



Lotto New Zealand
Half Year Financials 2025



Contents

Te rārangi ta

Statement of comprehensive income	04
Statement of movements in equity	05
Statement of financial position	06
Statement of cash flows	07
Notes to the financial statements	09
Directory	24



Financial statements

Ngā tauākī ahumoni

Statement of comprehensive income

Statement of comprehensive income for the six months ended 31 December 2024	Note	31/12/24 6 months \$000	31/12/24 Budget \$000	31/12/23 6 months \$000	30/06/24 12 months \$000
Continuing operations					
Revenue from contracts	2	815,712	706,878	761,401	1,613,736
Interest income		8,072	3,867	6,383	13,836
Other income		96	150	67	429
Revenue		823,880	710,895	767,851	1,628,001
Cost of sales	3	553,640	484,935	517,310	1,096,146
Gross profit		270,240	225,960	250,541	531,855
Expenses					
Employee remuneration		14,760	18,585	13,988	27,700
Promotion and retail support		9,945	12,087	10,786	21,935
IT and telecommunications		9,986	10,859	7,835	17,107
Gaming system expenses		5,532	5,858	5,503	10,958
Other expenses	4	2,255	1,759	2,836	5,278
Intangible asset amortisation		4,230	4,292	4,198	8,515
Property, plant and equipment depreciation		2,372	2,262	2,706	5,276
Right-of-use assets depreciation		509	410	364	868
Finance costs		181	173	85	273
Total expenses		49,770	56,285	48,301	97,910
Profit before distributions to the New Zealand Lottery Grants Board		220,470	169,675	202,240	433,945
Distribution of profit to the New Zealand Lottery Grants Board		165,938	165,938	170,826	433,945
Profit for the period		54,532	3,737	31,414	-
Total comprehensive income		54,532	3,737	31,414	-

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

Statement of movements in equity

Statement of movements in equity for the six months ended 31 December 2024	Note	31/12/24 6 months \$000	31/12/24 Budget \$000	31/12/23 6 months \$000	30/06/24 12 months \$000
Equity at beginning of the period		69,591	69,591	69,591	69,591
Comprehensive income					
Profit for the period		54,532	3,737	31,414	-
Total comprehensive income		54,532	3,737	31,414	-
Equity at the end of the period	14	124,123	73,328	101,005	69,591

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 31 December 2024	Note	31/12/24 \$000	31/12/23 \$000	30/06/24 \$000
Assets				
Current assets				
Cash and cash equivalents	5	65,561	105,974	205,400
Term deposits	6	174,119	86,000	89,148
Receivables and contract assets	8	6,346	10,584	7,619
Prepayments		15,849	11,729	16,664
Inventories		1,541	2,710	1,886
Total current assets		263,416	216,997	320,717
Non-current assets				
Property, plant and equipment	9	6,675	9,580	8,001
Intangibles	10	26,618	16,203	18,472
Right-of-use assets	13	4,978	5,535	5,406
Total non-current assets		38,271	31,318	31,879
Total assets		301,687	248,315	352,596
Liabilities				
Current liabilities				
Creditors, other payables and contract liabilities	11	91,573	84,206	195,104
Prize reserve account	12	77,790	55,036	79,645
Annuity prize liabilities		3	108	40
Employee entitlements		2,659	2,196	2,167
Short term financial derivatives		-	-	89
Lease liabilities		985	487	913
Total current liabilities		173,010	142,033	277,958
Long term liabilities				
Annuity prize liabilities		-	4	-
Long term financial derivatives		0	0	60
Lease liabilities		4,554	5,273	4,987
Total long term liabilities		4,554	5,277	5,047
Total liabilities		177,564	147,310	283,005
Equity				
Retained earnings	14	124,123	101,005	69,591
Total equity		124,123	101,005	69,591
Total liabilities and equity		301,687	248,315	352,596



