



Company: The Lottery Corporation
Title: Annual General Meeting – Event Transcript (Edited)
Date: 8 November 2022
Time: 10:00am (Brisbane time)

Start of Transcript

Steven Gregg: Good morning everyone, my name is Steve Gregg, and I am the Chairman of the Lottery Corporation Limited. On behalf of the Board I would like to welcome you to the inaugural Annual General Meeting of the Lottery Corporation. I begin by acknowledging the Traditional Custodians of the lands on which we are meeting, the Yuggera and Turrbal peoples and pay my respects to their Elders past, present and emerging. I also acknowledge the traditional custodians of the many lands we're meeting from online today.

I've been informed that a quorum of shareholders is present and so I declare the 2022 AGM open. Please allow me to introduce our Board today. Joining us today in person are our independent Non-Executive Directors. On my far right we have Harry Boon, on his left Anne Brennan, on Anne's left, John O'Sullivan and on John's left, Megan Quinn. Doug McTaggart, another of our independent Non-Exec Directors is joining us online as he is recovering from a procedure. In that respect, good morning Doug, hope all is okay. Also on the stage are Sue van der Merwe, our Managing Director and CEO, and Patrick McGlinchey, our Company Secretary and Chief Legal and Risk Officer.

We're also joined today by Michael Collins, the lead audit partner of our external audit firm, Ernst & Young. I would also like to introduce you to the other members of the lottery company's Executive Leadership Team. I'll ask each of them to stand as I introduce them. First Adam Newman, our CFO, Callum Mulvilhill, our Chief Commercial Operations Officer, thanks Callum. Loren Fisher, our Chief Information Officer, and Andrew Shepherd, our Chief Customer and Marketing officer, and Michelle Williams, our Chief People Officer, and Antony Moore, our Chief Channel Officer.

We are pleased to offer shareholders the opportunity to participate both in person and online today. Before we move to the formal business of the meeting, I'd like to outline the procedures for asking questions and submitting votes. As set out in the notice of meeting, only shareholders and proxyholders are entitled to ask questions or make comments and to vote on the resolutions. We'll allow reasonable opportunity for shareholders as a whole to ask questions and make comments as each item of business is considered.

Please ensure your questions or comments are relevant to the item of business being considered and to shareholders as a whole. I will first answer questions received from shareholders and proxyholders prior to the meeting, followed by questions from those who are participating here at the AGM venue. I will then address questions received through the online platform. I've been informed by the Company Secretary that there are no shareholders or proxyholders who have registered to use the phone line today, and for those here in person and wishing to ask a question or make comment, please make yourself known to the Link staff nearest to you when I introduce each opportunity for shareholders to speak.

Please show your voting or proxyholder card and introduce yourself to the meeting. If you are attending as a proxyholder, please state the name of the shareholder you are representing today. Only those persons holding a yellow card are entitled to speak, and we respectfully ask that shareholders observe a two-question limit to ensure as many shareholders as possible have an opportunity to ask questions. For those shareholders and proxyholders who are joining us online today, and wish to ask a question, you may do so via the platform online meeting platform.



Where there are similar questions I will aim to acknowledge those who have asked the question. However, a single response will be provided in order to streamline today's proceedings.

To help with the smooth running of the meeting today we are going to invite shareholders and proxyholders who are participating online to submit your questions or comments now if that's okay. Further details about how to ask questions and make comments using the platform are set out in the online meeting guide. You can access that guide through the link at the bottom of your screen or on the website.

Thank you to those shareholders who have submitted questions prior to the meeting, those questions will be answered through my address or the CEO's address which have been released to the ASX market announcements platform prior to the commencement of this meeting. Voting on all resolutions will be conducted via a poll, and I appoint The Lottery Corporation share registry, Link Market Services, as the returning officer for the conduct of the poll today. I now declare the poll open.

For those shareholders and proxyholders attending in person and wishing to vote, please make sure you have and complete a yellow voting card. These will be collected by Link staff following the close of the meeting. If you are voting today and need to leave the meeting early, please remember to submit your voting card to the share registry staff or online staff before you leave, thank you. Those participating online may submit their vote by clicking on the voting card button and following the instructions, and you may change your votes at any time until the poll is closed.

Votes on any item of business may be cast at any time during the meeting and the poll will close approximately five minutes after the conclusion of today's meeting. Details of the proxies received prior to the meeting on each resolution will be shown on the presentation slides after each discussion of that item. I'm holding open proxies in my capacity as Chair of the meeting, and I intend to vote all available proxies in favour of all the resolutions today. The final results of the poll will be lodged with the ASX as soon as possible after today's meeting.

If you encounter any technical issues with the platform at any time during the meeting, please contact the share registry online AGM support team on the phone number visible on the screen. Our online meeting guide has been published on our website and is available via the platform you are now using. In the unlikely event of significant technical issues or an emergency here in this auditorium, it may be necessary to adjourn the meeting, and if this occurs, we'll update those participating online either via the platform, via text or website or through the ASX market announcements platform.

We have published on the ASX and on our website the notice of meeting and the formal addresses and presentations to be delivered today. Following the conclusion of the meeting, a recording and transcript will be available on our website.

It's a pleasure to address you today at The Lottery Corporation's first Annual General Meeting. As shareholders know, The Lottery Corporation became a standalone entity through the successful demerger of the lotteries and Keno business from Tabcorp on 1 June 2022. On behalf of the Board, I extend my sincere thanks to our staff, our advisers and all our partners who helped deliver the demerger on schedule. The demerger was a complex process, executed over 12 months and under very challenging circumstances.

The Lottery Corporation may be a new name, but our brands and games have been adding excitement to the lives of Australians for more than 140 years. Almost one in two adult Australians purchased a lottery ticket in the past 12 months. More than 300 Australians became millionaires through our games in FY22.



We are the driving force behind Australia's largest lottery games and one of the highest performing lotteries businesses globally, operating a portfolio of high-profile and recognised brands. Our business has scale and wide reach with significant and diverse retail distribution, high-performing digital channels and 4.1 million active registered customers.

Moving to our performance if we could please. The Lottery Corporation delivered strong result in FY22. This followed on from another strong performance in FY21 when we saw a rise in lottery product purchases during the height of the COVID pandemic. The FY22 reported numbers only include on month of Keno, so I'll focus my comments on the comparable numbers, which include Keno for a full 12 months in both periods. We consider the comparable numbers as opposed to the reported numbers to be more reflective of the ongoing business.

On this basis, the Group revenue for FY22 increased 9% to just over \$3.5 billion and a comparable Group EBIT before significant items grew at 14% to \$603 million. The results show the strength of our strategic approach to managing a diverse and balanced portfolio. Overall the result also demonstrated the resilience of lotteries in different trading conditions and the defensive qualities of our business.

As we foreshadowed in the demerger scheme booklet, The Lottery Corporation did not pay a final dividend in FY22. Tabcorp announced the final dividend with reference to the five months of The Lottery Corporation's earnings prior to the demerger in addition to Tabcorp's second half earnings of FY22. The Lottery Corporation expects to pay its first dividend in March 2023, subject to business performance and all necessary Board approvals. This is expected to be an interim dividend for the first half of FY23 with reference to the seven months of earnings post the 1 June 2022 demerger date.

We are in a strong and flexible financial position to support our existing business and fund growth.

The creation of The Lottery Corporation was a watershed moment for the business that dates back to 1881 when George Adams organised the first Tattersall's public sweep on the Sydney Cup.

The rationale for the demerger from Tabcorp was very clear. It gives The Lottery Corporation the opportunity to benefit from an operating profile that is more aligned to its operations; a Management team solely focused on lotteries and Keno; a culture that is bespoke to us as an operator of lotteries and Keno products, and to access new investors with different investment preferences and ESG criteria; and to have an optimised capital structure reflecting our business.

