

# 1H23 Half Year Results Presentation

Half Year ended 31 December 2022

23 February 2023

# Table of Contents

<b>03 - 07</b>	<b>Group Overview</b>
----------------	-----------------------

09 - 18	Business Results
---------	------------------

20 - 21	Capital
---------	---------

23 - 26	Strategy & Conclusion
---------	-----------------------

28 - 36	Appendices
---------	------------

# A winning first six months

↑ **7.7%**

**Group Revenue**  
(on a comparable basis)<sup>1,2</sup>

Driving the whole  
portfolio for growth

↑ **15.8%**

**Group EBITDA**  
before significant items  
(on a comparable basis)<sup>2,3</sup>

↑ **221k**

**Active registered**  
**Lotteries customers;**  
**now 4.3 million in total**

↑ **3.5%**

**Retail Lotteries Turnover**

↑ **10.6%**

**Digital Lotteries Turnover**

**8.0** cps

**Interim dividend<sup>4</sup>**

**1.0** cps

**Special dividend<sup>4</sup>**

**POWERBALL**

**OZ LOTTO**

**Lotto**

**Monday &  
Wednesday  
Lotto**

**INSTANT  
SCRATCH-ITS**

**Set for  
LIFE**

**Lucky  
Lotteries**

**KENO**

## Notes:

1. Reported Group Revenue of \$1,920.2m vs. Comparable Group Revenue of \$1,783.6m in 1H22
2. "Comparable" information is defined as per slide 6. This is "Non-IFRS" information and has not been subject to audit or review assurance procedures
3. Reported Group EBITDA before significant items of \$409.4m vs. Comparable Group EBITDA before significant items of \$353.5m in 1H22
4. Interim dividend represents a dividend payout ratio of 86% of 1H23 NPAT before significant items. Special dividend paid in relation to June 2022 NPAT before significant items

# A winning first six months



## Delivering strong financial performance

- Double-digit earnings growth<sup>1</sup> despite Lotteries cycling significant COVID benefits in the pcip
- Continued strong cashflow generation
- Result shows the business' resilience, defensive qualities and benefits of omni-channel model



## Delivering value for shareholders

- Increase in the target dividend payout ratio to 80-100% of full year NPAT before significant items
- Maiden interim dividend of 8.0 cps<sup>2</sup>, special dividend of 1.0 cps<sup>2</sup>, both fully franked



## Driving game portfolio performance

- Further growth in both jackpot and base game categories, which continue to complement each other
- Proactive jackpot sequence management, coupled with additional base game promotional draws around major jackpots, helped drive portfolio growth



## Enhancing omni-channel model and seamless customer experience

- Significant increase in active registered customers
- Launched innovative Store Syndicates product online, driving omni-channel adoption and supporting retailers
- Return to venue campaigns for Keno helped drive strong retail growth
- Enhanced personalised marketing program



## Establishing TLC as a stand-alone listed entity

- Launched new Vision, Purpose and Principles; strong early team engagement; strong governance frameworks embedded
- Separation from Tabcorp remains on track; continued people, systems and vendor separation activity

### Notes:

1. Based on Comparable EBIT and EBITDA growth
2. Interim dividend paid in relation to 1H23 NPAT before significant items. Special dividend paid in relation to June 2022 NPAT before significant items, being the period post the demerger from Tabcorp Holdings Limited but prior to the commencement of the 2023 financial year

# Key Segment Drivers



## Lotteries

- Significant increase in active registered customers – 221,000 in the last six months
- Continued growth in both retail and digital
- No material net impacts evident in the period from COVID
- Active management of the portfolio – optimising the interaction between base and jackpot games
  - Powerball® – successful management of jackpot sequences; record \$160m jackpot
  - Saturday Lotto – consolidated gains from 2020 game change and COVID impacts
  - Lucky Lotteries® – record \$33m Super Jackpot
  - Other games down, primarily due to COVID tailwinds in the pcg
- Turnover growth vs pre-COVID levels for all games illustrates strength of the balanced portfolio



## Keno

- Strong revenue growth
  - Return to unrestricted trade in NSW, Victoria, ACT
  - Increased footfall in Queensland
  - Return to venue campaigns
- Margins in the pcg impacted by NSW retail closures
- Digital share of turnover has more than doubled from pre-COVID





# 1H23 Group Results

\$m	Reported				Comparable <sup>2</sup>			
	1H23	1H22	Change		1H23	1H22	Change	
			\$	%			\$	%
<b>Revenues</b>	<b>1,920.2</b>	<b>1,664.6</b>	<b>255.6</b>	<b>15.4%</b>	<b>1,920.2</b>	<b>1,783.6</b>	<b>136.6</b>	<b>7.7%</b>
Variable contribution	535.9	415.4	120.5	29.0%	535.9	474.7	61.2	12.9%
Operating expenses	(126.5)	(99.0)	(27.5)	27.8%	(126.5)	(121.2)	(5.3)	4.4%
<b>EBITDA</b>	<b>409.4</b>	<b>316.4</b>	<b>93.0</b>	<b>29.4%</b>	<b>409.4</b>	<b>353.5</b>	<b>55.9</b>	<b>15.8%</b>
D&A	(48.6)	(29.1)	(19.5)	67.0%	(48.6)	(45.1)	(3.5)	7.8%
<b>EBIT</b>	<b>360.8</b>	<b>287.3</b>	<b>73.5</b>	<b>25.6%</b>	<b>360.8</b>	<b>308.4</b>	<b>52.4</b>	<b>17.0%</b>
Interest	(60.4)	(1.2)	(59.2)	n.m.				
Tax expense	(93.1)	(87.9)	(5.2)	5.9%				
<b>NPAT before significant items</b>	<b>207.3</b>	<b>198.2</b>	<b>9.1</b>	<b>4.6%</b>				
Significant items (after tax) <sup>1, 2</sup>	(34.4)	-	(34.4)	n.m.				
<b>NPAT including significant items</b>	<b>172.9</b>	<b>198.2</b>	<b>(25.3)</b>	<b>(12.8%)</b>				
EPS (before significant items) <sup>3</sup>	9.3 cps	8.9 cps	0.4	4.5%				
EPS (including significant items) <sup>3</sup>	7.8 cps	8.9 cps	(1.1)	(12.4%)				
DPS (fully franked) – interim	8.0 cps	-	8.0	n.m.				
DPS (fully franked) – special	1.0 cps	-	1.0	n.m.				

Results for 1H22 were pre-demerger and under the ownership of Tabcorp Holdings Limited

## Reported results:

- Six months of Lotteries in both periods
- Keno for six months in 1H23 (1H22: nil)
- Transfer of debt to The Lottery Corporation as part of the demerger

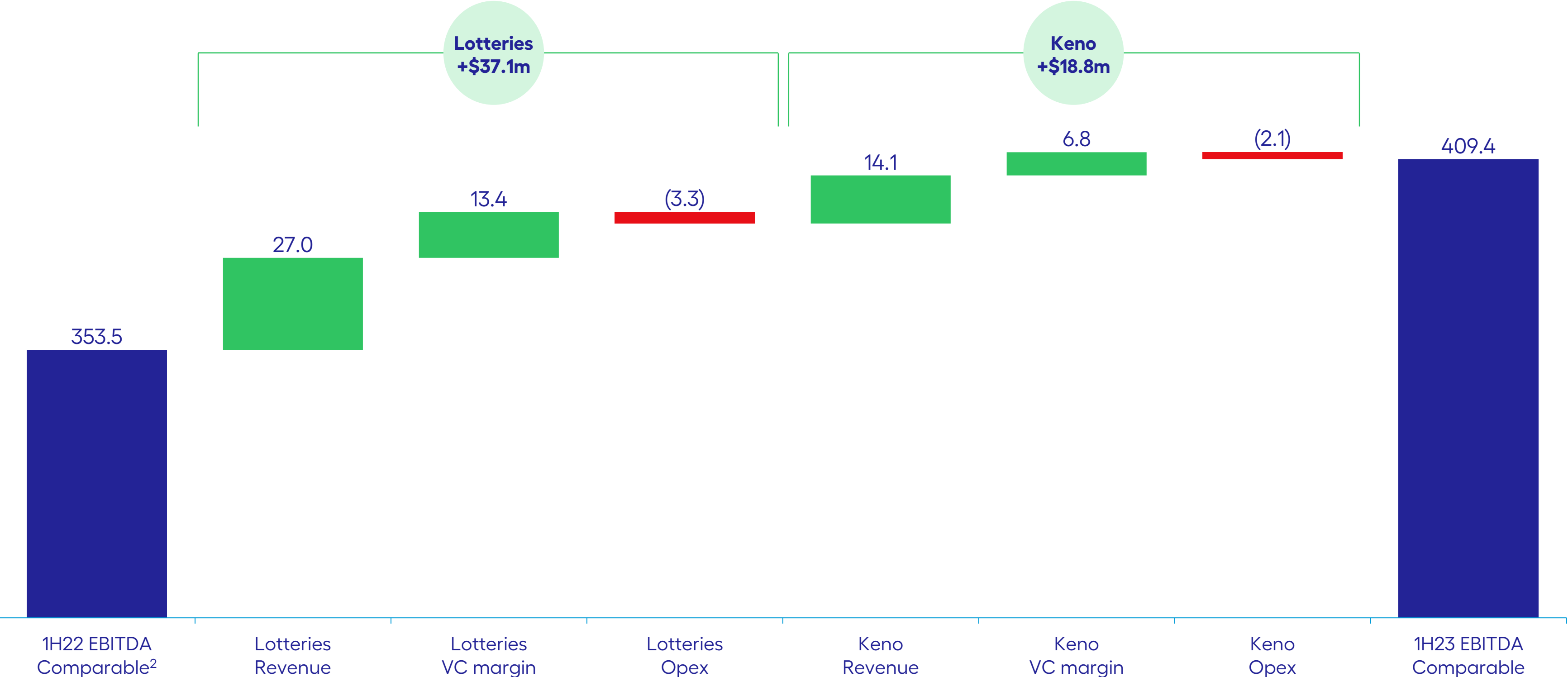
## Comparable results<sup>2</sup>:

- Comparable results adjust the reported results to include Keno fully in the pcpc in relation to:
  - Keno operating results
  - Amortisation of Keno fair value uplift (\$4.8m)
- Comparable results for 1H22 include a pro forma adjustment for the estimated impact of net additional standalone operating costs associated with the demerger (c.\$4.5m)<sup>4</sup>
- Comparable results exclude significant items

Notes:

- 1H23 amounts relate primarily to separation costs (refer Appendix 1)
- This is “Non-IFRS” information and has not been subject to audit or review assurance procedures. The Lottery Corporation believes these “Non-IFRS” financial measures provide useful information to investors in measuring the financial performance and condition of its business
- The weighted average number of ordinary shares for the comparative period has been restated to reflect the change in The Lottery Corporation’s capital structure as a result of the demerger from Tabcorp, as if the change had occurred at the beginning of the comparative period
- Pro forma adjustment for net additional standalone operating costs as per Section 3.13.4 of the Demerger Booklet