Mark Todd
Chair

2 April 2025



Kim Gordon
Deputy Chair

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 six months ended 31 December 2024	Note	31/12/24 6 months \$000	31/12/23 6 months \$000	30/06/24 12 months \$000
Cash flows from operating activities				
Sales		824,368	742,777	1,597,624
Net GST (paid)/received		(9,838)	2,589	12,608
Other receipts		1,169	9,725	12,848
Prize payments		(480,786)	(458,818)	(910,599)
Lottery duty		(46,453)	(46,411)	(96,078)
Retailers' commission		(35,134)	(32,201)	(68,376)
Employee costs		(14,322)	(13,845)	(27,503)
Other payments		(34,727)	(22,736)	(67,369)
Net cash flow from operating activities		204,277	181,080	453,155
Cash flows from investing activities				
Decrease/(increase) in term deposits		(84,971)	(2,259)	(5,407)
Sale of property, plant and equipment		104	114	113
Interest received		8,072	6,383	13,836
Purchase of property, plant and equipment		(1,176)	(2,438)	(3,284)
Purchase of intangibles		(7,255)	(4,334)	(9,121)
Net cash flow from investing activities		(85,226)	(2,534)	(3,863)
Cash flows from financing activities				
Discharge of annuity prize liabilities		(37)	(100)	(172)
Repayment of borrowings and leasing liabilities		(441)	(162)	(396)
Interest paid		(181)	(85)	(273)
Payments to the New Zealand Lottery Grants Board		(258,231)	(180,651)	(351,477)
Net cash flow from financing activities		(258,890)	(180,998)	(352,318)
Net (decrease)/increase in cash balances		(139,839)	(2,452)	96,974
Opening cash and cash equivalents balance		205,400	108,426	108,426
Closing cash and cash equivalents balance	5	65,561	105,974	205,400

To provide more meaningful information for financial statement purposes, GST and term deposits components have been presented on a net basis.

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

Reconciliation of net profit/(loss) to net cash flow from operating activities

Reconciliation of net profit/(loss) to net cash flow from operating activities	31/12/24 6 months \$000	31/12/23 6 months \$000	30/06/24 12 months \$000
Profit/(loss) after distribution to the New Zealand Lottery Grants Board	54,532	31,414	-
Adjustments for non-cash items:			
Depreciation of property, plant and equipment	2,372	2,706	5,276
Depreciation of right-of-use asset	509	364	868
Amortisation of intangibles	4,230	4,198	8,515
Changes in assets and liabilities			
(Increase)/decrease in receivables and contract assets	1,273	(3,401)	(436)
(Increase)/decrease in prepayments	815	(570)	(5,505)
(Increase)/decrease in inventories	345	627	1,451
Increase/(decrease) in contract liabilities	5,747	(3,580)	(3,997)
Increase/(decrease) in prize liabilities	(8,503)	(27,804)	(14,374)
Increase/(decrease) in trade creditors	(8,482)	9,429	15,021
Increase/(decrease) in annuity prizes	(37)	(100)	(172)
Increase/(decrease) in employee entitlements	492	199	170
Increase/(decrease) in short term financial derivatives	(89)	(12)	77
Increase/(decrease) in lease incentive	-	(59)	(59)
Increase/(decrease) in prize reserve account	(1,855)	3,083	27,692
Add/(less) items classified as investing or financing activities			
Interest receipts	(8,072)	(6,383)	(13,836)
(Gain)/loss on sale of property, plant and equipment	(92)	(100)	(93)
(Increase)/decrease in trade creditors for property, plant and equipment and intangibles	(5,004)	58	(1,893)
(Increase)/decrease in annuity prize liabilities	37	100	172
Interest paid	181	85	273
Increase/(decrease) in long term financial derivatives	(60)	-	60
New Zealand Lottery Grants Board	165,938	170,826	433,945
Net cash inflow from operating activities	204,277	181,080	453,155

Notes to the financial statements

Ngā tuhinga o ngā tauākī ahumoni

1. Statement of accounting policies for the six months ended 31 December 2024

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 six months ended 31 December 2024 and were approved by the Board on 2 April 2025.

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

These financial statements have been prepared in accordance with the accounting policies adopted in the most recent annual financial statements for the year ended 30 June 2024.