In this regard, the Board and management continue to review our financial framework and optimising shareholder value, and we're focused on maintaining and growing dividends, targeting outcomes consistent with a strong investment grade credit rating and being disciplined when it comes to capital investments on a risk-adjusted basis.

We will have more to say about our dividends and our overall approach to capital allocation in February with the half-year results, and always ensure that we have prudent settings in place to support sustainable, long-term business growth and value creation. We have a great base to build on, with deep experience in category and proven performance. But we are forging our own path and it's an exciting one.

As a standalone entity, the Board and Management team are now solely focused on The Lottery Corporation, with a refined strategy and the shaping of a high-performance culture that will support the business to deliver positive outcomes for shareholders, our people, our partners and the community.

While the demerger was successfully implemented on time, there is still substantial work to do to complete with separate vendors, systems and some functions from Tabcorp.



I would now like to turn to The Lottery Corporation's commitment to high standards of corporate governance and operating with integrity and transparency with all our stakeholders, including governments and regulators. As a newly listed Company, one of the Board's priorities has been establishing practices that align with good corporate governance approaches, our strategic priorities and shareholder expectations. The Board has also been focused on initiatives to support The Lottery Corporation as a new Company, such as defining the risk management framework and establishing the Board's standing committees.

Our new Board of Directors has direct experience of the lotteries and Keno businesses, with three independent, Non-Executive Directors, Harry Boon, Anne Brennan and myself, being Directors of Tabcorp before the demerger. Continuity of leadership, deep industry experience and the maintenance of corporate knowledge is very important in the early days of a demerged Company. With the length of time it takes to secure probity approvals for any new Director of TLC, it was critical to have a core Board in place on day one, which we have successfully done.

This resulted in the appointment of three Directors from the Tabcorp Board. It's also important that the new Board has developed perspectives of diversity of thought, skills and experience and I'm pleased to say that we've now formally appointed three new Non-Exec Directors following the receipt of all the necessary approvals last week, it's great timing.

Doug McTaggart, John O'Sullivan and Megan Quinn strengthen and complement the Board's skills and experience, they bring a blend of experience in areas such as digital innovation, public policy, customer experience and governance, as well as strong commercial acumen. They look forward to addressing you later in the meeting when they offer themselves for their election.

The Board appointed a proven Management team, led by CEO, Sue van der Merwe, who served as the Managing Director of Lotteries and Keno within the Tabcorp Group. Sue has extensive experience in lotteries spanning more than 30 years. She's played a central role in developing the Australian industry and is highly regarded in the sector globally. Sue leads an experienced Executive Team that's a mix of the pre-existing Lotteries and Keno leadership team, executives from the key corporate functions which came across from Tabcorp, and some new appointees.

They all bring relevant skills, capabilities and experience, and create a high calibre team. We're very proud to have them.

Lotteries has a proud history of making a meaningful difference in the community. This is part of our DNA, our purpose and a source of pride for the Company and the team. Our operations generated \$1.7 billion in lotteries and Keno duties for governments in FY22 and more than \$500 million in commissions for our retail partners, many of these as small businesses such as newsagents.

In addition, we provided substantial financial support to organisations and projects in areas such as medical research, child safety and disaster relief. As a newly listed Company, we're in the process of finalising our sustainability strategy, and it is expected to be published on our website later in FY23.

The Lottery Corporation offers Australian adults entertaining games with a chance of a thrilling win, and that comes with a commitment to offering our games and products responsibly. Throughout our Responsible Play program and Customer Care Roadmap initiatives, we have a range of measures and safeguards to minimise the potential for harm and prevent underage gambling and assist those who may be at risk.

The Lottery Corporation is committed to evolving these practices to ensure they remain aligned with customer and community expectations and leverage advancements in technology and harm minimisation research.



In conclusion, I want to thank you as shareholders for your support of The Lottery Corporation. I also extend my thanks to our employees, our partners and more than 8 million Australians that play our games every year. 2022 was naturally a momentous year for our Company, we have an exciting future ahead of us as we continue to build in the rich heritage of lotteries in Australia and while also building our position as a leader in the Australian lotteries and Keno market.

I'll now hand over to our CEO, Sue van der Merwe, for her address.

Sue van der Merwe: Thank you, Steven, and good morning shareholders. I am delighted to present to you at this, our first ever AGM of The Lottery Corporation. The Company appreciates your support throughout the demerger from Tabcorp and in this exciting phase of The Lottery Corporation's history.

It's worth acknowledging that we are in Brisbane, the home of Golden Casket, which over time became part of Tatts Group and Tabcorp and now sits proudly under the banner of The Lottery Corporation. Golden Casket, like our other lotteries, has a rich history of giving back to the community. Among many other things, it's provided substantial financial support to World War I veterans and hospitals in Brisbane, and this tradition of giving continues today.

Child safety campaign, the Daniel Morcombe Foundation, is just one of the organisations that lotteries have made a meaningful difference to here in Queensland. The same can be said for the University of Queensland, with lotteries continuing to support its quest to find solutions to some of Australia's biggest health issues.

I'm pleased to update shareholders on the 2022 financial year. As the Chairman outlined, The Lottery Corporation had a strong FY22. This was very pleasing in a year where we balanced two key priorities, delivering the demerger and maintaining momentum in our core business.

The demerger work was extensive and complex, and much of it was carried out while managing the impacts of the pandemic on our customers, our teams and the business. I'll talk to our comparable financial results as opposed to our reported results, as they are the most meaningful and representative of our performance.

In terms of our two segments, lotteries EBIT grew 16% to \$541 million, while Keno EBIT was \$62 million, down 5%. At Year End, we had 4.1 million active registered lotteries customers, an extra 330,000 on last year. Registered customers are important to us as we can directly engage with them in a more personalised way. It also makes our marketing more efficient.

Our customers bought 660 million lotteries entries in FY22 and won more than \$4.9 billion in prizes.

Looking back at FY22, our growth was underpinned by key initiatives in four main areas: product innovation; active portfolio and jackpot sequence management; digital enhancements; and investment in retail. On product innovation, the Oz Lotto game change we implemented in May 2022 has reinforced its strategic position in the jackpot segment of the portfolio.

Oz Lotto is a key customer acquisition game, and the change has been well received by our customers. The successes of previous changes made to Saturday Lotto and Set For Life, part of what we call our base games portfolio, also shone through in their resilient performance, especially given the heightened jackpot activity on Powerball.

Our approach to active portfolio and jackpot sequence management was instrumental in delivering a sales record for Powerball in February 2022. Under an accelerated jackpot sequence, the \$120 million jackpot in February 2022, outsold



the \$150 million jackpot in 2019. Our philosophy is to manage our overall portfolio for growth by having games that appeal to different customer motivations.

This also reduces the variability of our overall results, as the product mix does change from year-to-year based on Jackpot activity.

We've been focused on digital enhancements, both in distribution and in our marketing, and we have a fast-growing digital channel. Lotteries digital turnover grew by more than 25% and accounted for just under 38% of total turnover, also driving margin improvement.

The launch of our omni-channel program into South Australia completed the final phase of our national rollout. We continued to invest in our retail network, which also grew in FY22 and remains resilient. Our lotteries retail network is, in fact, one of Australia's largest retail franchise networks. It's an important part of our omni-channel approach that allows customers to buy when and where they choose to. It also provides high visibility for our brands.

Added to that is our extensive licence venue distribution channel for our Keno products. Keno was impacted in FY22 by venue closures due to COVID restrictions, however digital growth was strong, largely offsetting the reduction in retail activity. Also on Keno, we secured a new 20-year Victorian licence on a non-exclusive basis. This new licence now runs through to 2042 and allows for digital sales.