# Group Comparable<sup>1</sup> EBITDA Growth \$55.9m or 15.8%



Notes:

1. “Comparable” information is defined as per slide 6. This is “Non-IFRS” information and has not been subject to audit or review assurance procedures

2. Pro forma adjustment for net additional standalone operating costs as per Section 3.13.4 of the Demerger Booklet

# Table of Contents

03 - 07      Group Overview

---

**09 - 18      Business Results**

---

20 - 21      Capital

---

23 - 26      Strategy & Conclusion

---

28 - 36      Appendices



# Comparable Group & Business Results<sup>1,2</sup>

\$m	Lotteries			Keno			Group		
	1H23 Comparable	1H22 Comparable	%	1H23 Comparable	1H22 Comparable	%	1H23 Comparable	1H22 Comparable	%
<b>Revenues</b>	<b>1,772.8</b>	<b>1,664.6</b>	<b>6.5%</b>	<b>147.4</b>	<b>119.0</b>	<b>23.9%</b>	<b>1,920.2</b>	<b>1,783.6</b>	<b>7.7%</b>
Variable contribution	455.9	415.5	9.7%	80.0	59.1	35.4%	535.9	474.7	12.9%
Operating expenses	(106.3)	(103.0)	3.2%	(20.2)	(18.1)	11.6%	(126.5)	(121.2)	4.4%
<b>EBITDA</b>	<b>349.6</b>	<b>312.5</b>	<b>11.9%</b>	<b>59.8</b>	<b>41.0</b>	<b>45.9%</b>	<b>409.4</b>	<b>353.5</b>	<b>15.8%</b>
D&A	(33.7)	(29.0)	16.2%	(14.9)	(16.1)	(7.5%)	(48.6)	(45.1)	7.8%
<b>EBIT</b>	<b>315.9</b>	<b>283.5</b>	<b>11.4%</b>	<b>44.9</b>	<b>24.9</b>	<b>80.3%</b>	<b>360.8</b>	<b>308.4</b>	<b>17.0%</b>
VC / Revenue %	25.7%	25.0%	0.7%	54.3%	49.7%	4.6%	27.9%	26.6%	1.3%
Opex / Revenue %	6.0%	6.2%	(0.2%)	13.7%	15.2%	(1.5%)	6.6%	6.8%	(0.2%)
EBITDA / Revenue %	19.7%	18.8%	0.9%	40.6%	34.5%	6.1%	21.3%	19.8%	1.5%
EBIT / Revenue %	17.8%	17.0%	0.8%	30.5%	20.9%	9.6%	18.8%	17.3%	1.5%

Notes:

1. “Comparable” information is defined as per slide 6. This is “Non-IFRS” information and has not been subject to audit or review assurance procedures
2. Business results may not aggregate to Group total due to unallocated items

# Lotteries: Result Highlights (Comparable)<sup>1</sup>

**Significant increase in active registered customers; continued growth in both retail and digital**

**Revenue growth underpinned by active portfolio and jackpot sequence management**

**Base game offers adjusted to maximise reinvestment from larger jackpot events**

**No material net impacts evident in the period from COVID**

\$m	1H23	1H22	Change
Revenues	1,772.8	1,664.6	6.5%
Variable contribution	455.9	415.5	9.7%
Operating expenses	(106.3)	(103.0)	3.2%
EBITDA	349.6	312.5	11.9%
D&A	(33.7)	(29.0)	16.2%
EBIT	315.9	283.5	11.4%
VC / Revenue %	25.7%	25.0%	0.7%
Opex / Revenue %	6.0%	6.2%	(0.2%)
EBITDA / Revenue %	19.7%	18.8%	0.9%

- Powerball® up strongly – temporary acceleration of jackpot sequences; favourable jackpot outcomes
- Lucky Lotteries® up significantly – record Super Jackpot

27.0

13.4

- General inflation
- COVID impacts in the pcp

(3.3)

349.6

- Further lift in digital share of turnover (from 36.9% in the pcp to 38.4%)
- Further step up in fees from Jumbo
- Interest income from Set for Life® deposits

1H22 EBITDA  
Comparable

Revenue

VC margin

Opex

1H23 EBITDA  
Comparable

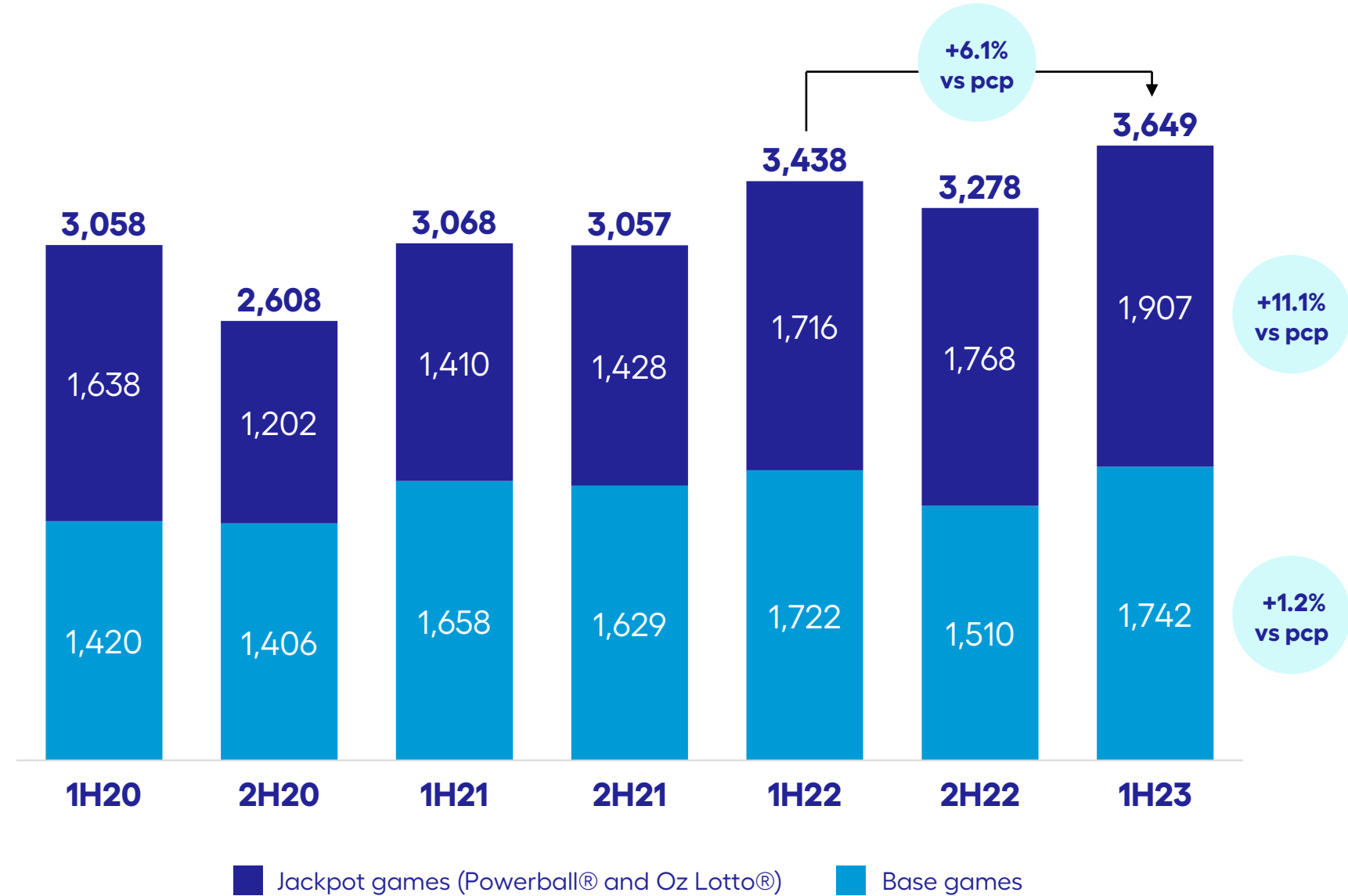
Notes:

1. For Lotteries, “Comparable” results are the same as reported results except that 1H22 results have been pro forma adjusted to include \$3.9m for estimated net additional standalone operating costs associated with the demerger. “Comparable” information is defined as per slide 6. This is “Non-IFRS” information and has not been subject to audit or review assurance procedures

# Lotteries: KPIs – Product

## Turnover by Product Type (\$m)

Further growth in both jackpot and base game categories reflects a strong and balanced portfolio of products



## Turnover Growth

Three year CAGR vs pre-COVID evidences strength of underlying business performance and momentum; 1H23 cycling strong COVID tailwind from 1H22

Actual Growth	1H23 v 1H22	1H23 v 1H20 CAGR <sup>1</sup>
Powerball®	17.8%	7.3%
Oz Lotto®	(5.5%)	(0.3%)
Saturday Lotto	(0.5%)	9.8%
Mon & Wed Lotto	(7.6%)	0.8%
Set for Life®	(4.0%)	14.6%
Instant Scratch-Its®	(4.5%)	5.9%
Lucky Lotteries®	139.0%	n.m. <sup>2</sup>
Like-for-like <sup>3</sup>		
Powerball®	(1.0%)	8.3%
Oz Lotto®	(7.0%)	2.6%

<sup>1</sup> Comparison to 1H20 (pre-COVID) provided for comparative purposes. Refer Appendix 6 for further details

