

Lotto NZ

Integrated Report 2025/26

Cover Image Grant Kereama and some of the team from lottery grant recipient Ice Sports, Dunedin.

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Performance highlights
Ngā hua o ngā tutukinga



The year in numbers
Ngā tatauranga o te tau

$1.7 billion
total revenue (incl. GST)

$408 million
profit transferred to Lottery Grants Board

1,117
Lotto NZ retailers

$55 million
largest Powerball Jackpot in Lotto NZ history

A decade
of our Responsible Gambling programme being certified at the highest level by the World Lottery Association

lottery grants given to
2,804
organisations across
New Zealand

48
millionaires
created from our games

$7.1 billion
distributed back to the community since Lotto NZ started in 1987

Chair and CEO Review
He arotakenga nā te heamana me te Tumu

Tēnā koutou.
Welcome to Lotto NZ's FY26 Integrated Report.

We are pleased to report a strong financial result that will deliver meaningful returns for communities across New Zealand.

In the year ended 30 June 2026, we returned the second highest profit in our history - $408.4 million - every dollar of which goes to the Lottery Grants Board for independent distribution to organisations, charities, clubs and community groups.

We achieved this while executing a major digital transformation and maintaining strong financial discipline.

Here for New Zealand

Every ticket sold by Lotto NZ creates benefits for communities across the country. At a time when many community organisations continue to face increasing financial pressure, maintaining reliable and sustainable lottery funding remains as important as ever.

This year our financial performance was driven by four Powerball jackpot runs of $20 million or more, including a record $55 million Must Be Won draw in November 2025, as well as growth in Instant Kiwi.

Alongside robust revenue performance, we continued our focus on fiscal responsibility. Operating expenditure was $13.3 million (12.5%) under budget, reflecting careful management of project delivery and technology costs. We continue to invest strategically to ensure we're ready to succeed in a fast-changing market but always do so with financial discipline front of mind.

Delivering our strategy

FY26 marked a significant year in the delivery of our five-year strategy.

A major milestone was the implementation of EDGE, our new core gaming platform. This investment represents the largest technology transformation in Lotto NZ's history and provides the modern foundations needed to support future innovation, stronger customer experiences and enhanced harm minimisation capabilities.

At the same time, we made strong progress on Project Frontier, which will modernise the way our digital customers interact with MyLotto. Together, EDGE and Frontier are helping us build a more seamless and connected experience across our retail and digital channels.

We also finalised and announced significant changes to Powerball, our flagship game. These changes will support responsible long-term growth, help keep the game fresh for players and contribute to sustainable returns for the community over time.

Innovation extended beyond our core lottery products. During the year we introduced a range of new games to our Instant Kiwi Online platform, providing customers with modern experiences while maintaining our commitment to safe and responsible play.

Preparing for a new era of competition

The investments Lotto NZ is making today will ensure the organisation remains future fit.

The introduction of up to 15 licensed online casinos into New Zealand in early 2027 will change the gambling landscape. While these operators will be unable to offer lottery games similar to Powerball, Lotto and Strike, they will be able to provide Keno and online instant win products. We anticipate operators will push out expansive advertising campaigns as they compete fiercely against each other and other parts of the gambling and entertainment industries for market share.

Against that backdrop, Lotto NZ is focused on leveraging the things that make us different. In 2027 we will celebrate 40 years as New Zealand's national lottery. We are owned by all New Zealanders. We offer safer play, industry-leading harm minimisation practices and return all of our profits to the community.

These qualities have always set Lotto NZ apart and we believe they will become even more important in a more competitive market.

Strengthening our social licence

Keeping New Zealanders safe while they play our games is a key part of what we do.

Throughout FY26 we continued to strengthen our Responsible Gambling programme. Highlights included the launch of our behavioural analytics tool, which helps us identify and support MyLotto customers who may be exhibiting signs of harmful play.

We were also pleased our Responsible Gambling programme was recertified at the highest level by the World Lottery Association. This international recognition reflects our ongoing commitment to continuous improvement and best practice in harm prevention.

Significant progress was also made towards implementing an 18+ age restriction across all Lotto NZ products. Going live in March 2027, this change will bring all of our games into line with Instant Kiwi and represents an important step in strengthening protections for young people.

Our people

The achievements of the past year would not have been possible without the dedication and commitment of our people.

FY26 involved a substantial programme of change and one of the highest project workloads in Lotto NZ's history. Despite this, employee engagement remained strong and our teams continued to deliver outstanding results while supporting one another through a period of significant transformation.

Their commitment to our purpose, our customers and our communities continues to be one of Lotto NZ's greatest strengths.

Looking ahead

FY27 is another important year for Lotto NZ. Our immediate focus is on continuing to deliver the major projects already underway and preparing the organisation for a different competitive environment following the introduction of online casino gambling.

The coming year will also provide an opportunity to look further ahead. As our current five-year strategy approaches its final phase, we will begin work on developing Lotto NZ's strategy for the five years from 1 July 2027.

Finally, we acknowledge the valuable contribution of Mark Todd, who concluded his service as Chair during the year after making a significant contribution to Lotto NZ and its governance.

The future presents both challenges and opportunities. What gives us confidence is that Lotto NZ's purpose remains as relevant today as it was nearly 40 years ago: providing safe games that allow New Zealanders to play and win, while contributing money back to local communities.

Ngā mihi nui.



Tony Balfour
Chair



Jason Delamore
CEO

Implementing the Government's priorities

Te whakaū o ngā whāinga a te kāwanatanga

We continue to recognise the Government's ongoing focus on financial discipline across the public sector, even though Lotto NZ operates independently of taxpayer funding.

Throughout the 2026 financial year, we maintained strong cost control, keeping the use of consultants and contractors to a minimum and actively pursuing opportunities to reduce costs across the organisation, including in major projects and technology. As a result, our operating expenses were under budget by 12.5% for the year, and lower than they were in FY25.

Alongside our financial performance, we remain committed to robust and ambitious targets that reflect our continued focus on harm minimisation. This year saw strong revenue performance coupled with ongoing work to reduce harm from our products, including the successful recertification of our Responsible Gambling Programme by the World Lottery Association.

Lotto NZ is focused on ensuring we are fit for the future. Our priorities include strengthening productivity, improving efficiency, and remaining competitive so we can continue to maximise returns to communities across Aotearoa.

We also continue to engage regularly with Treasury through formal quarterly reporting and interim meetings, where we provide updates on expected revenue and distributions throughout the year, as well as non-financial performance.

Our business highlights
Ngā hua o tō mātou umanga

Measures of performance

RETURNS TO THE COMMUNITY	2025/26 Actual	2025/26 Target	2024/25 Actual	2024/25 Target	2023/24 Actual
Sales ($m) (incl GST)	1,670.8	1,575.7	1,626.9	1,480.0	1,710.9
Operating expenses ($m)	93.5	106.8	102.8	114.4	97.9
% operating expenses (%)	5.6	6.8	6.3	7.7	5.7
Net profit ($m)	408.4	360.8	405.1	331.9	434.0
Paid to Lottery Grants Board ($m)	408.4	350.8	395.1	331.9	434.0

LOCAL GRANTS STORY

Lottery funding helps Museum open digital collections to the world

Auckland War Memorial Museum Tāmaki Paenga Hira is expanding global access to millions of significant collections and stories with support from $200,000 in lottery grants funding.

The first major upgrade to its digital infrastructure in 12 years will make Online Cenotaph and Online Collections - the Museum's most visited platforms - faster and easier to navigate.

"Lottery grants funding gives us the confidence to move ahead with this important work," says David Reeves, Tumu Whakarae Chief Executive.

"Without this funding, these improvements would take much longer. This support means we can make these resources more accessible and useful, sooner."

Online Cenotaph holds special meaning for many New Zealanders. Established 30 years ago, the military database now includes records for 270,000 New Zealand service personnel across 40 conflicts.

"Online Cenotaph is accessed by around 400,000 people a year from across the world," says Victoria Passau, Online Cenotaph and Enquiry Services Manager.

"Whether people are researching from home, travelling, or visiting places of remembrance, Online Cenotaph gives them access to information when and where they need it."



The upgrade will also improve access to Museum collections not currently on public display, creating new opportunities for discovery in fields such as health and science.

"Many new species are discovered in museum collections that have been sitting there, sometimes for decades," says Clinton Duffy, Curator of Marine Biology.

"We need people to know they are there, and to look at them and work on them."

With the upgrade well underway, Museum staff are pleased these important heritage platforms will be safeguarded for the future.





Winners

$907 million

paid in prize money from our games in FY26

22

Lotto Powerball

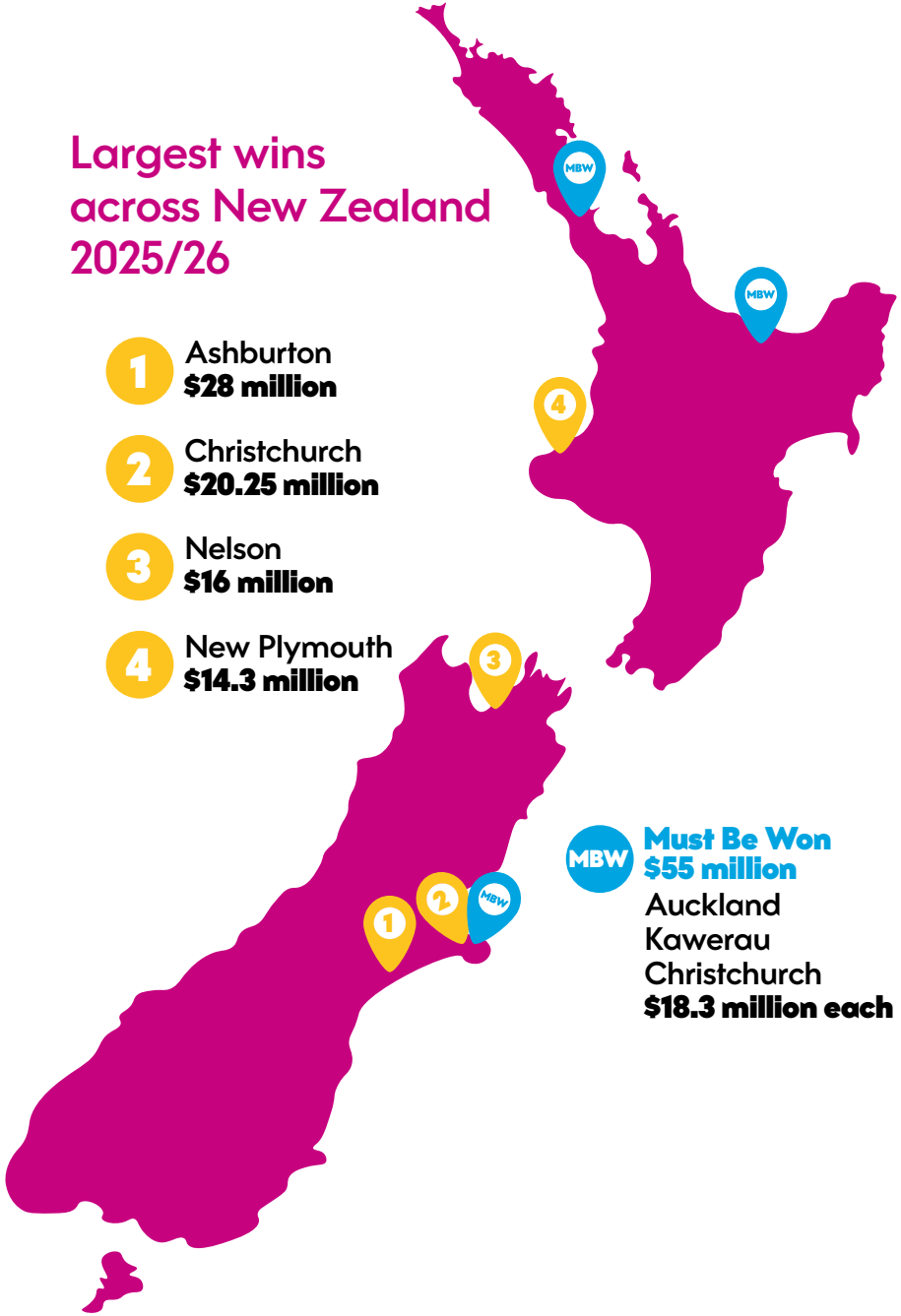
winners across the country

1 Instant Kiwi millionaire

4 Lotto Powerball jackpots over $20 million

2x Strike! Must Be Won

Largest wins across New Zealand 2025/26

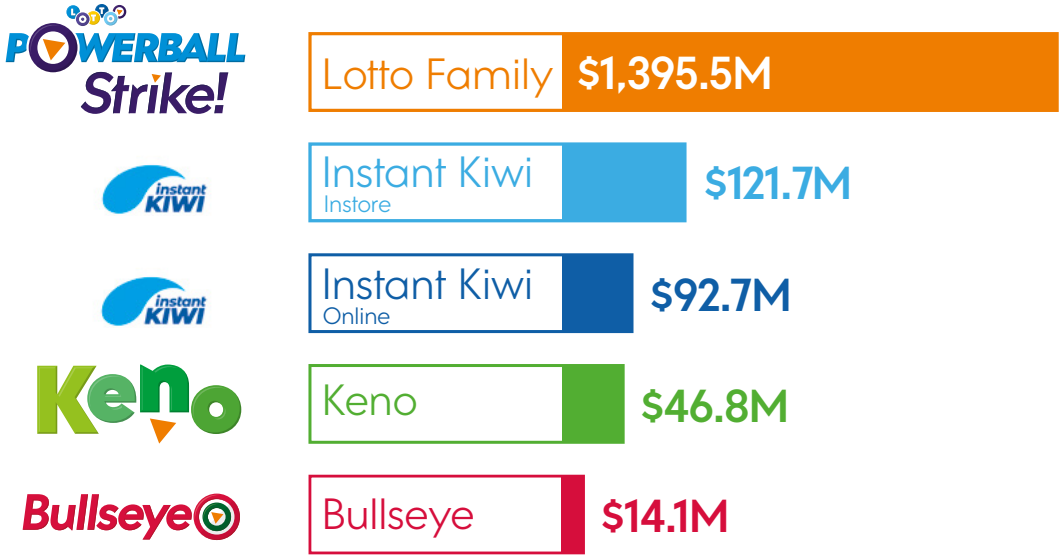


1. Ashburton **$28 million**
2. Christchurch **$20.25 million**
3. Nelson **$16 million**
4. New Plymouth **$14.3 million**

MBW **Must Be Won $55 million**
Auckland
Kawerau
Christchurch
$18.3 million each

Our games

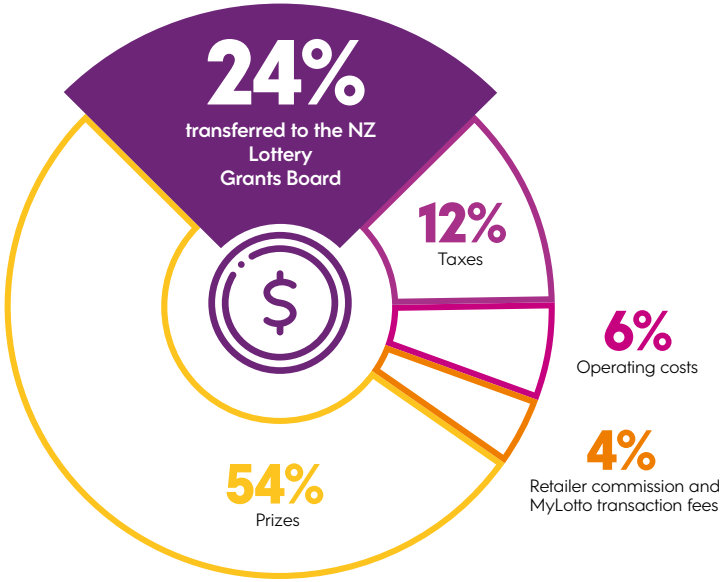
Revenue



Drawn on Wednesdays and Saturdays, our 'Lotto family' of games (Lotto, Powerball, and Strike) continues to be the biggest driver of sales.