Soon after the demerger, we began a process to define The Lottery Corporation's new strategy vision and purpose and to set our culture. Our Board and management considered our capabilities, the expectations of our shareholders, our position in the global lotteries sector, and ultimately what we want the Company to become. We recently finalised this work and launched our new vision and purpose internally. You can see more detail on the accompanying slide.

Our vision is simple, we aspire to be the world's best lottery operator. Our purpose is to create positive impacts. Collectively, this will guide how we operate and the culture that we are creating at The Lottery Corporation.

Turning to FY23. We are building on our proven strategy, focused around customer-led innovation in our product portfolio and in our distribution channels and we have a suite of initiatives in play. Let me provide an update on some of the newer proposed initiatives, which I should emphasise are subject to regulatory and other approvals.

In terms of draw game enhancements, we had initially planned for Monday and Wednesday Lotto to be our major game change this year. That's now intended for FY24, and we've bought forward our plans on Powerball, our largest jackpot game.

The revamp of Powerball in 2018 has been a great success. Four years on, it continues to capture the public's imagination and attract more players. It's currently anticipated that we'll introduce an increase in the subscription price towards the end of FY23 from \$1.10 to \$1.20 per game. This would be the first change to Powerball's subscription price in five years. In doing so, we would reinforce Powerball's position as the premier jackpot game.

We're also reviewing the omni-channel commission structure of our retailers, including the base commission rate. At the centre of this is continuing to support their businesses, ensuring they are rewarded and motivated to deliver the best possible customer experience and to drive our omni-channel growth.



I'll now provide an overview of trading for the four months to 31 October 2022. Group revenue was up 11% on the pcp with lotteries up 9% and Keno up 33%. It's a healthy result to date and evidence of continued momentum supported by the strategic and deliberate actions we have taken to drive performance across our games.

Looking at lotteries, we're seeing strong customer support for our games. Our base games remain resilient and an important foundation for delivering sustainable revenue growth. Jackpot games are performing well with strong customer support at the various draw levels and active management of the jackpot sequences, driving a record result and jackpot offer on our Powerball game in October.

These are the key signposts for how the business is functioning. Having come off the highs of the COVID tailwind from early in FY22, we are pleased with our performance to date. We had a slow start to the year in terms of jackpot activity, but as mentioned, that took a nice positive turn in recent weeks as Powerball rolled through to \$160 million jackpot and delivered another record turnover result.

Powerball's mass appeal was on show again with the draw attracting 135,000 new registered players and lots of enthusiastic customers queuing for their tickets in our retail channel. At peak times, roughly three hours before the draw, we were selling 8,700 games per minute to Australians. Retail continues to generate most of the lotteries turnover, and we saw continued growth in digital, which made up 39% of total volumes.

On Keno, the strong return to growth was predominantly driven by venues trading without restrictions in New South Wales, Victoria and the ACT, that negatively affected the prior period. Pleasingly, we have also seen strong performance in Queensland, with turnover up 18%. Footfall growth has helped drive this, and that's also good news for hotels and clubs. Digital share of Keno normalised to 15% following the COVID distortions of last year, although we continue to see upside potential.

Before I hand back to Steven, let me cover the World Lottery Summit, which was recently held in Canada, bringing together more than 1,200 global lottery industry professionals. I'm thrilled to tell shareholders that The Lottery Corporation was recognised for excellence in two areas. Our community campaign, There's a Lott More to Play For, won best corporate advertising. We received a Responsible Play award for best overall program by Level 4 Accredited Lotteries, the highest level of accreditation available. A great achievement for our team to be recognised by our global peers in such a way.

In summary, we are proud of our teams for maintaining momentum in the business and executing on the demerger while dealing with the impacts of COVID. We have an energised team that's excited about our future, we are determined to build on the tremendous history of Australian lotteries and continue to deliver winning moments to our people, our customers and our communities. I want to thank our employees and business partners who played a vital role in our success during an historic year, and I want to thank you, our shareholders, for your ongoing support.

Thank you, I'll now hand back to the Chairman.

Steven Gregg: Thanks, Sue, terrific address, and it's a great story. I am very proud of this Company. Ladies and gentlemen, we now come to the formal business of today's meeting. The notice of meeting has been published and made available to shareholders, and I will take it as read. At the end of each item of business, shareholders and proxyholders attending the physical AGM will be provided with an opportunity to ask questions, and those participating online can submit questions via the online meeting platform. May I please ask that you keep your questions relevant to the agenda items.

The first item on the agenda is to receive and consider the financial report, the Directors' report, and the Auditor's report for the year ended 30 June 2022. These reports were approved by the Board and released on 24 August 2022. They were also published on the ASX Market Announcements Platform and on our website. There is no vote on this item, however, in a moment I will answer questions submitted prior to the meeting on these reports and on the performance of the Company, which have not been answered in my address or Sue's address. I will then invite questions from the floor and answer questions received online.

Ernst & Young is the Company's external auditor. Michael Collins, the partner of Ernst & Young who signed the Audit report is here today and available to answer questions which should be restricted to audit matters. I will now ask the Company Secretary to read questions received prior to the meeting.

Patrick McGlinchey: Thank you, Chairman, there are four questions. The first question is from Miss Natasha Lee. Miss Lee asks: Can you please articulate the Company's strategic priorities to ensure success, our corporate values that underpin this, the progress of our business units and products? Please provide FY23 guidance of net profit before tax, FY23 guidance for dividend franking and payout ratio range of normalised NPAT and foreseeable key risks and opportunities for our business.

Steven Gregg: Thank you for your question, Ms Lee, all good questions to ask. The Lottery Corporation's vision is to be the world's best lottery operator, our strategic priorities and values were set out in Sue's address to the meeting today, together with an update on our business performance in FY22 and FY23 to date. In relation to your question about the FY23 guidance of net profit before tax, The Lottery Corporation does not provide such guidance to the market.

With respect to our dividend policy, we are currently targeting a payout ratio of between 70% and 90% of net profit after tax, excluding significant items. Of course the payment of any dividend remains subject to a business performance and all necessary Board approvals.

On the topic of risk, The Lottery Corporation takes a structured approach to identifying, evaluating and managing current and emerging risks. Details on our material business risks and the mitigation strategies adopted to reduce the likelihood of the risk occurring, or minimising the consequences of risk, are set out in the Operating and Financial Review in our Annual Report. Shareholders will note this covers topics such as compliance and conduct risk, and technology risks amongst others. Patrick, next question please.

Patrick McGlinchey: Thank you, Chairman. The next question received prior to the meeting comes from Mr Michael Egner and reads: will the Board be providing a DRP for shareholders' benefit?

Steven Gregg: Thanks, Patrick and thank you, Mr Egner. At this time, no decision has been made in relation to a DRP, however, we are aware that some shareholders may wish to reinvest dividends and we'll take that into account when making a final decision closer to the time of the dividend. Thank you. Patrick?

Patrick McGlinchey: The next question is from Ms Sophia Giannis and reads: what action is the Board taking to ameliorate the impact of climate change upon the economy?

Steven Gregg: Thank you, Patrick and thank you, Miss Giannis. A very topical question for all Boards these days. As a new entity, The Lottery Corporation is in the process of formulating an ESG strategy and policies and we intend to disclose that information later in FY23. We recognise that climate change is significant, and it's a great challenge that we need to meet. Whilst we have a relatively small environmental footprint, we will be considering how we can reduce our emissions at all levels, thank you. Patrick?

Patrick McGlinchey: One final question received prior to the meeting, Chairman and it is from Mr David Bryce who asked: I note that a large amount of long-term liabilities are in US dollars with a swap hedge facility. Given the recent fall in the value of the Australian dollar against the US dollar, how has this impacted the debt facilities?