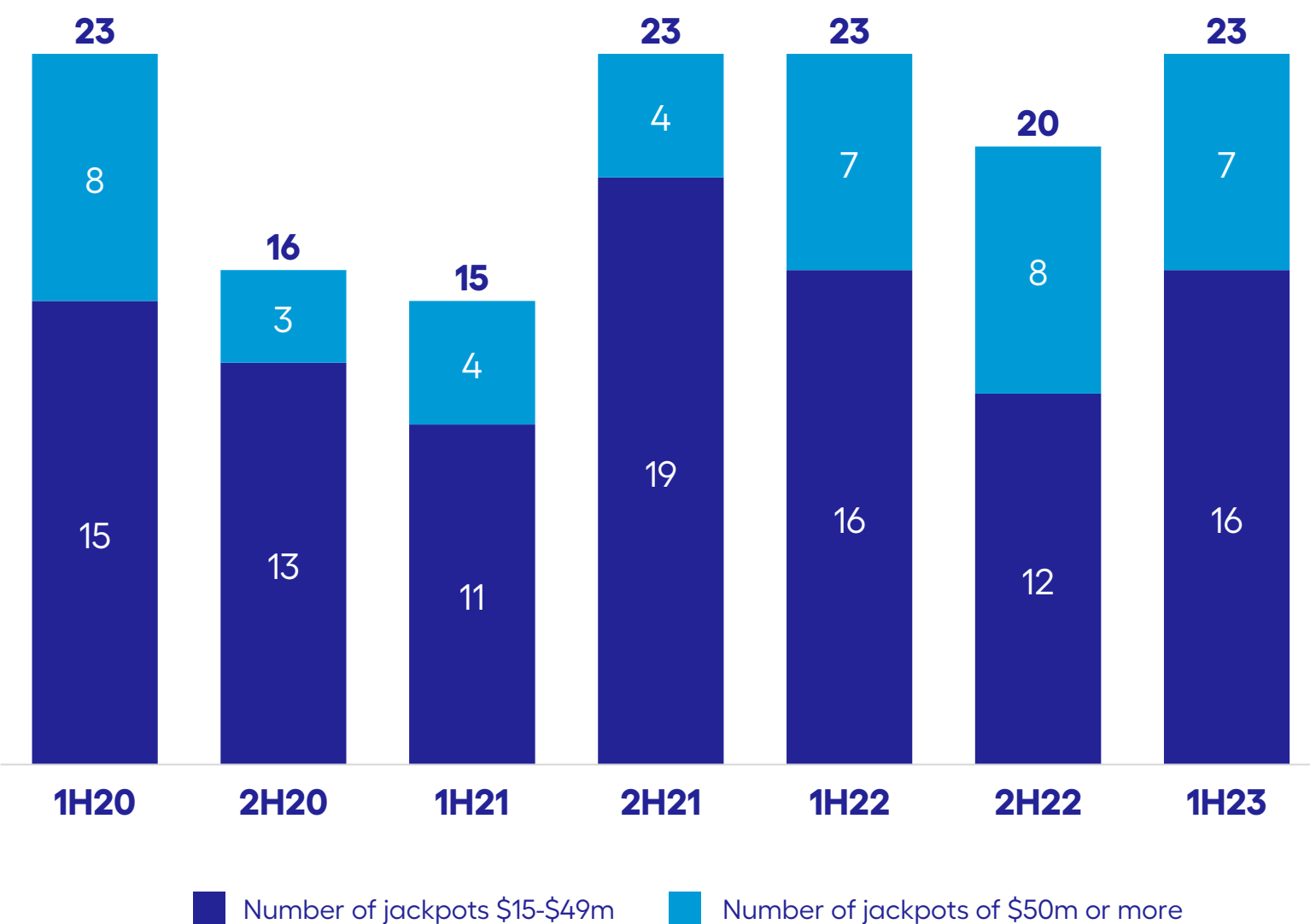
<sup>2</sup> Both periods significantly impacted by outlier events leading to unusually large jackpots (1H20: Mega Jackpot \$96m; 1H23: Super Jackpot \$33m)

<sup>3</sup> Adjusts turnover in a prior period to reflect a sequence of jackpots comparable to the reference period as an indicative measure of underlying performance

# Lotteries: KPIs – Jackpot Games

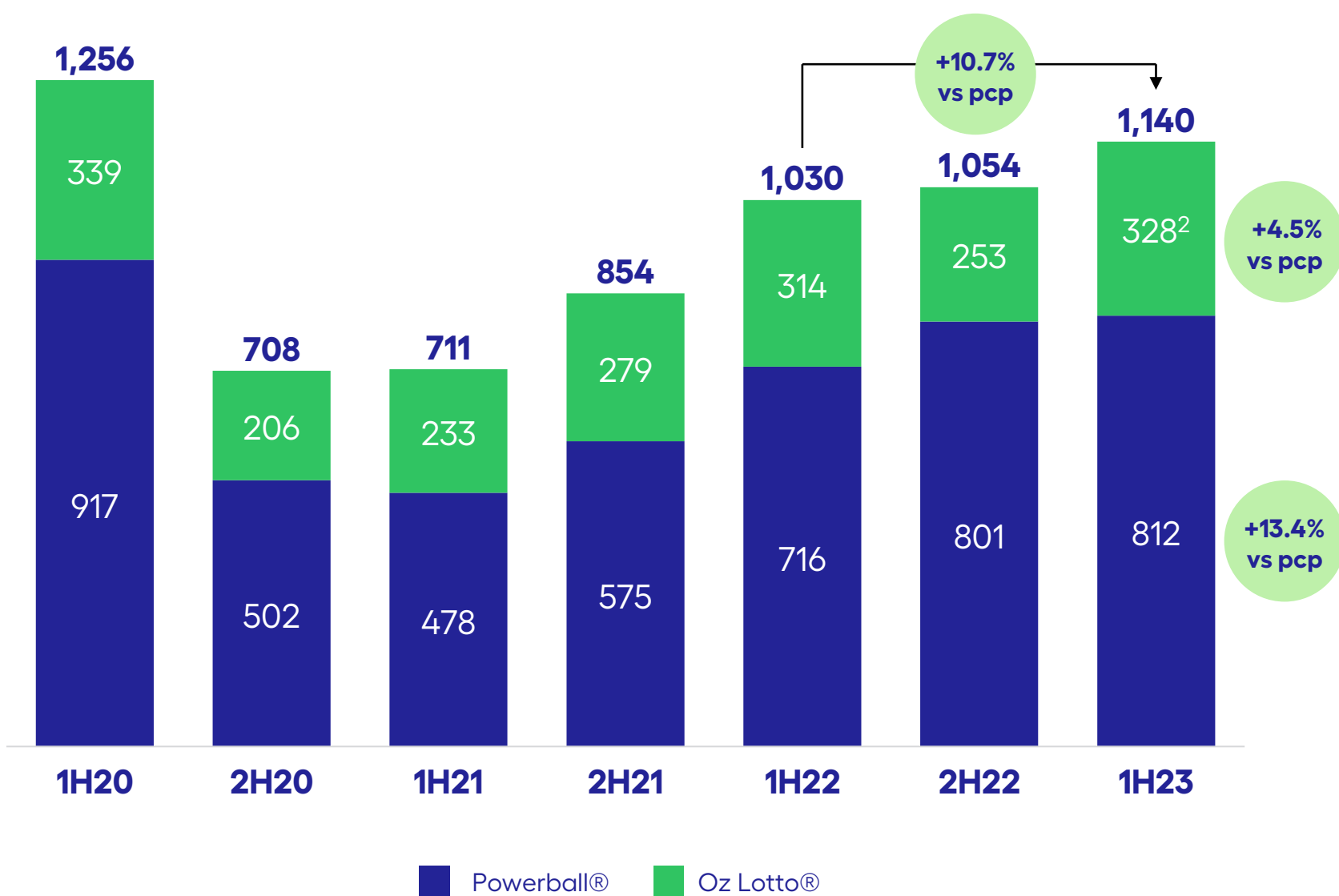
## Powerball® and Oz Lotto® Major Jackpots

In both the current and the pcp, six of the seven \$50m+ jackpots related to Powerball® with a single \$50m Oz Lotto® jackpot in each period



## Cumulative Jackpot Value Offered (\$m)

Increase driven by Powerball® jackpots of 2 x \$100m and a record \$160m draw Powerball® (c.60<sup>th</sup> percentile), Oz Lotto® (c.15<sup>th</sup> percentile) vs 100-year simulation<sup>1</sup>



Notes:

1. Simulation of jackpot outcomes over 100 different 26-week periods using average 1H23 turnover for each jackpot level and resulting jackpot win probabilities as a constant

2. May 2022 matrix change for Oz Lotto® (from 45 to 47 numbers) made Division 1 more likely to jackpot (c.40% more combinations)

# Lotteries: Jackpot Games – Sequences and Game Changes

Active jackpot sequence management drove significant turnover growth; Oz Lotto® yet to be tested at higher jackpot levels



**Accelerated Powerball® jackpot sequences implemented from September to December 2022**

Temporary sequence change:

- Week 1 base of \$8m (vs \$4m)
- Record \$160m draw in just 6 weeks



**Oz Lotto® game change yet to deliver larger jackpots but benefits expected to be delivered over time based on theoretical model outcomes**

Majority of planned lift in turnover designed to come from additional larger jackpots<sup>1</sup>

Draws to date frequently impacted by clashing with larger Powerball® jackpots

Notes:

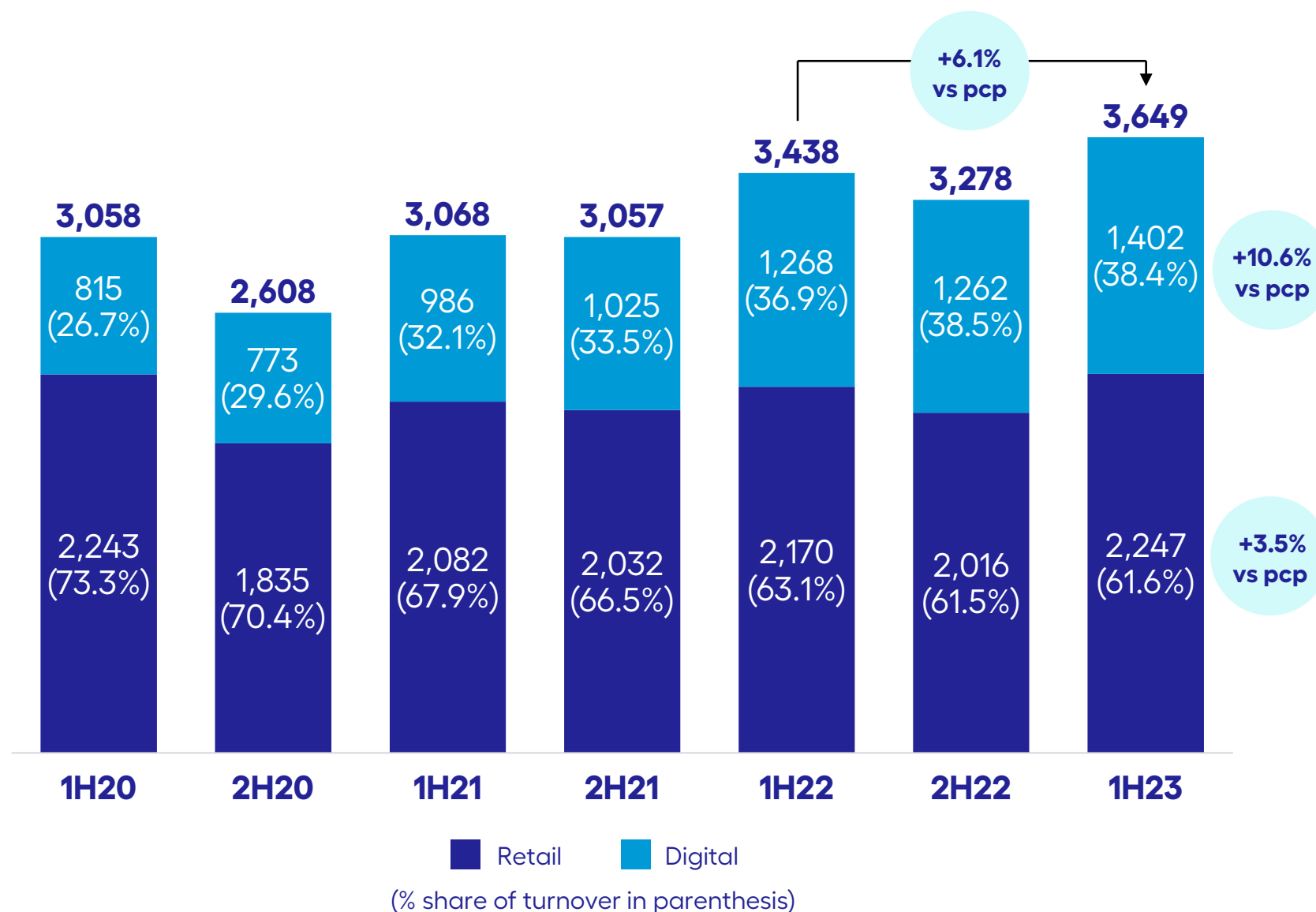
1. Matrix change (from 45 to 47 numbers) made Division 1 more likely to jackpot (c.40% more combinations). Based on the matrix change, and current sales levels and sequences, the theoretical model implies a likelihood of approximately three \$50m jackpots p.a., and two jackpots of more than \$50m p.a.



