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

2025 HALF YEAR RESULTS ASX RELEASE

Attached is an ASX release relating to the 2025 Half Year Results.

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

For more information

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Resilient performance powered by customer-focused innovation and portfolio strength



The Lottery Corporation Limited (ASX: TLC) today announces its results for the half year ended 31 December 2024 (1H25)

1H25 highlights:

- Resilient financial performance in period of below-average jackpot outcomes, with revenue down 5.6% to \$1.8b and EBITDA (before significant items)¹ down 7.4% on pcp to \$369.7m
- Diversified portfolio and effective marketing and customer experience investment drove strong participation, and growth in registered customers and digital share on pcp
- Ongoing focus on costs; 1H25 opex step-up reflects separation run-rate impacts
- Customer-focused innovation continues. New Friday Weekday Windfall lottery draw delivered more than \$50m in incremental turnover; Saturday Lotto game change on track for May 2025² and Powerball change planned for FY26²
- Strong balance sheet and free cash flow enabled interim dividend of 8.0cps, fully franked, in line with pcp; payout ratio of 101% of NPAT before significant items
- Delivering value for stakeholders, with \$1.2b returned to governments and retail businesses

The Lottery Corporation Managing Director & CEO, Sue van der Merwe, commented:

“The Lottery Corporation’s result for the half (1H25) demonstrates the strength and resilience of our diversified game portfolio, proactive portfolio management, and the ongoing benefits of our customer-focused innovation.

“We grew our active registered customer numbers and digital share on the pcp and, pleasingly, held onto most of the gains we made during the large jackpots in 2H24.

“This was delivered against a backdrop of 14 per cent lower Division 1 prize offerings across our three most popular games, and economic pressures that saw consumers increasingly seek value and purchase less frequently. The below-model jackpot outcomes are part of the variation in jackpots that can impact volumes in the short term, but naturally smooth out over time.

“We have been pleased with the success of the new Weekday Windfall lottery game, which is resonating strongly with customers. Our next game refresh will be to Saturday Lotto – our second-largest game – which includes increasing the Division 1 prize from \$5m to \$6m.

“Keno continued to perform very strongly in hotels and clubs where local area marketing and our ‘*Together We Play*’ campaign have helped strengthen its position as a social connector that brings people together.

“Given the Group’s resilient performance, our strong financial position and cash flow, and in line with our disciplined capital management framework, the Board was pleased to determine to pay an interim dividend at 8.0 cents per share, consistent with last year.

“The lotteries market continues to be attractive, delivering uninterrupted, long-term growth, generally ahead of combined population growth and inflation. This, together with the strong fundamentals of our business, underpins our ability to generate strong returns for shareholders through the economic cycle.”

¹ This is “Non-IFRS” information and is unaudited.

² Subject to regulatory and other approvals.

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1H25 Group Results

\$m	1H25	1H24	Change	
			\$m	%
Revenue	1,779.2	1,884.9	(105.7)	(5.6%)
Variable contribution	511.6	534.3	(22.7)	(4.2%)
Operating expenses	(141.9)	(135.2)	(6.7)	(5.0%)
EBITDA (before significant items) ³	369.7	399.1	(29.4)	(7.4%)
D&A	(53.5)	(52.1)	(1.4)	(2.7%)
EBIT (before significant items) ³	316.2	347.0	(30.8)	(8.9%)
Interest	(60.6)	(61.4)	0.8	1.3%
Tax expense	(79.9)	(90.6)	10.7	11.8%
NPAT (before significant items) ³	175.7	195.0	(19.3)	(9.9%)
Significant items (after tax) ^{3,4}	-	22.4	n.m.	n.m.
NPAT (including significant items)	175.7	217.4	(41.7)	(19.2%)
EPS (before significant items) ³	7.9 cps	8.8 cps	(0.9)	(10.2%)
EPS (including significant items)	7.9 cps	9.8 cps	(1.9)	(19.4%)
DPS (fully franked) – ordinary	8.0 cps	8.0 cps	-	-

Business Unit Commentary:

Lotteries – Solid underlying performance

- Revenue \$1,631.1m, down 6.2% on the pcp; EBITDA \$314.7m, down 8.3% on the pcp

The Lotteries division delivered solid underlying performance given the below-average jackpot outcomes in the half and the timing of the Saturday Lotto end of year Megadraw in January 2025, rather than December. These events had an estimated revenue impact of c.\$100m and c.\$40m, respectively.

Participation remained strong across the portfolio, with active registered customer numbers up 12.6% on the pcp to 4.71 million. The Company continued its targeted strategy of accelerating the Powerball sequence to stimulate larger jackpots, which ultimately helped to deliver two \$100m jackpots in the first half.

Demand for the portfolio's base games (Saturday Lotto, Set for Life, Weekday Windfall lottery, Instant Scratch-Its and Lucky Lotteries) has stabilised following softness in 2H24.