Steven Gregg: Thank you, Patrick, and thank you Mr Bryce. It's a good question and we have a significant amount of debt, and it is US dollar private placement debt. The US private placement was swapped back into Australian dollars at a fixed interest rate upon inception in 2018. The amount of the US dollar debt is fixed at A\$1.8 billion and is totally unaffected by exchange rate movements, which is good news for the Company. Patrick, any further questions there?

Patrick McGlinchey: No further questions received prior to the meeting, Chair.

Steven Gregg: I'll now ask if there are any questions from the floor.

Operator: Good morning, Chair, I'd like to introduce Justin Goodfellow.

Justin Goodfellow: (Shareholder) Hello, Justin Goodfellow, shareholder. Mr Chairman, and Harry, I have three things I wanted to ask about. Has the Company got any vulnerability to hacking? The second part was in the demerger, I was confused about the makeup of the demerger, that 84% was with Lottery Corp and 16% or 17% with Tabcorp. I was never really able to get my head around the details of that, it was complex and difficult to get the answers. Could you speak to me about that a little bit?

Also, when all those people registered for the new Powerball, the CEO mentioned there was a period of a couple of years that when you received a dividend in Lotto you got an email telling you that you did. That was unrequired, I didn't need that to happen but just as I got used to it, it then got taken away. Are those new registered players, did they all receive emails when they received a dividend in the Lotto, or has that come and gone?

Steven Gregg: Thanks for your question, I'll get Sue to answer the last question. With regard to hacking and cyber, this is obviously extremely topical as with all companies at the moment. We're very vigilant on this. We have responsibilities to our clients, and we make a significant effort to ensure that information is protected. We have a budget to deal with that, and people specifically tasked with dealing with it.

But all companies are vulnerable to hacking, and we'd be naive to think that we wouldn't be, so we need to be just very vigilant to make sure that we give our clients and our Company the best protection we can. But it's a work in progress and hopefully we'll continue to be safe. With regard to the split of 84% and 16%, I presume you're talking about the values of the Company. That is simply a function of what the market's determined is the relative values of the lottery company versus the Tabcorp wagering business. It reflects both the profitability and the inherent multiple of the Company.

I might just ask Sue if she could be kind enough to talk to you about whether the people are getting emails on success of their lottery tickets, Sue.

Sue van der Merwe: Thanks Chairman. I think you certainly should, but these days we have to be very careful and ask players to opt in to receive communication, as laws have changed over the years, there's been new requirements on us. So, I know I certainly get communication when I purchase lottery products. We do have our Chief Customer and Marketing Officer here as well and I welcome you to speak to him after the session to get a bit more detail on that.

Steven Gregg: Thanks, Sue, any more questions from the floor please?

Gary Bielby: Gary Beilby is my name, Mr Chairman. We've seen the negative impacts of recent cyber-attacks, obviously with regard to other companies like Optus and Medibank. On top of this you've got Mark Dreyfuss, the Attorney General, recently stating companies could be slapped with penalties up to \$50 million for failing to protect personal data. The area of previously mentioned high-profile hacks, the possibility of class actions together with the possibility of tougher penalties designed to fix those inadequate data laws, does The Lottery Corporation have insurance to address these security threats?

Steven Gregg: Thanks for your question and again it's a good question, very topical. What laws the government introduces as a means to try and get companies to ensure the privacy of data - is for the government to decide. I'm not sure if that has the effect of making Boards work harder or smarter. It's something we should be doing anyway. Obviously, we don't want to have our client's data hacked, so we're working very hard to make sure that doesn't happen. We do have cyber insurance, to your question, but we hope we don't ever have to rely on that. We just hope that our management gets it right.

Thanks for the question. Any more questions from the audience please before we go online? Okay, thank you for that, Patrick I'll pass it onto you, any questions that we ought to be addressing from online?

Patrick McGlinchey: Thank you, Chairman, we have multiple questions received online. At least four. The first set of questions come from Mr Stephen Mayne, and there are a number of questions grouped together. I will take one at a time, Chairman if I may? The first question: Did any of the five main proxy advisers, ACSI, Ownership Matters, Glass Lewis, ISS and ASA, recommend a vote against any of today's resolutions?

Steven Gregg: Thank you, Patrick, and I'll get you to confirm it for me, but I believe they didn't, I believe they all voted in favour of the resolutions today.

Patrick McGlinchey: I believe that's correct, Chairman. The next question also comes from Mr Stephen Mayne: Which of the proxy advisers are covering us? Sorry, which of the proxy advisers which are covering us and has there been a material proxy protest vote against any of today's resolutions? I believe that's probably covered by the first question.

Steven Gregg: They haven't.

Patrick McGlinchey: Next question from Mr Stephen Mayne. Will you disclose the proxy votes before the debate on each of the resolutions so shareholders can ask questions about the reasons if there have been any protest votes?

Steven Gregg: Thanks for that, Stephen, and the answer is no, we won't. We believe it's important that all the shareholders have the right to say what they think without proxies being there. We are happy to disclose votes received on the screen after we've had the discussion, giving them all equal weighting. We don't believe in segregating between proxies and shareholders, everyone should have the same rights there. So, different companies do it differently, but that's how we'll be doing it.

Patrick McGlinchey: The final question relates to that, why not disclose the proxies to the ASX with the formal addresses like others do now?

Steven Gregg: Well, I just don't believe it's appropriate.

Patrick McGlinchey: Thank you, we have one more from Mr Stephen Mayne. At the recent Tabcorp AGM, the Chair made a strong call for restrictions on gambling advertising, arguing that there is too much gambling advertising in

Australia, particularly on television. Do we currently face any legislative and regulatory constraints on where and how we advertise our gambling products, and do we support the introduction of any further restrictions on gambling advertising?

Steven Gregg: I'll leave the Chairman of Tabcorp to make their own views on that, that's not our company. We are a very soft touch Company when it comes to advertising, we aren't anywhere near the sphere of the online bookmakers or the wagering companies. We don't have restrictions, but we use our position very, very sparingly and very, very mindful of the effect it has. There's an investigative commission going on at the moment into the gambling industry, specifically regarding advertising.

We will be probably putting in a submission into that and will be suggesting that advertising, depending on which form of gambling, is a very different exercise and we should be treated a bit differently there, so thank you.

Patrick McGlinchey: Thank you, Chairman, we have another question online from Mr Peter Caloiera. As a result of the demerger, TLC got most of the debt, over \$2 billion worth. How are rising interest rates affecting TLC's ability to manage these high debt levels?

Steven Gregg: Thank you, Mr Caloiera. Good question, it's an interesting environment at the moment, interest rates are certainly rising. As mentioned before in my address, the vast majority of our debt is actually the USPP. It is actually fixed, and it's hedged. So, at the moment we are fortunate that although we have a lot of debt and it's in some ways inflexible and long dated, that we aren't subject to the vagaries of the market at the moment. So, we're coping with that very well, your Company's in good hands there.

Patrick McGlinchey: Chairman, we have another question online, again from Mr Stephen Mayne. Our former parent company, Tabcorp, has long been a long-term donor of the major Australian political parties and has traditionally showered entertainment benefits on politicians through techniques such as inviting MPs and Ministers to the Tabcorp marquee at the Melbourne Cup.

Given the sensitivities around government licenced gambling companies seeking to influence the political and regulatory process, will we commit to a zero donations policy, like BHP, Rio Tinto and Aristocrat? How much political expenditure did we make last year?

Steven Gregg: Thanks, Stephen, it's a good question, thank you for that. We're not Tabcorp, we don't have marquees, we don't invite people to events of that nature, we're a very, very different business. As an organisation we don't make political donations as such, so the answer to that is zero. However, we do contribute to political forums where we can at least go and listen to what the politicians are saying from both sides. But we don't make political donations as such.