# Lotteries: KPIs – Channel & Customers

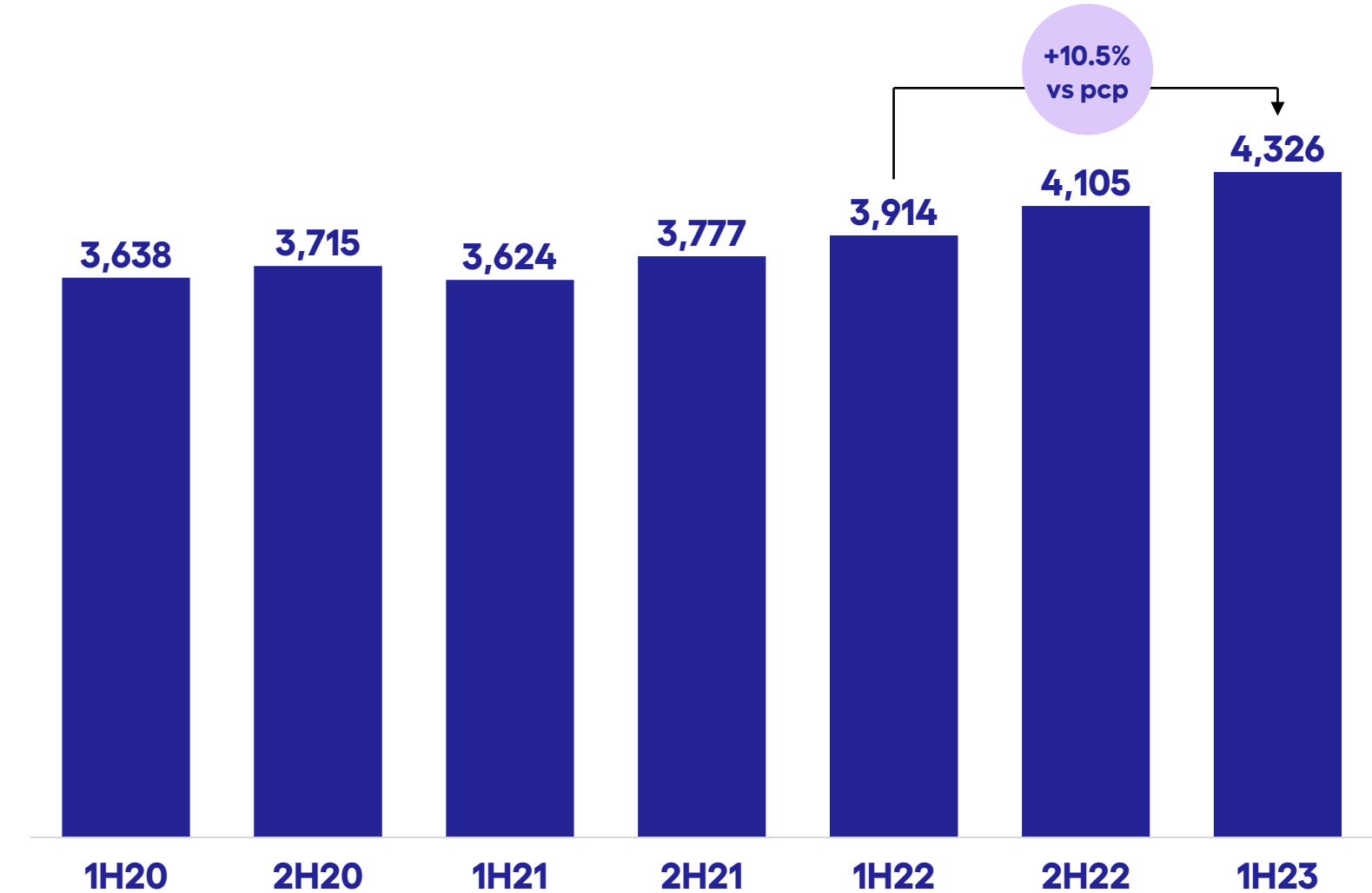
## Turnover by Channel (\$m)

An omni-channel approach focused on optimising customer value across all channels



## Number of Active<sup>1</sup> Registered Customers (000's)

Significant increase in active registered customers – 221,000 in the last 6 months  
Estimated total customers<sup>2</sup> of 8.5m indicates opportunity for continued growth



Notes:

1. Played in the previous 52 weeks
2. Active total customers based on Roy Morgan Gambling Monitor, October 2021 – September 2022

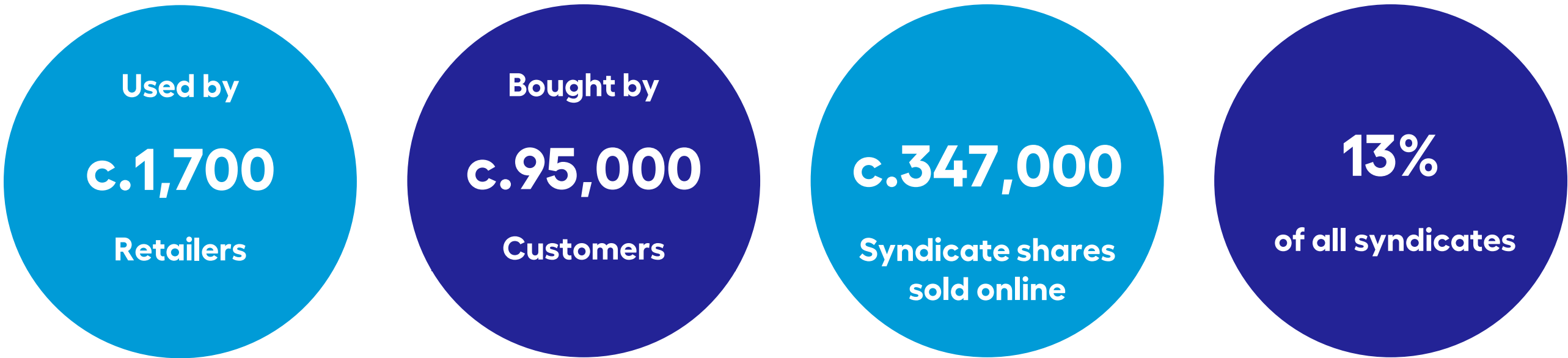


# Store Syndicates Online: Driving seamless customer experiences across all channels



A leading innovation, now allowing customers to also buy store syndicate shares online from local lotteries outlets

In the month following launch in late November 2022:

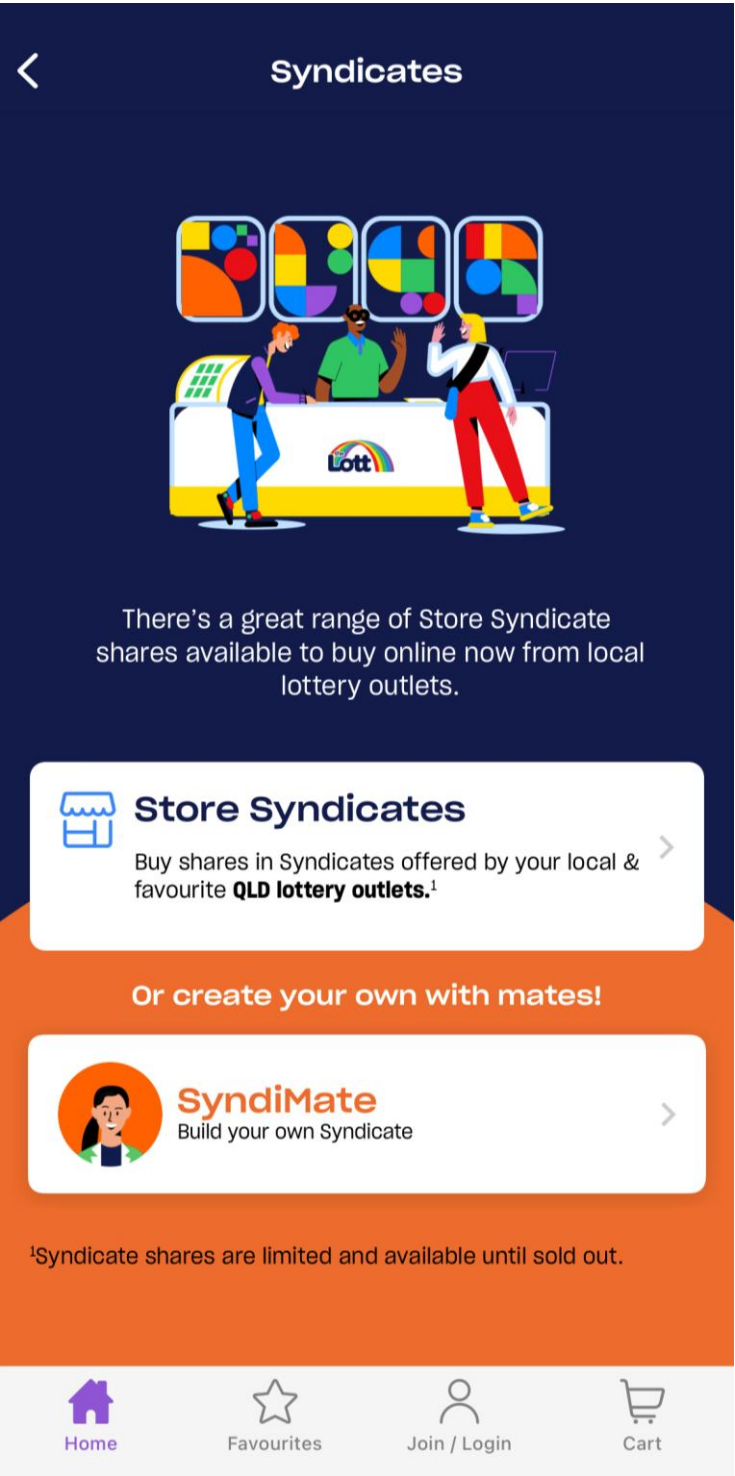


“Getting a great commission and noticing a lot of younger adults are now playing syndicates online.”