Standards and interpretations issued but not yet effective

There are no new standards or interpretations issued but not yet effective that are relevant for NZ Lotteries Commission.

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 New Zealand is exempt from income tax by virtue of Section 264 of the Gambling Act 2003. The following taxes are paid by Lotto New Zealand:

- 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 interim 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 12). Lotto New Zealand has also classified the payment to the New Zealand Lottery Grants Board as a financing activity in the statement of cash flows due to this payment being a distribution of profits. 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.

	31/12/2024 6 months \$000	31/12/2024 Budget \$000	31/12/2023 6 months \$000	30/06/2024 12 months \$000
Revenue from contracts with customers				
Ticket sales				
Lotto, Powerball and Strike	731,986	619,550	676,561	1,450,805
Instant Kiwi	63,677	66,880	65,762	124,829
Instant Kiwi Online	36,453	31,038	31,682	68,197
Keno	25,965	25,197	25,934	51,331
Bullseye	6,657	7,562	7,106	15,703
Sales including GST	864,738	750,227	807,045	1,710,865
Less GST	51,858	45,059	48,466	102,671
Sales excluding GST	812,880	705,168	758,579	1,608,194
Revenue from contracts with retailers				
Telecommunications and terminal maintenance cost recovery	2,617	1,572	2,577	5,152
Retailers' establishment fees	215	138	245	390
	2,832	1,710	2,822	5,542
	815,712	706,878	761,401	1,613,736

3. Cost of sales

	31/12/2024 6 months \$000	31/12/2024 Budget \$000	31/12/2023 6 months \$000	30/06/2024 12 months \$000
Lottery duty	47,561	41,262	44,387	94,098
Problem gambling levy	1,717	1,520	1,629	3,550
Retailers' commission and MyLotto transaction fees	34,090	33,961	32,639	68,496
Prizes paid and payable	430,449	376,708	391,826	829,293
Prize reserve account	33,175	27,567	41,651	89,655
Interest transferred to prize reserve account	3,565	500	2,378	5,151
Ticket costs	2,867	3,267	2,512	5,412
Cost of goods sold to retailers	216	150	288	491
	553,640	484,935	517,310	1,096,146

4. Other expenses

	31/12/2024 6 months \$000	31/12/2024 Budget \$000	31/12/2023 6 months \$000	30/06/2024 12 months \$000
Fees paid to Audit New Zealand:				
- Audit of annual financial statements	153	135	130	266
- Scrutineering function	85	85	74	164
Board members' fees	133	117	117	239
Interest	-	2	1	2
Premises costs	251	273	395	538
(Gain)/loss on forward exchange	(159)	-	44	131
(Gain)/loss on asset disposals	(92)	-	(100)	(93)
Other	1,884	1,147	2,175	4,031
	2,255	1,759	2,836	5,278

5. 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.

Lotto New Zealand restricts 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.

	31/12/2024 \$000	31/12/2023 \$000	30/06/2024 \$000
Cash and bank balance	46,772	42,559	47,884
Short term deposits	18,769	63,000	156,623
Accrued interest	20	415	893
	65,561	105,974	205,400

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

6. Term deposits

Accounting policy

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

	31/12/2024 \$000	31/12/2023 \$000	30/06/2024 \$000
Term deposits	173,000	85,500	88,500
Accrued Interest	1,119	500	648
	174,119	85,000	89,148

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

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

	31/12/2024 \$000	31/12/2023 \$000	30/06/2024 \$000
Payment of unpaid prizes	110,401	82,720	120,758
MyLotto player funds	15,274	22,312	21,109
	125,675	105,032	141,867

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

8. 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.

	31/12/2024 \$000	31/12/2023 \$000	30/06/2024 \$000
Receivables from retailers for current games	272	10,488	3,303
Receivables from net ticket sales	6,045	40	4,276
Other trade receivables	29	56	40
	6,346	10,584	7,619

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.

Ageing of trade and retailer receivables	31/12/2024 \$000	31/12/2023 \$000	30/06/2024 \$000
Not past due	6,341	10,584	7,611
Past due 1-30 days	1	-	1
Past due 31-60 days	3	-	-
Past due 61-90 days	1	-	7
	6,346	10,584	7,619

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.