Patrick McGlinchey: Thank you, I believe there are no further questions received online in respect of this item of business, Chairman.

Steven Gregg: Thank you, Patrick, and thanks for those questions, they're all good, they're all worth airing, thank you. As there are no more questions, that concludes this item of business and we will now move onto the next item. The next item of business relates to the re-election and election of Directors. Item 2A in the agenda is the re-election of Anne Brennan as a Director of your Company. Anne has been a Non-Exec Director of The Lottery Corporation since May 2022. Anne retires in accordance with the constitution and being eligible she has offered herself for re-election.

Anne is the Chair of the Audit Committee and a member of the Risk and Compliance Committee, and the People and Remuneration Committee and Nominations Committee. Anne was a Non-Exec Director of Tabcorp Holdings Limited



from July 2020 until the demerger. She's also a Director of GPT, the Endeavour Group, New South Wales Treasury Corporation and Rabobank New Zealand. The Board considers Anne's extensive experience and background in finance, accounting, risk and compliance in the gaming and entertainment industry to be of massive value to The Lottery Corporation.

She's also considered to be independent by the Board. The Board, with Anne abstaining, unanimously supports her re-election as a Director of the Company and recommends shareholders vote in favour of this resolution. On that basis I would like to invite Anne to address the meeting please. Thank you, Anne.

Anne Brennan: Thank you, Steven and good morning ladies and gentlemen. I'm pleased to seek election to your Board at the inaugural AGM for The Lottery Corporation. I will provide a brief summary of my experience to support my nomination to the Board.

During my executive career, I held a variety of senior management roles in both large corporations and professional services firms. This included being the Chief Financial Officer at CSR and the Finance Director at Coates Hire. I was also a partner at KPMG, Andersen and Ernst & Young. From these roles, I think I bring solid financial and business experience to my role on the Board of The Lotteries Corporation.

I've been a Non-Executive Director for more than 15 years across a broad range of industries including entertainment, gaming, property, infrastructure, financial services and I think a few others. I believe this breadth of experience, coupled with my independent perspective, enables me to provide a strong contribution to The Lotteries Corporation's strategic discussions and support effective governance of the Group.

I am currently the Chair of the Audit and Risk Committee at Endeavour Group, Treasury Corp New South Wales and Rabobank New Zealand and I've recently been the Chair of the Audit Committee at Tabcorp, Spark Infrastructure and Argo Investments. I also serve on the People and Remuneration Committee for the Boards that I serve on.

I think this experience provides me with the right background to Chair the Audit Committee at The Lotteries Corporation and also to serve on the various committees. Thank you for the opportunity to address you today, I would be very honoured to be elected to your Board. Thank you.

Steven Gregg: Thank you, Anne. I'm informed by the Company's Secretary that no questions were received on this item prior to the meeting. Are there any questions on the floor before we vote on this item of business?

Kelly Buchanan: (Proxyholder) Yes, good morning, Mr Chairman. I'm Kelly Buchanan from the Australian Shareholders' Association. Today we're here representing more than 2.7 million shares which would make us equivalent to about the 16th on your list of twenty largest shareholders.

In order to align Director's interests with those of shareholders, the Australian Shareholders' Association prefers Directors to hold shares in a Company to the value of their Director's fees after three years on the Board. After two years with Tabcorp and now The Lottery Corporation, you hold only TLC shares equal to about 25% of your Non-Executive Director fees. Could you tell us what your plans are with regard to increasing your shareholding in The Lottery Corporation?

Steven Gregg: Thanks, Ms Buchanan. Thank you for the question. I might respond, if that's okay? I understand the policy and it's a good policy. I think all the Directors are aware of that responsibility and in the guise of the new

Company, which is now newly constituted as The Lottery Corporation, a lot of the Directors, including Anne and myself, will be buying shares in time. So I appreciate the question and it will be dealt with. Thank you.

Kelly Buchanan: (Proxyholder) That's good news. We'll look forward to you owning more shares next year.

Steven Gregg: Thank you, very much. Any more questions from the floor?

Steven Gregg: No? Patrick, are there any questions online?

Patrick McGlinchey: We do have a question online from Mr Stephen Mayne. It's quite a technical question, Chairman. As a former Tabcorp Director, could Anne Brennan and the Chair comment on who came up with the idea to install an entrenchment device into our constitution? At clause 8.1(j)(3) on page 31, which requires external Board candidates to seek the approval of over 100 shareholders to nominate? These sorts of constitutional amendments were tried by the likes of Lendlease and Orica but rejected by their shareholders. Woolworths didn't put it into the Endeavour Group constitution where Anne also serves. Will you normalise the constitution next year right by removing this excessively high nomination requirement?

Steven Gregg: Thanks for that, Patrick and thanks Stephen for that question as well. What I might just suggest is, we will look at that. It is a very technical question. I think it's quite appropriate that there's a reasonable number of people nominating a Director but if the standard form of the market is to change that, we will certainly look at that very favourably. So why don't we deal with that next year, please? Patrick, did you want to say something?

Patrick McGlinchey: Yes, just quickly, Chairman.

Steven Gregg: Yes.

Patrick McGlinchey: It does relate to Directors who have not been endorsed by the Board.

Steven Gregg: Okay, got it. Thank you. Alright.

Patrick McGlinchey: I believe there are no other questions online for this item of business, Chair.

Steven Gregg: Thank you very much. As there are no more questions, we have now finalised the discussion with regard to Anne and the proxy votes received prior to the meeting in relation to this resolution are shown on the screen. We have a 98.88% votes cast in favour. I believe this is an overwhelming endorsement, Anne, so congratulations to you. Well done.

We'll now move on to the next item of business which is the election of Doug McTaggart as a Director of the Company. Doug was appointed a Non-Executive Director of The Lottery Corporation on 31 October 2022.

Doug retires in accordance with the constitution and, being eligible, has offered himself for election today. The Board considers that Doug's extensive experience as a Non-Executive Director and background in finance, treasury, risk and compliance matters to be of value to The Lottery Corporation. He is considered by the Board to be independent.



The Board, with Doug abstaining, unanimously supports his election as a Director of the Company and recommends that shareholders also vote in favour of this resolution. As I mentioned at the beginning of the meeting today, Doug is not 100% well and is attending the meeting online as he's recovering from a procedure. Doug has pre-recorded a short speech. It will now be played. Thank you, Doug.

[Video played]

Doug McTaggart: Ladies and gentlemen, thank you for the opportunity to stand for election to the Board of The Lottery Corporation. I come to this opportunity with a diverse background and experience in four different careers. First, as an academic where I was trained overseas at the University of Chicago and finished as an economics professor at Bond University.

I was then recruited to run the Queensland Government Treasury as Under-Treasurer and Under-Secretary. Amongst many other activities in that role, I oversaw the Office of Gaming Regulation and move the Golden Casket business to corporatisation.

My next role was as CEO of the Queensland Investment Corporation where I grew that business from a small State-owned, public sector focussed organisation into one of the largest and most successful wholesale funds managers in the country. Among other achievements, I created a very successful infrastructure and private equity businesses.

In 2012, I retired from QIC and became a Non-Executive Director. Today, I sit on the Board of the Suncorp Group. I sit on the Group Customer Committee and on the Board of the New Zealand part of the business. For four years, I chaired the Group Audit Committee and was on the Remuneration Committee. I am currently Chair of Indigenous Business Australia Asset Management Company and am a member of the Council of the Australian National University.

For six years, I was Chairman of Spark Infrastructure, a top 50 ASX company which, last year, was bought by private equity interests and delisted with a very good return to shareholders. I have been Chairman of SunCentral Maroochydore, the Queensland Institute of Medical Research and I sat on the Board of UGL.