Seaview Downs Deli – December 2022

“Plenty of new syndicated options now and I don’t have to keep a paper copy in my purse. Wow, great new options. Easy to access and operate. Foolproof.”

Customer – November 2022



# Keno: Result Highlights (Comparable)<sup>1</sup>

Return to unrestricted trade in NSW, Victoria, ACT (vs COVID related closures in the pcp)

Successful return to venue campaign encouraging return to pre-COVID customer purchasing behaviours

Digital share of turnover has more than doubled from pre-COVID

\$m	1H23	1H22	Change
<b>Revenues</b>	<b>147.4</b>	<b>119.0</b>	<b>23.9%</b>
Variable contribution	80.0	59.1	35.4%
Operating expenses	(20.2)	(18.1)	11.6%
<b>EBITDA</b>	<b>59.8</b>	<b>41.0</b>	<b>45.9%</b>
D&A	(14.9)	(16.1)	(7.5%)
<b>EBIT</b>	<b>44.9</b>	<b>24.9</b>	<b>80.3%</b>
VC / Revenue %	54.3%	49.7%	4.6%
Opex / Revenue %	13.7%	15.2%	(1.5%)
EBITDA / Revenue %	40.6%	34.5%	6.1%

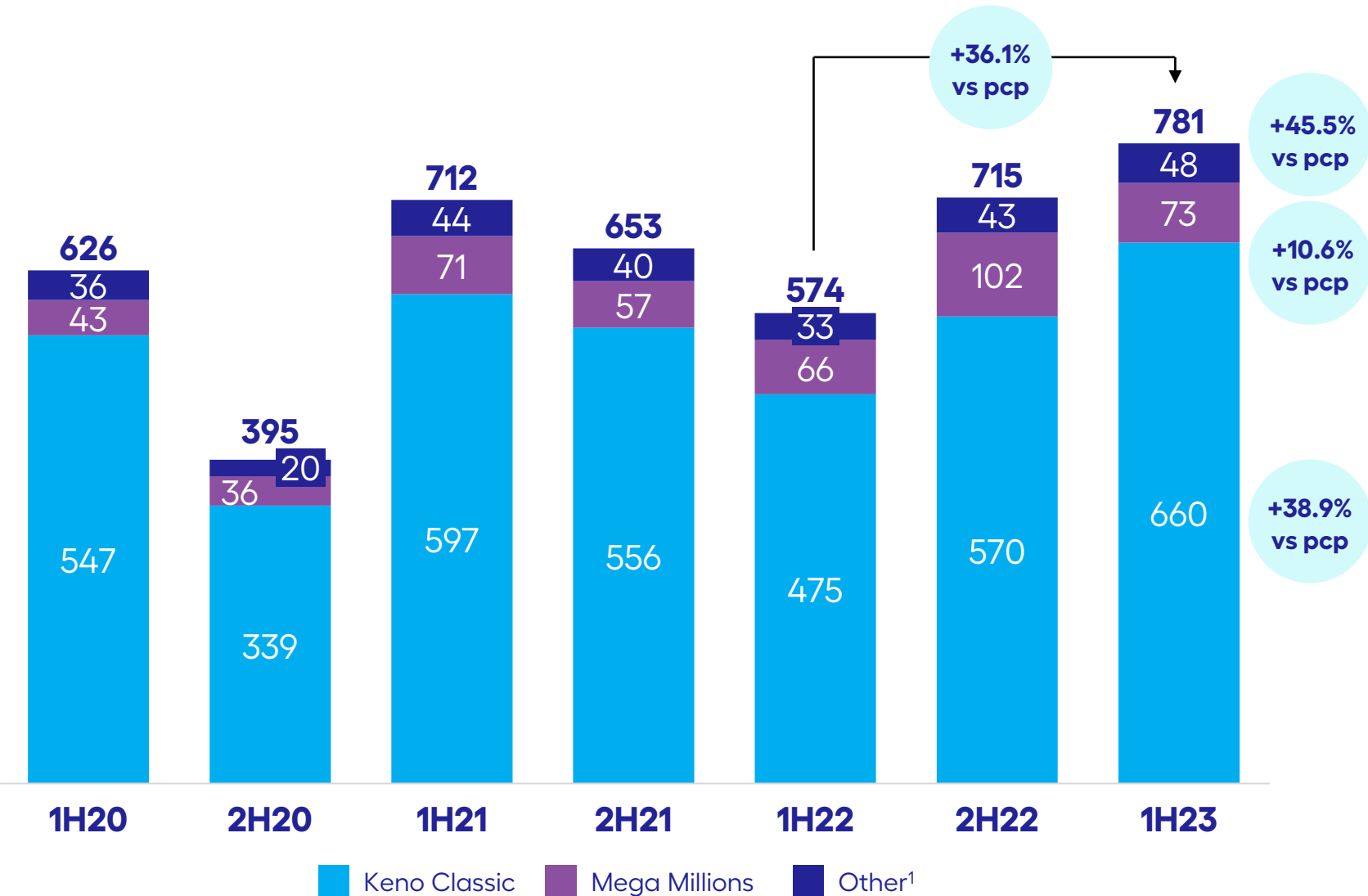


Notes:

1. "Comparable" information includes Keno for each reporting period. 1H22 results have been pro forma adjusted to include \$0.6m for estimated net additional standalone operating costs associated with the demerger. "Comparable" information is defined as per slide 6. This is "Non-IFRS" information and has not been subject to audit or review assurance procedures

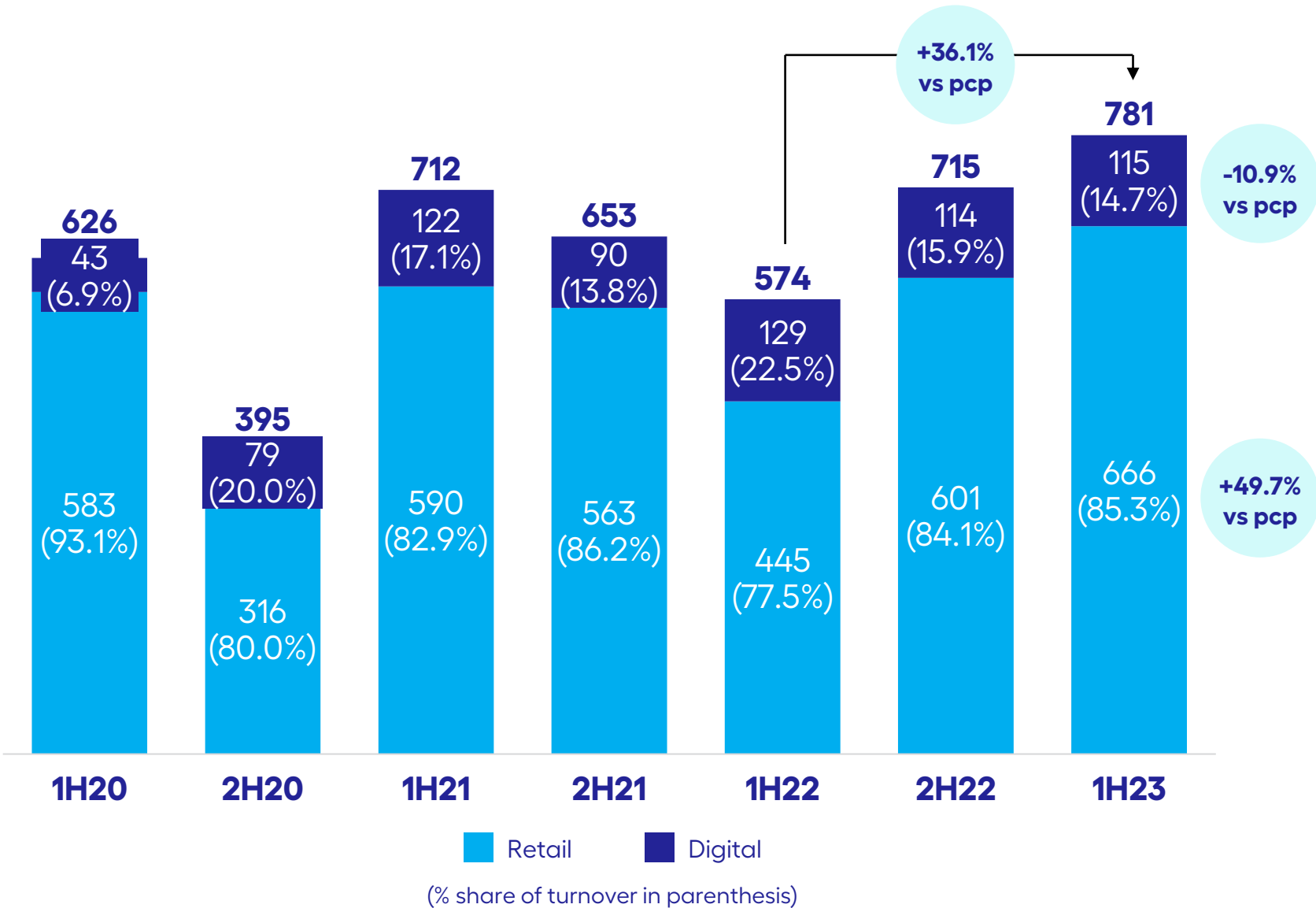
## Keno Turnover by Product (\$m)

Strong growth across all product categories



## Keno Turnover by Channel (\$m)

Digital share of turnover has more than doubled from pre-COVID  
Retail growth rate in 1H23 reflects COVID-related closures and restrictions in 1H22



Notes:

