2022

E3 Related party disclosures

(a) Transactions with Tabcorp

Prior to the demerger from Tabcorp and subsequent listing as a standalone entity on the ASX, the ultimate parent entity of the Group was Tabcorp Holdings Limited. Transactions with entities as part of Tabcorp have been identified as related party transactions up until the date of demerger on 1 June 2022.

During the year, group entities entered into the following transactions with the Tabcorp Group (comprising Tabcorp Holdings Limited and its controlled entities):

- acquisitions whilst under common control (refer to note D4);
- transfer of assets whilst under common control (refer to note C2 and C4);
- shares issued under the Tabcorp Holdings Limited demerger scheme of arrangement (refer statement of changes in equity);
- dividends and distributions paid by the Group (refer to statement of changes in equity);
- repayment of loans of \$1,322.5m (2021: loans advanced from Tabcorp: \$105.9m);
- income tax and GST paid on behalf of the Group by Tabcorp as head of the tax consolidation group of \$311.1m (2021: \$367.1m);
- income tax and GST exit payments made to Tabcorp in the current year of \$68.8m (refer to note A4); and
- payments made for services rendered of \$96.6m (2021: \$92.5m).

The amounts owed to Tabcorp at 30 June 2021 was \$1,322.5m (refer to note C8).

All transactions were undertaken on normal commercial terms and conditions.

(b) Compensation of Key Management Personnel (KMP)

	2022 \$
Short term	666,600
Other long term	489,398
Post employment	36,598
Share based payments	117,987
	1,310,583

Compensation of KMP reflects period as KMP for The Lottery Corporation, being from:

- 24 May 2022 (ASX listing date) to 30 June 2022 for directors; and
- 1 June 2022 to 30 June 2022 for other KMP.

E4 Auditor's remuneration

	2022 \$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 ⁽ⁱ⁾	430
- other services ⁽ⁱⁱ⁾	95
	525

⁽ⁱ⁾ Prior to demerger, audit fees were borne by Tabcorp in the prior year and partially in the current year.

⁽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 2022

E5 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

A number of new and amended accounting standards and interpretations have been recently issued by the Australian Accounting Standards Board but not yet effective. These new or amended accounting standards and interpretations have not been early adopted and are not expected to have a material impact on the financial position or performance of the Group.

(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.

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 2022 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and *Corporations Regulations 2001* (Cth);
- (b) the financial statements and notes also comply with International Financial Reporting Standards; and
- (c) 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 2022.

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.



Steven Gregg
Chairman



Sue van der Merwe
Managing Director and Chief
Executive Officer

Melbourne
24 August 2022

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Independent Auditor's Report



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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 statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, 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 2022 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 judgement, 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.

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New listed company and initial accounting considerations

Why significant

During the year, the Group demerged from Tabcorp Holdings Limited (Tabcorp). To effect the demerger the group engaged in certain transactions with complex accounting and financial reporting implications.

These included:

- ▶ Acquisition of the Keno business as a business combination under common control, resulting in the recognition of the assets and liabilities of the Keno business acquired by the Group at the date of the demerger, including Goodwill of \$572.2m. Refer Note D4.
- ▶ Assumption of US Private Placement (USPP) liabilities and certain derivative financial instruments held in relation to the USPP which previously existed within Tabcorp, as included in Note B3.
- ▶ Establishment of new debt facility agreements, as included in Note B3.
- ▶ Exit from the Tabcorp tax consolidated group by Group entities, without any further income tax liability relating to periods whilst part of that tax consolidated group.

Given the significance of these transactions to the Financial Report, addressing the accounting for these transactions was considered a key audit matter.

How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ We examined significant agreements relating to the demerger to consider the rights and obligations of each party, and the appropriateness of resultant accounting positions adopted.
- ▶ In relation to the Keno business combination under common control, with the involvement of our valuation specialists, we:
 - Assessed the appropriateness of the Group's accounting for the Keno acquisition as a business combination under common control.
 - Obtained and reviewed the enterprise valuation and net asset valuation report as prepared by the Group's valuation expert.
 - Assessed the competence, capability and objectivity of the Group's valuation expert and assessed the appropriateness of the valuation methodologies used.
 - Assessed the accuracy of data used in the valuation models.
 - Evaluated the completeness and valuation of the assets and liabilities recognised, including consideration of the assumptions used in the valuation models against historical performance and industry benchmarks.
- ▶ We examined the new USPP note agreements to understand the obligations, restrictions, and any financial covenants applicable to the Group.
- ▶ In conjunction with our valuation specialists, we assessed the valuation of USPP notes upon initial recognition. We also examined the new derivative contract documentation and hedge relationship designation on initial recognition.
- ▶ We examined the new debt facility agreements to understand the obligations, restrictions, and any financial covenants applicable to the Group.
- ▶ With the involvement of our tax specialists, we assessed the implications of the Group exiting the Tabcorp tax consolidated group and evidenced the payment of the Group's final obligations to exit that tax consolidated group.
- ▶ We evaluated the presentation and disclosure of these matters in the Financial Report.



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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 heavily reliant on IT systems with automated processes and controls over the capturing and recording of Lotteries transactions, fees and charges. Given the significance of these processes and controls to the accounting records and financial reporting process, 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 effectiveness of the control environment and transaction processing controls relevant to the recording of revenue transactions. When testing controls was not considered an appropriate or efficient testing approach, alternative audit procedures were performed on the financial information being produced by IT systems.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the Operating and Financial Review and Director's 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 the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the Financial Report that gives a true and fair view and is free from material 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 judgement 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.