I was, for three years, Chairman of the Queensland Public Service Commission. I have significant experience advising governments on economic development and on matters with respect to competition and regulation having been a member of Federal bodies, The National Competition Council and the COAG Reform Council.

In short, if elected, I bring to the Board of The Lottery Corporation, skills and experience in economics and finance, regulation, corporate governance and strategy, working in both the private and public sectors. The Lottery Corporation is a wonderful business with a terrific brand, successful products, a large and growing customer base and a great Management team.

But like all businesses, it faces challenges. These include future growth in a difficult macro-economic environment, engagement with regulators and protection of licences and the ever increasing cyber risk all businesses are currently facing. I believe my experience and skillset can be profitably applied to these challenges.

If elected, I will work with the Board and Management applying these skills in the interest of shareholders to maintain strong growth and build total returns. The Lottery Corporation is a wonderful Company with loads of potential. I look forward to your support to take on this opportunity. Thank you.

Steven Gregg: Thank you, Doug, a great talk. Thank you. I'm informed by the Company's Secretary that there are no questions received on this item prior to the meeting. May I ask, are there any questions from the floor on Doug's election? Okay. I will now ask Patrick if there are any questions online.

Patrick McGlinchey: Thank you, Chairman. We have one question on this item online received from Mr Stephen Mayne: As a former senior public servant in Queensland, could Doug comment on what constitutional, legislative or licencing requirements our Company has inherited from the Queensland Parliament or Queensland licencing requirements? Also, are there any other head office or Director location requirements for other jurisdictions?

Steven Gregg: It's a very technical question. I think it's probably not quite appropriate for Doug to have to answer that today but I would just like to suggest to Mr Mayne that we get back to him on that and I think also with regard to the specifics of Director location and the office location, I don't believe there are any specific requirements, it just happens that we are here. The Company's headquartered here and it's founded here and well that's the way it will stay but I think what we'll do is, if you don't mind, Mr Mayne, we'll get back to you on the answers to those questions. Any more questions?

Patrick McGlinchey: I believe there are no other questions online in respect of this item of business.

Steven Gregg: Thank you very much. As there are no more questions, we have now finalised discussion of this item. The proxy votes received prior to the meeting in relation to this resolution are shown on the screen. 99.2% for Doug, which is great. It seems the proxies have received this and the resolution will pass. A big congratulations to you, Doug, thank you. I'd just like to make note, Patrick, if we could, that we will get back to Mr Mayne on his questions regarding the items of legislation.

We'll now move to the next item of business which is the election of John O'Sullivan as a Director of the Company. John has been a Non-Executive Director of the Lottery Corporation since 31 October 2022. John retires in accordance with the constitution and being eligible, has offered himself for election.

John is the Chairman of Serendipity Capital Holdings Limited, a member of the Takeovers Panel and an ambassador of the Australian Indigenous Education Foundation. He was formerly a partner of Freehill Hollingdale & Page, now Herbert Smith Freehills, practicing corporate, finance and mergers and acquisitions. John was also a General Counsel at the Commonwealth Bank of Australia, Executive Chairman, Investment Banking and Capital Markets at Credit Suisse Australia and a Director of AMP Limited.

The Board considers John's extensive experience and background in legal, corporate governance, finance, risk and investment banking to be of value to The Lottery Corporation. He's also considered by the Board to be independent and the Board, with John abstaining, unanimously supports his election as a Director of the Company and recommends that shareholders vote in favour of this resolution. I now invite John to address the meeting. Thanks, John.

John O'Sullivan: Thank you, Steven. Fellow shareholders, I'm honoured to have been nominated for election as a Director of The Lottery Corporation. I have had a disturbingly long career as a lawyer, investment banker and company director. I do believe that's given me skills in the M&A, capital markets, regulatory and governance areas as well as a general strategic, commercial and management experience that would bring value to the Board and thus to your investment in what I believe is one of Australia's great companies.

I spent 25 years as an M&A and capital markets lawyer at Freehills doing transactions like the privatisation of Commonwealth Bank and Telstra. During that time, I also advised in the casinos and gaming industries, including IPOs of a gaming entity.

I spent five years at Commonwealth Bank as General Counsel and as a member of the Executive Committee of the bank. I then left the bank and went back into the M&A and capital markets business as Executive Chairman of Credit Suisse in Australia. I finished executive life at the end of 2017 and since then, I've been a Non-Executive Director on companies which included AMP and also WestConnex.

I'm now Chairman of a global fintech investor called Serendipity Capital. I've been a member of the Takeovers Panel for nearly four terms. I was a member of the Australian Institute of Company Directors, Corporate Governance Committee, for 10 years and those sorts of roles have given me, I think, deep knowledge and understanding of equity capital markets, debt and equity, M&A, securities and futures markets, as well as regulatory regimes and corporate governance. My time at CBA also means that I understand banking, credit markets and macro-economic regulation.

The Lottery Corporation has a wonderful portfolio of licences, assets and great people. That's why I'm a strong believer in the Company and I'm keen to continue on the Board. I believe I can make a material contribution to the maintenance and growth of those great assets and I ask you to support my re-election as a Director. Thank you.

Steven Gregg: Thanks, John. I'm informed by the Company Secretary that no questions received on this item prior to today's meeting. I'd like to ask the assembled, are there any questions from the floor on John's election to the Board? Thank you. I'll now ask the Company Secretary if there are any questions online, please. Patrick?

Patrick McGlinchey: Thank you, Chairman. We have one question online received from Mr Stephen Mayne: It is good to have John on the Board given his background as a top lawyer, CBA general counsel, investment banker and coalition candidate to Chair ASIC.

Given his experience in takeovers, could John comment on whether there are any unusual provisions in our constitution, licences or state legislation that would make a foreign takeover difficult? For instance, could Blackstone launch a bid and take over Lottery Corporation like they did with Crown Resorts or are there constraints that don't apply to other companies? Could the Chair also comment on any takeover barriers at Lottery Corporation?

Steven Gregg: Thank you. Actually, I might handle this if that's okay? I've had the benefit of being on the Board for a bit. It's a good question and the answer to that is no, there's not. Unlike Tabcorp, which did have a restriction in New South Wales on the level of ownership of the licence and therefore it was in effect an impediment to a takeover, The Lottery Corporation doesn't have any impediments to take over so if someone wants to make an offer, it'll be seeing the light of day there.

Other than, of course, regulatory approvals that all companies go through, constraints and other consents, if it's a foreign company, clearly they'll have to go through FIRB like all companies do but we have no barriers to takeover at The Lottery Corporation. Thank you. It's a good question though, thank you, Stephen.

Alright, as there are no more questions, we'll finalise the discussion on this item. The proxy votes received prior to the meeting in relation to the resolution are now shown on the screen at 98.31% for, it appears the proxies have passed this resolution and I'd like to offer my congratulations to John. Well done. Welcome.



We'll now move to the next item of business which is the election of Megan Quinn as a Director of your Company. Megan was appointed a Non-Executive Director of The Lottery Corporation on 31 October 2022. Megan retires in accordance with the Constitution and being eligible, she has offered herself for election today. Megan is a Non-Executive Director of Reece Limited, InvoCare Limited and City Chic Collective Limited.

She has more than 30 years of international experience as a Senior Executive, Advisor and Non-Executive Director across a range of industries. Megan is also a co-founder of online luxury retailer, Net-a-Porter and previously served on the Board of the National Committee of UNICEF Australia.

The Board considers Megan's customer innovation, global brand, digital transformation and multi-channel experience and background to be of great value to The Lottery Corporation. She is also considered by the Board to be independent and the Board has, with Megan abstaining, unanimously supported her election as a Director of your Company today and recommends that shareholders also vote in favour of this resolution. I'll now invite Megan to address the meeting, please.