These games are complemented by our Instant Kiwi games and our daily games, Keno and Bullseye.

Our operations



Our business environment
Te taiao o tō mātou umanga



Big moments from the year
Ngā kaupapa nui

Historic $55 million Must Be Won

On 15 November 2025 we held a Must Be Won draw for the highest Powerball prize in Lotto NZ history. The Powerball prize pool jackpotted to $55 million after remaining unstruck for nine weeks.

On the night, three lucky winners from Auckland, Kawerau and Christchurch matched all six winning Lotto numbers and the Powerball number, each taking home an $18.3 million share of the jackpot. One of the winners struck it lucky on the first ticket they had bought in a decade, while another said it was very strange hearing people around town talking about the win and seeing it in the news.



Powerball changes

Powerball now features bigger prizes and makes more players winners following a 'matrix change' to the game that was approved by the Minister of Internal Affairs and announced publicly in March 2026.

The changes included:

Adding more Powerballs in each draw: The number of Powerballs increased from 10 to 14. This moved the odds of winning Powerball Division 1 from 1 in 38.4 million per line to 1 in 53.7 million.

Higher jackpots: The starting jackpot increased from $4 million to $5 million, and the maximum jackpot rose from $50 million to $60 million.

More winners, bigger prizes: Prize amounts increased in all Powerball divisions, and a new Powerball Division 8 prize was introduced. Modelling suggested the introduction of the new Division 8 would lift the total number of weekly winners by 30%, from about 47,000 winners to 62,000 winners on average.

The first Powerball draw with 14 balls was held on 16 September 2026, with Powerball number 11 drawn, but no Powerball Division 1 winner on the night.

These changes to Powerball will help us to continue delivering consistent and predictable returns to the Lottery Grants Board, benefitting grassroots sports, cultural groups, health organisations and other recipients.



EDGE Delivery

In September 2025, we delivered new core and interactive gaming systems and modernised the retail experience in a programme of work known as EDGE. It was one of the most strategically significant initiatives for Lotto NZ in the past two decades.

The logistics involved were significant. The shift to the new gaming system involved the migration of more than a million customer records, all of which needed to be transferred securely and flawlessly to uphold the trust of our customers.

There was also complexity in arranging the physical replacement of sales terminals and ticket checkers in all of our retail stores in a single night, and training nearly 8,000 frontline retail staff to use the new hardware.

Upgrading our technology foundations has vastly improved our capability behind the scenes, setting us up to be more innovative in the future, particularly around new games and player experiences.

Project Frontier

Building on the foundation provided by EDGE, we have now moved our technology focus to Project Frontier, which will transform the experience of our digital customers through a new MyLotto website and app.

This programme of work will deliver new ways to register, pay, play and check results, and will create stronger connections between retail stores and our digital platforms.

Players will benefit from a more personalised playing experience and will be kept safe through upgrades to our safer gambling behavioural analytics tool.

In FY26 the design of the new MyLotto web and app was finalised, and the project moved into the development and delivery phase. The project is targeted for delivery towards the end of FY27 or early in FY28.

Legislative & Industry changes

The gambling industry is on the cusp of significant change, with the introduction in New Zealand of up to 15 licensed online casinos early in 2027, following a regulatory overhaul by the Government. The Online Casino Gambling Act 2026 came into effect on 1 May 2026.

Lotto NZ has retained the exclusive rights to offer our main lottery draw-based games (Lotto, Powerball, Strike), which account for about 84% of sales. However, the online casinos will be able to offer instant win games (like Instant Kiwi online) and Keno, along with high jackpots.

We expect the first online casino licences to be approved early in 2027, changing the competitive landscape, and the way New Zealanders engage with gambling as a form of entertainment.

The Lottery Grants Board has been given the responsibility of distributing the funds generated by online casinos, estimated at $10-$20 million per year initially. This funding will be separated from the funding provided by Lotto NZ, which has averaged more than $410 million annually over the past three years.

For more about what this means for Lotto NZ see the CEO and Chair report on page 6-8.

18+ age restriction

We support the introduction of a consistent age restriction and are working towards enforcing an 18+ age restriction on all our products from 29 March 2027. This will bring our draw-based games in line with Instant Kiwi, where there is already an 18+ age restriction.

The enabling legislation for this change was passed into law on 29 May 2026. Lotto NZ established a project team to lead the implementation, with system changes required across MyLotto, our retail stores, advertising, training and other areas.



Our strategy
Tā mātou rautaki

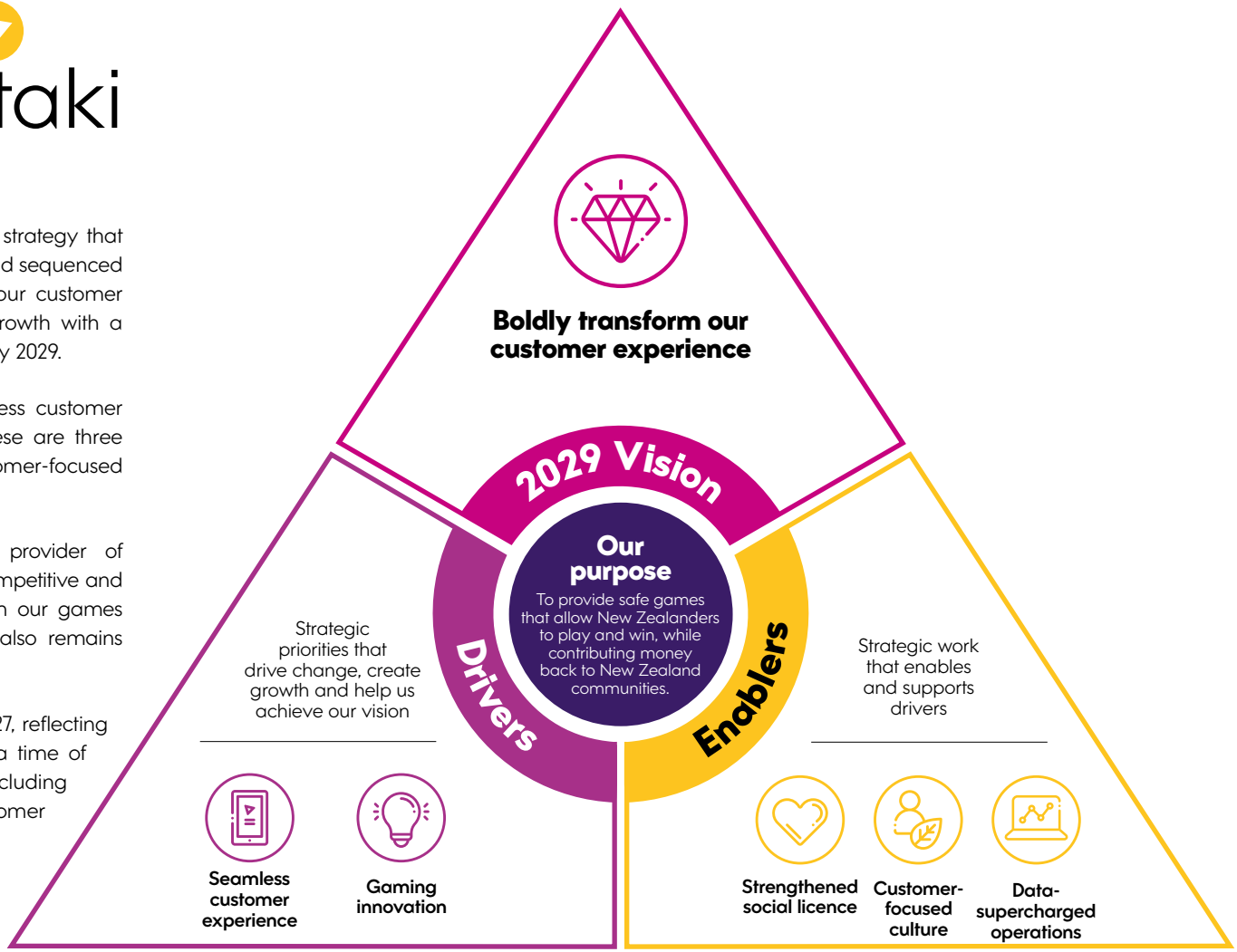
Our strategy
Tā mātou rautaki

We are nearing the mid-point of our current five-year strategy that was introduced in July 2024. With a focus on targeted and sequenced investment in our technology platforms to transform our customer experience, we continue a pathway of responsible growth with a vision of boldly transforming our customer experience by 2029.

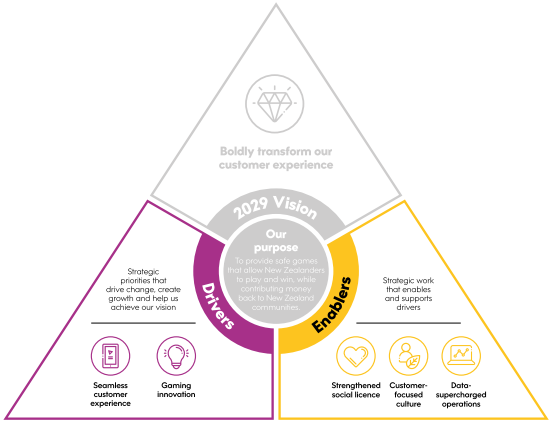
We use two strategic drivers to achieve this - seamless customer experience and gaming innovation. Underpinning these are three strategic enablers - strengthened social licence, customer-focused culture and data-supercharged operations.

We are focused on remaining the trusted local provider of New Zealand's national lottery while evolving to stay competitive and relevant in today's environment. Minimising harm from our games through public education and responsible operations also remains a priority.

Our new strategy to 2032 will be completed early in 2027, reflecting our continued commitment to sustainable growth at a time of significant change across our operating environment, including rapid technological advancement, shifting customer expectations, and increasing regulatory complexity.



Strategy scorecard
He kāri tapeke rautaki



Drivers	Highlights	Strategy metrics	FY26 Actual	FY26 Target
Seamless customer experience: From separate transactions to connected moments that allow our players to experience the magic of Lotto NZ.	• The new EDGE platform successfully launched, with hypercare and disaster recovery testing completed. • Project Frontier - web and app upgrades to enhance player experience, personalisation and harm minimisation. • Digital experience enhancements: removing friction points identified through the Voice of the Customer programme. • New Powerball Imagine campaign, the NZ Olympic Team partnership and maintaining momentum of the Local Grants campaign.	**Lotto NZ Brand Health Index** Measures how well a brand is performing in its market	66	65
		Channel experience (digital) Percentage of customers rating us 8 - 10 out of 10	86%	85%
		Channel experience (retail) Percentage of customers rating us 8 - 10 out of 10	86%	85%
Gaming innovation: From constrained experiences to more entertaining, trusted and safer play.	• Powerball matrix change introduced (see page 16). • New Instant Kiwi Online games and game features launched following the EDGE project, supported by an expanded game pool.	**Implementation of product roadmap**	Powerball matrix change	Powerball matrix change
		Maintain current financial margins for new games	Yes	Yes
		All new games meet pre- and post-launch harm minimisation standards	Yes	Yes

Enablers

	Highlights	Measures	FY26 Actual	FY26 Target
Strengthened social licence: Leading on harm minimisation and being trusted by New Zealanders across all aspects of our social licence.	• World Lottery Association recertified our Responsible Gambling programme. • Mentor Behaviour Analytics tool intervention launched to uplift harm minimisation capability. • 18+ age restriction work programme launched, delivery in March 2027. • Responding to Online Casino Regulation - work with the regulators on the Online Casino Gambling Bill.	**World Lottery Association (WLA) accreditation** Evaluation of our Responsible Gambling programme by the WLA	Level 4	Level 4
		Ministry of Health harm citations per 10,000 players Number of Lotto players reporting gambling harm	0.8	<1.0
		Toitū Net Carbon Zero certification	Yes	Yes
		New harm minimisation tools introduced	BA tool automation	BA tool automation
Customer-focused culture: An organisation that represents and deeply understands the communities we serve, and a culture that puts customer needs and preferences at the centre of everything we do.	• 6th in Kantar's 2025 Corporate Reputation Index. • Strong employee engagement (see page 38). • Programme to embed customer-centricity from recruitment through to onboarding. • Leadership programmes, including Elevate, Emerge, Winning Edge, and Ezra leadership coaching.	**Employee engagement score**	8.0	7.8
		Pay equity gap The average base salary differences of permanent employees on the same pay grades	1.36%	+/- 1.0%
		Equitable gender representation in leadership The percentage of senior leaders who are female	50%	50%
		Employee alignment with strategy	8.0	8.0
Data-supercharged operations: From legacy operations to data-driven efficiency and experiences.	• Data Cloud Platform: unifying customer data to deliver digital marketing personalisation. • Retail Connectivity: new vendor selection and network renewal. • Information and Cybersecurity uplift programme.	**New games and features linked to data analytics** New games assessed/monitored through data analytics (for performance/harm minimisation)	Yes	Yes
		Grow digitally enabled players Players connect with a game digitally, either online or instore	8%	10%
		Retail network availability Operating without a retail network outage	100%	99.95%
		Core gaming system availability Operating without a core gaming network outage	99.98%	99.97%
		MyLotto availability Operating without a MyLotto outage	99.99%	99.95%

Creating value: material matters
Ngā take rawa

Things we're focused on

The material matters Lotto NZ faces that could impact business value, positively or negatively.

Trust, reputation and social licence
Protecting Lotto NZ's position as a trusted, publicly owned national lottery that returns 100% of profits to New Zealand communities. In a more visible and contested gambling environment, maintaining trust depends on strong integrity, responsible marketing, transparent community impact, and clear differentiation from other gambling operators.

Strategy delivery and transformation
Delivering on Lotto NZ's five-year strategy while maintaining strong business-as-usual performance, cost discipline and community returns. This includes closing out major game-change and technology programmes such as Powerball and Frontier while preparing the organisation for the next strategic period.

Competitive and market environment
Responding to a structurally different gambling and entertainment market, including the arrival of licensed online casinos, growth in digital gambling, increased advertising competition, and continued competition for discretionary consumer spend.

Business integrity and continuity
The physical and digital integrity of our games, systems and business is central to Lotto NZ's success, spanning platform performance and organisational resilience from external threats.

Regulatory and policy change
Navigating significant regulatory and public policy change, including implementation of the Online Casino Gambling Act, the move to an 18+ age restriction across all Lotto NZ products, and ongoing expectations of Crown entities, which may change following the 2026 General Election.

Safer play and harm minimisation
Continuing to minimise gambling-related harm through prevention, detection and intervention across game design, marketing, retail, digital channels, community engagement and customer support. This includes deepening the use of behavioural analytics, maintaining world-leading responsible gambling certification, supporting priority communities, and preparing for 18+ implementation.

Changing retail environment
Managing the evolution of Lotto NZ's retail channel. This includes maintaining a strong retail network, supporting retailers as they review their use of premises, improving omnichannel experiences, and ensuring incoming age-verification requirements are practical and effective.