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- ▶ 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.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of The Lottery Corporation Limited for the year ended 30 June 2022, 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

Michael Collins
Partner
Melbourne
24 August 2022

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Shareholder Information

Shareholder Information

As at 31 August 2022

Securities on issue

The Lottery Corporation has on issue 2,225,771,703 fully paid ordinary shares (shares) which are quoted on the Australian Securities Exchange (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 TLC.

Name	Date of interest	Number of ordinary shares	% of issued capital
AustralianSuper Pty Ltd	24 May 2022	209,034,688	9.39%
State Street Corporation	27 July 2022	150,207,126	6.75%
BlackRock Group	24 May 2022	123,793,533	5.56%

On-market buy back

There is no current on market buy-back.

Distribution of securities held

Number of shares held	Number of holders	Number of shares	% Issued Capital
1- 1,000	73,976	24,735,545	1.11
1,000 - 5,000	63,791	153,092,958	6.88
5,001 - 10,000	11,476	81,625,153	3.67
10,001 - 100,000	8,375	180,977,105	8.13
100,001 and over	359	1,785,340,942	80.21
Total	157,977	2,225,771,703	100.00

The number of security investors holding less than a marketable parcel of 114 securities (\$4.420 on 31/08/2022) is 13120 and they hold 730565 securities.

Unmarketable parcels

As at 31 August 2022, there were 13,120 shareholders holding less than a marketable parcel of TLC shares.

A marketable parcel of TLC shares was 114 shares, based on a closing price of \$4.420 on 31 August 2022.

Twenty largest registered holders of ordinary shares

Investor name	Number of ordinary shares	% of issued capital
HSBC Custody Nominees (Australia) Limited	594,258,484	26.70
J P Morgan Nominees Australia Limited	522,992,602	23.50
Citicorp Nominees Pty Limited	233,789,777	10.50
BNP Paribas	158,537,371	7.12
National Nominees Limited	81,295,840	3.65
Wentworth Investments	12,966,844	0.58
Netwealth Investments Limited	11,430,794	0.51
Argo Investments Limited	10,548,951	0.47
Seymour Group Pty Ltd	6,278,911	0.28
Invia Custodian Pty Limited	5,623,570	0.25
Colonial First	5,241,316	0.24
Australian Executor Trustees Limited	5,155,238	0.23
UBS Nominees Pty Ltd	4,729,676	0.21
Mutual Trust Pty Ltd	3,059,826	0.14
Tabcorp Nrt Limited	3,020,448	0.14
Kayaal Pty Ltd	2,681,819	0.12
River Capital Pty Ltd	2,600,000	0.12
Geanmoney Investments Pty Ltd	2,400,000	0.11
Mr Geoffrey William Nette	2,225,015	0.10
Yevrah Nominees No 2 Pty Ltd	1,880,602	0.08
Total Top 20	1,670,717,084	75.06

Indicative Key Dates

2022	
Annual General Meeting - Brisbane	8 November
2023*	
Half year results	23 February
Ex-dividend for interim dividend	1 March
Record date for interim dividend	2 March
Interim dividend payment	23 March
End of financial year	30 June
Full year results announcement	23 August
Ex-dividend for final dividend	29 August
Record date for final dividend	30 August
Final dividend payment	20 September
Annual General Meeting - Sydney	19 October

* 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 Annual General Meeting of The Lottery Corporation will be held on 8 November 2022, commencing at 10:00am (Brisbane time) at the Boulevard Auditorium, Brisbane Convention and Exhibition Centre, corner of Merivale and Glenelg Streets, South Bank, Brisbane, Queensland.

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).
Comparable	has the meaning given on page 25.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Demerger Booklet	the booklet dated 30 March 2022 in relation to the demerger of The Lottery Corporation Limited from Tabcorp Holdings Limited.
Directors	the directors of the Board of The Lottery Corporation.
Directors' Report	the report on pages 49 to 58.
EBIT	earnings before interest and tax.
EBITDA	earnings before interest, taxes, depreciation, and amortisation.
EPS	earnings per share.
Financial Report	the report on pages 93 to 135.
FY21	the financial year ended 30 June 2021.
FY22	the financial year ended 30 June 2022.
Group	The Lottery Corporation Limited and its subsidiaries.
Group NPAT	the net profit after tax of The Lottery Corporation Limited and its subsidiaries.
KMP	key management personnel.
LTI	long term incentive.
NPAT	net profit after tax.
Operating and Financial Review	the report on pages 21 to 33.
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 61 to 91.
Reported	has the meaning given on page 25.
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.
STI	short term incentive.
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 Limited or Tabcorp	Tabcorp Holdings Limited (ABN 66 063 780 709).
Tabcorp Retention Shares	Restricted Shares granted by Tabcorp to select employees (including executive KMP) for the purposes of retaining them up to and following the demerger.
USPP	US Private Placement.



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 Limited
Level 12, 680 George Street
Sydney NSW 2000
Australia

Telephone 1800 550 560
(within Australia)

Telephone +61 1800 550 560
(outside Australia)

Email registrars@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.

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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

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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.

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