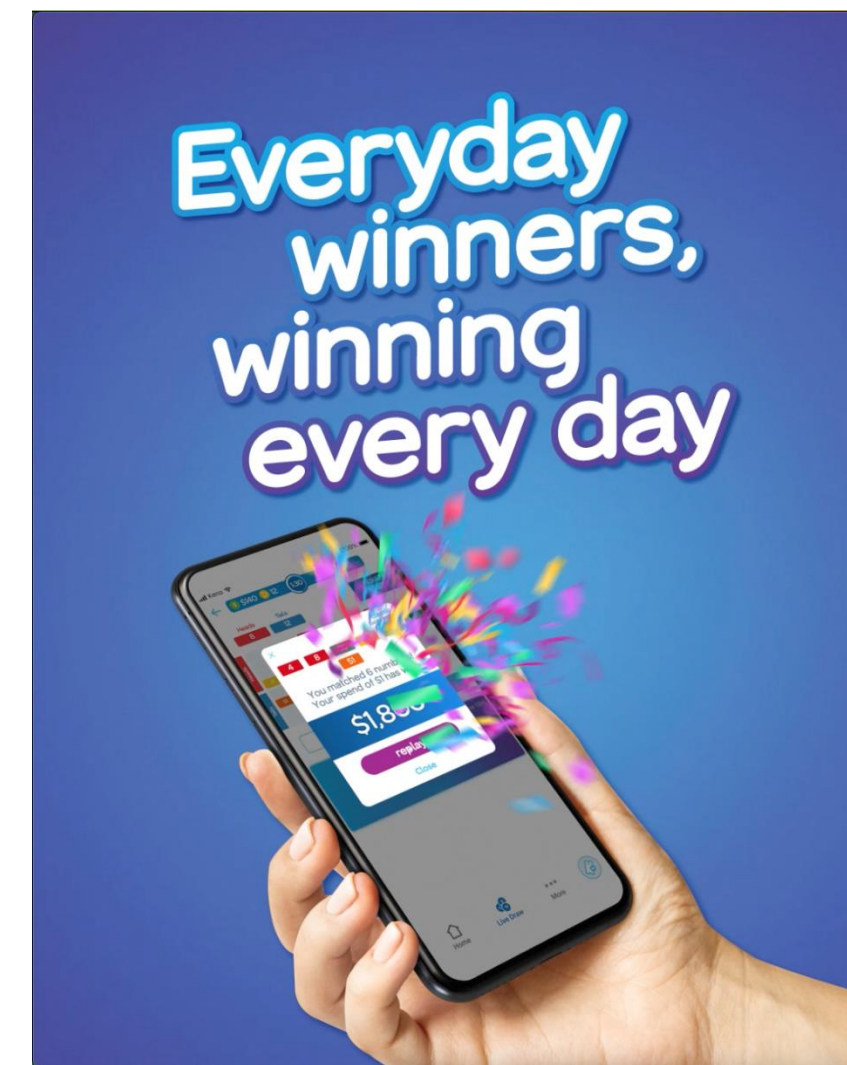
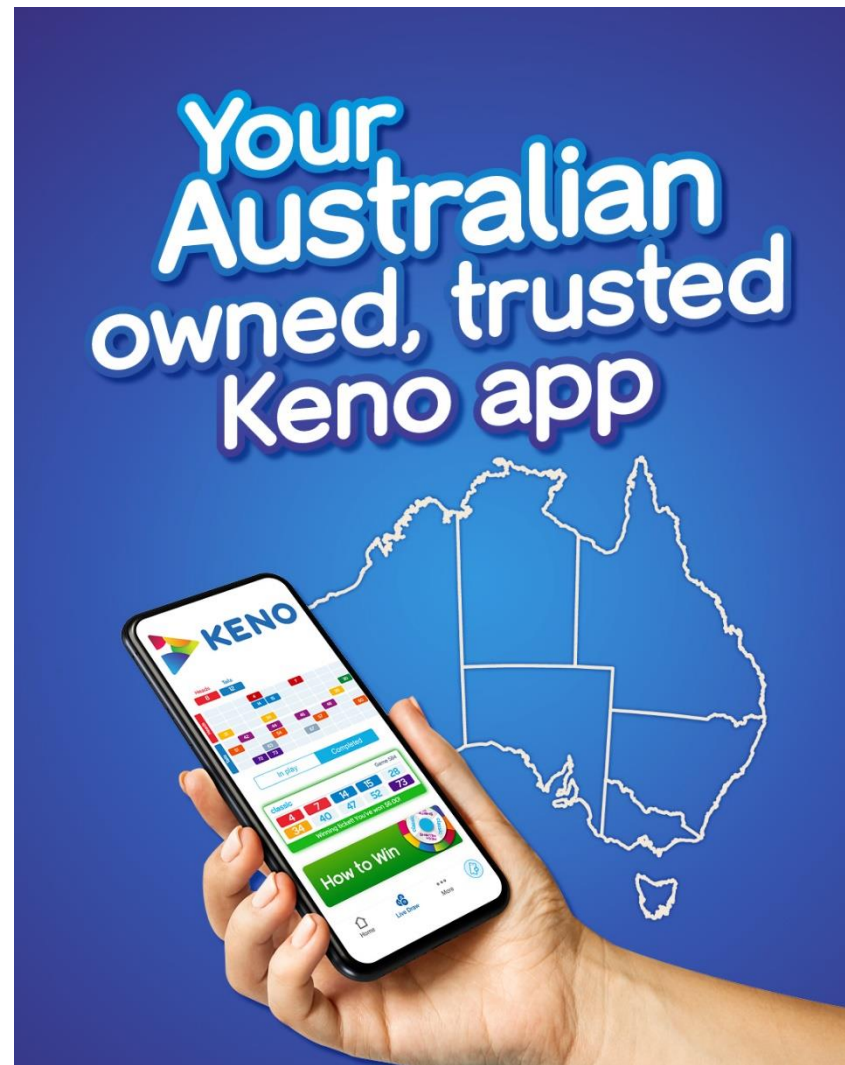
1. "Other" comprises of Heads or Tails, Keno Racing, and Roulette



# Keno: Australian-owned and trusted; real winners

Integrated retail and digital offer launching in Victorian market in February 2023

Latest marketing campaigns have been focused on differentiating Keno's reputation and trust in market



# Table of Contents

03 - 07      Group Overview

---

09 - 18      Business Results

---

**20 - 21      Capital**

---

23 - 26      Strategy & Conclusion

---

28 - 36      Appendices

# Capital Allocation Framework

A long-term framework to underpin a disciplined approach to the allocation of shareholders' capital

Driving Operating Cash Flow

Operating Efficiency

Capital Productivity

Game Portfolio Management

BAU Capital Management

Robust and Flexible Balance Sheet

BAU Capex

Consistent and Reliable Dividends

3.0-4.0x Net Debt/EBITDA  
Strong investment-grade credit rating

80-100% of full year NPAT  
before significant items

Spectrum of risk-adjusted return targets

Options to Deploy Remaining Capital

Return of Capital

Organic Growth

Domestic Licences

International Licences

Other Strategic M&A

Long-term Value Creation Target

Total Shareholder Return in the top quartile of the S&P/ASX100

## A disciplined approach to capital allocation

- Commitment to a strong investment-grade credit rating
- Predictable cash flows underpin core operations, recognising some short-term jackpot-related volatility
- Disciplined approach to capital expenditure and deploying excess capital – only at appropriate risk-adjusted returns
- Options to deploy any remaining capital to be assessed on a case-by-case basis with a view to maximising long-term shareholder value



# Capital Metrics

Strong balance sheet provides the capacity to support organic growth and flexibility, including for potential capital management

Dividends<sup>1</sup> (fully franked)

**8.0 cps** Interim

**1.0 cps** Special



Target: 80-100% of full year NPAT before significant items

BAU Capex

1H23 **\$19.3m**



FY23 BAU capex: \$65-75m

Leverage

**2.6X**

Net Debt/EBITDA<sup>2</sup>



Target: 3.0-4.0x

D&A

1H23 **\$48.6m**



FY23 D&A: \$100-110m<sup>3</sup>  
FY24 impact of capex re one-off implementation costs<sup>4</sup>: c.\$6m

Credit Rating

**BBB+/Stable**



Maintain strong investment grade

Debt Profile

**Avg Maturity<sup>5</sup>: 7.1 Years**

**Avg Interest Rate<sup>6</sup>: 5.7%**



Minimise cost of borrowings

## Notes:

1. Interim dividend represents a dividend payout ratio of 86% of 1H23 NPAT before significant items. Special dividend paid in relation to June 2022 NPAT before significant items
2. As at 31 December 2022. Based on CY22 Comparable EBITDA
3. Includes the impact of derecognition of Lotteries' intangible assets and fair value uplift of the Keno business, both as part of accounting for the demerger
4. Total one-off implementation costs estimated to be \$149m as per the Demerger Booklet. Comprises both Opex and Capex. Refer also Appendix 1
5. Based on drawn facilities as at 31 December 2022. (Based on available facilities: 6.2 years)
6. Incorporates lease liabilities and non-interest finance costs. Based on average drawn facilities for the six-month period to 31 December 2022. (If all available facilities were fully drawn, the average interest rate would have been 5.3% p.a.)

# Table of Contents

03 - 07      Group Overview

---

09 - 18      Business Results

---

20 - 21      Capital

---

**23 - 26      Strategy & Conclusion**

---

28 - 36      Appendices

# The Lottery Corporation is the leader in Australia's lotteries and Keno market and one of the highest performing lotteries businesses globally<sup>1</sup>



Exclusive  
and/or long  
dated licences  
and approvals



Diversified and  
balanced  
portfolio of  
high-profile and  
recognised  
brands



Significant and  
diverse retail  
distribution;  
further upside  
potential from  
digital growth



Highly  
defensive  
characteristics,  
including  
strong  
cashflow  
generation



Low capital  
intensity

## Notes:

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

# Vision, Purpose & Principles

## Our Vision

What is our aspiration?

**To be the world's best lottery operator**

## Our Purpose

Why do we exist?

**To create positive impacts**

## Strategic Priorities

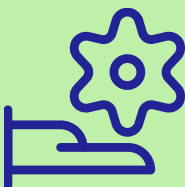
What we need to do to realise our Vision?

**Be the first choice partner**



### Drive

Growth through **game** portfolio innovation and seamless **customer** experiences across all **channels**



### Develop

Excellence and capability across our operations, technology that is fit for the future and alliances with trusted partners.



### Discover

Complementary new markets and earnings possibilities

## Our Principles

How do we want to operate?