Sustainability
Reducing Lotto NZ's environmental impact where possible and adapting to climate-related expectations through emissions measurement, reduction planning, waste management, paper reduction, responsible procurement and the changing balance between retail and digital operations.

Capability, culture and change
Attracting, developing and retaining the people and capabilities needed to deliver Lotto NZ's strategy in a period of sustained transformation. This includes maintaining engagement, supporting wellbeing, strengthening AI and digital capability, improving diversity and inclusion, and ensuring teams can manage competing business-as-usual and project demands.

Value creation matrix
He mahere whai hua

INPUTS
The capital we rely on

Financial
Capex/Opex

Intellectual
Unique skills/Gaming IP, Lotto Brand

Manufactured/ Infrastructure
Buildings, Terminals, Paper, Tickets

Human/Our People
Staff, Contractors

Social Relationship
Partners, Retailers, Key Stakeholders

BUSINESS
The business that we operate

Boldly transform our customer experience

2029 Vision

Our purpose
To provide safe games that allow New Zealanders to play and win, while contributing money back to New Zealand communities.

Drivers
Strategic priorities that drive change, create growth and help us achieve our vision

- Seamless customer experience
- Gaming innovation

Enablers
Strategic work that enables and supports drivers

- Strengthened social licence
- Customer-focused culture
- Data-supercharged operations

OUTPUTS
The value we create

Optimise
- Profit
- Gambling Products
- Brand Equity
- Winners

Minimise
- Gambling Harm
- Environmental Impact

OUTCOMES
The difference we make



New Zealanders have access to engaging and safe lottery games



Lottery funding builds strong, sustainable communities

GOVERNANCE

Corporate Governance: adhering to the Gambling Act 2003, the Crown Entities Act 2004, and other relevant legislation and guidance.

Programme Governance: ensuring best practice governance and procurement processes for our significant investments.

Harm Minimisation Governance: clear accountability, measurement and oversight of our harm minimisation programme.



Our operational year in review

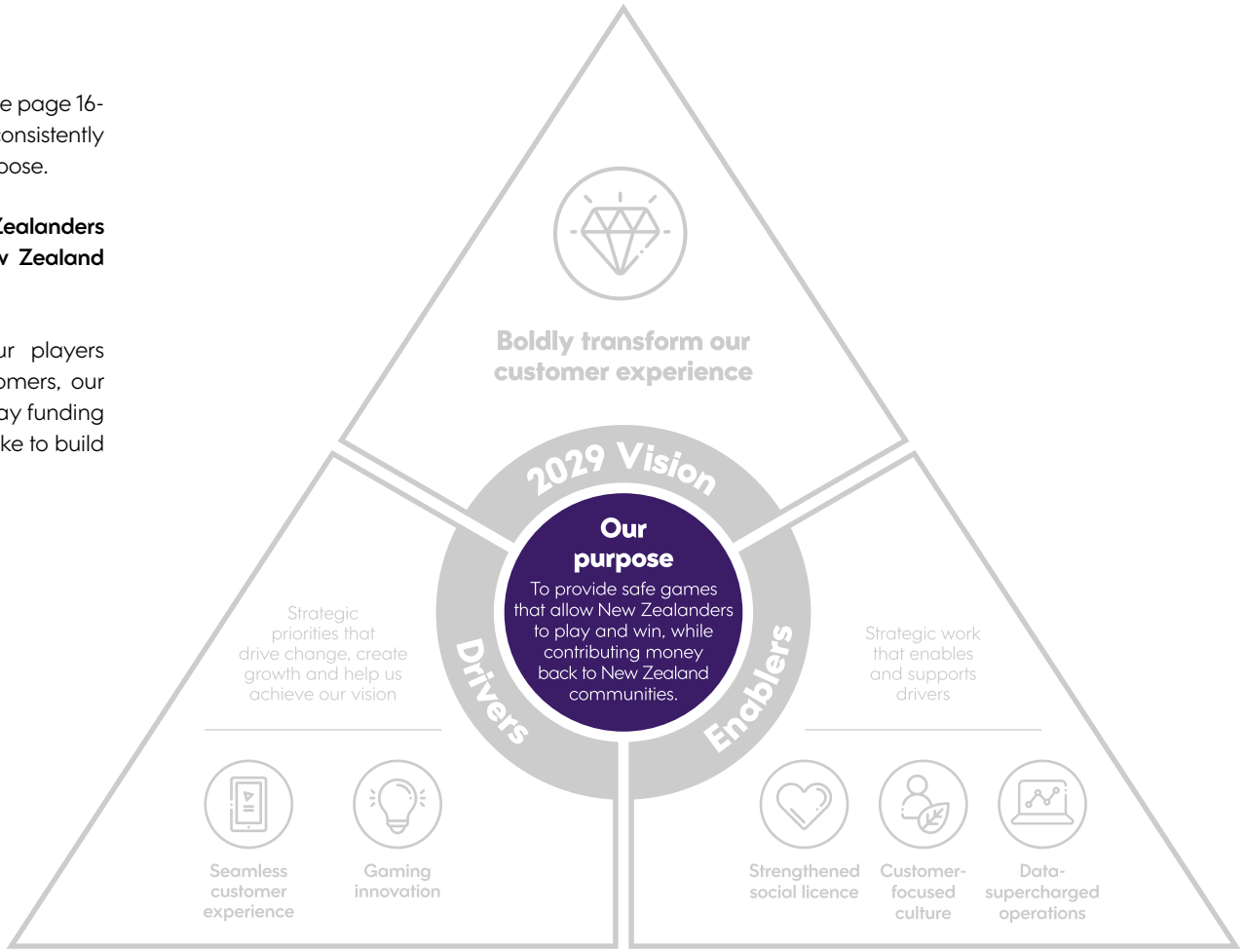
Te arotakenga o ā mātou whakahaere ā-tau

Operations and performance
Ngā whakahaere me ngā tutukinga

Our operations not only drive forward the major projects (see page 16-17) that are central to our 2029 strategy but also underpin consistently strong performance week-on-week and deliver on our purpose.

Our purpose: To provide safe games that allow New Zealanders to play and win, while contributing money back to New Zealand communities.

The following section demonstrates how we keep our players safe from gambling harm, our interactions with our customers, our commitment to sustainability and Te Tiriti o Waitangi, the way funding finds its way back to the community, and the efforts we make to build a high-performing culture and team.



Harm minimisation

Our Responsible Gambling programme

We work hard to protect our players from gambling-related harm, recognising that our goal of maximising benefits for New Zealand communities can only be achieved if our games are enjoyed safely.

We continue to use a prevention, detection and intervention approach, with the greatest emphasis on preventing gambling harm before it occurs.

Governance
Harm minimisation at Lotto NZ is governed through a multi-layered framework. A dedicated operational team leads programme delivery, while all business areas are accountable for considering harm minimisation in their decision-making. Strategic oversight is provided by both the Executive Responsible Gambling Committee and the Board Harm Minimisation Subcommittee.



Our focus areas:

World Lottery Association Recertification

During the financial year, we applied to have our Responsible Gambling programme recertified at the highest level (Level 4) with the World Lottery Association. This certification was awarded in July 2026, with the World Lottery Association Independent Assessment Panel stating that Lotto NZ's overall submission "exceeds the standard required for this level" and "Lotto New Zealand has once again shown that it is among the leading World Lottery Association members" in Responsible Gambling.

For the last decade Lotto NZ has achieved certification at this level under the Association's Responsible Gaming Framework. This certification is rigorous, requiring that Lotto NZ integrates harm minimisation programmes into our day-to-day operations and decision making across the ten World Lottery Association areas of focus. We must also integrate stakeholder feedback into the programmes and demonstrate continuous improvement across the ten programme areas. The accuracy and reliability of our submission must be assured by an independent auditor.



World Lottery Association Responsible Gaming Framework

10 areas of focus

- Research
- Employee programme
- Game design
- Retailer programme
- Responsible advertising & communication
- Online gambling: MyLotto & MyLotto App
- Treatment referral
- Player education
- Reporting and measurement
- Stakeholder engagement

Mentor

In October 2025, we began leveraging analysis from our behavioural analytics tool, Mentor, to intervene with customers who show signs of risky gambling behaviour on MyLotto.

Mentor analyses player behaviour using a proven, research-based approach, which identifies where behaviour might be high risk so that Lotto NZ staff members can engage with those customers. As of 30 June 2026, around 0.005% of our online players were flagged for further investigation.

We have introduced a four-stage intervention process with proactive contact made to the customers to offer safer gambling support.

This starts with an automated email, followed by a personalised email, and if risky behaviour continues, this is followed up with a phone call by our safer gambling team. We have seen positive results from the tool and the intervention process to date and will continue to monitor this over the coming financial year.

Priority groups

We have a comprehensive responsible gambling programme in place that spans customers, retailers and staff. This involves engagement with priority populations (Māori/Pasifika/Asian communities) and includes tangible and specific controls.

All Lotto NZ responsible gambling research has robust sample representation, including across Māori, Pasifika and Asian communities.

Co-design

Over the course of the year, we continued to work closely with our established 'co-design' groups in Māori and Pacific communities, meeting several times to discuss how Lotto NZ's harm minimisation programme can better meet the needs of these communities. Members of the co-design groups included clinicians and those with lived experience - bringing considerable expertise in the addictions space. In FY26, we consulted with these groups about our Powerball game changes to MyLotto spend controls and the implementation of the behavioural analytics tool. They also met with the Lottery Grants Board to learn more about funding opportunities for their communities.

Pause Think Skip

The 'Pause. Think. Skip' responsible gambling messaging concept was collaboratively developed with representatives from Māori and Pacific communities.

We piloted the campaign in Auckland and Porirua. Results clearly showed that the 'Pause. Think. Skip' concept is particularly effective within the Māori and Pacific communities, demonstrating higher engagement, clearer message comprehension, and a greater influence on promoting safer gambling behaviours, compared to the broader population.

Following these successful pilots, from November 2025 we introduced 'Pause. Think. Skip' messaging into all Lotto NZ stores located in areas classified as decile 9 and 10 on the New Zealand Deprivation Index.

Community education partnership

We worked with a cultural consultancy to design targeted gambling harm educational materials for treatment providers, as we're aware those organisations are a strong touchpoint with affected communities. We now have a suite of translated resources for both public health workers and clinicians, to help them build awareness of our tools and support safe play conversations in their communities.

The pattern in the design has been created to represent Lotto NZ's journey through the lens of the communities we serve as customers, partner with as retailers, and support through funding from grants. The design is the product of an artistic and cultural collaboration among Māori, Pasifika and Asian creatives, with the three strands representing each of these communities.

The new educational resources can be delivered through our community partnerships, and in March our first pilot kicked off with Mapu Maia, a national public health and counselling service for Pacific people.



Play Smart Gambling Literacy

Through FY26 we have continued to deliver player education programme Play Smart, which has the aim of increasing New Zealanders' gambling and lottery "literacy", or understanding of our games and how they work. Play Smart messages were shared in-store, on MyLotto, and through social media, and were amplified when the jackpot reached over $20 million.



Gambling harm citations

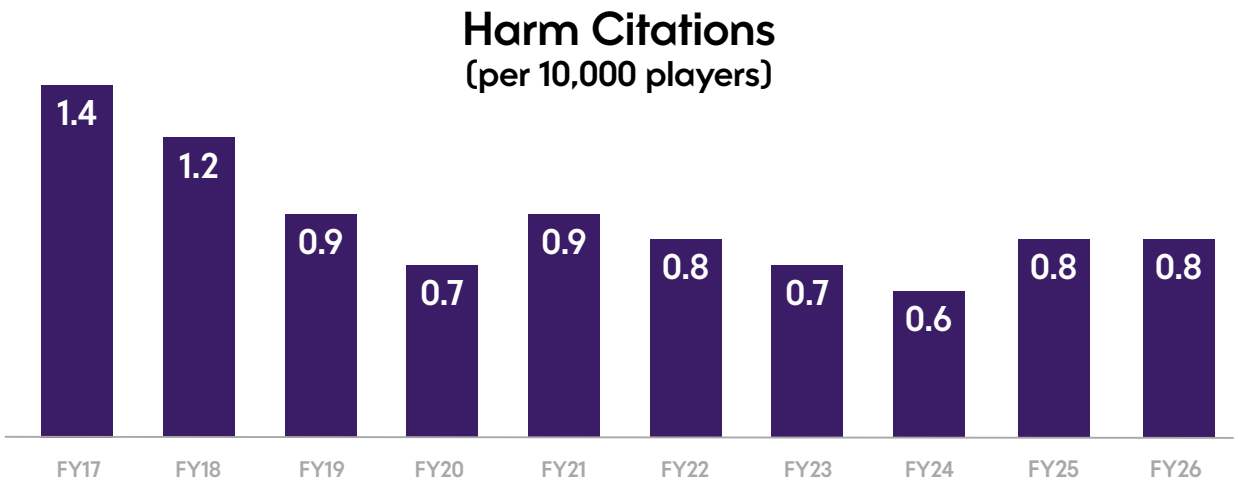
We measure the success of our responsible gambling programme in a number of ways. This includes monitoring the number of new gambling harm citations (New Zealanders seeking support for gambling harm from our products) per 10,000 players.

These numbers are based on data publicly available from Health New Zealand. Our target is that fewer than 1 person per 10,000 playing our games reports harm.

In FY26, harm was reported by 0.8 individuals per 10,000 Lotto NZ players.

Health New Zealand estimates there is a 4% data reporting gap during the period. This means 4% of expected harm citations were not reflected in data that was submitted by treatment providers.

We are confident that we remain well within our target of less than 1 citation per every 10,000 players.



Gambling harm citations related to Lotto NZ products as reported to Health New Zealand per 10,000 players FY17-FY26. The figure for FY25 was previously reported as 0.7 but has been recalculated at 0.8 following the provision of updated data by Health New Zealand.

Our customers

This year we launched several initiatives building on our strategic vision of 'boldly transforming our customer experience'.

In September 2025, we successfully delivered Project EDGE (see page 16), improving our technology behind the scenes, and setting us up to be much more innovative in the future, particularly around new games and player experiences. We now have a state of the art 'springboard' from which we can deliver innovative new games and experiences. Our next big technology project, Project Frontier (see page 17), is underway, focusing on refreshing and future-proofing our website and app.

In March 2026 we publicly announced changes to our flagship Powerball game, (see page 16), including increasing the number of Powerballs from 10 to 14, adding a new Division 8, raising the starting Powerball jackpot from $4 million to $5 million and increasing the maximum jackpot from $50 million to $60 million.

Keeping the dream alive

In July 2026 we changed how we publicly communicate draw results. We are now giving customers more time to check their own ticket to see whether they have won a major prize by delaying the announcement of winner locations until the morning after a live draw.

This change recognises that checking numbers is a core part of our players' experience and can be compromised when a player has already seen in the news media that significant prizes have gone to other regions.

AI tool in the contact centre

We have introduced a tool in our customer contact centre using the Amazon Connect and Cornerstone platforms. This is a knowledge bot designed to support customer service staff in real time. The bot automatically serves up helpful answers based on key words prompted during a customer call, giving our people faster access to the information they need.

