

STANDARD ON WITHDRAWAL OF INSTANT KIWI GAMES (December 2024)

Introduction

This standard describes when New Zealand Lotteries Commission ("Lotto NZ") may withdraw an Instant Kiwi game.

Background

Instant Kiwi typically has fourteen (14) to twenty (20) games on sale at any one time. Each game has a nominated price point, prize structure, ticket book size, pool structure, ticket design criteria and game play dynamics. Game performance varies from game to game.

The Instant Kiwi marketing team ("marketing team") monitors the performance of each game against the game plan on a weekly basis, reviewing the game's stock levels, sell through rate and sales period.

Grounds for Withdrawal

There are four grounds on which Lotto NZ may withdraw an Instant Kiwi game from the market, these are when:

- (a) Lotto NZ's distribution centre will run out of stock; or
- (b) Lotto NZ no longer holds the licence for the licenced tickets; or
- (c) the sell through rate for a game falls below an acceptable commercial level; or
- (d) Lotto NZ deems it necessary to withdraw an Instant Kiwi game.

a. Distribution centre runs out of stock

Each week the marketing team assess the remaining stock available for each game against the game's sell through rate. When a game faces an imminent stock out situation at Lotto NZ's distribution centre the marketing team shall submit a written recommendation to the CFO recommending the withdrawal of the game on a specified date and activation of a replacement game. The recommendation shall take into account the:

- stock on hand at the distribution centre and its write-off value;
- stock on hand in the retail trade and its write-off value;
- sell through rate;
- length of sales period at the time of withdrawal;
- forecast sales period;
- date the game is to be withdrawn and replacement game activated.

The CFO shall approve or reject the early withdrawal of the game and activation of the replacement game within five (5) days of receiving the recommendation.





b. Licensed properties

From time to time the marketing team will create special tickets featuring third party licensed imagery. The use of third party assets is dictated by a contractual agreement between NZ Lotteries and the licensor. NZ Lotteries is contractually obligated to adhere to the licensing conditions and timeframes of sale can be affected by licences and may cause NZ Lotteries to withdraw a game before all top prizes are claimed or the distribution centre runs out of stock. NZ Lotteries may also have rights to withdraw from a license for reasons of reputational damage or other similar reasons.

c. Commercially acceptable level

If a game has a sell through rate over a material period which is not commercially acceptable the marketing team shall submit a written recommendation to the CFO recommending the withdrawal of the game on a specified date and activation of a replacement game. The recommendation shall specify the:

- date the game is to be withdrawn and replacement game activated;
- stock on hand at the distribution centre and its write-off value;
- stock on hand in the retail trade and its write-off value;
- sell through rate;
- forecast sell through rate;
- forecast sell through rate of the replacement game;
- length of sales period at the time of withdrawal;
- forecast sales period; and
- length of the sales period for other games in the same stream (where appropriate).

The CFO shall approve or reject the early withdrawal of the game and activation of the replacement game within five days of receiving the recommendation. If the CFO's is unavailable for any reason the Chief Executive (CE) shall assume responsibility for the role of the CFO under this policy.

d. Lotto NZ deems it necessary to withdraw the game

From time to time Lotto NZ may encounter circumstances where it becomes necessary to discontinue one or more Instant Kiwi games. These circumstances include, but are not limited to:

- where Lotto NZ faces negative commercial or reputational consequences as a result of an Instant Kiwi game. This includes where Lotto NZ encounters defects or product performance issues in certain products, for example, misprints in Instant Kiwi games.
- where an Instant Kiwi game no longer meets the quality or standards set out by Lotto NZ's internal policies (such as harm minimisation guidelines and advertising guidelines) or any external standards set out by a regulatory body (such as the advertising standards authority).

Lotto NZ will endeavour to explore alternative options before withdrawing a game to ensure minimal impact to our customers' experience.

In the circumstance where Lotto NZ withdraws an Instant Kiwi game, the marketing team shall submit a written recommendation to the CFO and CE recommending the withdrawal of the game on a specified date and activation of a replacement game. The recommendation shall specify the:

- nature for which the Instant Kiwi game is being withdrawn;



- stock on hand at the distribution centre (if any) and its write-off value;
- stock on hand in the retail trade and its write-off value; and
- date the game is to be withdrawn and replacement game activated.

Given the rarity of this circumstance, both the CFO and CE shall approve or reject the early withdrawal of the game and activation of the replacement game within five days of receiving the recommendation.