Megan Quinn: Thanks, Steven. Good morning, everyone. Having been raised in a multi-generational family of Queensland hoteliers, I learnt the crucial importance of strong stakeholder relationships. My career started in advertising and the associated creative problem solving and design thinking have provided unique attributes throughout my career and particularly at the board table.

I was fortunate to live in London for 18 years during which time I worked with many international companies and brands. From these, I learnt the nuances of global businesses and I continue to have that international perspective, appreciation and outlook. During that time in London, I started two companies, the lesser known Partners in Grime and internationally renowned Net-a-Porter. Both companies taught me the importance of leading by example, exemplary customer service, stakeholder relationships, innovation, agility, continuous improvement and measured risk.

I believe that my diverse skillset and experience of the past 30-plus years put me in good stead to make a valuable contribution to The Lottery Corporation. I'm drawn to the quality and ambitions of the Board and the Management team. The shared commitment for growth, continuous improvement, innovation and continued meaningful contributions to the community are very important to me. The omni-channel opportunities are very exciting.

I enjoy the rigor of working and learning and feel that the combination of my past international experiences and my current work ensures continued relevance and contemporary thinking in my role. I appreciate the challenges and opportunities of rapidly evolving economic and consumer landscapes and understand the importance of a keen awareness of disruption across regions and industries.

I have the commitment and capacity to dedicate the time to being a Non-Executive Director of The Lottery Corporation deserves. With your approval, I very much look forward to supporting the writing of the next chapter of this great Australian company. Thank you very much.

Steven Gregg: Thanks, Megan. I'm informed by the Company's Secretary that no questions were received on this item prior to the meeting. I'd therefore like to ask the assembled, were there any questions from the floor on Megan's election? I don't see any so thank you. I'll now ask the Company Secretary, Patrick, are there any questions online?

Patrick McGlinchey: Thank you, Chairman. There is one question online from Mr Stephen Mayne. Could Megan comment on her experience of the recruitment process to join The Lottery Corporation Board and how rigorous the

various gambling regulatory approval issues were to endure? Did we use a recruitment firm? I support her election and commend her record in private business and public boards.

Steven Gregg: Okay, I'll take a bit of this. Yes - firstly I'm very glad that Stephen Mayne is supporting Megan's election, that's important. Yes, we did use a recruiter to get Megan on the Board. It was a wide process. A number of people were considered and Megan shone through as someone who would make a great contribution to this Company.

With regard to how rigorous the gambling regulator approvals were to endure, I don't believe we can comment on that in this forum. That's something which is a government initiative. It's something that's undertaken that's a very long and arduous process for anybody coming on the Board, me included. It can take six to nine months. So somebody who wants to come on this Board has to be very mindful of that and willing to go through that process. I don't really think it's appropriate we talk about that today but it's a very strong process and thanks for the question. Okay, any more questions there?

Patrick McGlinchey: No more questions, Chairman.

Steven Gregg: No more questions. Thanks, Patrick. As there are no more questions, we have now finalised the discussion on this item. The proxy votes were received prior to the meeting in relation to Megan's election and at 98.2%, a very strong vote of confidence there, too. I believe she has passed the resolution and many congratulations, Megan. Well done.

We'll now move to the next item of business if we could, please? Which is the appointment of the auditor. The Company appointed auditor is Ernst & Young, as external auditor in May 2022. Section 327B(1) of the *Corporations Act* requires a public company to appoint an auditor at its first annual general meeting.

Accordingly, the Company is seeking shareholder approval for the appointment of Ernst & Young as the Company's external auditor. Pursuant to section 328B of the *Corporations Act*, the Company has received a valid notice from a shareholder nominating Ernst & Young as the external auditor of the Company. A copy of the notice of nomination is set out in the annexure to the Notice of Meeting.

Ernst & Young has provided the Company with the written Consent to Act as the Company's external auditor and the Board unanimously recommends that the shareholders vote in favour of this resolution. I am informed by the Company Secretary that no questions were received on this item prior to the meeting. Are there any questions from the floor on the appointment of Ernst & Young as the external auditor of The Lottery Corporation? No? Okay. I'll now ask Patrick, the Company Secretary, if there are any questions online that we need to address.

Patrick McGlinchey: We have one question online, Chairman, from Mr Stephen Mayne and he has requested that his series of questions be read first and then we'll probably address them one by one. Do all demerged companies have to appoint their auditor at the first AGM or was this driven by our constitution? Did we go to tender or are we intending to go to tender on the audit? As a long-term Tabcorp Director, our Chair is being remarkably distant from Tabcorp today. Can he recall when Tabcorp last ended its external audit and does he have any insight on market practice as to whether demerged companies tend to just soldier on with the same external auditor? Is that our plan?

Steven Gregg: Yes, interesting group of questions there, why don't I take that? You might have to help me out here a bit. I believe that all demerged companies, when they go to their first AGM have to get approval.

Patrick McGlinchey: It's a *Corporations Act* requirement, Chairman.

Steven Gregg: Right, so that's why we're putting it to those assembled today because that's the right thing to do. Did we go for a tender or are we intending to tender on the audit? No, we're not. We have had a lot of experience with EY. They have provided wonderful service over the years and understand your Company extremely well. We felt it was appropriate for continuity's sake and for understanding's sake, that they be appointed. So we're very keen that they be appointed and are very supportive of them as our auditors.

As a long-term Tabcorp Director, I'm not remarkably distant from Tabcorp at all. It's just not my role to be at Tabcorp. They've got their own Board and their own business to run and I've got to respect their ability to get on and do that. I wish them well and every success. As to how often they tendered their external audit, I can't comment on that either. It's something that I think is probably best addressed to Tabcorp.

As to whether demerged companies tend to solidify on to the same external auditor, again, that's up for every company to make their own decisions on that. I think in our Company's case, EY is a first class auditor and we're delighted to have them in their role continuing on. Thank you.

Patrick McGlinchey: Thank you. No more questions online, Chairman, in respect of this item.

Steven Gregg: All right. Thank you. As there are no more questions, now we'll finalise the discussion on the time and the proxy votes have been made. They are shown on the screen and at 99%, I think it's an overwhelming endorsement and the resolution will pass. So thank you for the support there and well done to EY in your continuing role.

I'll now move to the next item of business which is the adoption of the remuneration report. Item 4 in the agenda relates to the adoption of the Company's remuneration report which details The Lottery Corporation's remuneration approach and outcomes for the financial year ended 30 June 2022.

The Lottery Corporation's Executive Leadership Team was appointed on demerger and all executives were previous Tabcorp executives or senior management. On appointment, remuneration levels remained unchanged for those executives that were already executives prior to the demerger or increased to market levels where there was a step up in the executive's role.

The Lottery Corporation's executive remuneration levels are in line with similar roles in organisations ranked between 25 and 75 on the ASX. In FY22, our people rose to the challenge of delivering strong financial and operational results while managing the additional pressures of executing a complex demerger and the effects of COVID-related lockdowns and restrictions. Considering performance under both Tabcorp and The Lottery Corporation during the year, the Board set a short-term incentive pool of 100% of the target.

On average, the Executive KMP received a short-term incentive award of just over this at 105% of their fixed remuneration which was pro-rata for the 11 months under Tabcorp and one month under The Lottery Corporation. More details on the short-term incentive pool and awards can be found in The Lottery Corporation's financial year '22 remuneration report.

The Lottery Corporation did not make long-term incentive offers in FY22. The Board intends to make LTI offers this month. The MD and CEO's 2022 LTI offer is set out in the next agenda item for shareholder approval and all Executive KMP 2022 LTI offers will be disclosed in the financial year '23 remuneration report.