In FY26, we supported our customers through:



126,783 MyLotto and Retail calls
with 85% answered within 30 seconds



49,881 web chats
with 94% answered within 60 seconds



49,625 MyLotto and Retail emails
average speed of answer 2h41m

Our brand

Throughout FY26, Lotto NZ continued to strengthen its position as one of New Zealand's most trusted and recognisable brands. Maintaining a place among the top 10 brands in Kantar's trusted brand rankings, in sixth-place position, reflects the enduring confidence New Zealanders have in Lotto NZ and the positive reputation built over many years.

As the market prepares for increased competition, Lotto NZ remained focused on celebrating what makes it unique. A key part of this was its ongoing partnership with the New Zealand Olympic Team for the Winter Games, reinforcing Lotto NZ's identity as a Kiwi brand for Kiwi communities. The campaign also created a memorable opportunity for players, with a lucky winner and their guest experiencing an exclusive NZ Team moment through a money-can't-buy prize of a trip to watch the action in Cortina.

Instant Kiwi further strengthened its connection with New Zealanders by tapping into the power of nostalgia and local culture. The launch of Golden Kiwi celebrated Lotto NZ's heritage, while the Country Calendar ticket paid tribute to one of the country's most enduring and beloved institutions. Both campaigns resonated strongly with consumers, generating enthusiasm, driving strong sales, and showcasing the enduring appeal of distinctly Kiwi stories and experiences.

The year also saw the introduction of the new Mid-Year Millionaire promotion. Replacing the traditional Father's Day Triple Dip campaign, it offered players three additional $1 million prize opportunities and brought a fresh seasonal twist to the Powerball brand.

Together, these initiatives helped strengthen Lotto NZ's brand, deepen connections with customers, and reinforce its place in the hearts and minds of New Zealanders.

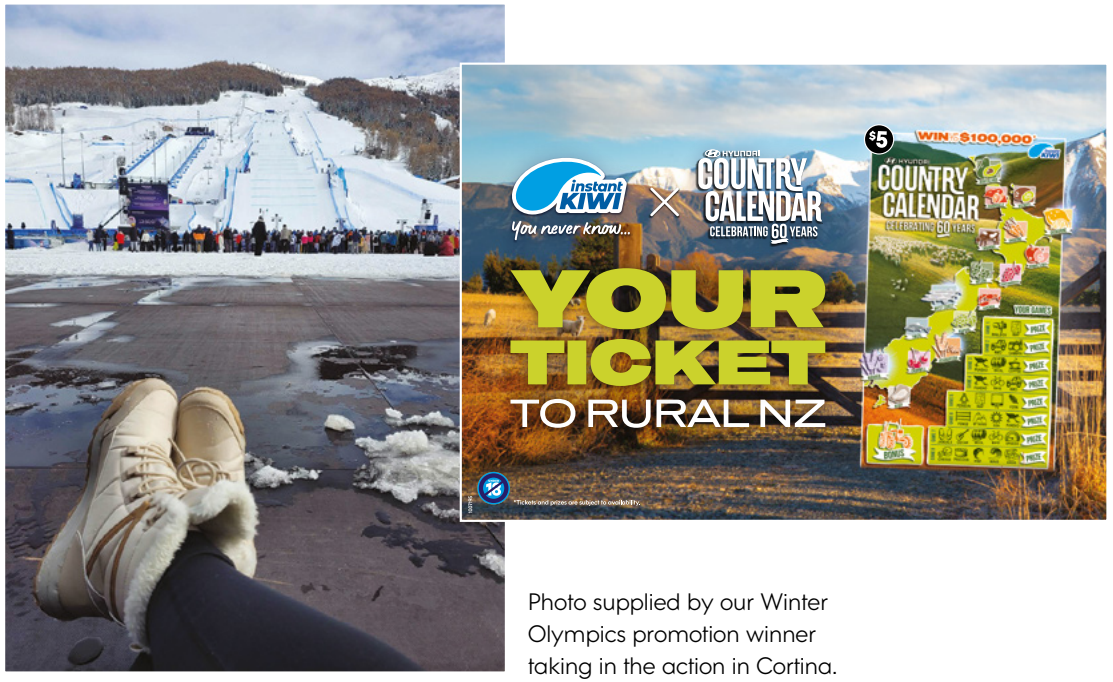


Photo supplied by our Winter Olympics promotion winner taking in the action in Cortina.

Local Grants

Our Local Grants campaign, first launched in 2023, connects our customers with our purpose by showcasing the impact of lottery funding in communities across New Zealand.

In late 2025, we travelled across the country to film nine Local Grants recipients, ensuring we continue to share fresh, regionally relevant stories that reflect the breadth of our impact, from the Far North to Dunedin. Newly featured recipients include Land Search and Rescue, Ice Sport Dunedin, Rawene Library, Gisborne Concert Band, Fiordland Trails Trust, Basketball Hawke's Bay, Te Waka Pounamu Outrigger Canoe Club, Te Pou O Tainui Marae and NZ Mountain Safety Council. With this latest round of filming, we now have representation from every region across Aotearoa, including stories with national significance.

We are proud that lottery funding makes a positive difference in the lives of people all around the country. With 100% of our profits supporting thousands of great causes and charities every year, our players are helping build strong and sustainable communities. In a changing environment, we believe it is more critical than ever that Lotto NZ continues to provide a source of responsible community funding into the future.



New Local Grant featured recipients

1. Rawene Library
2. Gisborne Concert Band
3. Basketball Hawke's Bay
4. Te Pou O Tainui Marae
5. NZ Mountain Safety Council
6. Te Waka Pounamu Outrigger Canoe Club
7. Land Search and Rescue
8. Fiordland Trails Trust
9. Ice Sport Dunedin

LOCAL GRANTS STORY

Cricket brings summer joy to players with disabilities

Few sounds evoke a 'Kiwi summer' like the crack of bat on ball and excited shouts of "Howzat?".

In Christchurch, that familiar summer spirit is shared each week at Hagley Park, the home of cricket in Canterbury.

Among the city's most enthusiastic cricketers are around 80 players with intellectual and physical disabilities participating in a mid-week competition run by Christchurch Metropolitan Cricket Association.

The annual November-to-March tournament is supported by lottery grants funding of $5,000 which contributes to the cost of gear, uniforms, equipment, fees and a post-season social.

Ensuring players participate safely, confidently and as part of a team are an integral part of the competition.

Christchurch Metropolitan Cricket General Manager Mike Harvey says the competition builds confidence, independence and connection.

"The players enjoy the teamwork and camaraderie. It gives us pleasure to see people out there running around in the nice weather, enjoying themselves and having a good time."





LOCAL GRANTS STORY

Lottery grant helps keep historic MV Takitimu shipshape

For more than a century, MV Takitimu has been an integral part of Gisborne's harbour history.

Purpose built for the Gisborne Harbour Board, the 13.7-metre pilot launch arrived from Auckland in December 1921 and served the local port for almost 80 years before being decommissioned in 1999.

Today, with the support of a $22,500 lottery funding grant, a dedicated restoration project that began 25 years ago is still underway.

"The lottery grant is pretty massive because $22,500 is a lot of money and it means we'll get the job done," says Chris Masters, skipper and lead fundraiser of the MV Takatimu Charitable Trust.

The Trust and its small group of volunteers are determined to keep Aotearoa's oldest working pilot launch on the water and visible to the community.

The grant has enabled the vessel to be lifted out of the water in preparation for an upcoming survey and refitting work. Repainting is expected to start in September when settled weather arrives.

Behind the restoration are six trustees and around 15 volunteers who also crew outings on the vessel, welcome visitors and help behind the scenes.

"With a boat as old as this, you're just a placeholder," says Chris. "When something's over 100 years old, it's your turn to take care of it for the next people who come along."





Our channels

Retail

EDGE Rollout

Following EDGE implementation, our 1,117 retailers now have new ticket checkers and terminals that make scanning tickets and coupons easier. A new screen also shows customers what they are buying and whether they have won when checking tickets.

EDGE has also reduced paper waste by enabling a single ticket to be issued when customers purchase Lotto, Powerball and Strike together, rather than the two tickets previously required.

Retail Network Replacement

A nationwide project commenced in FY26 to replace the telecommunications network that supports Lotto terminals across all our stores. The change will reduce ongoing operational costs, with rollout planned for the second half of 2026.

SciTrak

A significant operational enhancement for the Retail team during the year was the implementation of Scientific Games' SciTrak system, which provides automated measurement of Instant Kiwi ticket demand and consumption across the retail network and generates daily recommended order quantities for each store. SciTrak has delivered strong results and significantly reduced the administrative workload for Lotto NZ retailers.

Digital

Our digital channels continued to play a vital role in connecting with our customers throughout FY26. MyLotto reached 1.18 million active players during the year. We welcomed more players to our digital ecosystem, with more than 282,000 new app downloads.

We continued to grow our digital engagement, expanding our reach and engagement across Meta and TikTok platforms. Direct communications also remained an important way to connect with our customers, with more than 70 million emails and 125 million push notifications sent throughout the year.

Together, these efforts helped create a more connected, engaging and responsive digital experience for our players. We look forward to offering transformative new digital experiences through Project Frontier, which will deliver new MyLotto platforms, in the near future.



282,000
new MyLotto app downloads



1.18 million
active players

Our people

Engagement is
8.0/10
(Very Good)

Diversity, equity, belonging and inclusion is **8.1/10 (Great)**

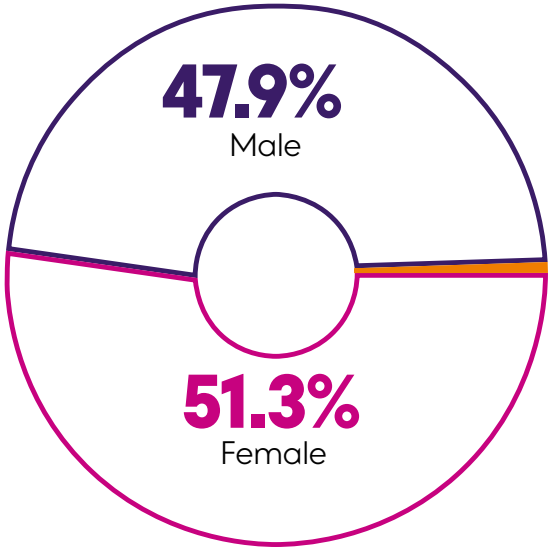
30 employee net promoter score **(Great)**

Onboarding is
8.9/10
(Great)

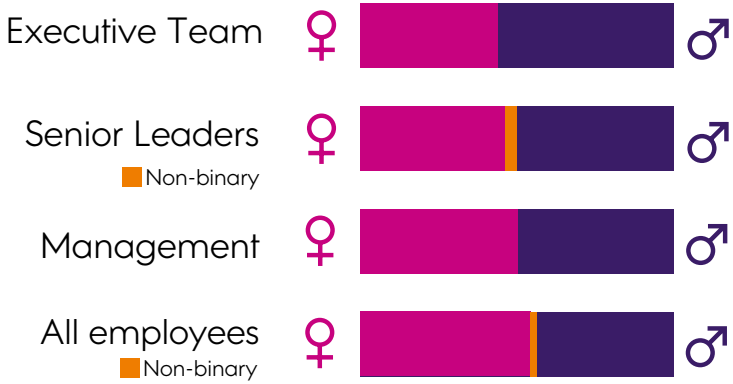
The above metrics are externally benchmarked via Workleap, leveraging anonymised Officevibe data from a broad cross-section of companies and industries, encompassing hundreds of thousands of users.



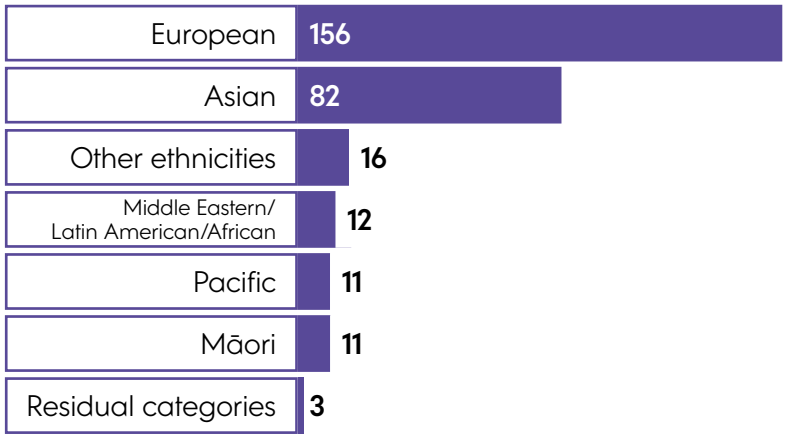
Gender



* Lotto NZ staff have the option not to share their gender.

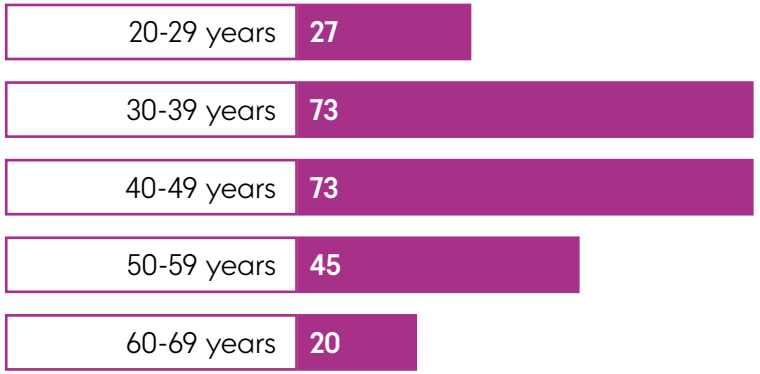


Ethnicity



* Lotto NZ staff have the option to identify as more than one ethnicity

Age



LOCAL GRANTS STORY

Captured on Glass: Ōpunakē's Past Returns to Light

One of coastal Taranaki's most significant photographic archives is being restored and digitised at Puke Ariki Museum in New Plymouth.

A lottery funding grant of $200,000 is helping preserve more than 10,000 fragile glass plate negatives that have been in storage at the Museum since 1974.

"This remarkable collection of images is a view into the past that is unparalleled in Taranaki," says Natasha McKinney, Curator and Project Lead of the Feaver Collection Project.

Ōpunakē father and son, John and Samuel Feaver, photographed a vast array of events, including weddings, community gatherings and daily life in the district from 1896 to 1943.

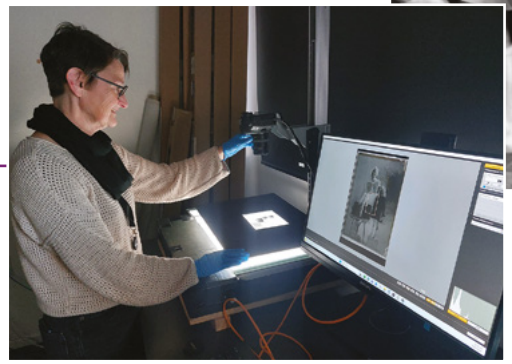
"They reached and photographed almost every corner of the community, including places of deep importance such as the historic Māori community of Parihaka."

The funding is supporting specialist work essential to stabilising, cataloguing and digitising the collection.

"The grant is paying for digitisation assistants and a cataloguer to begin processing the first half of the collection, so it can be preserved and shared with future generations," Natasha explains.

This is the first phase of a lengthy project that will eventually see the images made accessible online to the public.





LOCAL GRANTS STORY

Lottery funding helps Kiwi stories shine on screen and at the box office

As one of four statutory bodies directly funded by the Lottery Grants Board, the New Zealand Film Commission Te Tumu Whakaata Taonga (NZFC) helps bring local stories to life on screen, supporting the cultural, social and economic benefits that New Zealand storytelling delivers to communities throughout the country.