**Create joyful moments**



**Dare to find a better way**



**Be accountable and transparent**



**Nurture the uniqueness of our people**

# FY23 Key Focus Areas and Priorities<sup>1</sup>

Customer-led focus on product innovation, deepened engagement across all channels and digital expansion

Significant ongoing implementation activity post-demerger including continued people, systems and vendor separation



27

## Driving game portfolio performance

- Powerball<sup>®</sup> price increase (from \$1.10 to \$1.20 – the first price increase in five years) expected to deliver more frequent large jackpots – planned implementation May 2023<sup>1</sup>
- Continued innovation of Instant Scratch-Its<sup>®</sup>, following record Christmas sales in 2022
- Monday & Wednesday Lotto game enhancement – FY24<sup>1</sup>



## Enhancing the customer experience

- Store Syndicates online product implemented November 2022 - driving omni-channel adoption and supporting retailers
- Web and mobile feature enhancements to improve personalised experiences for Lotteries and Keno customers



## Strengthening the unique omni-channel model

- 200 bps increase in retailer commissions under omni-channel program – planned implementation May 2023<sup>2</sup>
- Retail technology uplift to enable more integrated digital solutions
- Launch of integrated digital Keno offer under new Victorian licence – February 2023



## Pursuing new licence and other opportunities

- Explore opportunities for enhancements to existing licences

### Notes:

1. Subject to all necessary regulatory and other approvals
2. Under the model launched in 2018, TLC shares digital commissions and sign up bonuses with retailers, and funds DigiPOS equipment in retail outlets. Based on FY22, the estimated EBITDA improvement from the proposed commission rate increases for TLC is c.\$25-30m p.a. due primarily to retention of the base commission increase in relation to TLC's own digital sales



# Conclusion: A winning first six months



- ✓ A winning start as a standalone ASX listed company
- ✓ Highly engaged team mobilised around new Vision, Purpose and Principles and ongoing customer-led focus
- ✓ Continued momentum: double digit growth in earnings<sup>1</sup> and active registered customer numbers shows the strength of the business and the balanced game portfolio
- ✓ Focused on maximising returns to shareholders – increased dividend payout ratio
- ✓ Creating positive impacts – a business model supporting an extensive retail network and with a record of contributing to Australian communities
- ✓ A company with highly defensive asset qualities, low capital intensity, significant and diverse retail distribution and upside potential from digital growth

Notes:

1. Based on Comparable EBIT and EBITDA growth



# Table of Contents

03 - 07      Group Overview

---

09 - 18      Business Results

---

20 - 21      Capital

---

23 - 26      Strategy & Conclusion

---

**28 - 36      Appendices**

# Appendix 1: Significant Items<sup>1</sup>

## 1H23 Significant items

### Separation Costs

Relates to costs associated with the replication and separation of technology infrastructure and systems post demerger, particularly in relation to:

- IT separation
- Consultants
- People
- Property separation

Total one-off separation costs estimated to be \$149m as per the Demerger Booklet. Comprises both Opex and Capex

### Other

- Primarily impairment in respect of surplus lease space at Ann Street office

Significant Items (\$m)	1H23	1H22
Separation Costs	(30.6)	-
Other	(3.8)	-
<b>Total Significant Items (after tax)</b>	<b>(34.4)</b>	<b>-</b>

Separation Costs (\$m )	1H23	
	Pre-tax	Post-tax
Opex	(43.7)	(30.6)
Capex	(11.4)	
<b>Total Separation Costs</b>	<b>(55.1)</b>	

Notes:

1. This is “Non-IFRS” information and has not been subject to audit or review assurance procedures

# Appendix 2A: Group results (Comparable)<sup>1</sup>

\$m	1H23	1H22	Change	2H22
<b>Revenues</b>	<b>1,920.2</b>	<b>1,783.6</b>	<b>7.7%</b>	<b>1,723.6</b>
Variable contribution	535.9	474.7	12.9%	475.5
Operating expenses	(126.5)	(121.2)	4.4%	(144.3)
<b>EBITDA</b>	<b>409.4</b>	<b>353.5</b>	<b>15.8%</b>	<b>331.2</b>
D&A	(48.6)	(45.1)	7.8%	(45.5)
<b>EBIT</b>	<b>360.8</b>	<b>308.4</b>	<b>17.0%</b>	<b>285.7</b>
VC / Revenue %	27.9%	26.6%	1.3%	27.6%
Opex / Revenue %	6.6%	6.8%	(0.2%)	8.4%
EBITDA / Revenue %	21.3%	19.8%	1.5%	19.2%
EBIT / Revenue %	18.8%	17.3%	1.5%	16.6%

Notes:

1. “Comparable” information is defined as per slide 6. This is “Non-IFRS” information and has not been subject to audit or review assurance procedures

# Appendix 2B: Lotteries results (Comparable)<sup>1</sup>

\$m	1H23	1H22	Change	2H22
<b>Revenues</b>	<b>1,772.8</b>	<b>1,664.6</b>	<b>6.5%</b>	<b>1,590.2</b>
Variable contribution	455.9	415.5	9.7%	401.8
Operating expenses	(106.3)	(103.0)	3.2%	(121.6)
<b>EBITDA</b>	<b>349.6</b>	<b>312.5</b>	<b>11.9%</b>	<b>280.2</b>
D&A	(33.7)	(29.0)	16.2%	(30.0)
<b>EBIT</b>	<b>315.9</b>	<b>283.5</b>	<b>11.4%</b>	<b>250.2</b>
VC / Revenue %	25.7%	25.0%	0.7%	25.3%
Opex / Revenue %	6.0%	6.2%	(0.2%)	7.6%
EBITDA / Revenue %	19.7%	18.8%	0.9%	17.6%
EBIT / Revenue %	17.8%	17.0%	0.8%	15.7%

Notes:

1. “Comparable” information is defined as per slide 6. This is “Non-IFRS” information and has not been subject to audit or review assurance procedures

# Appendix 2C: Keno results (Comparable)<sup>1</sup>

\$m	1H23	1H22	Change	2H22
<b>Revenues</b>	<b>147.4</b>	<b>119.0</b>	<b>23.9%</b>	<b>133.4</b>
Variable contribution	80.0	59.1	35.4%	73.8
Operating expenses	(20.2)	(18.1)	11.6%	(22.9)
<b>EBITDA</b>	<b>59.8</b>	<b>41.0</b>	<b>45.9%</b>	<b>50.9</b>
D&A	(14.9)	(16.1)	(7.5%)	(15.2)
<b>EBIT</b>	<b>44.9</b>	<b>24.9</b>	<b>80.3%</b>	<b>35.7</b>
VC / Revenue %	54.3%	49.7%	4.6%	55.3%
Opex / Revenue %	13.7%	15.2%	(1.5%)	17.2%
EBITDA / Revenue %	40.6%	34.5%	6.1%	38.2%
EBIT / Revenue %	30.5%	20.9%	9.6%	26.8%

Notes:

1. “Comparable” information is defined as per slide 6. This is “Non-IFRS” information and has not been subject to audit or review assurance procedures

# Appendix 3: Balance Sheet, Capex and Cash Flow

## Balance Sheet

\$m	Dec-22
Total current assets	948.9
Licences	733.3
Other intangible assets	2,241.3
Property, plant and equipment	63.6
Other non current assets	377.7
<b>Total assets</b>	<b>4,364.8</b>
Total liabilities	3,993.3
<b>Shareholders' funds</b>	<b>371.5</b>
Net debt	1,944.6
Shares on issue (m)	2,225.8

## Comparable<sup>1</sup> Capital Expenditure

\$m	Dec-22	Dec-21
BAU Lotteries	11.8	14.3
BAU Keno	7.5	4.0
Non-BAU	11.4	-
<b>Total</b>	<b>30.7</b>	<b>18.3</b>

## Cash Flow

\$m	Dec-22
Net operating cash flows	527.2
Net interest paid	(59.1)
Income tax paid	(67.3)
Payments for PP&E and intangibles	(21.4)
<b>Sub-total</b>	<b>379.4</b>
Transfers to term deposits relating to certain lottery games	(26.9)
Payment for on-market share purchase	(6.3)
<b>Net cash flow</b>	<b>346.2</b>

Notes:

1. "Comparable" information is defined as per slide 6. This is "Non-IFRS" information and has not been subject to audit or review assurance procedures



# Appendix 4: Debt

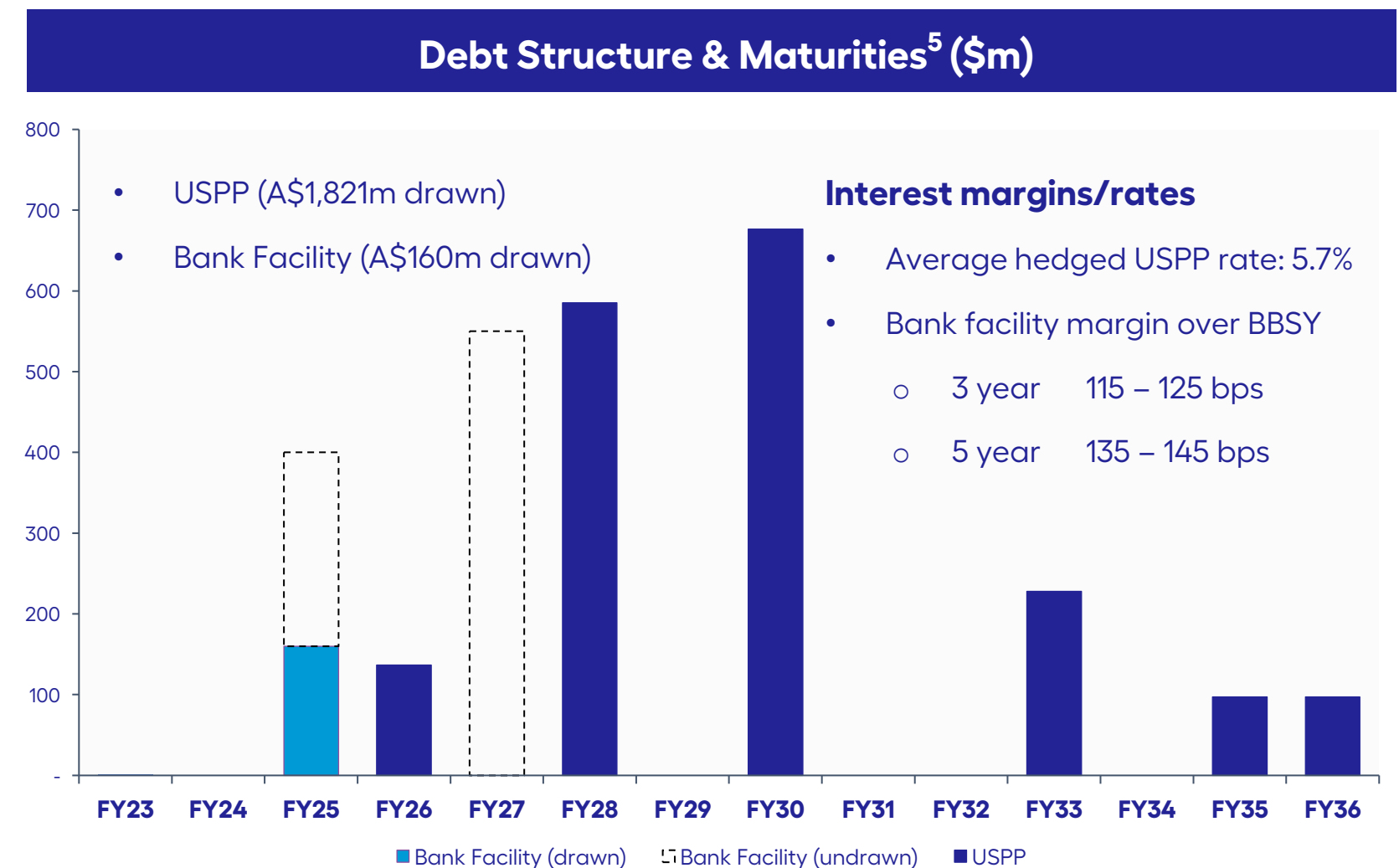
\$m	
<b>Gross debt – excluding lease liabilities (at spot)</b>	<b>2,199.6</b>
Less: Benefit of FX hedges on USPP principal <sup>1</sup>	(218.5)
<b>Gross debt – excluding lease liabilities (at hedged rates)</b>	<b>1,981.1</b>
Add: Lease Liabilities	92.8
<b>Gross debt</b>	<b>2,073.9</b>
Less: Unrestricted cash <sup>2</sup>	(129.3)
<b>Net Debt</b>	<b>1,944.6</b>