³ This is "Non-IFRS" information and is unaudited.

⁴ Refer to Appendix 1 of the 1H25 Half Year Results Presentation.

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Turnover in both retail and digital channels was lower than the prior period given the lower Division 1 prizemoney on offer. The reduction in large Division 1 jackpots, which typically drive higher levels of foot traffic, resulted in retail turnover being down 6.7% on the pcp, with digital turnover down a more modest 3.5%.

Digital share growth helped improve the VC/Revenue margin to 26.7% (26.3% in the pcp).

Operating expenses increased by 6.7%, primarily due to the significant increase in technology costs, largely due to separation run-rate impacts.

A revamped Saturday Lotto game is on track to go to market in May 2025 (subject to regulatory and other approvals), offering an increased Division 1 prize pool of \$6m (up from \$5m). The change will be accompanied by an increase in the price per game from 75 cents to 85 cents - the first price change to Saturday Lotto in five years.

Other customer-centred growth initiatives planned for roll out in 2H25 include: a new customer data platform that will enable personalisation at scale, new Lottery and Keno retail terminals, and the introduction of Play For Purpose products in The Lott's website and app. This means Australians would be able to buy tickets in the 50-50 Foundation's Play For Purpose raffle through The Lott's digital channels, with 50% of the ticket price supporting a cause of the customer's choice.

Keno – Strong retail performance; digital impacted by voluntary introduction of spend limits

- Keno revenue \$148.1m, up 1.0% on the pcp; EBITDA \$55.0m, down 1.8% on the pcp

Keno continued its strong retail performance, with retail turnover up 5.6% versus the pcp. The new 'Together We Play' brand campaign and enhanced local area marketing initiatives strengthened the game's popularity in the pub and club environment, with increased footfall contributing to good growth in Queensland and New South Wales.

Digital turnover declined 17.5%, largely offsetting the strong retail performance. The decline was primarily due to our voluntary decision to introduce mandatory spend limits for all online Keno players in September 2024. This decision is part of The Lottery Corporation's long-term sustainability strategy for Keno and complements other tools to help customers manage their play.

The EBITDA/Revenue margin was 37.1% (38.2% in the pcp). This was impacted by a reduction in online turnover – which is higher margin than retail – and changes to fees paid by venue partners following a move to a variable fee model, partly offset by a small decrease in operating expenses.

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Capital and Other Metrics

Consistent and reliable dividends are a key foundation of the Group's disciplined capital management approach. The Board was pleased to determine to pay an interim dividend of 8.0 cents per share, in line with the prior year, and despite the short-term impact of below-model jackpot outcomes on NPAT. The 1H25 interim dividend represents a payout ratio of 101% of NPAT before significant items against a full-year target range of 80-100%.

The Lottery Corporation has a strong balance sheet. At the end of 1H25, the Company's leverage ratio (Net Debt /EBITDA⁵) was 2.8 times. The Board will continue to monitor the Group's capital position, with an intention to return to the target leverage range of 3.0x to 4.0x, while maintaining financial flexibility and the capacity to support growth.

The Company also continues to maintain a strong focus on costs. This is reflected in a FY25 operating expense target of \$310m-320m versus \$299.5m in FY24, despite the separation run-rate impacts.

Roy Morgan Single Source Survey – Problem Gambling Severity Index

The Lottery Corporation releases the following information from the Roy Morgan Single Source Survey⁶, which provides insight into incidence and risk rates of gambling harm (across all gambling formats) among the Australian population.

The data validates the widely accepted position that traditional lottery games such as Powerball, Oz Lotto and Saturday Lotto, and scratch tickets, are associated with much lower rates of gambling harm than other forms of gambling.

Of those Australians who only play lotteries and scratch tickets and no other forms of gambling, the incidence of problem gambling harm is next to zero (<0.05% in the 12 months to December 2024). In comparison, the incidence of problem gambling among the population of Australians who participated in any form of gambling is 4.3%.

The Lottery Corporation is committed to high standards of responsible play and delivering our games safely and with integrity. Our introduction of mandatory spend limits for all online Keno players, which has resulted in a reduced risk rating for the product from high to medium, is evidence of this commitment.⁷ Online Keno represented 2.1% of Group turnover in 1H25.

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⁵ EBITDA (before significant items) for the 12 months to 31 December 2024.

⁶ The Lottery Corporation commissioned market research company Roy Morgan to integrate nine standardised questions that comprise the widely accepted, international Problem Gambling Severity Index (PGSI) questionnaire into Roy Morgan's Single Source survey. Roy Morgan Single Source is a broad population survey across a representative sample of the Australian population, and the PGSI question set – completed by about 16,000 respondents (4,000 respondents each quarter) – is believed to represent the largest continuous gambling research program in Australia. The 12-month period reported here covers the 12 months to December 2024.

⁷ Based on the Gamgard tool used to assess the risk rating of gambling products for vulnerable players.