In the past year, NZFC received funding of more than $22.8 million, funding production on 11 feature films and supporting the release of 16 NZFC-backed films that shared New Zealand stories with audiences at home and abroad.

"Funding from the Lottery Grants Board is vital to the work of the New Zealand Film Commission," says Annie Murray, NZFC Chief Executive.

"The impact is both cultural and economic. This funding helps turn ideas into films, supports jobs and skills across the screen sector, and helps local films reach audiences."

That impact was clear in a standout year for local filmmaking.

Tinā earned more than $6.4 million at the New Zealand box office, attracting over 410,000 admissions and securing its place among the country's five highest-grossing New Zealand films of all time. The film has since gone on to reach new audiences through Netflix.

Meanwhile, Tenor: My Name is Pati became one of New Zealand's highest-grossing local documentaries, surpassing $1 million at the box office and attracting more than 80,000 admissions, with the film continuing to connect with audiences in cinemas around the country.

Through investment in development, production and audience engagement, NZFC helps ensure New Zealanders can see their communities, cultures, languages, music, identities and lived experiences reflected on screen, while supporting a vibrant screen industry that delivers lasting benefits for people and communities across Aotearoa.



Sustainability

Wellbeing and sustainability

Lotto NZ has again been recertified as Toitū Net Carbon Zero[1] for FY26. Our Toitū certification, which we have held since FY19, requires that we measure our greenhouse gas (GHG) emissions annually and in accordance with global standards, that we have our emissions inventory independently audited, and that we commit to managing and reducing emissions in line with our emissions reduction target and supporting plan.

Since FY21 we have certified as Net Carbon Zero, which requires that we offset our residual emissions by purchasing verified carbon credits. In line with Toitū requirements, the following mandatory emissions are offset:

- Petrol - direct emissions, scope 1
- Electricity - indirect emissions from imported energy, scope 2
- Freight - indirect emissions from transportation, scope 3
- Air travel - indirect emissions from transportation, scope 3

In addition, Lotto NZ measures and voluntarily reports (but does not offset) the following emission sources:

- Paper use - indirect emissions from product used by the organisation, scope 3
- Paper waste to landfill - indirect emissions associated with the use of products from the organisation, scope 3
- Other - accommodation

Lotto NZ does not include the following emission sources in its GHG emission reporting as these are estimated at below 2% of the total emissions profile:

- Employee commute [2]
- Working from home
- Water and wastewater (office)

Since FY19 our most significant GHG emissions have been from electricity, paper in our retail network (tickets and point of sale materials), and the disposal of these paper-based items to landfill. Paper usage is expected to reduce over time as our business continues to digitise and future omnichannel customers buy instore but receive their tickets digitally.

[1] Toitū Net Carbon Zero. This is the certification scheme as defined by Toitū.
[2] Employee commute data is not material to Lotto NZ's emissions profile. This has also been excluded given the high level of uncertainty associated with the reported data, the disproportionate resourcing required to track it and Lotto NZ's relatively limited capacity to make reductions.

FY26 greenhouse gas emissions

In FY26, Lotto NZ's GHG emissions totaled 1,414 tonnes of carbon dioxide equivalent (CO2e) as certified by Toitū.

This is a 9% increase on our measured emissions in FY25. However, we note the increase was primarily driven by improvements in our data quality (specifically in relation to how we measure emissions from paper) rather than any operational change.

Increases in selected emissions year-on-year

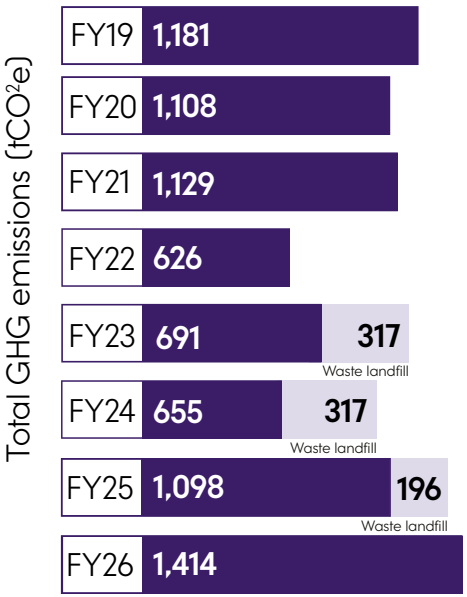
EMISSION SOURCE	Change FY26 vs FY25	Reason
Paper	+268 tCO2e	There was a slight increase (7%) in the amount of paper (primarily tickets) purchased in the reporting period. However, most of this increase was due to Lotto NZ moving to a product-specific emissions factor for Instant Kiwi tickets. Previously we used a generic paper emissions factor, and so we are now more accurately accounting for the emissions from these products.
Other	+9 tCO2e	In FY26 we began recycling unused Instant Kiwi tickets. The emissions from the recycling process are included in "other". There was also a slight increase in emissions from electricity T&D losses compared to the prior year.
Waste to landfill	+61 tCO2e	More paper was purchased and used during the reporting period.

Decreases in selected emissions year-on-year

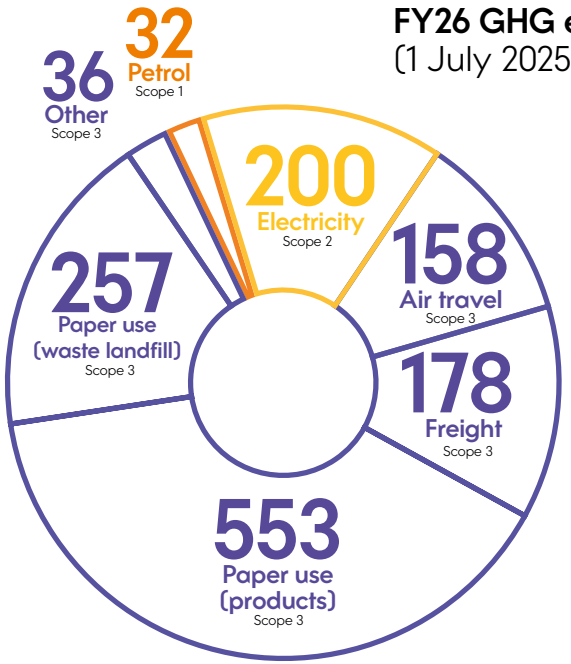
EMISSION SOURCE	Change FY26 vs FY25	Reason
Petrol	-3 tCO2e	Reduced retail footprint and less travel by Lotto staff.
Electricity	-22 tCO2e	There was a 29% decrease in electricity consumption compared to the PCP. The most significant reduction was associated with data centre electricity, relating to Lotto-owned equipment hosted within third-party facilities, reflecting improvements in the operational and energy efficiency of the data centre equipment.
Air travel	-40 tCO2e	Lotto NZ takes a disciplined and closely managed approach to air travel, seeking to balance the need to remain globally connected with minimising the cost/impact of flying. Slightly less travel took place in FY26 compared to the prior year.
Freight	-155 tCO2e	There was a reduction in the use of air freight during the year.

The charts below provide an overview of our emissions since 2019, as well as the detail by emission source for this financial year:

Lotto NZ total GHG emissions



FY26 GHG emissions by source (tCO²e)
(1 July 2025 to 30 June 2026)



New FY32 emissions reduction targets

With our previous emissions reduction plan concluding in FY25, FY26 represents our new base year for our Toitū measurement and reduction programme. Lotto NZ has set two six-year emissions targets for FY26 through to FY32 - a scope 1 and 2 emissions target of 12% and a scope 3 target of 9%. Our emissions reduction plan to achieve these targets includes our ongoing transition to an electric vehicle fleet, ongoing migration to cloud storage, instore efficiency initiatives and seeking more carbon-efficient paper alternatives over time.

[3] Measuring emissions guide 2026 | Ministry for the Environment

Measurement methodology

There is a level of uncertainty in reporting GHG emissions, which is due to inherent scientific uncertainty in measuring emissions factors as well as estimation uncertainty in the measurement of activity data. Our GHG inventory has been prepared in accordance with the requirements of Toitū's measure-step programme, which is based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and ISO 14064-1:2018. Lotto NZ has applied an operational control consolidation approach.

No business units have been excluded in any reporting years. Our measurement of GHG emissions is multiplied by the Ministry for the Environment 2026 guidance[3] document's applicable emissions factors.

Te Tiriti

Māori-Crown relations

Partnerships and practices

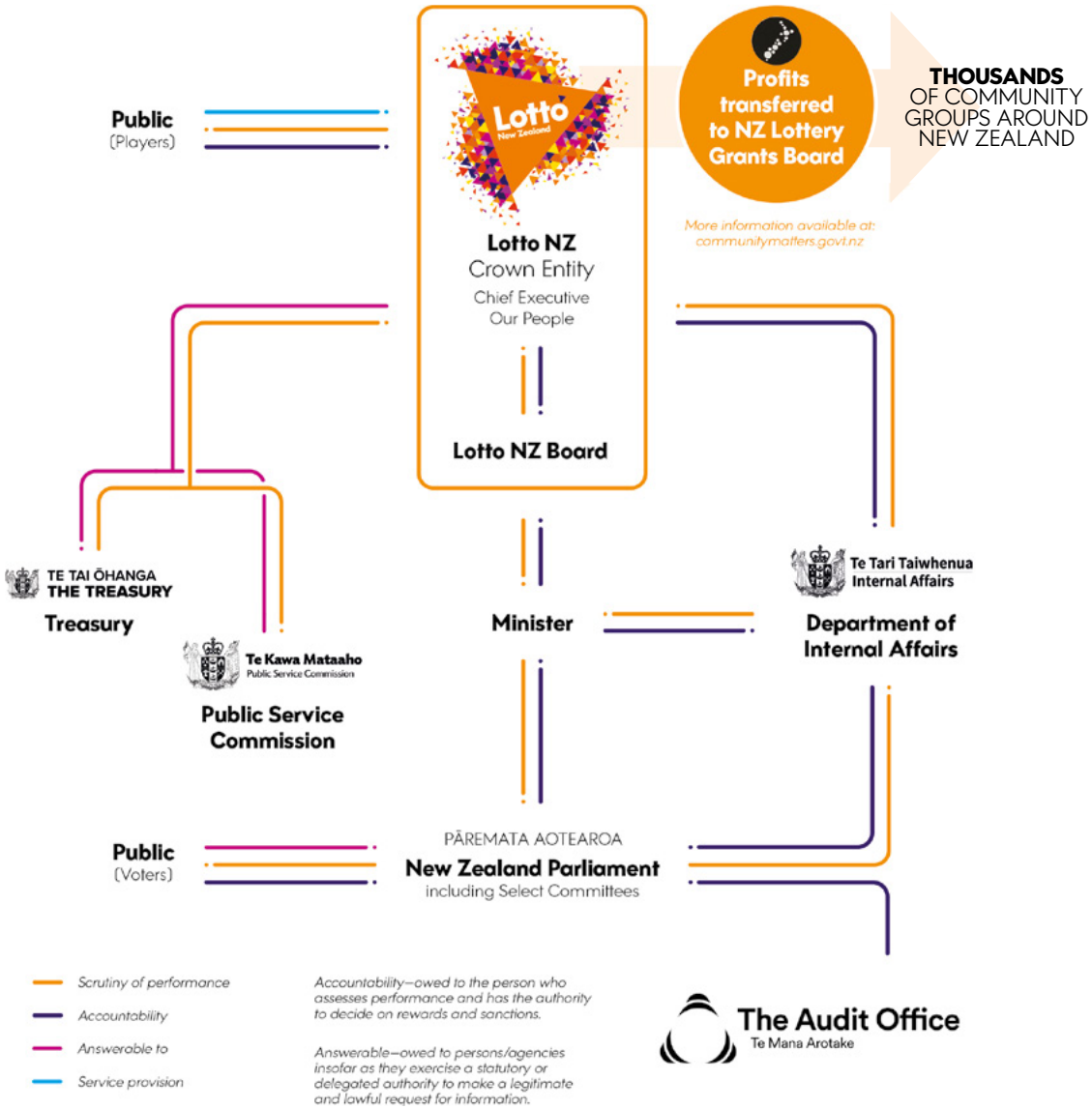
We recognise our responsibility to uphold Te Tiriti o Waitangi. In FY26, Lotto NZ continued to embed the learning and understanding of te Reo and tikanga Māori within our business. This is built into all major business events and we have embraced national opportunities – such as Te Wiki o te Reo Māori and the Matariki period - to celebrate and reinforce our knowledge.

Our harm minimisation co-design groups continued to meet quarterly to consult on marketing campaigns and responsible gambling messages, and execution of the wider Lotto NZ responsible gambling programme.



Governance
Mana whakahaere

Structure


Public
(Players)
Lotto
New Zealand
Lotto NZ
Crown Entity
Chief Executive
Our People
Lotto NZ Board
Profits transferred to NZ Lottery Grants Board
More information available at: communitymatters.govt.nz
THOUSANDS
OF COMMUNITY
GROUPS AROUND
NEW ZEALAND
TE TAI ŌHANGA
THE TREASURY
Treasury
Te Kawa Mataaho
Public Service Commission
Public Service Commission
Minister
Te Tari Taiwhenua
Internal Affairs
Department of Internal Affairs
Public
(Voters)
PĀREMATA AOTEAROA
New Zealand Parliament
including Select Committees
Scrutiny of performance
Accountability
Answerable to
Service provision
Accountability—owed to the person who assesses performance and has the authority to decide on rewards and sanctions.
Answerable—owed to persons/agencies insofar as they exercise a statutory or delegated authority to make a legitimate and lawful request for information.
The Audit Office
Te Mana Arotake

Our organisation
Tō mātou rōpū

Our dual purpose

The New Zealand Lotteries Commission (Lotto NZ) was established in 1987 to provide lottery games that return funds for distribution to New Zealand communities.

We offer Lotto, Strike, Powerball, Keno, Bullseye, Instant Kiwi and Instant Kiwi Online, which are sold through our Lotto NZ retail outlets and online at MyLotto.

We have a dual purpose - to maximise profits to return to the community, while ensuring the risk of problem and underage gambling is minimised.

All our profits go to the Lottery Grants Board for distribution to community organisations and charities. Last year, recipients included the three statutory bodies of Sport New Zealand, the New Zealand Film Commission and Creative New Zealand, the charitable trust Ngā Taonga Sound & Vision, and thousands of smaller community-based organisations.

Minimising the risk of gambling harm is a core focus in every part of our business, spanning the design and marketing of the games we offer, customer education, retailer training and responsible gambling tools.

Statutory context

Lotto NZ is an autonomous Crown Entity governed by the Crown Entities Act 2004 and the Gambling Act 2003. Under the provisions of the Gambling Act, Lotto NZ:

- promotes, organises and conducts New Zealand lotteries
- maximises profits from lotteries, subject to ensuring that the risk of problem gambling and underage gambling is minimised
- makes rules regulating the conduct and operation of New Zealand lotteries
- advises the Minister on matters relating to New Zealand lotteries.

Our operating environment

The lottery rules for all our games are consistent with the provisions of the Act and are subject to approval by the Minister of Internal Affairs. We work closely with our regulators to bring well-designed lottery games to market, which support safe play and allow Kiwis to play and win while contributing money back to New Zealand communities.