## Facilities

- Long-dated USPP debt provides core long-term funding
- Bank debt provides short-to-medium term flexibility
- Average maturity<sup>3</sup>: 7.1 years
- Average Interest Rate<sup>4</sup>: 5.7% p.a.
- Interest rates fixed on 92%<sup>5</sup> of gross debt
- \$790m of undrawn bank facilities at year end<sup>6</sup>

### Notes:

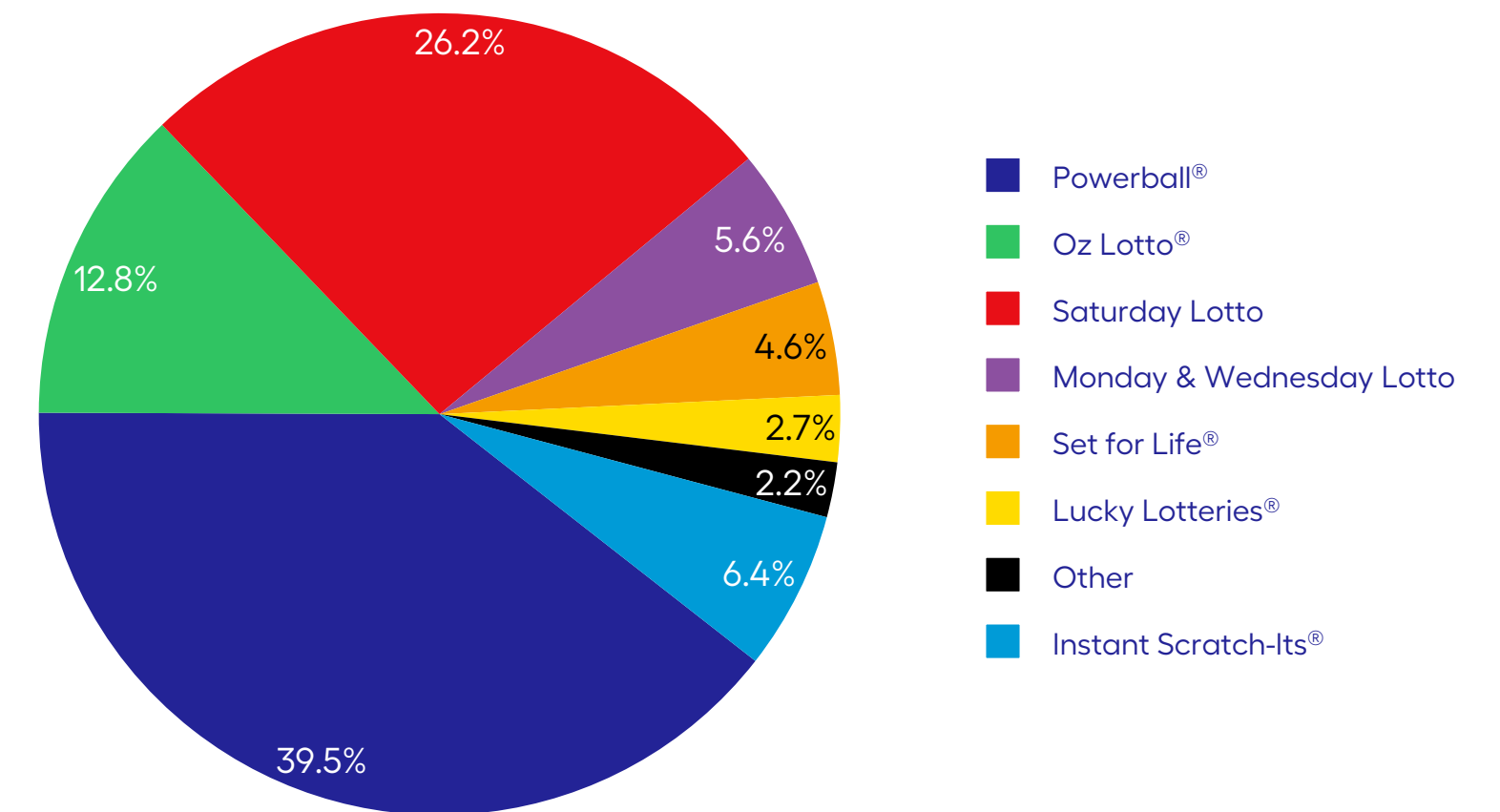
1. USPP principal at the spot exchange rate (US\$1,250m @ 0.6775 = A\$1,845.0m) less Principal amount payable at maturity under cross currency interest rate swaps (A\$1,626.5m)
2. Cash and cash equivalents (\$437.7m) less restricted cash (\$308.4m)
3. Based on drawn facilities as at 31 December 2022. (Based on available facilities: 6.2 years)
4. Incorporates lease liabilities and non-interest finance costs. Based on average drawn facilities for the six-month period to 31 December 2022. (If all available facilities were fully drawn, the average interest rate would have been 5.3% p.a.)
5. Hedged against interest rate and foreign exchange movements. Based on drawn facilities as at 31 December 2022
6. Excludes overdraft facility (\$100.0m) maturing on 29 April 2023 and lease liabilities (\$92.8m)



# Appendix 5: Lotteries – Turnover by product

Turnover by Game (\$m)				
Game	1H23	1H22	Change	
			\$	%
Powerball®	1,441	1,223	218	17.8%
Oz Lotto®	466	493	(27)	(5.5%)
<b>Jackpot Games</b>	<b>1,907</b>	<b>1,716</b>	<b>191</b>	<b>11.1%</b>
Saturday Lotto	955	960	(5)	(0.5%)
Monday & Wednesday Lotto	206	223	(17)	(7.6%)
Set for Life®	167	174	(7)	(4.0%)
Lucky Lotteries®	98	41	57	139.0%
Instant Scratch-Its®	234	245	(11)	(4.5%)
Other	82	79	3	3.8%
<b>Base Games</b>	<b>1,742</b>	<b>1,722</b>	<b>20</b>	<b>1.2%</b>
<b>Total</b>	<b>3,649</b>	<b>3,438</b>	<b>211</b>	<b>6.1%</b>

1H23 Turnover by Game



# Appendix 6: Lotteries – Comparable turnover growth

Actual Growth	1H21 v 1H20	1H22 v 1H21	1H23 v 1H22	1H23 v 1H20 CAGR <sup>1</sup>
Powerball <sup>®</sup>	(17.4%)	26.7%	17.8%	7.3%
Oz Lotto <sup>®2</sup>	(5.3%)	10.8%	(5.5%)	(0.3%)
Saturday Lotto <sup>2</sup>	15.3%	15.5%	(0.5%)	9.8%
Mon & Wed Lotto	24.4%	(10.8%)	(7.6%)	0.8%
Set for Life <sup>®2</sup>	58.6%	(1.1%)	(4.0%)	14.6%
Instant Scratch-Its <sup>®</sup>	39.6%	(10.9%)	(4.5%)	5.9%
Like-for-like <sup>3</sup>				
Powerball <sup>®</sup>	28.3%	0.1%	(1.0%)	8.3%
Oz Lotto <sup>®2</sup>	22.4%	(5.1%)	(7.0%)	2.6%

## Notes:

1. Comparison to 1H20 (pre-COVID) provided for comparative purposes. Lucky Lotteries<sup>®</sup> not included as key periods significantly impacted by outlier events leading to unusually large jackpots (1H20: Mega Jackpot \$96m; 1H23: Super Jackpot \$33m)
2. Includes impact of game/price changes
3. Adjusts turnover in a prior period to reflect a sequence of jackpots comparable to the reference period as an indicative measure of underlying performance

# Appendix 7: Glossary

Term	Definition
<b>1H/2H</b>	Six months ended 31 December/30 June of the relevant financial year
<b>AAS</b>	Australian Accounting Standards
<b>Active registered customers</b>	Registered customers who have purchased in the previous 52 weeks in either, or both of, the retail and digital channels
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	Australian Securities Exchange
<b>Base (non-jackpot) games</b>	Saturday Lotto, Monday & Wednesday Lotto, Set for Life®, Lucky Lotteries®, Instant Scratch-Its® and other smaller lotteries games
<b>BAU</b>	Business as Usual. Excludes any impact from one-off implementation costs
<b>BBSY</b>	Bank Bill Swap Bid Rate
<b>bps</b>	Basis points
<b>CAGR</b>	Compound Annual Growth Rate
<b>Capex</b>	Capital expenditure
<b>Comparable</b>	Defined as per slide 6
<b>cps</b>	Cents per share
<b>CY</b>	Calendar Year
<b>D&amp;A</b>	Depreciation, Amortisation and impairment
<b>Demerger Booklet</b>	The booklet dated 30 March 2022 in relation to the demerger of The Lottery Corporation Limited from Tabcorp Holdings Limited
<b>DPS</b>	Dividends Per Share
<b>EBIT</b>	Earnings Before Interest and Tax
<b>EBITDA</b>	Earnings Before Interest, Tax, Depreciation, Amortisation and impairment
<b>EPS</b>	Earnings Per Share
<b>Financial year/FY</b>	The Group's financial year is 1 July to 30 June

Term	Definition
<b>FX</b>	Foreign exchange
<b>GAAP</b>	Generally Accepted Accounting Principles
<b>Group</b>	The Lottery Corporation group of companies
<b>IFRS</b>	International Financial Reporting Standards
<b>Jackpot games</b>	Powerball® and Oz Lotto®
<b>Keno</b>	A game of chance that is played approximately every three minutes and represents one of the Group's two businesses
<b>KPI</b>	Key Performance Indicators
<b>Lotteries</b>	The Group's business that operates lotteries, which are games of chance
<b>n.a.</b>	Not applicable
<b>Net Debt</b>	Defined as per Appendix 4
<b>n.m.</b>	Not meaningful
<b>NPAT</b>	Net Profit After Tax
<b>Opex</b>	Net operating expenses
<b>p.a</b>	Per annum
<b>pcp</b>	Prior corresponding period
<b>Restricted cash</b>	Certain cash balances that are held by the Group that are restricted under various regulatory requirements pursuant to state-based licences
<b>The Lott</b>	Umbrella brand for the entire Lotteries business
<b>Turnover</b>	Game sales, excluding commissions paid
<b>USPP</b>	US Private Placement
<b>VC</b>	Variable Contribution

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