9. 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.

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.

	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 2023	23	45,984	2,134	883	739	574	211	639	51,187
Additions	-	-	-	-	-	-	-	2,382	2,382
Disposal and transfers	586	122	153	-	28	45	-	(1,092)	(158)
Balance 31 December 2023	609	46,106	2,287	883	767	619	211	1,929	53,411
Additions	590	1,654	384	-	76	191	5	997	3,897
Disposal and transfers	(586)	(3,364)	(499)	(288)	(136)	(191)	(55)	(1,805)	(6,924)
Balance 30 June 2024	613	44,396	2,172	595	707	619	161	1,121	50,384
Additions	-	-	-	-	-	-	-	1,346	1,346
Disposal and transfers	7	1,436	(9)	-	10	52	-	(2,072)	(286)
Balance 31 December 2024	620	45,832	2,163	595	717	671	161	395	51,154
Accumulated depreciation									
Balance 1 July 2023	6	37,685	1,759	770	501	347	201	-	41,269
Depreciation	61	2,383	129	26	27	78	2	-	2,706
Disposals	-	-	(12)	-	-	(132)	-	-	(144)
Balance 31 December 2023	67	40,068	1,876	796	528	293	203	-	43,831
Depreciation	60	2,235	139	27	29	78	2	-	2,570
Disposals	-	(3,242)	(330)	(288)	(104)	-	(54)	-	(4,018)
Balance 30 June 2024	127	39,061	1,685	535	453	371	151	-	42,383
Depreciation	61	2,038	147	26	22	77	1	-	2,372
Disposals	-	-	(138)	-	-	(138)	-	-	(276)
Balance 31 December 2024	188	41,099	1,694	561	475	310	152	-	44,479
Carrying amounts									
At 1 July 2023	17	8,299	375	113	238	227	10	639	9,918
At 31 December 2023	542	6,038	411	87	239	326	8	1,929	9,580
At 30 June 2024	486	5,335	487	60	254	248	10	1,121	8,001
Balance 31 December 2024	432	4,733	469	34	242	361	9	395	6,675

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

10. 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.

Impairment of intangible assets is in accordance with the impairment of property plant and equipment in note 9.

	Computer software \$000	Work in progress \$000	Total \$000
Cost or valuation			
Balance 1 July 2023	37,751	284	38,035
Additions	77	4,256	4,333
Disposals and transfers	-	-	-
Balance 31 December 2023	37,828	4,540	42,368
Additions	1,057	5,813	6,870
Disposals and transfers	(3,772)	(284)	(4,056)
Balance 30 June 2024	35,113	10,069	45,182
Additions	326	12,050	12,376
Disposals and transfers	-	-	-
Balance 31 December 2024	35,439	22,119	57,558
Accumulated amortisation			
Balance 1 July 2023	21,967	-	21,967
Amortisation	4,198	-	4,198
Disposals	-	-	-
Balance 31 December 2023	26,165	-	26,165
Amortisation	4,317	-	4,317
Disposals	(3,772)	-	(3,772)
Balance 30 June 2024	26,710	-	26,710
Amortisation	4,230	-	4,230
Disposals	-	-	-
Balance 31 December 2024	30,940	-	30,940
Carrying amounts			
At 1 July 2023	15,784	284	16,068
At 31 December 2023	11,663	4,540	16,203
At 30 June 2024	8,403	10,069	18,472
Balance 31 December 2024	4,499	22,119	26,618

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

11. 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 period which are unpaid, and amounts unpaid and 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.

	31/12/24 \$000	31/12/23 \$000	30/06/24 \$000
Contract liabilities	9,056	3,726	3,309
Prize liabilities	32,611	27,684	41,114
MyLotto player accounts	13,068	12,507	13,604
Trade creditors	22,280	27,759	33,439
Payable to the New Zealand Lottery Grants Board	-	-	92,293
Accrued expenses	14,558	12,530	11,345
	91,573	84,206	195,104

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.