Our board
Tō mātou poari

The Lotto NZ Board, representing the Crown, is legally responsible for Lotto NZ's activities. It plays a critical role in helping to guide and test company strategy by engaging in an ongoing conversation with Lotto NZ management, approving business strategies and objectives and ensuring performance against them. The Board ensures compliance with relevant laws, regulations, codes and standards, including minimising problem and underage gambling risks and honouring Te Tiriti o Waitangi by fostering strong relationships with Māori.

The Board aims for the highest governance standards, in line with best practices and New Zealand laws. It consists of at least two and not more than nine members, with the appointment, removal, conditions and remuneration of members of the Board set out in the Crown Entities Act 2004. Board meetings occur at least eight times a year, attended by the Chief Executive Officer and Chief Financial Officer.

Board committees

Lotto NZ has four standing Board committees: the Audit and Risk Committee, the Remuneration, Culture and Wellbeing Committee, the Harm Minimisation Committee, and the Technology Projects Committee. Each committee operates under a Board-approved charter outlining its composition and responsibilities.

Audit and Risk Committee

The Audit and Risk Committee oversees Lotto NZ's corporate reporting, compliance, risk management, internal audit and assurance systems, including insurance strategy. It advises on the performance of Lotto NZ's auditors and comprises at least three Board members, one of whom must be a member of the Institute of Chartered Accountants of New Zealand, along with the Chief Financial Officer. The Committee meets four times a year.

Remuneration, Culture and Wellbeing Committee

The Remuneration, Culture and Wellbeing Committee advises the Board on remuneration policy and maintaining a staff culture and wellbeing programme. It also reviews the performance of the Chief Executive Officer and Executive Management. The Committee meets twice a year and includes three Board members, the Chief Executive Officer and the Chief People and Communications Officer.

Harm Minimisation Committee

The Harm Minimisation Committee focuses on minimising gambling harm and ensuring responsible operations. Formed in FY23, it helps the Board understand harm prevention related to Lotto NZ's products. The Committee includes three Board members and selected Lotto NZ representatives who focus on harm minimisation. It meets at least four times a year.

Technology Projects Committee

The Technology Projects Committee assists the Board in fulfilling its oversight responsibilities in relation to strategic projects within Lotto NZ. This replaced the EDGE Sub-committee in 2026 following practical completion of the EDGE programme. The Committee also provides guidance to the CEO and Programme Director on risks, issues and key project metrics. The Committee includes three Board members, and the Chief Transformation and Technology Officer, and meets as required and aligned to key project milestones.

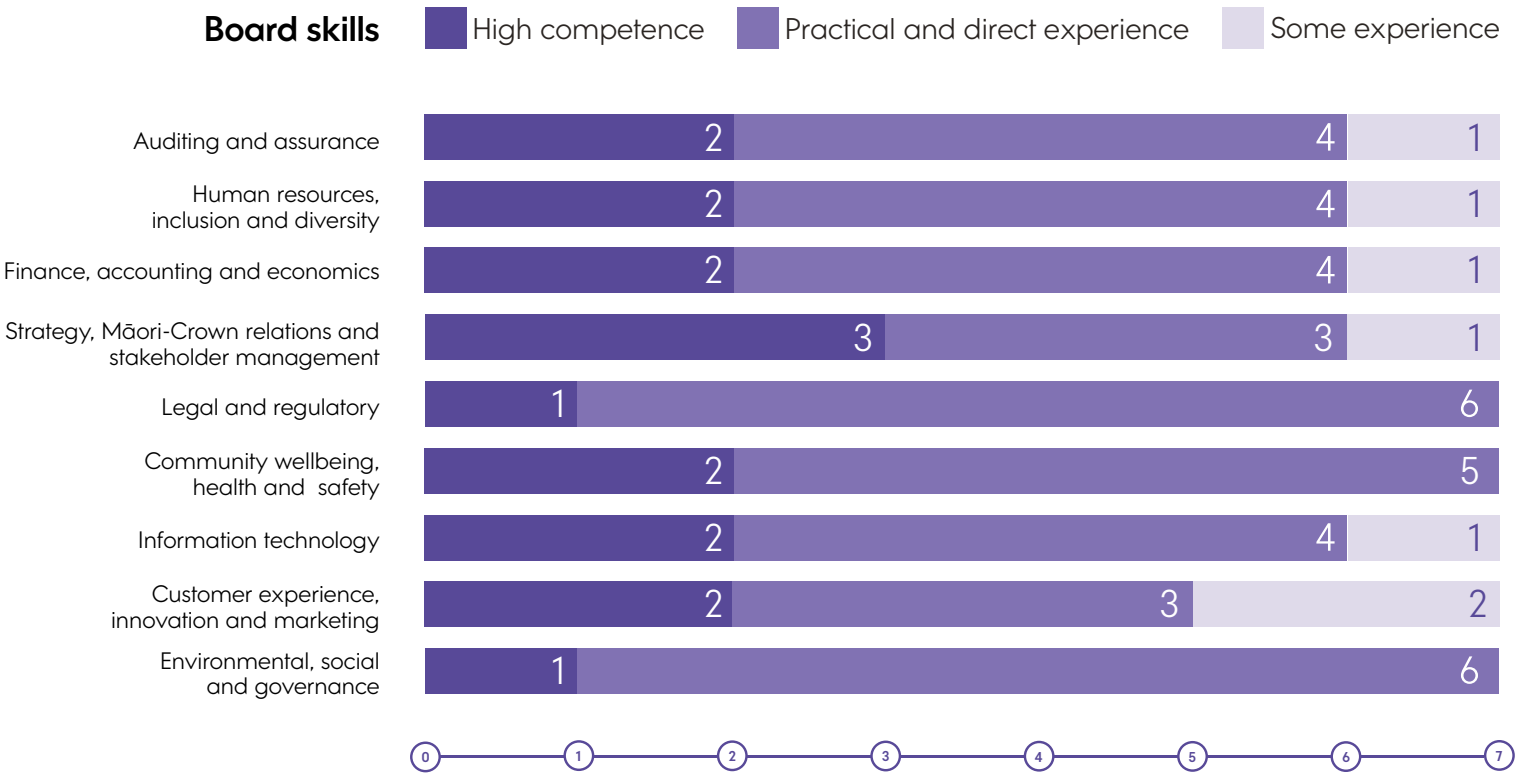
Board changes

In April 2026, **Mark Todd** stepped down as Chair of the Lotto NZ Board, after concluding his term as a director. From 1 May **Tony Balfour** took over as the new Chair. Tony came to Lotto NZ from a career as a senior executive and now as an independent director working for a number of high-profile brand and consumer businesses.


000
200
300
GRANT

Board skills and tenure

The Board has a balanced and diverse set of skills and knowledge, which allow it to provide strategic oversight of Lotto NZ and its ability to create and protect value.



Lotto NZ Board and Executive as of 30 June 2026

Board



Tony Balfour
Board Chair
(from May 2026)
<1 year



Mark Todd
Board Member
Board Chair
(Sept 2024 - April 2026)
7 years



Kim Gordon
Board Member
Deputy Board Chair
(from December 2024)
8 years



Trish Oakley
Board Member
5 years



Erica Hodgson
Board Member
2 years



Angela Dixon
Board Member
2 years



Talia Anderson-Town
Board Member
2 years



Steve Bayliss
Board Member
<1 year

Executive



Jason Delamore
Chief Executive Officer



Ben Coney
Chief Innovation &
Product Officer



Shannon Kelly
Chief People &
Communications Officer
(from September 2025)



Paul Divers
Chief Retail Officer



Sarah Thirlwall
Chief Transformation &
Technology Officer



Jeff Hayward
Chief Financial Officer



Leah Neilson
Chief Marketing Officer

Statement of responsibility
Ngā haepapa

For the year ended 30 June 2026

The New Zealand Lotteries Commission's (Lotto NZ's) Integrated Report is prepared according to the provisions of the Crown Entities Act 2004 and the Gambling Act 2003. The Board of Lotto NZ is responsible for the preparation of its annual financial statements and for the judgements used in their preparation.

Lotto NZ's management has maintained a system of internal control that has been designed to provide reasonable assurance about the integrity and reliability of the financial reports. In the opinion of the Lotto NZ Board, the annual financial statements fairly reflect the financial position and operations of Lotto NZ.

Tony Balfour
Chair
14 October 2026

Kim Gordon
Deputy Chair
14 October 2026

LOCAL GRANTS STORY

Lottery grants funding helps toy libraries support communities nationwide

When it comes to helping Kiwi kids have fun, the Toy Library Federation of New Zealand has delivered 'big time' in the past year to around 19,000 tamariki nationwide.

"What toy libraries offer is affordability and access," says Haemia Melling, Advocacy and Partnership Lead.

A $250,000 lottery funding grant supported the Toy Library Federation NZ keep its services open and responsive to the needs of whānau across Aotearoa.

"The funding helps keep the doors open," Haemia explains.

"Membership at one of the local branches in Central Otago is $40 a year - less than $4 a month. For whānau who are going through hard financial times, this is an affordable option."

The Federation's network of 160 toy libraries, stretches from Kerikeri in Northland to Rakiura (Stewart Island) in the far south, offering access to affordable play resources to children of all ages.

"Staff really know their community and what their community needs," says Haemia.

"Lottery grants funding is helping ensure toy libraries remain a trusted, practical and welcoming resource for families nationwide."





Independent auditor's report

The Audit Office
Te Mana Arotake

Independent auditor's report

To the readers of New Zealand Lotteries Commission's financial statements for the year ended 30 June 2026.

The Auditor-General is the auditor of New Zealand Lotteries Commission (the Commission). The Auditor-General has appointed me, Carl Wessels, using the staff and resources of The Audit Office, to carry out the audit of the financial statements on his behalf.

Opinion

We have audited the financial statements of the Commission that comprise the statement of financial position as at 30 June 2026, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year ended on that date, and the notes to the financial statements that include material accounting policy information and other explanatory information on pages 61 to 85.

In our opinion the financial statements of the Commission present fairly, in all material respects, its financial position as at 30 June 2026, and its financial performance and cash flows for the year then ended, in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Board for the financial statements

The Board is responsible on behalf of the Commission for preparing financial statements that fairly present the Commission's financial position, financial performance, and its cash flows, and comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible on behalf of the Commission for assessing the Commission's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Commission, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the financial statements.

For the budget information reported in the financial statements, our procedures were limited to checking that the information agreed to the Commission's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises all of the information included in the annual report except for the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Commission in accordance with the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) as applicable for audits of public interest entities issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have acted as scrutineer for all Lotto, Keno, Bullseye, Instant Kiwi (retail) and Instant Kiwi (online) games. These engagements are compatible with those independence requirements. Other than in our capacity as auditor and these engagements, we have no relationship with, or interests in, the Commission.

Carl Wessels
The Audit Office



On behalf of the Auditor-General
Auckland, New Zealand
14 October 2026



Financials
Ngā take ahumoni

Financial statements
Ngā tauākī ahumoni

Statement of comprehensive income

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2026	Note	30/06/26 Actual $000	30/06/26 Budget $000	30/06/25 Actual $000
Continuing operations				
Revenue from contracts	2	1,576,563	1,485,395	1,534,561
Interest income		7,709	3,320	13,498
Other income		60	300	135
Revenue		**1,584,332**	**1,489,015**	**1,548,194**
Cost of sales	3	1,082,464	1,021,325	1,040,267
Gross profit		**501,868**	**467,690**	**507,927**
Expenses				
Employee remuneration	4	31,166	32,059	29,710
Promotion and retail support		24,281	25,862	23,442
IT and telecommunications		17,664	24,923	19,688
Gaming system expenses		6,468	8,070	11,481
Other expenses	5	6,692	7,899	4,811
Intangible asset amortisation	11	3,835	4,109	7,798
Property, plant and equipment depreciation	10	1,985	2,792	4,484
Right-of-use assets depreciation	14	1,093	833	1,020
Finance costs		317	300	347
Total expenses		**93,501**	**106,847**	**102,781**
Profit before distributions to the New Zealand Lottery Grants Board		**408,367**	**360,843**	**405,146**
Distribution of profit to the New Zealand Lottery Grants Board		408,367	350,843	395,146
Profit for the year	15/16	-	10,000	10,000
Total comprehensive income		**-**	**10,000**	**10,000**

The accompanying notes form part of this statement and should be read in conjunction with it.

Statement of changes in equity

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2026	Note	30/06/26 Actual $000	30/06/26 Budget $000	30/06/25 Actual $000
Equity at beginning of the period		**79,591**	**79,591**	**69,591**
Comprehensive income				
Profit for the year		-	10,000	10,000
Total comprehensive income		**-**	**10,000**	**10,000**
Equity at the end of the period	15	**79,591**	**89,591**	**79,591**

The accompanying notes form part of this statement and should be read in conjunction with it.

Statement of financial position

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2026	Note	30/06/26 Actual $000	30/06/26 Budget $000	30/06/25 Actual $000
ASSETS				
Current assets				
Cash and cash equivalents	6	155,391	109,036	139,084
Term deposits	7	48,116	85,000	87,466
Receivables and contract assets	9	6,269	5,400	3,632
Prepayments		16,481	16,665	14,312
Inventories		1,898	1,900	2,234
Total current assets		**228,155**	**218,001**	**246,728**
Non-current assets				
Property, plant and equipment	10	8,704	9,383	4,736
Intangibles	11	35,267	50,408	27,555
Right-of-use assets	14	4,155	3,540	4,467
Total non-current assets		**48,126**	**63,331**	**36,758**
Total assets		**276,281**	**281,332**	**283,486**

	Note	30/06/26 Actual $000	30/06/26 Budget $000	30/06/25 Actual $000
LIABILITIES				
Current liabilities				
Creditors, other payables and contract liabilities	12	116,589	107,590	130,574
Prize reserve account	13	72,169	77,814	65,388
Employee entitlements		3,118	2,200	2,813
Short-term financial derivatives	20	-	-	67
Lease liabilities	14	1,114	873	916
Total current liabilities		**192,990**	**188,477**	**199,758**
Long term liabilities				
Lease liabilities	14	3,700	3,264	4,137
Total long-term liabilities		**3,700**	**3,264**	**4,137**
Total liabilities		**196,690**	**191,741**	**203,895**
Equity				
Retained earnings	15	79,591	89,591	79,591
Total equity		**79,591**	**89,591**	**79,591**
Total liabilities and equity		**276,281**	**281,332**	**283,486**

Tony Balfour
Chair
14 October 2026

Kim Gordon
Deputy Chair
14 October 2026

The accompanying notes form part of this statement and should be read in conjunction with it.

Statement of cash flows

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2026	Note	30/06/26 Actual $000	30/06/26 Budget $000	30/06/25 Actual $000
Cash flows from operating activities				
Sales		1,576,961	1,480,715	1,533,565
Other receipts		5,360	4,680	5,402
Net GST (paid)/received		(550)	-	(16,307)
Prize payments		(891,994)	(845,883)	(909,103)
Lottery duty		(91,140)	(86,664)	(88,312)
Retailers' commission		(65,802)	(68,599)	(63,407)
Employee costs		(30,883)	(32,059)	(29,113)
Other payments		(69,943)	(85,034)	(69,378)
Net cash flow from operating activities		**432,009**	**367,156**	**363,347**
Cash flows from investing activities				
Net decrease in term deposits		39,350	-	1,682
Sale of property, plant and equipment		149	100	128
Interest received		7,709	3,020	13,498
Purchase of property, plant and equipment		(5,995)	(2,317)	(1,392)
Purchase of intangibles		(11,466)	(19,848)	(18,096)
Net cash flow from investing activities		**29,747**	**(19,045)**	**(4,180)**
Cash flows from financing activities				
Discharge of annuity prize liabilities		-	-	(40)
Repayment of borrowings and leasing liabilities		(1,019)	(916)	(927)
Interest paid		(317)	(300)	(347)
Payments to the New Zealand Lottery Grants Board		(444,113)	(380,393)	(424,169)
Net cash flow from financing activities		**(445,449)**	**(381,609)**	**(425,483)**
Net increase/(decrease) in cash balances		16,307	(33,498)	(66,316)
Opening cash and cash equivalents balance		139,084	142,534	205,400
Closing cash and cash equivalents balance	6	**155,391**	**109,036**	**139,084**

The accompanying notes form part of this statement and should be read in conjunction with it.