Recognising The Lottery Corporation's highly regulated business environment, and Non-Executive Director fees paid by similarly sized ASX-listed companies, the existing Tabcorp Non-Executive Director fee levels were adopted for '22 and

'23. Under Tabcorp and now The Lottery Corporation, the Board has not received an increase in fees in the last six years.

Finally, in order 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 roles including the Executive KMP.

The retention plan was in the form of the restricted Tabcorp shares with the post-demerger restriction date of July '23. Participants who transferred to The Lottery Corporation automatically forfeited these shares and the Company provided these participants with a separate retention offer on substantially the same terms as initially given.

Financial Year '23 is a foundational year for The Lottery Corporation and, as we chart a new course and strive to maximise long-term value and to deliver positive outcomes for many of our stakeholders, we focus on key remuneration, people, culture and performance priorities to ensure we continue to attract and retain and fairly reward and motivate high-calibre people. We want them to achieve strong and sustainable business performance for your Company.

The Board unanimously recommends that the shareholders vote in favour of this resolution. The vote on this resolution is advisory only. It does not bind the Directors or the Company; however, Directors will take the outcome of the vote and shareholder feedback seriously and into consideration when setting remuneration practices for future years.

Patrick, I'm informed that there are no questions received on this item prior to the meeting. Are there any questions on the floor that would like to be raised?

Kelly Buchanan: (Proxyholder) Kelly Buchanan from the Australian Shareholders' Association again. We find that the actual short-term incentive hurdles are not clear in the remuneration report. Shareholders can't tell whether their executives are being asked to climb great mountains or just stepover small mole hills. Could you please tell us your thoughts on improving the clarity of these hurdles for your shareholders?

Steven Gregg: Thanks, Ms Buchanan. We actually think that the targets, the budgets and the hurdles for their performance are actually quite substantial and we have very rigorous debates at the Board about exactly what those hurdles should be and performance that they've got to meet. There is also a lot of Board discretion as to what those numbers should be.

We look at everybody's performance in the context of the Company and on their individual division and on their divisional performance. So we believe it's very fair. We could have paid them a lot more this year but in the context of their performance, the Company's performance was very strong under very trying circumstances with the demerger and COVID so I actually think it's quite fair and quite well explained.

Kelly Buchanan: (Proxyholder) Well you think it's fair, but we just can't tell, and we'd like to have more clarity in the future, please.

Steven Gregg: Look, if I can - that's a fair comment. If I can make a suggestion? Why don't we meet after the meeting here and we can go through it? We've got Michelle Williams here who's the head of Remuneration and People. She'll be able to walk through how we do it and if it's not clear then, I'd be delighted to see what we can do there.

Kelly Buchanan: (Proxyholder) Okay, thank you.

Steven Gregg: Thank you.

One more.

Adrian Vos: Adrian Vos, shareholder. Just a quick question. What's the cap on the remuneration and what percentage of the profit is these remuneration expenses?

Steven Gregg: Thanks for the question. There's no percentage of profit that gets divvied up to Management. It's done on a very structured basis and on a short-term incentive basis, it maxes out at around 150% of salary if greater performance is achieved. This year, it's 105% so it's pretty much at target this year even though the Company had a very, very outstanding year. Thanks.

Any questions online, Patrick?

Patrick McGlinchey: There are no questions online in respect of this item, Chairman.

Steven Gregg: Thank you. Before we move on, I'd just like to say if people would like to talk more about that, I'm delighted to have the conversation offline after the meeting as to how it's been calculated and how our staff are remunerated. As there are no more questions, we'll now finalise the discussion on that item. The proxy votes received prior to the meeting are now shown on the screen.

We have 97% in favour of the resolution which reflects a pass and so thank you very much for those interested in this item.

We now move to the next item of business and it's the final item of business today which is item 5. That's the proposed grant of performance rights to the MD and CEO, Sue van der Merwe under The Lottery Corporations long-term incentive plan.

Shareholders are asked to approve the grant of performance rights to Sue as the long-term incentive component of her remuneration package for financial year '23. In accordance with the formula set out in the Notice of Meeting, it is proposed to grant 699,300 performance rights to Sue. If shareholder approval is obtained, vesting of the MD and CEO's grant of performance rights will be subject to a single performance measure based on Relative Total Shareholder Return measured over a three year performance period.

Following the demerger, the Board reviewed the long-term incentive framework and determined that for 2022 only, the offer will include a single performance measure being relative TSR measured over three years and relative to the ASX100 group of companies excluding companies operating in the oil, gas and mining sectors.

However, a review of the long-term incentive plan structure will be undertaken in '23 and it is intended that a second internal financial measure be included for the '23 offering. The second measure will be disclosed in The Lottery Corporation's '23 annual Remuneration Report.

The Board, with Sue abstaining, recommends that shareholders vote in favour of this resolution and I'm informed by the Company Secretary that no questions were received on the item prior to the meeting. I'd like to invite anybody in the room if they'd like to ask any questions of it, please? There are no questions. Thank you. I'll now ask Patrick if there are any questions online that we need to address?

Patrick McGlinchey: Thank you, Chairman. There is one question online from Mr Stephen Mayne. We have over 150,000 shareholders but less than 5,000 will have today as us small investors feel overwhelmed. That's as it's written. When disclosing the outcome of voting on all resolutions today, including this LTI grant, could you advise the ASX how many shareholders voted for and against each item similar to what happens with the scheme of arrangement?

This will provide a better gauge of retail shareholder sentiment on all resolutions and was a disclosure initiative adopted by your former parent, Tabcorp, only last week. He would also like the Company to commit to being as transparent as Tabcorp, even if the law doesn't require it.

Steven Gregg: Thanks, Patrick and again, thanks, Stephen for that question. Let's look into it. We're all about transparency, we're not trying to hide anything so if it's appropriate to do that, we'll look into that whether it's required by law or not so thanks for the question. Okay, any more questions?

Patrick McGlinchey: I believe we have one more question to go. Again, another question from Mr Stephen Mayne and it relates to a previous item, Chairman

In respect of the LTI, given the interesting discussions across a range of topics today, including the remuneration report, could the Chair undertake to make an archived copy of the webcast plus a full transcript of proceedings available on the Company's website? The likes of a number of other companies all produced their first AGM transcripts in 2021. Will you follow suit today after our debut AGM? It's been something that other companies have been doing, he says, for some time.

Steven Gregg: Happy to look at that. If it makes sense, very happy to do that. If people would like to see archived operations - footage. If you see it of benefit, then we can certainly look into that so why don't we put that as a note to talk about?

Patrick McGlinchey: I believe, Chairman, there are no further questions online in respect of this item of business.

Steven Gregg: Great, thank you. As there are no further questions, we've now finalised the discussion on this and the proxy votes received prior to the meeting in relation to this item are shown on the screen, 97%, thank you. It appears from the proxies received that this resolution will pass and that concludes the formal business of this meeting.

If you haven't already done so, please submit your votes in respect of all resolutions now by using the yellow voting card if you are attending in person or the voting card button on the online meeting platform if you are participating online. We will leave the poll open for a further five minutes after the close of the meeting to enable shareholders to cast their votes and the results of the poll will be released on the ASX Market Announcements Platform as soon as possible after the meeting.

On behalf of the Board and Management, I would like to thank you for attending The Lottery Corporation's inaugural AGM today both here in person and online and to thank those who submitted questions and contributed comments and helped making this an engaging, interesting meeting. I would particularly like to thank Stephen Mayne for his series of questions. We welcome them and if we couldn't answer all of them today, we'll certainly get back to you to make sure that you feel that they've been dealt with properly.



Thank you again for your time today and for your continued support of the Company. We do appreciate it.

I now declare the meeting closed.

I believe there's some tea and coffee available at the top of the auditorium. Thank you, all.

End of Transcript