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 31 December 2024 if utilised, was 11.30% (31 December 2023: 12.55%). The balance of the overdraft as at 31 December 2024 was nil (31 December 2023: nil).

12. 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.

	31/12/24 \$000	31/12/23 \$000	30/06/24 \$000
Opening balance	79,645	51,953	51,953
Amounts transferred based on game sales	19,232	32,777	70,560
Interest	3,565	2,378	5,151
Unclaimed prizes over twelve months old	4,789	5,037	9,763
Transfers to prize pools	(29,441)	(37,109)	(57,782)
	77,790	55,036	79,645

13. 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 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 2023	7,115
Additions	5,715
Disposals	(7,115)
Balance 31 December 2023	5,715
Additions	375
Disposals	-
Balance 30 June 2024	6,090
Additions	271
Disposals	(216)
Balance 31 December 2024	6,145
Accumulated depreciation	
Balance 1 July 2023	6,931
Depreciation	364
Disposals	(7,115)
Balance 31 December 2023	180
Depreciation	504
Disposals	-
Balance 30 June 2024	684
Depreciation	509
Disposals	(26)
Balance 31 December 2024	1,167
Carrying amounts	
At 1 July 2023	184
At 31 December 2023	5,535
At 30 June 2024	5,406
Balance 31 December 2024	4,978

The right-of-use assets relate to operating leases for office premises. The average remaining lease term is 4 years (2023: 6 years).

Amounts recognised in profit and loss	31/12/24 6 months \$000	31/12/23 6 months \$000	30/06/24 12 months \$000
Depreciation	509	364	868
Interest expense on lease liabilities	181	85	273

Lease liabilities	31/12/24 \$000	31/12/23 \$000	30/06/24 \$000
Current	985	487	913
Non-current	4,554	5,273	4,987
	5,539	5,760	5,900

Maturity analysis	31/12/24 \$000	31/12/23 \$000	30/06/24 \$000
Year 1	985	487	913
Year 2	779	779	4,714
Year 3+	3,775	4,494	273
	5,539	5,760	5,900

14. Equity

Accounting policy

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

	31/12/24 6 months \$000	31/12/23 6 months \$000	30/06/24 12 months \$000
Retained earnings			
Opening balance	69,591	69,591	69,591
Profit/(loss)	54,532	31,414	-
Retained earnings at the end of period	124,123	101,005	69,591

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

15. Related party information

Accounting policy

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 31 December 2024 interim results amounted to \$165.9 million (31 December 2023: \$170.8 million). 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.

16. Categories of financial assets and liabilities

	31/12/24 \$000	31/12/23 \$000	30/06/24 \$000
Financial assets measured at amortised cost			
Cash and cash equivalents	65,561	105,974	205,400
Term deposits	174,119	86,000	89,148
Debtors and other receivables	6,346	10,584	7,619
	246,026	202,558	302,167
Financial liabilities measured at amortised cost			
Creditors and other payables	91,573	84,206	195,104
Prize reserve account	77,790	55,036	79,645
	169,363	139,242	274,749

17. 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 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 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.

18. Commitments

	31/12/24 \$000	31/12/23 \$000	30/06/24 \$000
Capital commitments approved and contracted			
Property, plant and equipment and intangibles	11,569	52,774	18,041
Total capital commitments	11,569	52,774	18,041

Commitments include orders placed for the EDGE programme, following contract signing in August 2023.

19. 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 31 December 2024 (31 December 2023 nil).

20. Events after balance date

There were no events after balance date of 31 December 2024 (31 December 2023: nil) that require disclosure.

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Talia Anderson-Town
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Erica Hodgson
Trish Oakley

Senior Management

Jason Delamore Chief Executive
Ben Coney Chief Innovation and Product Officer
Paul Divers Chief Retail Officer
Jeff Hayward Chief Financial Officer
Sonja Johnson Chief People and Communications Officer
Leah Neilson Chief Marketing Officer
Sarah Thirlwall Chief Transformation and Technology Officer

Find out more at
mylotto.co.nz