Reconciliation of net profit to net cash flow from operating activities

RECONCILIATION OF NET PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES	30/06/26 $000	30/06/25 $000
Profit after distribution to the New Zealand Lottery Grants Board	-	10,000
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	1,985	4,484
Depreciation of right-of-use asset	1,093	1,020
Amortisation of intangibles	3,835	7,798
Changes in assets and liabilities		
(Increase)/decrease in receivables and contract assets	(2,637)	3,987
(Increase)/decrease in prepayments	(2,169)	2,352
(Increase)/decrease in inventories	336	(348)
Increase/(decrease) in contract liabilities	4,491	1,048
Increase/(decrease) in prize liabilities	11,713	(16,964)
Increase/(decrease) in trade creditors	5,557	(19,591)
Increase/(decrease) in annuity prizes	-	(40)
Increase/(decrease) in employee entitlements	305	646
Increase/(decrease) in short-term financial derivatives	(67)	(22)
Increase/(decrease) in prize reserve account	6,781	(14,257)
Add/(less) items classified as investing or financing activities		
Interest receipts	(7,709)	(13,498)
Gain on sale of property, plant and equipment	(117)	(98)
(Increase)/decrease in trade creditors for property, plant and equipment and intangibles	(72)	1,357
Decrease in annuity prize liabilities	-	40
Interest paid	317	347
Decrease in long-term financial derivatives	-	(60)
New Zealand Lottery Grants Board	408,367	395,146
Net cash inflow from operating activities	**432,009**	**363,347**

Notes to the financial statements
Ngā tuhinga o ngā tauākī ahumoni

1. Statement of accounting policies for the year ended 30 June 2026

Reporting entity

The New Zealand Lotteries Commission (Lotto New Zealand) is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled in New Zealand. Lotto New Zealand's ultimate parent is the New Zealand Crown. Lotto New Zealand has determined that it is a Tier 1 for profit entity for the purpose of complying with generally accepted accounting practice.

The financial statements for Lotto New Zealand are for the year ended 30 June 2026 and were approved by the Board on 14 October 2026.

Basis of preparation

These financial statements have been prepared on a going concern basis.

Basis of measurement

These financial statements are presented in New Zealand dollars rounded to the nearest thousand.

Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with International Financial Reporting Standards (IFRS) and New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Changes in accounting policies

There have been no changes in accounting policies.

Standards and interpretations issued but not yet effective

Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by Lotto New Zealand for the annual reporting period ending 30 June 2026. These are noted below.

NZ IFRS 18 Presentation and Disclosure in Financial Statements

In May 2024, the External Reporting Board (XRB) issued NZ IFRS 18 Presentation and Disclosure in Financial Statements, which replaces NZ IAS 1. NZ IFRS 18 introduces a new defined structure for the statement of comprehensive income, enhanced requirements for disaggregation, and new disclosures for management defined performance measures. Lotto New Zealand is currently assessing the impact of NZ IFRS 18 on its financial reporting and does not intend to early adopt the standard. The application date for this standard is for accounting periods beginning on or after 1 January 2027, the application date for Lotto New Zealand is 1 July 2027.

There are no other new standards or amendments to existing standards which have or are expected to have a material impact on Lotto New Zealand.

Summary of significant accounting policies

Significant accounting policies are included in the notes section to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

Foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions.

Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of amounts due from retailers for current games, trade receivables, moneys received for games not drawn at balance date, and trade creditors.

Taxation

Lotto NZ is exempt from income tax by virtue of section 264 of the Gambling Act 2003.

The following taxes are paid by Lotto NZ:

- Lottery duty of 5.5 cents in the dollar on GST-inclusive sales
- Problem gambling levy on GST-inclusive sales less prizes payable
- GST charged on lottery sales less related prizes payable and operating expenses
- Fringe benefit tax
- Non-resident withholding tax

Budget figures

The budget figures are those approved by the Board prior to the beginning of the financial year and published in Lotto New Zealand's Statement of Performance Expectations.

Comparative figures

When presentation or classification of items in the financial statements is amended or accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current period.

Estimates and assumptions

In preparing these financial statements, Lotto New Zealand has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical judgements in applying accounting policies

Lotto New Zealand has assessed the prize reserve account as a current liability as itemised in the prize reserve account policy (refer note 13). The distribution of profits to the New Zealand Lottery Grants Board has been classified as a financing activity in the statement of cash flows.

No other critical judgements have been made when applying accounting policies.

2. Revenue from contracts

Accounting policy

Revenues and corresponding direct expenses for Lotto (including Lotto Strike and Lotto Powerball), Keno and Bullseye are recognised when each lottery is drawn. Instant Kiwi and Instant Kiwi Online revenue and corresponding direct expenses are recognised when tickets are sold to players, making those tickets part of a game. Revenue is based on the cost of the ticket purchased by the player for entry into a selected game and is payable immediately at time of purchase of the ticket.

A ticket purchased by a player may be cancelled only if it is returned to the issuing retailer on the same day of purchase and before the close of ticket sales on that day. Cancellation of the ticket entitles the player to a refund from the retailer equal to the cost of the ticket.

Telecommunications and terminal maintenance cost recovery revenue is recognised on a weekly basis, based on ticket sales for the applicable period.

	30/06/26 Actual $000	30/06/26 Budget $000	30/06/25 Actual $000
REVENUE FROM CONTRACTS WITH CUSTOMERS			
Ticket sales			
Lotto, Powerball and Strike	1,395,506	1,317,700	1,367,715
Instant Kiwi	121,703	120,500	120,663
Instant Kiwi Online	92,700	72,500	73,190
Keno	46,842	50,000	51,101
Bullseye	14,085	15,000	14,265
Sales including GST	**1,670,836**	**1,575,700**	**1,626,934**
Less GST	99,573	94,985	97,628
Sales excluding GST	**1,571,263**	**1,480,715**	**1,529,306**
REVENUE FROM CONTRACTS WITH RETAILERS			
Telecommunications and terminal maintenance cost recovery	4,970	4,200	4,880
Retailers' establishment fees	330	480	375
	5,300	**4,680**	**5,255**
	1,576,563	**1,485,395**	**1,534,561**

3. Cost of sales

	30/06/26 Actual $000	30/06/26 Budget $000	30/06/25 Actual $000
Lottery duty	91,896	86,664	89,481
Problem gambling levy	5,332	4,384	3,194
Retailers' commission & MyLotto transaction fees	64,897	68,599	63,321
Prizes paid and payable	839,010	787,858	810,822
Prize reserve account	63,666	58,025	61,851
Interest transferred to prize reserve account	3,962	1,600	5,821
Ticket costs	13,648	13,895	5,593
Cost of goods sold to retailers	53	300	184
	1,082,464	**1,021,325**	**1,040,267**

4. Employee remuneration

	30/06/26 Actual $000	30/06/26 Budget $000	30/06/25 Actual $000
Wages and salaries	29,932	30,816	28,574
Contributions to defined contribution plans	867	873	786
Other personnel expense	367	370	350
	31,166	**32,059**	**29,710**

5. Other expenses

	30/06/26 Actual $000	30/06/26 Budget $000	30/06/25 Actual $000
Fees paid to the Audit Office:			
- Audit of annual financial statements 30/06/26	286	299	252
- Scrutineering function	209	178	179
Board members' fees (note 18)	405	273	255
Interest	-	5	-
Premises costs	549	553	511
(Gain)/loss on foreign exchange	(113)	-	(151)
(Gain)/loss on asset disposals	(117)	-	(98)
Other	5,473	6,591	3,863
	6,692	**7,899**	**4,811**

6. Cash and cash equivalents

Accounting policy

Cash and cash equivalents include cash on hand, bank accounts and deposits with maturities of up to three months from acquisition date.

It is Lotto New Zealand's policy to restrict its investments to instruments issued or guaranteed by either the New Zealand Government or registered New Zealand banks.

Cash and bank balance figures include any cash overdrafts to reflect a total cash position.

	30/06/26 $000	30/06/25 $000
Cash and bank balance	37,404	31,656
Short-term deposits	117,682	107,107
Accrued interest	305	321
	155,391	**139,084**

The carrying value of cash at bank and short term deposits with maturities less than three months approximates their fair value.

7. Term deposits

Accounting policy

Term deposits represent deposits and other instruments with maturities of more than three months from acquisition date.

	30/06/26 $000	30/06/25 $000
Term deposits	48,000	87,000
Accrued interest	116	466
	48,116	**87,466**

The carrying value of term deposits with maturities between 3 and 12 months approximates their fair value. No term deposits from date of investment have terms greater than 12 months.

8. Restrictions on cash and cash equivalents, and term deposits

	30/06/26 $000	30/06/25 $000
Payment of unpaid prizes	108,031	89,538
MyLotto player funds	16,552	14,537
	124,583	**104,075**

Unpaid prizes represent prize payments owed to players, but as yet unclaimed and unpaid as at 30 June. MyLotto player funds are deposits made by customers via the online channel for use in Lotto NZ online games or ticket purchases.

9. Receivables and contract assets

Accounting policy

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised at fair value and are assessed annually for impairment based on collectability.

	30/06/26 $000	30/06/25 $000
Receivables from retailers for current games	219	3,602
Receivables from net ticket sales	6,007	1
Other trade receivables	43	29
	6,269	**3,632**

Amounts due from retailers, representing sales collected less prizes paid (net sales), are swept from retailers via direct debit twice a week. Amounts receivable from net ticket sales are net sales due from retailers for games drawn/played but not received from the retailer at year end due to the timing of funds being swept via direct debit. Amounts due from retailers for current games are amounts received by the retailer for purchase of game tickets where the game is still to be drawn in the future after year end and not swept by Lotto New Zealand. Other trade receivables are amounts outstanding for retailer fitout and miscellaneous expenditure.

Lotto New Zealand payment terms are that accounts are due on the 20th of the month following invoicing. All receivables not settled on the 20th of the month following invoicing are considered to be past due. The carrying value of debtors and other receivables approximates their fair value.

There is no impairment of receivables.

	30/06/26 $000	30/06/25 $000
Ageing of trade and retailer receivables		
Not past due	6,260	3,632
Past due 1-30 days	-	-
Past due 31-60 days	-	-
Past due 61-90 days	-	-
Past due >90 days	9	-
	6,269	**3,632**

All receivables greater than 30 days in age are considered to be past due but are deemed recoverable.

For those items not deemed recoverable a specific provision for uncollectibility is recognised.

10. Property, plant and equipment

Accounting policy

Items of property, plant and equipment are initially recorded at cost.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to Lotto New Zealand and the cost of the item can be measured reliably.

Work in progress included in property plant and equipment is recognised at cost less impairment and is not depreciated.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the profit or loss.

As part of Lotto New Zealand's annual review, property, plant and equipment assets with a net carrying value of $17k (2025: nil) were disposed of.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Lotto New Zealand and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in the profit or loss as they are incurred.

Depreciation

Depreciation of property, plant and equipment is calculated on a straight line basis so as to allocate the cost of the assets, over the shorter of the economic life or the relevant lease periods as follows:

Gaming system equipment	4-7 years
Other computer hardware	3 years
Leasehold improvements	1-9 years
Draw equipment	5 years
Furniture and fittings	10 years
Motor vehicles	4 years
Office equipment	5 years

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end. If an adjustment to the useful life of an asset is made then the remaining book value at that point, is depreciated on a straight line basis over the adjusted remaining life of the asset.

Impairment of property, plant and equipment

"Property plant and equipment are reviewed annually for impairment to determine if events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount less any costs to sell or dispose. If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount.

We have not identified any indicators of impairment relating to the closing carrying value of property, plant and equipment as at 30 June 2026.

BREAKDOWN OF PROPERTY, PLANT AND EQUIPMENT	Leasehold improvements $000	Gaming computer equipment $000	Other computer hardware $000	Draw equipment $000	Furniture and fittings $000	Motor vehicles $000	Office equipment $000	Work in progress $000	Total $000
Cost or valuation									
Balance 1 July 2024	613	44,396	2,172	595	707	619	161	1,121	50,384
Additions	7	1,491	190	-	22	241	10	1,249	3,210
Disposals and transfers*	-	(91)	(324)	-	(3)	(185)	(17)	(1,961)	(2,581)
Balance 30 June 2025	**620**	**45,796**	**2,038**	**595**	**726**	**675**	**154**	**409**	**51,013**
Additions	17	5,745	318	-	13	203	5	4,892	11,193
Disposals and transfers*	(7)	(38,670)	(12)	-	(18)	(207)	-	(5,207)	(44,121)
Balance 30 June 2026	**630**	**12,871**	**2,344**	**595**	**721**	**671**	**159**	**94**	**18,085**
Accumulated depreciation									
Balance 1 July 2024	127	39,061	1,685	535	453	371	151	-	42,383
Depreciation	123	3,823	276	53	45	161	3	-	4,484
Disposals	-	(78)	(322)	-	(3)	(170)	(17)	-	(590)
Balance 30 June 2025	**250**	**42,806**	**1,639**	**588**	**495**	**362**	**137**	**-**	**46,277**
Depreciation	125	1,353	287	9	47	159	5	-	1,985
Disposals	(6)	(38,649)	(7)	-	(18)	(201)	-	-	(38,881)
Balance 30 June 2026	**369**	**5,510**	**1,919**	**597**	**524**	**320**	**142**	**-**	**9,381**
Carrying amounts									
At 1 July 2024	486	5,335	487	60	254	248	10	1,121	8,001
At 30 June 2025	370	2,990	399	7	231	313	17	409	4,736
Balance 30 June 2026	**261**	**7,361**	**425**	**(2)**	**197**	**351**	**17**	**94**	**8,704**

There are no restrictions over the title of property, plant and equipment, nor is any property, plant and equipment pledged as security for liabilities.

* Includes transfers of $5,207k from work-in-progress to capitalised asset classes (2025: $1,961k)

11. Intangible assets

Accounting policy

Computer software that is not integral to the operation of hardware is recorded at purchase cost less any amortisation and impairment losses. Amortisation is charged to the profit or loss on a straight line basis over the software's useful life of three to seven years. Amortisation begins when the asset is available and ceases at the date when the asset is derecognised. The amortisation charge for each financial year is expensed in the profit or loss.

We have not identified any indicators of impairment as it relates to the closing carrying value of intangible assets as at 30 June 2026. We have performed specific impairment test on intangible assets transferred in the current year from work-in-progress into intangible assets in use.

There are no restrictions over the title of computer software, nor is any computer software pledged as security for liabilities.

Core gaming system (Project EDGE)

Project EDGE, Lotto NZ's core gaming platform, is a material individual intangible asset. The platform became available for use on 29 September 2025. At 30 June 2026, the asset had a carrying amount of $28.5m (cost: $31.9m; accumulated amortisation: $3.4m). The asset is amortised on a straight-line basis and had a remaining useful life of 6 years and 3 months at balance date. No impairment loss was recognised during the year.

BREAKDOWN OF INTANGIBLE ASSETS	Computer software $000	Work in progress $000	Total $000
Cost or valuation			
Balance 1 July 2024	35,113	10,069	45,182
Additions	327	16,787	17,114
Disposals	(834)	-	(834)
Transfers	233	(233)	-
Balance 30 June 2025	**34,839**	**26,623**	**61,462**
Additions	5,278	6,269	11,547
Disposals	(29,017)	-	(29,017)
Transfers	26,623	(26,623)	-
Balance 30 June 2026	**37,723**	**6,269**	**43,992**
Accumulated amortisation			
Balance 1 July 2024	26,710	-	26,710
Amortisation	7,798	-	7,798
Disposals	(601)	-	(601)
Balance 30 June 2025	**33,907**	**-**	**33,907**
Amortisation	3,835	-	3,835
Disposals	(29,017)	-	(29,017)
Balance 30 June 2026	**8,725**	**-**	**8,725**
Carrying amounts			
At 1 July 2024	8,403	10,069	18,472
At 30 June 2025	932	26,623	27,555
Balance 30 June 2026	**28,998**	**6,269**	**35,267**

12. Creditors, other payables and contract liabilities

Accounting policy

These amounts represent liabilities for goods and services provided to Lotto New Zealand prior to the end of the financial year which are unpaid, and unpaid prizes and amounts received in advance from gaming activities. Creditors, other payables and contract liabilities are unsecured and are usually paid within 30 days of recognition and recognised at their fair value.

	30/06/26 $000	30/06/25 $000
Contract liabilities	8,848	4,357
Prize liabilities	35,863	24,150
MyLotto player accounts	13,479	13,431
Trade creditors	11,202	13,603
Payable to the New Zealand Lottery Grants Board	27,524	63,270
Accrued expenses	19,673	11,763
	116,589	**130,574**

Contract liabilities represent moneys received and receivable for games not drawn at balance date. All liabilities are non-interest bearing and are normally settled within two months of becoming due. Accordingly, the carrying value of creditors and other payables approximates their fair value.

The amount payable to the New Zealand Lottery Grants Board (LGB) of $27.5 million as at 30 June 2026 (2025: $63.3 million) represents profits in excess of the $380.8 million already paid to the LGB in FY2026. This was paid to the LGB on 31 August 2026.

Credit facilities

Lotto New Zealand has a bank overdraft facility of $1 million with Westpac Banking Corporation. The interest rate on the overdraft facility at 30 June 2026 if utilised, was 9.25% (2025: 10.20%). The balance of the overdraft as at 30 June 2026 was nil (2025: nil).

13. Prize reserve account

Accounting policy

A prize reserve account (PRA) has been established by Lotto New Zealand, as required by the Rules for each game, to ensure sufficient funding is available to meet advertised division 1 prizes, promotions and the cost of other prizes as considered appropriate by Lotto New Zealand. Contributions to the PRA include a percentage of sales, prizes unclaimed after 12 months, and other amounts as set out in the Rules for each game.

Lotto New Zealand does not necessarily have sufficient funds available to meet prize payments without calling on the PRA. It has therefore classified the PRA as a current liability in accordance with NZ IAS 1 (paragraph 69); in particular it intends to settle the liability as part of its normal operating cycle and it does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

	30/06/26 $000	30/06/25 $000
Opening balance	65,388	79,645
Amounts transferred based on game sales	63,666	61,851
Interest	3,962	5,821
Unclaimed prizes over 12 months old	8,147	9,507
Transfers to prize pools	(68,994)	(91,436)
	72,169	**65,388**

14. Right-of-use assets and leases

Accounting policy

At lease commencement date, Lotto New Zealand recognises a right-of-use asset and a lease liability in the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by Lotto New Zealand, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Lotto New Zealand depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-to-use asset, which is expected to be between two to nine years, or the end of the lease term.

Lotto New Zealand also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, Lotto New Zealand measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or Lotto New Zealand's incremental borrowing rate. Subsequent to initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are any changes to in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Lotto New Zealand has elected not to account for short-term leases and leases of low-value assets using the practical exceptions. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

	Right-of use assets $000
Cost or valuation	
Balance 1 July 2024	6,090
Additions	271
Disposals	(216)
Balance 30 June 2025	**6,145**
Additions	781
Disposals	-
Balance 30 June 2026	**6,926**
Accumulated depreciation	
Balance 1 July 2024	684
Depreciation	1,020
Disposals	(26)
Balance 30 June 2025	**1,678**
Depreciation	1,093
Disposals	-
Balance 30 June 2026	**2,771**
Carrying amounts	
At 1 July 2024	5,406
At 30 June 2025	4,467
Balance 30 June 2026	**4,155**

The right-of-use assets relate to operating leases for office premises. The average lease term is 4 years (2025: 5 years).

	30/06/26 $000	30/06/25 $000
Amounts recognised in profit and loss		
Depreciation	1,093	1,020
Interest expense on lease liabilities	317	347

	30/06/26 $000	30/06/25 $000
Lease liabilities		
Current	1,114	916
Non-current	3,700	4,137
	4,814	**5,053**

	30/06/26 $000	30/06/25 $000
Maturity analysis		
Within one year	1,114	916
One to five years	3,700	4,137
Later than five years	-	-
	4,814	**5,053**

15. Equity

Accounting policy

Equity is measured as the difference between total assets and total liabilities.

	30/06/26 $000	30/06/25 $000
Retained earnings		
Opening balance	79,591	69,591
Profit for the year	-	10,000
Retained earnings at the end of period	**79,591**	**79,591**

Lotto NZ's equity comprises accumulated profits/(losses).

For the year ended 30 June 2026 no profits are retained (2025: $10.0 million), refer Note 16.

16. Related party information

Lotto New Zealand is controlled by the Crown and has transacted with other entities significantly influenced or controlled by the Crown.

Related party transactions required to be disclosed

The Gambling Act 2003 requires that Lotto New Zealand distribute all profits to the New Zealand Lottery Grants Board unless the Minister of Internal Affairs consents to a request from the Board for a retention. Distribution in respect of the 2026 financial year amounted to $408.4 million (2025: $395.1 million). For the year ended 30 June 2026 no profits were retained for capital expenditure (2025: $10.0 million was retained). No funding was provided by the Crown to Lotto New Zealand.

Collectively, but not individually, significant transactions with government-related entities

In conducting its activities, Lotto New Zealand is required to pay various taxes and levies (such as GST, FBT, PAYE, ACC levies, Lottery Duty and the Problem Gambling Levy) to the Crown and entities related to the Crown. Payment of these taxes and levies is based on the standard terms and conditions that apply to said taxes and levies. Lotto New Zealand is exempt from income tax by virtue of Section 264 of the Gambling Act 2003.

Lotto New Zealand also purchases goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown. Transactions with government-related entities are conducted in the ordinary course of business and are on terms and conditions comparable to those entities that are not government-related. Purchases from these government-related entities for the year ended 30 June 2026 totalled $1.3 million (2025: $1.7 million). Key entities include Television New Zealand, Air New Zealand, the Audit Office and New Zealand Post.

	30/06/26 $000	30/06/25 $000
Key management personnel compensation		
Salaries and other short-term employee benefits	3,394	3,170

Key management personnel include all Board members, the Chief Executive and members of the executive team (current and former during the year). Seven members were on the executive team at 30 June 2026 (2025: seven members).

17. Employee remuneration

This note sets out the number of employees and former employees who received over $100,000 in total remuneration during the year. Total remuneration includes the annual cost to Lotto New Zealand of all elements of contracted remuneration packages (salaries and all benefits including motor vehicles and superannuation scheme contributions made by Lotto New Zealand). The information below reflects the amount actually paid or, in the case of benefits, actually provided during the year.

During the year, eleven people ceased to be employees who received a total of $320,296 as compensation or other benefits in relation to the cessation of their employment (2025: five people, $81,510). This information is provided pursuant to Section 152, subsection 1(d) of the Crown Entities Act 2004.

	Number of employees 30/06/26	Number of employees 30/06/25
Total remuneration		
$100,000 to $109,999	29	30
$110,000 to $119,999	17	18
$120,000 to $129,999	22	12
$130,000 to $139,999	15	11
$140,000 to $149,999	12	13
$150,000 to $159,999	9	7
$160,000 to $169,999	4	13
$170,000 to $179,999	14	12
$180,000 to $189,999	11	5
$190,000 to $199,999	9	6
$200,000 to $209,999	3	3
$210,000 to $219,999	1	1
$220,000 to $229,999	3	7
$230,000 to $239,999	3	-
$240,000 to $249,999	1	1
$250,000 to $259,999	1	-
$300,000 to $309,999	1	-
$330,000 to $339,999	-	1
$360,000 to $369,999	1	1
$370,000 to $379,999	-	1
$380,000 to $389,999	1	-
$400,000 to $409,999	-	2
$410,000 to $419,999	2	-
$420,000 to $429,999	-	1
$440,000 to $449,999	1	-
$590,000 to $599,999	-	1
$610,000 to $619,999	1	-

18. Board members' fees

	30/06/26 $000	30/06/25 $000
Tony Balfour (appointed Chair May 2026)	18	-
Kim Gordon (appointed May 2018, appointed Deputy Chair December 2024)	60	38
Angela Dixon (appointed June 2024)	52	32
Erica Hodgson (appointed February 2023 as Future Director, appointed board member April 2024)	52	32
Trish Oakley (appointed June 2020)	48	32
Steve Bayliss (appointed May 2025)	48	5
Talia Anderson-Town (appointed June 2024)	48	32
Mark Todd (appointed February 2019, appointed Chair September 2024, term ended 30 April 2026)	79	59
Roger Sharp (appointed Chair July 2020, term ended August 2024)	-	11
David Tapsell (appointed November 2016, appointed Deputy Chair November 2018, resigned December 2024)	-	14
	405	**255**

During the year Mark Todd's term as Chair ended on 30 April 2026 and Tony Balfour was appointed as Chair on 1 May 2026. The total number of Board members at 30 June 2026 was seven (2025: seven board members).

No Board member received compensation or other benefits in relation to the cessation of their services during the year or the previous year.

Lotto New Zealand has taken out Directors' and Officers' Liability insurance cover in respect of the costs of legal representation incurred by Board members and officers in the defence of any civil or criminal proceedings, and settlements by, or judgements including claimant's costs awarded against Board members and officers where no indemnity is provided by Lotto New Zealand.

19. Categories of financial assets and liabilities

	30/06/26 $000	30/06/25 $000
Financial assets measured at amortised cost		
Cash and cash equivalents	155,391	139,084
Term deposits	48,116	87,466
Receivables and contract assets	6,269	3,632
	209,776	**230,182**
Financial liabilities measured at amortised cost		
Creditors, other payables and contract liabilities	116,589	130,574
Prize reserve account	72,169	65,388
	188,758	**195,962**

20. Financial instrument risks

Lotto New Zealand's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. Lotto New Zealand has policies to manage the risks associated with financial instruments. These policies do not allow any transactions that are speculative in nature.

Market risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Lotto New Zealand's exposure to this is limited to its bank deposits which are held at fixed rates of interest.

Credit risk

Credit risk is the risk that a third party will default on its obligation to Lotto New Zealand, causing Lotto New Zealand to incur a loss. Due to the timing of cash inflows and outflows, surplus cash is invested with registered banks. Lotto New Zealand's Investment policy limits the amount of credit exposure to any one bank.

Liquidity risk

Liquidity risk is the risk that Lotto New Zealand will encounter difficulty raising liquid funds to meet commitments as they fall due. In meeting its liquidity requirements, Lotto New Zealand ensures sufficient funds are available by managing investments that mature within specified timeframes.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

	30/06/26 $000	30/06/25 $000
COUNTERPARTIES WITH CREDIT RATINGS		
Cash at bank and term deposits		
AA-	165,507	188,050
A	38,000	38,500
	203,507	**226,550**
COUNTERPARTIES WITHOUT CREDIT RATINGS		
Receivables and contract assets		
Existing counterparty with no defaults in the past	6,269	3,632
	6,269	**3,632**

Derivative financial instruments and hedging

As at 30 June 2026 Lotto New Zealand held no forward contracts to cover the cost of payments due to be remitted to suppliers in US dollars. As at 30 June 2025 Lotto NZ held two forward contracts covering $1.5m USD of commitments and the year end revaluation of these contracts resulted in a $67k unrealised loss, which was recorded as an exchange loss in the statement of comprehensive income and as short term derivative liabilities in the statement of financial position. The purpose of these forward contracts was to minimise uncertainty arising from exchange rate fluctuations in respect of payments to the supplier of Lotto New Zealand's gaming system.

21. Capital management

Lotto New Zealand's equity is its retained earnings. Equity is represented by net assets.

Lotto New Zealand is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities, and the use of derivatives.

22. Major budget variations

Sales including GST were $1,670.8 million; $95.1 million (6.0%) higher than budget. This was due to several jackpot runs throughout the year, including a $55 million Must be Won Powerball jackpot run in November 2025. As a result, Lotto family (Lotto, Powerball and Strike) sales of $1,395.5 million were $77.8 million (5.9%) higher than budget. Instant Kiwi Online sales were $20.2 million (27.9%) above budget due to the launch of new games on the new gaming platform.

Interest income of $7.7 million was $4.4 million higher than budget due to higher term deposit interest rates and an increased level of cash on hand.

Operating expenses for the year were $93.5 million, $13.3 million (12.5%) below budget, reflecting careful management of project delivery and technology costs.

The resulting net profit before distribution of $408.4 million was $47.5 million (13.2%) higher than budget.

Due to increased sales and profits this year, there was an additional $27.5 million payable to the Lotteries Grants Board at 30 June 2026, which was paid on 31 August 2026. The increased sales also led to a higher prize reserve fund of $72.2 million.

23. Commitments

	30/06/26 $000	30/06/25 $000
Capital commitments approved and contracted		
Property, plant and equipment and intangibles	10,786	11,178

Commitments at 30 June 2026 are primarily for the Frontier programme (New MyLotto website and app).

24. Contingent liabilities and assets

Accounting policy

Contingent liabilities are disclosed if the possibility that they will crystallise is not remote. Contingent assets are disclosed if it is probable that the benefits will be realised.

There were no contingent liabilities or contingent assets at 30 June 2026 or 30 June 2025.

25. Events after balance date

There have been no significant events occurring after balance date that require disclosure.


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Postal address	PO Box 8929, Newmarket, Auckland 1149
Physical address	Level 1, 73 Remuera Road, Remuera, Auckland 1050
Telephone	09 356 3800

Contact

Website	mylotto.co.nz
Email	customersupport@mylotto.co.nz
Telephone	0800 695 6886

Board members

Tony Balfour	Chair (from May 2026)
Mark Todd	Chair (to April 2026)
Kim Gordon	Deputy Chair

Trish Oakley
Erica Hodgson
Talia Anderson-Town
Angela Dixon
Steve Bayliss

Senior management

Jason Delamore	Chief Executive Officer
Jeff Hayward	Chief Financial Officer
Paul Divers	Chief Retail Officer
Leah Neilson	Chief Marketing Officer
Ben Coney	Chief Innovation and Product Officer
Shannon Kelly	Chief People and Communications Officer (from September 2025)
Sarah Thirlwall	Chief Transformation and Technology Officer

Find out more at
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